



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1075

Series of 2020

Subject: Amendments to Regulations on Financial Audit of Non-Bank Financial Institutions

The Monetary Board (MB), in its Resolution No. 48 dated 8 January 2020 approved the amendments to the relevant provisions of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) as follows:

Section 1. Section 4190Q and Subsections 4190Q.1, 4190Q.2, 4190Q.4 and 4425Q.3 are hereby amended to read as follows:

Section 4190Q Audited Financial Statements. The Bangko Sentral recognizes that external auditors play a vital role in contributing to the conduct of effective supervision and sustaining the confidence of the public in the financial system. In this light, the regulations on financial audit aim to enhance the quality of information channeled to the supervisory process and ultimately promote fairness, transparency and accuracy in financial reporting.

The following rules shall govern the submission of audited financial statements (AFS) of QBs.

For purposes of this Section, AFS shall include the balance sheets, income statements (IS), statements of changes in equity, statements of cash flows, notes to financial statements, and the opinion of the external auditor. The AFS of QBs with subsidiaries shall be presented side by side on a solo basis (parent) and on a consolidated basis (parent and subsidiaries).

Subsection 4190Q.1 Financial Audit. QBs shall cause an annual financial audit by an external auditor included in the List of Selected External Auditors for BSFIs not later than thirty (30) calendar days after the close of the calendar year or the fiscal year adopted by the QB. The AFS shall be submitted by the QB, to the appropriate supervising department of the Bangko Sentral, not later than 120 calendar days after the close of the calendar year or the fiscal year adopted by the QB, accompanied by the documentary requirements as enumerated under *Appendix Q-33*.

In addition, the external auditor shall be required by the QB to submit to the board of directors a Letter of Comments (LOC) indicating any material weakness or breach in the institution's internal control and risk management systems not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the QB. If no material weakness or breach is noted to warrant the issuance of an LOC, a certification under oath stating that no material weakness or breach in the internal control and risk management systems was noted in the course of the audit of the QB shall be submitted in its stead, together with the AFS.

Material weakness shall be defined as a significant control deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material

misstatement of the financial statements will not be detected or prevented by the institution's internal control. A material weakness does not mean that a material misstatement has occurred or will occur, but that it could occur. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the institution's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles. The phrase "more than remote likelihood" shall mean that future events are likely to occur or are reasonably possible to occur.

The board of directors, in a regular or special meeting, shall consider and act on the AFS and the LOC and shall submit not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the QB, a copy of its resolution (containing the date of receipt of the AFS and LOC by the board of directors) to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the AFS and the findings and recommendations stated in the LOC, if any.

Government-owned or -controlled QBs including their subsidiaries and affiliates under Bangko Sentral supervision which are under the concurrent jurisdiction of the Commission on Audit (COA) shall be exempt from the aforementioned annual financial audit by an external auditor included in the List of Selected External Auditors for BSFIs: *Provided, That, when warranted by supervisory concern such as material weakness/breach in internal control and/or risk management systems, the Monetary Board may, upon recommendation of the appropriate supervising department of the Bangko Sentral, require the financial audit to be conducted by an external auditor included in the List of Selected External Auditors for BSFIs, at the expense of the QB concerned: Provided, further, That when circumstances such as, but not limited to loans from multilateral FIs, privatization, or public listing warrant, the financial audit of the institution concerned by an external auditor included in the List of Selected External Auditors for BSFIs may also be allowed.*

QBs under the concurrent jurisdiction of the Bangko Sentral and COA shall, however, submit a copy of the annual audit report (AAR) of the COA to the appropriate supervising department of the Bangko Sentral within forty (40) calendar days after receipt of the AAR by the board of directors. The AAR shall be accompanied by the: (a) certification by the institution concerned on the date of receipt of the AAR by the board of directors; (b) reconciliation statement between the AFS in the AAR and the balance sheet and income statement of QB and trust department submitted to the Bangko Sentral, including copies of adjusting entries on the reconciling items; and (c) other information that may be required by the Bangko Sentral. The board of directors of said institutions, in a regular or special meeting, shall consider and act on the AAR, as well as on the comments and observations and shall submit, within thirty (30) banking days after receipt of the report, a copy of its resolution to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the report, including on the comments and observations and the names of the directors present and absent, among other things.

The AFS required to be submitted shall in all respect be Philippine Financial Reporting Standards (PFRS)/PAS-compliant. The guidelines under Subsection 4191Q.3 shall be adopted.

QBs as well as external auditors shall strictly observe the requirements in the submission of the AFS and reports required to be submitted under *Appendix Q-33*.

The reports and certifications of institutions concerned, schedules and attachments required under this Subsection shall be considered as Category *B* reports, delayed submission of which shall be subject to the penalties under Item “*b.ii*” of Subsection 4192Q.2.

Subsection 4190Q.2 *Posting of audited financial statements.* QBs shall post in conspicuous places in their head offices, all their branches and other offices, as well as in their respective websites, their latest AFS.

Subsection 4190Q.4 *Disclosure requirements to the audited financial statements.* QBs shall disclose the information prescribed under Annex Q-33-c of *Appendix Q-33* in the AFS.

Subsection 4425Q.3 *Audited financial statements.* The trust/investment management department of an institution shall adopt the provisions of the Philippine Financial Reporting Standards (PFRS)/Philippine Accounting Standards (PAS) in all respect, for purposes of preparing the AFS of its trust and other fiduciary and investment management activities. The guidelines under Subsection 4191Q.3 shall be adopted.

Section 2. The provisions of Subsection 4172S.1 are transferred to Section 4172S and hereby amended to read as follows:

Section 4172S *Audited Financial Statements.* The Bangko Sentral recognizes that external auditors play a vital role in contributing to the conduct of effective supervision and sustaining the confidence of the public in the financial system. In this light, the regulations on financial audit aim to enhance the quality of information channeled to the supervisory process and ultimately promote fairness, transparency and accuracy in financial reporting.

The following rules shall govern the submission of audited financial statements (AFS) of NSSLAs.

For purposes of this Section, AFS shall include the balance sheets, income statements, statements of changes in equity, statements of cash flows, notes to financial statements, and the opinion of the external auditor.

Section 3. The provisions of Section 4172S are transferred to Subsection 4172S.1 and hereby amended, as follows:

Subsection 4172S.1 *Financial Audit.* NSSLAs shall cause an annual financial audit by an external auditor included in the List of Selected External Auditors for BSFIs not later than

thirty (30) calendar days after the close of the calendar year or the fiscal year adopted by the NSSLA. The AFS shall be submitted by the NSSLA, to the appropriate supervising department of the Bangko Sentral, not later than 120 calendar days after the close of the calendar year or the fiscal year adopted by the NSSLA, accompanied by the documentary requirements as enumerated under *Appendix S-15*.

In addition, the external auditor shall be required by the NSSLA to submit to the board of trustees a Letter of Comments (LOC) indicating any material weakness or breach in the institution's internal control and risk management systems not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA. If no material weakness or breach is noted to warrant the issuance of an LOC, a certification under oath stating that no material weakness or breach in the internal control and risk management systems was noted in the course of the audit of the NSSLA shall be submitted in its stead, together with the AFS.

Material weakness shall be defined as a significant control deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected or prevented by the institution's internal control. A material weakness does not mean that a material misstatement has occurred or will occur, but that it could occur. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the institution's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles. The phrase "more than remote likelihood" shall mean that future events are likely to occur or are reasonably possible to occur.

The board of trustees, in a regular or special meeting, shall consider and act on the AFS and the LOC and shall submit not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA, a copy of its resolution (containing the date of receipt of the AFS and LOC by the board trustees) to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the AFS and the findings and recommendations stated in the LOC, if any.

The AFS required to be submitted shall in all respect be Philippine Financial Reporting Standards (PFRS)/PAS-compliant. The guidelines under Section 4161S and its subsections shall be adopted.

NSSLAs as well as external auditors shall strictly observe the requirements in the submission of the AFS and reports required to be submitted under *Appendix S-15*.

