

175 PUBLIC DISCLOSURES

Publication/Posting of balance sheet.

a. UBs/KBs, TBs, RBs and Coop Banks with resources of P1.0 billion and above

- (1) Banks belonging to this category shall accomplish the prescribed form and publish their quarterly Balance Sheet (BS) as of the cut-off date indicated in the call letter issued by the appropriate supervising department of the Bangko Sentral.

The Consolidated Balance Sheet (CBS) of a bank and its subsidiaries and affiliates shall be published side by side with the BS of its head office and its branches/other offices.

- (2) The CBS of the bank and its subsidiaries and affiliates shall be prepared in accordance with the rules of consolidation provided under the Financial Reporting Package (FRP), in which case, only financial allied subsidiaries, except subsidiary insurance companies, shall be consolidated on a line-by-line basis, while non-financial allied subsidiaries including subsidiary insurance companies shall be accounted for using the equity method.
- (3) Such BS, and CBS where applicable, shall be published in a newspaper of general circulation in the city/province where the principal office, in the case of a domestic bank, or the principal branch/office, in the case of a foreign bank, is located, but if no newspaper is published in the same province, then in a newspaper published in Metro Manila or in the nearest city/province.
- (4) The names and position/designation of the members of the board of directors, president and executive vice presidents (senior vice presidents, if there are no executive vice presidents), shall be published and shown in the right side column of the published BS as of June of every year.
- (5)(a) Before publication, a soft copy of the BS shall be submitted to the appropriate supervising department of the Bangko Sentral within twelve (12) banking days from the date of the call letter.

Further, a hard copy of the control proof list for the said report shall likewise be submitted to the appropriate supervising department of the Bangko Sentral within the said deadline.

- (b) Banks that are incapable of submitting the BS in electronic form shall submit the same in

hard copy to the appropriate supervising department of the Bangko Sentral within the said deadline.

- (c) The published BS with the publisher's certificate shall be submitted within twenty (20) banking days after the date of said call letter to the appropriate supervising department of the Bangko Sentral.

b. TBs/RBs/Coop Banks with resources of less than P1 billion

- (1) A TB, RB and Coop Bank belonging to this category shall either publish its quarterly BS as of the cut-off date indicated in the call letter issued by the appropriate supervising department of the Bangko Sentral, in a newspaper of general circulation as in Item "a(3)" above or post the same in the most conspicuous area of its premises, in the municipal building, municipal public market, barangay hall and barangay public market where the head office and all its branches are located. The posting shall be printed on 12"x18" white paper, preferably white buff paper (cartolina) and shall be made within twenty (20) banking days from the end of the reference quarter and for a period of thirty (30) successive calendar days.

- (2)(a) A TB, RB and Coop Bank that shall publish/post its quarterly BS shall submit a soft copy of the same to the appropriate supervising department of the Bangko Sentral within twenty (20) banking days after the end of the reference quarter.

- (b) Banks that are incapable of submitting the BS in electronic form shall submit the same in hard copy to the appropriate supervising department of the Bangko Sentral within the said deadline.

- (c) In either case, an affidavit executed by the president, or in his absence, the vice-president or manager, as the case may be, shall likewise be submitted to appropriate supervising department of the Bangko Sentral within the said deadline.

c. Additional information required. Banks shall disclose the following information in the quarterly published/posted BS:

(1) Solo BS (Head Office and Branches/Other Offices)

- (a) Gross total loan portfolio (TLP);
 (b) Specific allowance for credit losses on the TLP;
 (c) Non-performing loans (NPLs):

- (i) Gross NPLs;
- (ii) Ratio of gross NPLs to gross TLP (%);
- (iii) Net NPLs. This shall refer to gross NPLs less specific allowance for credit losses on NPLs;
- (iv) Ratio of net NPLs to gross TLP (%);
- (v) Ratio of total allowance for credit losses to gross NPLs (%);
- (vi) Ratio of specific allowance for credit losses on the gross TLP to gross NPLs (%);

- (d) Classified loans and other risk assets, gross of allowance for credit losses;
- (e) DOSRI loans and receivables, gross of allowance for credit losses;
- (f) Ratio of DOSRI loans and receivables, gross of allowance for credit losses, to gross TLP (%);
- (g) Gross non-performing DOSRI loans and receivables;
- (h) Ratio of gross non-performing DOSRI loans and receivables to gross TLP (%);
- (i) Percent compliance with Magna Carta

- 8% for micro and small enterprises;
- 2% for medium enterprises;

- (j) Return on equity (ROE) (%);
- (k) CAR on solo basis, as prescribed under existing regulations:

- (i) Total CAR
- (ii) Tier 1 Ratio
- (iii) CET 1 Ratio

- (l) Deferred charges not yet written down; and
- (m) Unbooked allowance for credit losses on financial instruments received.