The reports and certifications of institutions concerned, schedules and attachments required under this Subsection shall be considered as Category B reports, delayed submission of which shall be subject to the penalties under Item "b.2" of Subsection 4162S.3.

Section 4. Subsection 4172S.2 is hereby amended to read as follows:

Subsection 4172S.2 Posting of audited financial statements. NSSLAs shall post in conspicuous places in their head offices, all their branches and other offices, as well as in their respective websites, their latest AFS.

Section 5. Subsection 4172S.4 is hereby added to read as follows:

Subsection 4172S.4 Disclosure requirements to the audited financial statements. NSSLAs shall disclose the information prescribed under Annex S-15-b of *Appendix S-15* in the AFS.

Section 6. Section 4190P is hereby amended to read as follows:

Section 4190P Audited Financial Statements. The Bangko Sentral recognizes that external auditors play a vital role in contributing to the conduct of effective supervision and sustaining the confidence of the public in the financial system. In this light, the regulations on financial audit aim to enhance the quality of information channeled to the supervisory process and ultimately promote fairness, transparency and accuracy in financial reporting.

The following rules shall govern the submission of audited financial statements (AFS) of pawnshop operators.

For purposes of this Section, AFS shall include the balance sheets, income statements, statements of changes in equity, statements of cash flows, notes to financial statements, and the opinion of the external auditor. The AFS of pawnshop operators with subsidiaries shall be presented side by side on a solo basis (parent) and on a consolidated basis (parent and subsidiaries).

Section 7. Subsections 4190P.1, 4190P.2 and 4190P.4 are hereby added to read as follows:

Subsection 4190P.1 Financial Audit. Pawnshop operators shall cause an annual financial audit by an external auditor, who will render an opinion on the fairness of the pawnshop operator's financial statements.

Financial audit of the following pawnshop operators shall be rendered by an external auditor included in the List of Selected External Auditors for BSFIs not later than thirty (30) calendar days after the close of the calendar year:

- a. Pawnshop business with corollary remittance activity requiring Bangko Sentral Registration, with or without money changing/foreign exchange dealing (Type C License); and
- b. Virtual pawnshop operators or those engaged in pawnshop business through electronic pawning (e-pawning) which refer to systems and processes that enable customers to pawn their personal property through electronic channels (Type D License).

The aforementioned pawnshop operators shall submit their AFS, accompanied by the documentary requirements as enumerated under *Appendix P-18*, to the appropriate supervising department of the Bangko Sentral, not later than 120 calendar days after the close of the calendar year.

The external auditor shall be required by the proprietor/partners/board of directors to submit a Letter of Comments (LOC) indicating any material weakness or breach in the institution's internal control and risk management systems not later than 120 calendar days after the close of the calendar year. If no material weakness or breach is noted to warrant the issuance of an LOC, a certification under oath stating that no material weakness or breach in the internal control and risk management system was noted in the course of the audit of the pawnshop shall be submitted in its stead, together with the AFS.

Material weakness shall be defined as a significant control deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected or prevented by the institution's internal control. A material weakness does not mean that a material misstatement has occurred or will occur, but that it could occur. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the institution's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles. The phrase "more than remote likelihood" shall mean that future events are likely to occur or are reasonably possible to occur.

The proprietor/partners/board of directors, in a regular or special meeting, shall consider and act on the AFS and the LOC and shall submit, not later than 120 calendar days after the close of the calendar year, a copy of its resolution¹ (containing the date of receipt of the AFS and LOC by the proprietor/partners/board of directors) to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the AFS and the findings and recommendations stated in the LOC, if any.

The AFS required to be submitted shall in all respect be Philippine Financial Reporting Standards (PFRS)/ Philippine Accounting Standards (PAS)compliant. The guidelines under Subsection 4191P.1 shall be adopted.

Pawnshop operators as well as external auditors shall strictly observe the requirements in the submission of the AFS and reports required to be submitted under *Appendix P-18*.

Pawnshop operators other than those listed in Items "a" and "b" above, however, are not required from submitting to the Bangko Sentral their AFS and the documentary requirements enumerated under *Appendix P-18*, and their annual financial audit may

¹ Proprietor may instead issue a certification or report on action taken.

be conducted by external auditor other than those included in the List of Selected External Auditors for BSFIs; provided that the AFS and the aforementioned documentary requirements shall be made readily available to the Bangko Sentral during examination, or whenever requested.

Subsection 4190P.2 Posting of audited financial statements. Pawnshop operators shall post in conspicuous places in their head offices, all their branches and other offices, as well as in their respective websites, their latest AFS.

Subsection 4190P.4 Disclosure requirements to the audited financial statements. Pawnshop operators shall disclose the information prescribed under Annex P-18-b of *Appendix P-18* in the AFS.

Section 8. The provisions of Subsection 4172N.1 are transferred to 4172N and hereby amended to read as follows:

Section 4172N Audited Financial Statements. The Bangko Sentral recognizes that external auditors play a vital role in contributing to the conduct of effective supervision and sustaining the confidence of the public in the financial system. In this light, the regulations on financial audit aim to enhance the quality of information channeled to the supervisory process and ultimately promote fairness, transparency and accuracy in financial reporting.

The following rules shall govern the submission of audited financial statements (AFS) of NBFIs.

For purposes of this Section, AFS shall include the balance sheets, income statements, statements of changes in equity, statements of cash flows, notes to financial statements, and the opinion of the external auditor.

Section 9. The provisions of Subsection 4172N are transferred to 4172N.1 and hereby amended to read as follows:

“Subsection 4172N.1 Financial Audit. NBFIs shall cause an annual financial audit by an external auditor included in the List of Selected External Auditors for BSFIs not later than thirty (30) calendar days after the close of the calendar year or the fiscal year adopted by the NBFIs. The AFS shall be submitted by the NBFIs, to the appropriate supervising department of the Bangko Sentral, not later than 120 calendar days after the close of the calendar year or the fiscal year adopted by the NBFIs, accompanied by the documentary requirements as enumerated under *Appendix N-19*.

In addition, the external auditor shall be required by the NBFIs to submit to the proprietor/partners/board of directors a Letter of Comments (LOC) indicating any material weakness or breach in the institution’s internal control and risk management systems not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NBFIs. If no material weakness or breach is noted to warrant the issuance of an LOC, a certification under oath stating that no material weakness or breach in the internal control and risk management systems was noted in the course of the audit of the NBFIs shall be submitted in its stead, together with the AFS.

Material weakness shall be defined as a significant control deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected or prevented by the institution's internal control. A material weakness does not mean that a material misstatement has occurred or will occur, but that it could occur. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the institution's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles. The phrase "more than remote likelihood" shall mean that future events are likely to occur or are reasonably possible to occur.

The proprietor/partners/board of directors, in a regular or special meeting, shall consider and act on the AFS and the LOC and shall submit, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NBF, a copy of its resolution (containing the date of receipt of the AFS and LOC by the proprietor/partners/board of directors) to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the AFS and the findings and recommendations stated in the LOC, if any.

Government-owned or -controlled NBFs including their subsidiaries and affiliates under Bangko Sentral supervision, which are under the concurrent jurisdiction of the Commission on Audit (COA) shall be exempt from the aforementioned annual financial audit by an external auditor included in the List of Selected External Auditors for BSFs: *Provided, That*, when warranted by supervisory concern such as material weakness/breach in internal control and/or risk management systems, the Monetary Board may, upon recommendation of the appropriate supervising department of the Bangko Sentral, require the financial audit to be conducted by an external auditor included in the List of Selected External Auditors for BSFs, at the expense of the NBF: *Provided, further*, That when circumstances such as, but not limited to loans from multilateral FIs, privatization, or public listing warrant, the financial audit of the institution concerned by an external auditor included in the List of Selected External Auditors for BSFs may also be allowed.

NBFs under the concurrent jurisdiction of the Bangko Sentral and COA shall, however, submit a copy of the annual audit report (AAR) of the COA to the appropriate supervising department of the Bangko Sentral within forty (40) calendar days after receipt of the AAR by the board of directors. The AAR shall be accompanied by the: (a) certification by the institution concerned on the date of receipt of the AAR by the board of directors; (b) reconciliation statement between the AFS in the AAR and the balance sheet and income statement of QB and trust department submitted to the Bangko Sentral, including copies of adjusting entries on the reconciling items; and (c) other information that may be required by the Bangko Sentral. The board of directors of said institutions, in a regular or special meeting, shall consider and act on the AAR, as well as on the comments and observations and shall submit, within thirty (30) banking days after receipt of the report, a copy of its resolution to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s)

taken on the report, including on the comments and observations and the names of the directors present and absent, among other things.

The AFS required to be submitted shall in all respect be Philippine Financial Reporting Standards (PFRS)/PAS-compliant. The guidelines under Section 4161N shall be adopted.

NBFIs as well as external auditors shall strictly observe the requirements in the submission of the AFS and reports required to be submitted under *Appendix N-19*.

The reports and certifications of institutions concerned, schedules and attachments required under this Subsection shall be considered as Category *B* reports, delayed submission of which shall be subject to the penalties under Item “*b.ii*” of Subsection 4162N.3.”

Section 10. Subsection 4172N.2 is hereby amended to read, as follows:

Subsection 4172N.2 *Posting of audited financial statements.* NBFIs shall post in conspicuous places in their head offices, all their branches and other offices, as well as in their respective websites, their latest AFS.

Section 11. Subsection 4511N.6 is hereby amended to read, as follows:

Subsection 4511N.6 *Reports.*

a. “xxx

(2) Audited financial statements (AFS), accompanied by the documentary requirements as enumerated under *Appendix N-19*, which shall be submitted not later than 120 calendar days after the close of the reference calendar/fiscal year adopted by the RTC/MC/FXD. However, RTCs/MCs/FXD classified as type “F” (small-scale operator-money changer/ foreign exchange dealer with average monthly network volume of transactions of less than P50 million and with less than P10 million capital) are not required to submit AFS to the Bangko Sentral and its annual financial audit may be conducted by external auditor other than those included in the List of Selected External Auditors for BSFIs: *Provided* that, the AFS shall be made readily available to the Bangko Sentral during examination, or whenever requested. Financial audit of RTCs/MCs/FXD, except those with type “F” license, shall be rendered by an external auditor included in the List of Selected External Auditors for BSFIs. RTCs/MCs/FXD as well as external auditors shall strictly observe the requirements in the submission of the AFS and reports under Sections 4172N and 4180N and its subsections, and *Appendix N-19*.

In addition, RTCs/MCs/FXD shall include supplementary information at the end of the notes to the financial statements as prescribed under Annex N-19-c of *Appendix N-19*.

xxx”

Section 12. Subsection 4512N.8 is hereby amended to read as follows:

Subsection 4512N.8 Notification and reporting requirements.

“xxx

In addition, a VC exchange shall maintain records and submit the following to the appropriate supervising department of the Bangko Sentral:

Nature of Report	Frequency	Due Date
1. AFS (audited by an external auditor included in the List of Selected External Auditors for BSFIs)	Annually	Not later than 120 calendar days after the close of the reference calendar or fiscal year subject to the provisions under Subsection 4511N.6
xxx		

xxx”

Section 13. Section 4190T, and Subsections 4190T.1 and 4190T.4 are hereby amended to read as follows:

Section 4190T Audited Financial Statements. The Bangko Sentral recognizes that external auditors play a vital role in contributing to the conduct of effective supervision and sustaining the confidence of the public in the financial system. In this light, the regulations on financial audit aim to enhance the quality of information channeled to the supervisory process and ultimately promote fairness, transparency and accuracy in financial reporting.

The following rules shall govern the submission of audited financial statements (AFS) of trust corporations (TCs).

For purposes of this Section, AFS shall include the balance sheets, income statement, statement of changes in accountabilities, notes to financial statements, and the opinion of the external auditor.

Subsection 4190T.1 Financial Audit. TCs shall cause an annual financial audit by an external auditor included in the List of Selected External Auditors for BSFIs not later than thirty (30) calendar days after the close of the calendar year or the fiscal year adopted by the TC. The financial audit shall cover the financial statements of both the TC proper and the trust and managed funds of the TC.

The AFS shall be submitted by the TC, to the appropriate supervising department of the Bangko Sentral, not later than 120 calendar days after the close of the calendar year or the fiscal year adopted by the TC, accompanied by the documentary requirements as enumerated under *Appendix T-5*.

In addition, the external auditor shall be required by the TC to submit to the board of directors a Letter of Comments (LOC) indicating any material weakness or breach in the institution’s internal control and risk management systems not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the TC. If

no material weakness or breach is noted to warrant the issuance of an LOC, a certification under oath stating that no material weakness or breach in the internal control and risk management systems was noted in the course of the audit of the TC shall be submitted in its stead, together with the AFS.

Material weakness shall be defined as a significant control deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected or prevented by the institution's internal control. A material weakness does not mean that a material misstatement has occurred or will occur, but that it could occur. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the institution's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles. The phrase "more than remote likelihood" shall mean that future events are likely to occur or are reasonably possible to occur.

The board of directors, in a regular or special meeting, shall consider and act on the AFS and the LOC and shall submit not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the TC, a copy of its resolution (containing the date of receipt of the AFS and LOC by the board of directors) to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the AFS and the findings and recommendations stated in the LOC, if any.

Government-owned or -controlled TCs including their subsidiaries and affiliates under Bangko Sentral supervision which are under the concurrent jurisdiction of the Commission on Audit (COA) shall be exempt from the aforementioned annual financial audit by an external auditor included in the List of Selected External Auditors for BSFIs: *Provided, That*, when warranted by supervisory concern such as material weakness/breach in internal control and/or risk management systems, the Monetary Board may, upon recommendation of the appropriate supervising department of the Bangko Sentral, require the financial audit to be conducted by an external auditor included in the List of Selected External Auditors for BSFIs, at the expense of the TC concerned: *Provided, further*, That when circumstances such as, but not limited to loans from multilateral FIs, privatization, or public listing warrant, the financial audit of the institution concerned by an external auditor included in the List of Selected External Auditors for BSFIs may also be allowed.

TCs under the concurrent jurisdiction of the Bangko Sentral and COA shall, however, submit a copy of the annual audit report (AAR) of the COA to the appropriate supervising department of the Bangko Sentral within forty (40) calendar days after receipt of the AAR by the board of directors. The AAR shall be accompanied by the: (a) certification by the institution concerned on the date of receipt of the AAR by the board of directors; (b) reconciliation statement between the AFS in the AAR and the balance sheet and income statement of TC and trust department submitted to the Bangko Sentral, including copies of adjusting entries on the reconciling items; and (c) other information that may be required by the Bangko Sentral. The board of directors

of said institutions, in a regular or special meeting, shall consider and act on the AAR, as well as on the comments and observations and shall submit, within thirty (30) banking days after receipt of the report, a copy of its resolution to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the report, including on the comments and observations and the names of the directors present and absent, among other things.

The AFS required to be submitted shall in all respect be Philippine Financial Reporting Standards (PFRS)/PAS-compliant.

TCs as well as external auditors shall strictly observe the requirements in the submission of the AFS and reports required to be submitted under *Appendix T-5*.

The reports and certifications of institutions concerned, schedules and attachments required under this Subsec. shall be considered as Category B reports, delayed submission of which shall be subject to the penalties under Item "b.ii" of Subsection 4192Q.2.

4190T.4 Disclosure requirements in the notes to the audited financial statements. TCs shall disclose the information prescribed under Annex T-5-c of *Appendix T-5* in the AFS.

Section 14. Subsection 4190T.2 is hereby added to read as follows:

Subsection 4190T.2 Posting of audited financial statements. TCs shall post in conspicuous places in their head offices, all their branches and other offices, as well as in their respective websites, their latest AFS.

Section 15. *Appendix Q-33* on the checklist of Bangko Sentral requirements for the submission of AFS and AAR is hereby amended and a new *Appendix S-15/P-18/N-19/T-5* on the same checklist is hereby added, details of which are presented in Annex A of this Circular. In addition, disclosure requirements to the AFS and the templates for reconciliation statement are hereby added as *Annexes A, B and C of Appendix Q-33/S-15/ P-18/N-19/T-5*, and are presented as Annexes B and C, respectively, of this Circular.