- (2) Consolidated Balance Sheet (parent bank and financial allied subsidiaries excluding subsidiary insurance companies)

- (a) List of financial allied subsidiaries (excluding subsidiary insurance companies)
- (b) List of subsidiary insurance companies
- (c) CAR on consolidated basis, as prescribed under existing regulations:

- (i) Total CAR
- (ii) Tier 1 Ratio
- (iii) CET 1 Ratio

For purposes of additional information, all amounts and ratios shall be as of the same call

date. However, the basis for computing the ROE shall be the latest quarter immediately preceding the call date using the following formula:

$$\text{ROE (\%)} = \frac{\text{Net Income (or Loss) After Income Tax}}{\text{Average Total Capital Accounts}} \times 100$$

Where net income/(loss) after tax and average capital accounts shall be:

| Quarter-end | Net Income (Loss) After Tax (NIAT) | Average Total Capital Accounts |
|-------------|--|--|
| March | Quarter end NIAT multiplied by 4 | Sum of end-month capital accounts (December - March) divided by 4 |
| June | Semester end NIAT multiplied by 2 | Sum of end-month capital accounts (December - June) divided by 7 |
| September | Nine (9) months-end NIAT multiplied by 1.33333 | Sum of end-month capital accounts (December - September) divided by 10 |
| December | Year-end NIAT | Sum of end-month capital accounts (December - December) divided by 13 |

- d. *Deferment of publication requirement.* The abovementioned publication requirement may be deferred by the Monetary Board by at least five (5) affirmative votes upon application by the bank concerned during periods of national and/or local emergency or of imminent panic which directly threaten monetary and banking stability.

The amended prescribed form for the published BS shall be used starting with the quarter-end March 2013 reports.

Disclosure requirements in the annual report. It is the thrust of the Bangko Sentral to promote greater disclosure and transparency to the public. In line with this, the Bangko Sentral recognizes the importance of the annual report in providing financial information on the bank, which will be useful to the public in understanding the true condition of the bank. This is consistent with financial consumer protection and aligned with international best practices. Accordingly, the Bangko Sentral revised the minimum disclosure requirements in the annual report of banks to ensure that proper disclosure is made on all significant matters regarding the bank, including its financial condition, performance, ownership and governance.

Consistent with the principles embodied under Sec. 132 (*Duties and responsibilities of the board of*

directors/directors), the board of directors shall have the overall responsibility in ensuring that the annual report of the bank fully discloses the minimum disclosure requirements as included in this Section. The board of directors may delegate its oversight function to a board-level committee which shall have oversight over the preparation of the annual report.

All banks shall prepare an annual report which shall include a discussion and/or analysis of the following minimum information in no particular order:

- a. Corporate policy;
- b. Financial summary/Financial highlights;
- c. Financial condition and results of operations;
- d. Risk management framework, including practices to mitigate and/or prevent money laundering and terrorist financing risks;
- e. Corporate governance;
- f. Corporate information; and
- g. Audited Financial Statements (AFS). For banks with subsidiaries, the AFS should be presented side by side on a solo basis (parent) and on a consolidated basis (parent and subsidiaries) as provided under Sec. 174.

For complex banks ¹ with various business segments, it shall also disclose the “Financial Results of Business Segments”.

The guidelines for the preparation of disclosure requirements in the annual report are provided in *Appendix 125*.

Additional disclosure requirements for UBs and KBs, as well as their subsidiary banks, are found under Part IX of *Appendix 59*. For stand-alone TBs, RBs, and Coop Banks, additional disclosure requirements are found under Part V of *Appendix 62*.

Locally incorporated subsidiary banks of foreign banks shall likewise be covered by the requirements of this Section. Branches of foreign banks are exempted from compliance with the guidelines.

The revised disclosures shall commence with annual reports for financial year 2017.

Posting and submission of annual report. A copy of the latest annual report shall be posted/displayed by the bank in a conspicuous place in its head office, all its branches and other offices. The annual report should also be published in the bank’s website.

Covered banks shall submit the Annual Report Assessment Checklist (ARAC) together with the annual report. The ARAC identifies the pages and sections of the annual report corresponding to the disclosures.

The deadline for the submission of the annual report and ARAC to the appropriate supervising department of the Bangko Sentral is 180 calendar days after the close of the calendar or fiscal year adopted by the bank.

Banks under the concurrent jurisdiction of the Bangko Sentral and COA, however, shall submit the annual report and ARAC to the appropriate supervising department of the Bangko Sentral within 100 calendar days after receipt of the annual audit report by the board of directors.

The annual report shall be submitted in soft copy to the Bangko Sentral and shall be in Portable Document Format (PDF) as provided in *Appendix 7*. Transmittal of the soft copy of the report shall be covered by a letter to the appropriate supervising department of the Bangko Sentral. On the other hand, banks shall continue to submit the ARAC in hard copy.

Sanctions for non-disclosure of certain information and/or delayed submission of annual report.

- a. *Non-disclosure of certain information.* Willful non-disclosure or erroneous disclosure of any item required to be disclosed under Sec. 175 on disclosure requirements in the annual report shall be subject to the appropriate monetary penalties under Sec. 1102 that will be imposed on the bank.

The Bangko Sentral shall also determine if the non-disclosure or erroneous disclosure involves material information that may mislead the public, which warrants stiffer sanctions as provided under Sec. 002.

Material information refers to information which if omitted or misstated, could change or influence the assessment or decisions of a person relying on the disclosure, such as depositors, creditors, investors, and professional analysts, for the purpose of making deposits and investments, among others.

- b. *Delayed/Unsubmitted annual report.* Sanctions in case of delayed/unsubmitted annual report and the ARAC shall be in accordance with the provision under Sec. 171 (*Non-compliance with the Bangko Sentral reporting standards*).

(Circular No. 956 dated 17 April 2017, M-2017-011 dated 31 March 2017, 911 dated 02 May 2016, and M-2014-007 dated 04 March 2014)

Footnotes

1. As defined under Sec. 131 (*Policy statement and definition of terms*).