Section 16. The titles and submission deadlines of the required reports under the following Appendices are hereby amended to read as follows:

Appendix	Category	Form No.	MOR Ref.	Report Title	Frequency	Submission Deadline	Submission Procedure
Q-3							
Q-3	xxx B	xxx Unnumbered	xxx 4190Q	xxx Consolidated Annual Financial Statements of Financial Intermediaries and their Allied Undertakings/Affiliates/ Subsidiaries supported by Individual Annual Undertakings/ Affiliates/ Subsidiaries and their Audited Financial Statements	xxx Annually	xxx Not later than 120 calendar days after the close of the reference calendar or fiscal year.	xxx Appropriate supervising department of the Bangko Sentral

	B	Unnumbered (no prescribed form)	4190Q	Audited Financial Statements-together with attachments listed in Appendix Q-33	Annually	Not later than 120 calendar days after the close of the reference calendar or fiscal year.	-do-
	xxx	xxx	xxx	Xxx	xxx	xxx	xxx
S-2							
	xxx	xxx	xxx	Xxx	xxx	xxx	xxx
S-2	B		4172S	Audited/Unaudited Financial Statements required in Sec. 4181S together with attachments listed in Appendix S-15	Annually	Not later than 120 calendar days after the close of the reference calendar or fiscal year	Appropriate supervising department of the Bangko Sentral
	xxx	xxx	xxx	Xxx	xxx	xxx	xxx
P-13							
	xxx	xxx	xxx	Xxx	xxx	xxx	xxx
P-13	B	Unnumbered (no prescribed form)	4190P	Audited Financial Statements (AFS) together with attachments listed in Appendix P-18	Annually	Not later than 120 calendar days after the close of the calendar year.	Appropriate supervising department of the Bangko Sentral
	xxx	xxx	xxx	Xxx	xxx	xxx	xxx
N-1							
	xxx	xxx	xxx	Xxx	xxx	xxx	xxx
	A-2		4511N	Audited Financial Statements	Annually	Not later than 120 calendar days after the close of the calendar or fiscal year	-do-
		Unnumbered	4512N.8	Audited financial statements of VCs (audited by an external auditor included in the List of Selected External Auditors for BSFIs) together with attachments listed in Appendix N-19	Annually	Not later than 120 calendar days after the close of the calendar or fiscal year	Appropriate supervising department of the Bangko Sentral
	B		4172N	Audited Financial Statements	Annually	Not later than 120 calendar days after the close of the calendar or fiscal year	-do-
	xxx	xxx	xxx	Xxx	xxx	xxx	xxx

Section 17. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


BENJAMIN E. DIOKNO
Governor

07 February 2020

**CHECKLIST OF BANGKO SENTRAL REQUIREMENTS IN THE SUBMISSION OF AUDITED FINANCIAL STATEMENTS
AND ANNUAL AUDIT REPORT**
(Appendix to Subsection 4190Q.1)

Information/Data Required	Deadline for submission
A. Audited Financial Statements (AFS)	
1. AFS	Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the QB.
2. Certification by the external auditor on compliance with Bangko Sentral requirements on: a. Confidentiality clause pertinent to read-only access to the Report of Examination; and b. Disclosure under Subsection 4190Q.4 and other information that may be required.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the QB.
3. Reconciliation statement, including copies of adjusting entries on the reconciling items, between the AFS and the prudential reports submitted to the Bangko Sentral (i.e. balance sheet and income statement for QB following the formats in Annexes Q-33-a and Q-33-b.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the QB.
4. Letter of Comments (LOC) ¹ indicating material weaknesses on internal control and risk management system as well as other issues, which may include findings on the quality of governance ² , that should be brought to the attention of the board/management along with the recommendations for corrective action. Otherwise, a certification by the external auditor that there are no issues noted in the course of the audit to warrant the submission of an LOC.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the QB.
5. Copy of the board resolution showing the actions on the AFS and the submitted LOC, if any.	For submission together with the AFS not later than 120 calendar days after the close of the calendar year or fiscal year adopt by the QB.
6. The external auditor shall report directly to the Bangko Sentral the following: a. Any material finding involving fraud or error; b. Actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the QB; c. Significant doubt as to the ability of the QB to continue as a going concern;	Within fifteen (15) calendar days from discovery.

¹ LOC or equivalent letter to management/board of directors

² Reportable issues on the quality of governance shall only pertain to financial reporting matter.

- d. Material breach of laws or Bangko Sentral rules and regulations such as but not limited to prescribed capital and liquidity ratios, significant deficiency in allowance for credit losses, material weaknesses in fair value measurement methodology, significant vulnerabilities to money laundering and countering the financing of terrorism;
- e. Material internal control weaknesses which may lead to financial reporting problems; and
- f. Findings on matters of corporate governance that may require urgent action by the Bangko Sentral.

In case there are no matters to report (e.g., fraud, dishonesty, breach of laws, etc.) a notarized certification that there is none to report.

Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the QB.

B. Annual Audit Report (AAR) - For QBs under the concurrent jurisdiction of the Bangko Sentral and COA

- 1. AAR accompanied by:
 - a. Certification by the institution concerned on the date of receipt of the AAR by the board of directors;
 - b. Reconciliation statement between the AFS in the AAR and the Balance Sheet and Income Statement of QB and trust department submitted to the Bangko Sentral, including copies of adjusting entries on the reconciling items; and
 - c. Other information that may be required by the Bangko Sentral.

- 2. Copy of the board resolution showing the action taken on the AAR, as well as on the comments and observations, including the names of the directors present and absent, among other things.

Within forty (40) calendar days after receipt of the AAR by the board of directors.

Within 30 banking days after receipt of the AAR by the board of directors.

CHECKLIST OF BANGKO SENTRAL REQUIREMENTS IN THE SUBMISSION OF AUDITED FINANCIAL STATEMENTS
(Appendix to Subsection 4172S.1)

Information/Data Required	Deadline for submission
1. Audited Financial Statements (AFS)	Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA.
2. Certification by the external auditor on compliance with Bangko Sentral requirements on: a. Confidentiality clause pertinent to read-only access to the Report of Examination; and b. Disclosure under Subsection 4172S.4 and other information that may be required.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA.
3. Reconciliation statement, including copies of adjusting entries on the reconciling items, between the AFS and the prudential reports submitted to the Bangko Sentral (i.e. balance sheet and income statement for NSSLA) following the formats in Annex S-15-a.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA.
4. Letter of Comments (LOC) ³ indicating material weaknesses on internal control and risk management system as well as other issues, which may include findings on the quality of governance ⁴ , that should be brought to the attention of the board/management along with the recommendations for corrective action. Otherwise, a certification by the external auditor that there are no issues noted in the course of the audit to warrant the submission of an LOC.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA.
5. Copy of the board resolutions showing the actions on the AFS and the submitted LOC, if any.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA.
6. The external auditor shall report directly to the Bangko Sentral the following: a. Any material finding involving fraud or error; b. Actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the NSSLA; c. Significant doubt as to the ability of the NSSLA to continue as a going concern; d. Material breach of laws or Bangko Sentral rules and regulations such as but not limited to prescribed capital and liquidity ratios, significant deficiency in allowance for credit losses, material weaknesses in fair value measurement methodology, significant	Within fifteen (15) calendar days from discovery.

³ LOC or equivalent letter to management/board of trustees

⁴ Reportable issues on the quality of governance shall only pertain to financial reporting matter.

- vulnerabilities to money laundering and countering the financing of terrorism;
- e. Material internal control weaknesses which may lead to financial reporting problems; and
 - f. Findings on matters of corporate governance that may require urgent action by the Bangko Sentral.

In case there are no matters to report (e.g., fraud, dishonesty, breach of laws, etc.) a notarized certification that there is none to report.

Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NSSLA.

CHECKLIST OF BANGKO SENTRAL REQUIREMENTS IN THE SUBMISSION OF AUDITED FINANCIAL STATEMENTS
(Appendix to Subsection 4190P.1)

Information/Data Required	Deadline for submission
1. AUDITED FINANCIAL STATEMENTS (AFS)	Not later than 120 calendar days after the close of the calendar year.
2. Certification by the external auditor on compliance with Bangko Sentral requirements on <ol style="list-style-type: none">a. Confidentiality clause pertinent to read-only access to the Report of Examination; andb. Disclosure under Subsection 4190P.4 and other information that may be required.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year.
3. Reconciliation statement, including copies of adjusting entries on the reconciling items, between the AFS and the prudential reports submitted to the Bangko Sentral (i.e. balance sheet and income statement for pawnshops) following the format in Annex P-18-a.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year.
4. Letter of Comments (LOC) ⁵ indicating material weaknesses on internal control and risk management system as well as other issues, which may include findings on the quality of governance ⁶ , that should be brought to the attention of the proprietor/partners/board/management along with the recommendations for corrective action. Otherwise, a certification by the external auditor that there are no issues noted in the course of the audit to warrant the submission of an LOC.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year.
5. Copy of the board resolution showing the actions on the AFS and the submitted LOC, if any. The proprietor may instead issue a certification or report on action taken.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year.
6. The external auditor shall report directly to the Bangko Sentral the following: <ol style="list-style-type: none">a. Any material finding involving fraud or error;b. Actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the pawnshop;c. Significant doubt as to the ability of the pawnshop to continue as a going concern;d. Material breach of laws or Bangko Sentral rules and regulations such as but not limited to prescribed capital and liquidity ratios, significant deficiency in allowance for credit losses, material weaknesses in fair value measurement methodology, significant vulnerabilities to money laundering and countering the financing of terrorism;	Within fifteen (15) calendar days from discovery.

⁵ LOC or equivalent letter to proprietor/partners/management/board of directors

⁶ Reportable issues on the quality of governance shall only pertain to financial reporting matter.

- e. Material internal control weaknesses which may lead to financial reporting problems; and
- f. Findings on matters of corporate governance that may require urgent action by the Bangko Sentral.

In case there are no matters to report (e.g., fraud, dishonesty, breach of laws, etc.) a notarized certification that there is none to report.

Not later than 120 calendar days after the close of the calendar year.

**CHECKLIST OF BANGKO SENTRAL REQUIREMENTS IN THE SUBMISSION OF AUDITED FINANCIAL STATEMENTS
AND ANNUAL AUDIT REPORT**
(Appendix to Subsections 4172N.1 and 4511N.6)

Information/Data Required	Deadline for submission
A. Audited Financial Statements (AFS)	
1. AFS	Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NBFIs/RTCs/MCs/FXD.
2. Certification by the external auditor on compliance with Bangko Sentral requirements on <ol style="list-style-type: none">a. Confidentiality clause pertinent to read-only access to the Report of Examination; andb. Disclosure under Subsection 4511N.6 and other information that may be required. This requirement shall only apply to RTC/MC/FXD.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by NBFIs/RTCs/MCs/FXD.
3. Reconciliation statement, including copies of adjusting entries on the reconciling items, between the AFS and the prudential reports submitted to the Bangko Sentral (i.e. balance sheet and income statement for NBFi) following the format in Annexes N-19-a and N-19-b. This requirement shall not apply to RTC/MC/FXD.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by NBFi.
4. Letter of Comments (LOC) ⁷ indicating material weaknesses on internal control and risk management system as well as other issues, which may include findings on the quality of governance ⁸ , that should be brought to the attention of the proprietor/partners/management/board of directors along with the recommendations for corrective action. Otherwise, a certification by the external auditor that there are no issues noted in the course of the audit to warrant the submission of an LOC.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NBFIs/RTCs/MCs/FXD.
5. Copy of the board resolution showing the actions on the AFS and the submitted LOC, if any. In the case of a single proprietorship RTCs/MCs/FXD, the proprietor may instead issue a certification or report on action taken.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NBFIs/RTCs/MCs/FXD.
6. The external auditor shall report directly to the Bangko Sentral the following: <ol style="list-style-type: none">a. Any material finding involving fraud or error;b. Actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the NBFi;c. Significant doubt as to the ability of the NBFi to continue as a going concern;	Within fifteen (15) calendar days from discovery.

⁷ LOC or equivalent letter to proprietor/partners/management/board of directors

⁸ Reportable issues on the quality of governance shall only pertain to financial reporting matter.

- d. Material breach of laws or Bangko Sentral rules and regulations such as but not limited to prescribed capital and liquidity ratios, significant deficiency in allowance for credit losses, material weaknesses in fair value measurement methodology, significant vulnerabilities to money laundering and countering the financing of terrorism;
- e. Material internal control weaknesses which may lead to financial reporting problems; and
- f. Findings on matters of corporate governance that may require urgent action by the Bangko Sentral.

In case there are no matters to report (e.g., fraud, dishonesty, breach of laws, etc.) a notarized certification that there is none to report.

Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the NBFIs/RTCs/MCs/FXDs.

B. Annual Audit Report (AAR) - For NBFIs under the concurrent jurisdiction of the Bangko Sentral and COA

- 1. AAR accompanied by:
 - a. Certification by the institution concerned on the date of receipt of the AAR by the board of directors;
 - b. Reconciliation statement between the AFS in the AAR and the Balance Sheet and Income Statement of NBFIs and trust department submitted to the Bangko Sentral, including copies of adjusting entries on the reconciling items.
 - c. Other information that may be required by the Bangko Sentral.
- 2. Copy of the board resolution showing the action taken on the AAR, as well as on the comments and observations, including the names of the directors present and absent, among other things.

Within forty (40) calendar days after receipt of the AAR by the board of directors.

Within 30 banking days after receipt of the AAR by the board of directors.

**CHECKLIST OF BANGKO SENTRAL REQUIREMENTS IN THE SUBMISSION OF AUDITED FINANCIAL STATEMENTS
AND ANNUAL AUDIT REPORT**
(Appendix to Subsection 4190T.1)

Information/Data Required	Deadline for submission
A. Audited Financial Statements (AFS)	
1. AFS	Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the TC.
2. Certification by the external auditor on compliance with Bangko Sentral requirements on: a. Confidentiality clause pertinent to read-only access to the Report of Examination; and b. Disclosure under Subsection 4190T.4 and other information that may be required.	For submission together with the AFS, not later than 120 after the close of the calendar year or fiscal year adopted by the TC.
3. Reconciliation statement, including copies of adjusting entries on the reconciling items, following the formats in <i>Annexes T-5-a</i> and <i>T-5-b</i> of this Appendix, which shall be between the: (a) AFS and FRP; and (b) AFS and the FRP for Trust Institution (FRPTI) for each of the general categories of contractual relationships (i.e., UITF trust, institutional trust, and individual trust; other fiduciary; institutional-agency, and individual -agency; and special purpose trust) of the TC with its clients.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the TC.
4. Letter of Comments (LOC) ⁹ indicating material weaknesses on internal control and risk management system as well as other issues, which may include findings on the quality of governance ¹⁰ , that should be brought to the attention of the board/management along with the recommendations for corrective action. Otherwise, a certification by the external auditor that there are no issues noted in the course of the audit to warrant the submission of an LOC.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the TC.
5. Copy of the board resolution showing the actions on the AFS and the submitted LOC, if any.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the TC.
6. The external auditor shall report directly to the Bangko Sentral the following: a. Any material finding involving fraud or error; b. Actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the TC; c. Significant doubt as to the ability of the TC to continue as a going concern; d. Material breach of laws or Bangko Sentral rules and regulations such as but not limited to prescribed	Within fifteen (15) calendar days from discovery.

⁹ LOC or equivalent letter to management/board of directors

¹⁰ Reportable issues on the quality of governance shall only pertain to financial reporting matter.

- capital and liquidity ratios, significant deficiency in allowance for credit losses, material weaknesses in fair value measurement methodology, significant vulnerabilities to money laundering and countering the financing of terrorism;
- e. Material internal control weaknesses which may lead to financial reporting problems; and
- f. Findings on matters of corporate governance that may require urgent action by the Bangko Sentral.

In case there are no matters to report (e.g., fraud, dishonesty, breach of laws, etc.) a notarized certification that there is none to report.

Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the TC.

B. Annual Audit Report (AAR) - For TCs under the concurrent jurisdiction of the Bangko Sentral and COA

1. AAR accompanied by:
 - a. Certification by the institution concerned on the date of receipt of the AAR by the board of directors;
 - b. Reconciliation statement, including copies of adjusting entries on the reconciling items, for the differences in amounts between the: (a) AFS and FRP; and (b) AFS and FRPTI for each of the general categories of contractual relationships (i.e., UITF trust, institutional trust, and individual trust; other fiduciary; institutional-agency, and individual-agency; and special purpose trust) of the TC with its clients; and
 - c. Other information that may be required by the Bangko Sentral.
2. Copy of the board resolution showing the action taken on the AAR, as well as on the comments and observations, including the names of the directors present and absent, among other things.

Within forty (40) calendar days after receipt of the AAR by the board of directors.

Within 30 banking days after receipt of the AAR by the board of directors.

Name of Financial Institution
Trust Department
 (Contractual Relationship of TE, e.g., Institutional-Trust, etc.)
Comparison of Submitted FRPTI Balance Sheet and
Audited Financial Statements
 As of (end of calendar or fiscal year)
 (In Thousand Pesos)

Accounts	FRPTI	AFS	Discrepancy	Explanation for Discrepancy
Assets (net)				
Cash on Hand, Checks and Other Cash Items				
Due from BSP				
Deposit in Banks				
Financial Assets Designated at Fair Value through Profit or Loss (DFVPL)				
Available-for-Sale (AFS) Financial Assets				
Held-to-Maturity (HTM) Financial Assets				
Unquoted Debt Securities Classified as Loans				
Investments in Non-Marketable Equity Securities				
Loans and Receivables and Loans Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions				
Other Financial Assets				
Investment Properties and Real and Other Properties Acquired				
Other Assets				
Due from Head Office/Branches/Agencies Abroad				
	_____	_____	_____	_____
Total Assets	=====	=====	=====	=====
Accountabilities				
Principal				
Accumulated Income				
Net Unrealized Gains/(Losses) on AFS Financial Assets				
Other Accountabilities				
Total Accountabilities	_____	_____	_____	_____
	=====	=====	=====	=====

Name of Financial Institution
Comparison of Submitted Consolidated Balance Sheet and Income Statement and Audited
Financial Statements
As of (end of calendar or fiscal year)
(In Thousand Pesos)

	<u>Submitted Report</u>	<u>Audited Report</u>	<u>Variance/ Discrepancy</u>	<u>Reasons for Discrepancy</u>
Cash and Other Cash Items				
Due from BSP				
Due from Other Banks				
Financial Assets Held for Trading (HFT)				
Held-to-Maturity (HTM) Financial Assets				
Available-for-Sale Financial Assets				
Loans and Receivables, net				
Equity Investments in Subsidiaries, Associates & Joint Ventures				
NSSLA Premises, Furniture, Fixtures and Equipment, net				
Real and Other Properties Acquired (ROPA), net				
Other Assets				
Due from Head Office/Branches/ Agencies Abroad				
Total Assets	<hr/>	<hr/>	<hr/>	<hr/>
Deposit Liabilities				
Bills Payable				
Accrued Interest, Taxes and Other Expenses				
Other Liabilities				
Due to Head Office/Branches				
Total Liabilities	<hr/>	<hr/>	<hr/>	<hr/>
Capital Contribution				
Surplus (Free)				
Surplus Reserves				
Undivided Profits				
Total Capital	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Capital				
Total Income				
Total Expenses				
Net Income before Income Tax	<hr/>	<hr/>	<hr/>	<hr/>

Name of Financial Institution
Comparison of Submitted Consolidated Balance Sheet and Income Statement and Audited
Financial Statements (Parent and Subsidiaries)
As of (end of calendar or fiscal year)
(In Thousand Pesos)

	<u>Submitted Report</u>	<u>Audited Report</u>	<u>Variance/ Discrepancy</u>	<u>Reasons for Discrepancy</u>
Cash on hand and in banks				
Pledge loans				
Financial Assets Held for Trading (HFT)				
Held-to-Maturity (HTM) Financial Assets				
Available-for-Sale Financial Assets				
Equity Investments in Subsidiaries, Associates & Joint Ventures				
Pawnshop Premises, Furniture, Fixtures and Equipment, net				
Other Assets				
Due from Head Office/Branches/ Agencies Abroad				
Total Assets	<hr/>	<hr/>	<hr/>	<hr/>
Loans Payable				
Accounts Payable				
Bonds Payable				
Unsecured Subordinated Debt (UnSD)				
Redeemable Preferred Shares				
Accrued Interest, Taxes and Other Expenses				
Other Liabilities				
Due to Head Office/Branches/ Agencies Abroad				
Total Liabilities	<hr/>	<hr/>	<hr/>	<hr/>
Paid-in Capital Stock				
Additional Paid-In Capital				
Retained Earnings				
Assigned Capital				
Total Capital	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Capital				
Total Income				
Total Expenses				
Net Income before Income Tax	<hr/>	<hr/>	<hr/>	<hr/>

Name of Non-Bank Financial Institution
Comparison of Submitted Balance Sheet and Income Statement
and Audited Financial Statements
As of (end of calendar or fiscal year)
(In Thousand Pesos)

	Submitted Report	Audited Report	Variance/ Discrepancy	Reasons for Discrepancy
Cash and Other Cash Items				
Due from BSP				
Deposit in Banks				
Financial Assets Designated at Fair Value through Profit or Loss (DFVPL)				
Available-for-Sale (AFS) Financial Assets				
Held-to-Maturity (HTM) Financial Assets				
Loans and Receivables, <i>net</i>				
Loans and Receivable Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse Transactions				
Accrued Interest Income from Financial Assets				
NBFIs Premises, Furniture, Fixtures and Equipment, <i>net</i>				
Other Assets				
Due from Head Office/Branches/Agencies Abroad				
Total Assets	=====	=====	=====	=====
Financial Liabilities Designated at Fair Value through Profit or Loss (DFVPL)				
Bonds Payable				
Redeemable Preferred Shares				
Financial Liabilities Associated with Transferred Assets				
Finance Lease Payment Payable				
Accrued Interest, Taxes and Other Expenses				
Other Liabilities				
	=====	=====	=====	=====
Paid-in Capital Stock				
Additional Paid-in Capital				
Retained Earnings				
Other Comprehensive Income				
Total Capital	=====	=====	=====	=====
Total Liabilities and Capital	=====	=====	=====	=====
Total Income				
Total Expenses				
Net Income Before Income Tax	=====	=====	=====	=====

Name of Non-Bank Financial Institution
Trust Department
 (Contractual Relationship of TE, e.g., Institutional-Trust, etc.)
Comparison of Submitted FRPTI Balance Sheet and
Audited Financial Statements
 As of (end of calendar or fiscal year)
 (In Thousand Pesos)

Accounts	FRPTI	AFS	Discrepancy	Explanation for Discrepancy
Assets (net)				
Cash on Hand, Checks and Other Cash Items				
Due from BSP				
Deposit in Banks				
Financial Assets Designated at Fair Value through Profit or Loss (DFVPL)				
Available-for-Sale (AFS) Financial Assets				
Held-to-Maturity (HTM) Financial Assets				
Unquoted Debt Securities Classified as Loans				
Investments in Non-Marketable Equity Securities				
Loans and Receivables and Loans Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions				
Other Financial Assets				
Investment Properties and Real and Other Properties Acquired				
Other Assets				
Due from Head Office/Branches/Agencies Abroad				
	_____	_____	_____	_____
Total Assets	=====	=====	=====	=====
Accountabilities				
Principal				
Accumulated Income				
Net Unrealized Gains/(Losses) on AFS Financial Assets				
Other Accountabilities				
	_____	_____	_____	_____
Total Accountabilities	=====	=====	=====	=====

Name of Trust Corporation
Comparison of Submitted Balance Sheet and Income Statement
and Audited Financial Statements
As of (end of calendar or fiscal year)
(In Thousand Pesos)

	Submitted Report	Audited Report	Variance/ Discrepancy	Reasons for Discrepancy
Cash and Other Cash Items				
Due from BSP				
Deposit in Banks				
Financial Assets Designated at Fair Value through Profit or Loss (DFVPL)				
Available-for-Sale (AFS) Financial Assets				
Held-to-Maturity (HTM) Financial Assets				
Loans and Receivables, <i>net</i>				
Loans and Receivable Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse Transactions				
Accrued Interest Income from Financial Assets				
TC Premises, Furniture, Fixtures and Equipment, <i>net</i>				
Other Assets				
Total Assets	=====	=====	=====	=====
Financial Liabilities Designated at Fair Value through Profit or Loss (DFVPL)				
Bonds Payable				
Redeemable Preferred Shares				
Financial Liabilities Associated with Transferred Assets				
Finance Lease Payment Payable				
Accrued Interest, Taxes and Other Expenses				
Other Liabilities				
	=====	=====	=====	=====
Paid-in Capital Stock				
Additional Paid-in Capital				
Retained Earnings				
Other Comprehensive Income				
Total Capital	=====	=====	=====	=====
Total Liabilities and Capital	=====	=====	=====	=====
Total Income				
Total Expenses				
Net Income Before Income Tax	=====	=====	=====	=====

Name of Trust Corporation
(Contractual Relationship of TE, e.g., Institutional-Trust, etc.)
Comparison of Submitted FRPTI Balance Sheet and
Audited Financial Statements
As of (end of calendar or fiscal year)
(In Thousand Pesos)

Accounts	FRPTI	AFS	Discrepancy	Explanation for Discrepancy
Assets (net)				
Cash on Hand, Checks and Other Cash Items				
Due from BSP				
Deposit in Banks				
Financial Assets Designated at Fair Value through Profit or Loss (DFVPL)				
Available-for-Sale (AFS) Financial Assets				
Held-to-Maturity (HTM) Financial Assets				
Unquoted Debt Securities Classified as Loans				
Investments in Non-Marketable Equity Securities				
Loans and Receivables and Loans Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions				
Other Financial Assets				
Investment Properties and Real and Other Properties Acquired				
Other Assets	_____	_____	_____	_____
Total Assets	=====	=====	=====	=====
Accountabilities				
Principal				
Accumulated Income				
Net Unrealized Gains/(Losses) on AFS Financial Assets				
Other Accountabilities	_____	_____	_____	_____
Total Accountabilities	=====	=====	=====	=====

**DISCLOSURE REQUIREMENTS TO THE
AUDITED FINANCIAL STATEMENTS (AFS)**
(Appendix to Subsection 4190Q.4)

QBs shall include the following additional information in the AFS:

a. Notes to the financial statements:

- (1) Capital position on solo and consolidated bases. These shall include Common Equity Tier 1 (CET1) capital, Tier 1 capital, Total Qualifying Capital, Total Risk-Weighted Assets; Capital Adequacy Ratio (CAR), Tier 1 ratio, and CET 1 ratio;
- (2) Leverage ratio and Total Exposure Measure both on solo and consolidated bases;
- (3) Liquidity position on solo and consolidated bases. These shall include:(a) Liquidity Coverage Ratio; and (b) Net Stable Funding Ratio.

In the case of stand-alone QB only the Minimum Liquidity Ratio shall be disclosed;

- (4) Provisioning methodology and key assumptions in providing allowance for credit losses; and
- (5) Accounting policies which shall include, but not limited to, general accounting principles, valuation policies for financial instruments and Real and Other Properties Acquired (ROPA), and policies on securitizations, foreign currency translations, and repurchase agreements.

b. Supplementary information:

- (1) Basic quantitative indicators of financial performance such as (a) return on average equity; (b) return on average assets; and (c) net interest margin, using the following formulas:

(i) Return on Average Equity (%) =

$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$$

Where:

$$\text{Average Total Capital Accounts} = \frac{\text{Total Capital Accounts Current calendar/fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

(ii) Return on Average Assets (%) =

$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$$

Where:

$$\text{Average Total Assets} = \frac{\text{Total Assets Current calendar/fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

(iii) Net Interest Margin (%) =

$$\frac{\text{Net Interest Income} \times 100}{\text{Average Interest Earning Assets}}$$

Where:

$$\text{Net Interest Income} = \text{Total Interest Income} - \text{Total Interest Expense}$$

$$\text{Average Interest Assets} = \frac{\text{Total Interest Earning Assets Current calendar/fiscal year-end balance} + \text{Earning Assets Previous calendar/fiscal year-end balance}}{2}$$

- (2) Description of capital instruments issued;
- (3) Significant credit exposures [thirty percent (30%) of the total loan portfolio or ten percent (10%) of Tier 1 capital] as to industry/economic sector;
- (4) Breakdown of total loans as to (i) security (secured, including type of security, and unsecured); and (ii) status (performing and non-performing) per product line;
- (5) Breakdown of Exposures to Related Parties and Directors, Officers, Stockholders and their Related Interests (DOSRI) as to:

Particulars	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
1. Outstanding loans		
2. Percent of DOSRI/Related Party loans to total loan portfolio		
3. Percent of unsecured DOSRI/ Related Party loans to total DOSRI/Related Party loans		
4. Percent of past due DOSRI/ Related Party loans to total DOSRI/Related Party loans		
5. Percent of non-performing DOSRI/Related Party loans to total DOSRI/Related Party loans		

- (6) Aggregate amount of secured liabilities and assets pledged as security; and
- (7) Nature and amount of contingencies and commitments arising from off-balance sheet items [include direct credit substitutes (e.g., export Letter of Credit (LCs) confirmed, underwritten accounts unsold), transaction-related contingencies (e.g., performance bonds, bid bonds, standby LCs), short-term self-liquidating trade-related contingencies arising from the movement of goods (e.g., sight/usance domestic LCs, sight/usance import LCs), sale and repurchase agreements not recognized in the balance sheet; interest and foreign exchange rate related items; and other commitments.

For items "5", "6", and "7", indicate if there is none to report.

**DISCLOSURE REQUIREMENTS TO THE
AUDITED FINANCIAL STATEMENTS (AFS)
(Appendix to Subsection 4172S.4)**

NSSLAs shall include the following additional information in the AFS:

a. Notes to the financial statements:

- (1) Capital position which shall include Total Risk-Weighted Assets and Capital-to-Risk Assets Ratio;
- (2) Leverage ratio and Total Exposure Measure¹;
- (3) Liquidity position which shall include minimum liquidity ratio.
- (4) Provisioning methodology and key assumptions in providing allowance for credit losses; and
- (5) Accounting policies which shall include, but shall not be limited to, general accounting principles, valuation policies for financial instruments and Real and Other Properties Acquired (ROPA), and policies on foreign currency translations.

b. Supplementary information:

- (1) Basic quantitative indicators of financial performance such as (a) return on average equity; (b) return on average assets; and (c) net interest margin, using the following formulas:

(i) Return on Average Equity (%) =
$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$$

Where:

$$\text{Average Total Capital Accounts} = \frac{\text{Total Capital Accounts Current calendar/fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

(ii) Return on Average Assets (%) =
$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$$

Where:

$$\text{Average Total Assets} = \frac{\text{Total Assets Current calendar/fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

(iii) Net Interest Margin (%) =
$$\frac{\text{Net Interest Income} \times 100}{\text{Average Interest Earning Assets}}$$

¹ Leverage ratio can be computed as: (i) Total Gross Loans/Deposit Liabilities; (ii) Total Loan Portfolio/(Deposit Liabilities + Capital Contribution), (iii) Total Liabilities/Average Total Assets, and (iv) Total Liabilities/Average Total Capital Accounts, among others.

Where:

Net Interest Income = Total Interest Income – Total Interest Expense

$$\text{Average Interest Assets} = \frac{\text{Total Interest Earning Assets Current calendar/fiscal year-end balance} + \text{Earning Assets Previous calendar/fiscal year-end balance}}{2}$$

(iv) Net Interest Margin Inclusive of Declared Amount for Net Income Distribution(%) = $\frac{\text{Total Interest Income} - (\text{Total Interest Expense} + \text{Declared Amount for Net Income Distribution}) \times 100}{\text{Average Interest Earning Assets}}$

Where:

Declared amount for net income distribution refers to the amount declared within the current calendar/fiscal year.

- (2) Breakdown of total loans as to (i) security (secured, including type of security, and unsecured; and (ii) status (performing and non-performing) per product line;
- (3) Breakdown of Exposures to Trustees, Officers and their Related Interests (TORI) as to:
 - Outstanding loans to TORI
 - Percent of TORI loans to total loan portfolio
 - Percent of unsecured TORI loans to total TORI loans
 - Percent of past due TORI loans to total TORI loans
 - Percent of non-performing TORI loans to total TORI loans
- (4) Aggregate amount of secured liabilities and assets pledged as security; and
- (5) Nature and amount of contingencies and commitments arising from off-balance sheet items (include late deposit/payment received, items held for safekeeping/custody, items held as collateral, deficiency claims receivable and other contingent accounts).

For items "3", "4", and "5", indicate if there is none to report.

**DISCLOSURE REQUIREMENTS TO THE
AUDITED FINANCIAL STATEMENTS (AFS)
(Appendix to Subsection 4190P.4)**

Pawnshops shall include the following supplementary information at the end of the notes to the financial statements:

- (a) Details of liabilities or borrowings, particularly: (1) number of creditors; and (2) portion, as of end of the reference calendar year, used for the purpose of acquiring fixed assets for business operations;
- (b) If with corollary business, disclosure of total liabilities and income directly attributable to said business. Pawnshops with money service business operations shall also comply with disclosures required thereto under Subsection 4511N.6; and
- (c) Financial indicators, specifically return on average equity and average assets, and total borrowings to pledge loans ratio. For purposes of computing the financial indicators, the following formulas shall be used:

(1) Return on Average Equity (%) =
$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$$

Where:

$$\text{Average Total Capital Accounts} = \frac{\text{Total Capital Accounts Current calendar year-end balance} + \text{Previous calendar year-end balance}}{2}$$

(2) Return on Average Assets (%) =
$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$$

Where:

$$\text{Average Total Assets} = \frac{\text{Total Assets Current calendar year-end balance} + \text{Previous calendar year-end balance}}{2}$$

(3) Total Borrowings to Pledge Loans (%) =
$$\frac{\text{Total Borrowings}}{\text{Pledge Loans}}$$

Where:

Total borrowings refer to those for the pawnshop business, and exclude borrowings for purposes of acquiring fixed assets used for business operations and for utilization in corollary business, if any.

**DISCLOSURE REQUIREMENTS TO THE
AUDITED FINANCIAL STATEMENTS (AFS)**
(Appendix to 4511N.6)

I. RTCs/MCs/FXD/VC Exchange

RTCs/MCs/FXD/VC Exchange shall include the following supplementary information at the end of the notes to the financial statements:

- (a) Total volume/value of remittance and/or money changing/foreign exchange transactions (absolute amount) for the reference year with breakdown as to: (1) domestic and/or foreign; and (2) transactions facilitated through VC, using the following template:

Type of Transactions	No. of transactions	Amount in USD	Amount in PHP
A. International Inward (Payout) Remittance Transactions			
B. International Outward (Send Out) Remittance Transactions			
C. Domestic Inward (Payout) Remittance Transactions			
D. Domestic Outward (Send Out) Remittance Transactions			
E. Foreign Currencies Bought			
F. Foreign Currencies Sold			
G. International Inward (Payout) Remittance Facilitated Through VC			
H. International Outward (Send Out) Remittance Facilitated Through VC			
I. Exchange of VC to Philippine Peso/Other Currency			
J. Exchange of Philippine Peso/Other Currency to VC			
K. Other VC Transactions (please specify)			

- (b) Basic quantitative indicators of financial performance such as return on average equity and return on average assets, using the following formulas:

$$(1) \text{ Return on Average Equity (\%)} = \frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$$

Where:

$$\text{Average Total Capital Accounts} = \frac{\text{Total Capital Accounts Current calendar/ fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

$$(2) \text{ Return on Average Assets (\%)} = \frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$$

Where:

$$\text{Average Total Assets} = \frac{\text{Total Assets Current calendar/fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

II. EMIs

EMIs shall include the following supplementary information at the end of the notes to the financial statements:

- (a) Details of liabilities or borrowings, particularly on the number of creditors²;
- (b) If with corollary business, disclosure of total liabilities and income directly attributable to said business. EMIs with money service business operations shall also comply with disclosures required thereto under Subsection 4511N.6;
- (c) Financial indicators, specifically return on average equity and average assets. For purposes of computing the financial indicators, refer to item I.c above;
- (d) Liquidity cover for the reference year using the following template:

Particulars	Amount in USD	Amount in PHP
A. Deposits and Investments		
1. Bank Deposits		
2. Government Securities		
3. Others (please specify)		
B. E-Money Balances		
Types of E-money cards/Instruments		
1. E-money in PHP		
2. E-money in other currencies (please specify)		
C. Excess (Deficiency) of Liquidity Cover		

- (e) Total volume/value of e-money transactions (absolute amount) for the reference year using the following template:

Type of Transactions	No. of transactions	Amount in USD	Amount in PHP
A. E-Money Beginning Balance			
B. INFLOWS			
Conversion to E-Money			
1. Conversion from cash centers (OTC/Outlets/Local Partners)			
2. ATM/Mobile Banking/Internet Banking			
3. Remco Partners Abroad			
4. Pre-funding from local partners			
5. Others (please specify)			
C. OUTFLOWS			
Conversion to Currency			
1. Conversion from cash centers (OTC/Outlets/Local Partners)			
2. ATM/POS Withdrawals			

² Creditors except e-money holders

3. Sweeping of E-Money Wallet/Account			
4. Fund transfer from E-Wallet to Deposit Account			
5. Others (please specify)			
D. NET INFLOW/(OUTFLOW)			
E. End of reference year E-Money Balances			
F. Additional Information			
Usage			
1. Payments to Merchants			
2. Bills Payments			
3. Transfers to Other Subscribers (P2P/W2W)			
4. Others (please specify)			

**DISCLOSURE REQUIREMENTS TO THE
AUDITED FINANCIAL STATEMENTS (AFS)
(Appendix to Subsection 4190T.4)**

TCs shall include the following additional information in the AFS:

a. Notes to the financial statements:

- (1) Minimum required capital pursuant to Section 4111T;
- (2) Provisioning methodology and key assumptions in providing allowance for credit losses; and
- (3) Accounting policies which shall include, but not limited to, general accounting principles and valuation policies for financial instruments and Real and Other Properties Acquired (ROPA).

b. Supplementary information:

- (1) Basic quantitative indicators of financial performance such as return on average equity, return on average assets and percentage of total trust fees to total assets under management (AUM), using the following formulas:

(i) Return on Average Equity (%) =

$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$$

Where:

$$\text{Average Total Capital Accounts} = \frac{\text{Total Capital Accounts Current calendar/fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

(ii) Return on Average Assets (%) =

$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$$

Where:

$$\text{Average Total Assets} = \frac{\text{Total Assets Current calendar/fiscal year-end balance} + \text{Previous calendar/fiscal year-end balance}}{2}$$

(iii) Percentage of total trust fees to total AUM (%) =

$$\frac{\text{Total Trust Fees} \times 100}{\text{Total AUM}}$$

- (2) Total outstanding investment, loans and other credit accommodations to TC's DOSRI and related parties with name of DOSRI/related parties, and breakdown, if applicable, as to (i) security (secured, including type of security; and unsecured) and (ii) status (performing and non-performing);
- (3) Large exposures as defined under Section 4303T;
- (4) Nature and amount of contingencies and commitments arising from off-balance sheet items, if any; and
- (5) Aggregate amount of secured liabilities and assets pledged as security.

For items "2", "3", "4", and "5", indicate if there is none to report.