



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 701
Series of 2010

Subject: Amendments to the Regulations on the Reclassification of Real and Other Properties Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment

The Monetary Board in its Resolution No. 1644 dated 19 November 2010, approved the following amendments to the regulations on the reclassification of real and other properties acquired (ROPA) to bank/QB premises, furniture, fixture and equipment, as well as the selected sections and schedules of the Financial Reporting Package (FRP) issued under Circular No. 512 dated 3 February 2006, as amended, and the Simplified FRP issued under Circular No. 644 dated 10 February 2009, as amended.

Section 1. Subsection X160.3 of the Manual of Regulations for Banks (MORB) and Subsection 4160Q.3 of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended as follows:

"Subsection X160.3/4160Q.3 Reclassification of real and other properties acquired (ROPA) to bank/QB premises, furniture, fixture and equipment. Banks/QBs may reclassify real and other properties acquired (ROPA) to bank/QB premises, furniture, fixture and equipment, subject to the following conditions:

"(a) Prior written approval of the majority of the members of the board of directors has been obtained for such reclassification. The approval shall be manifested in a resolution passed by the board of directors during a meeting and shall contain the following information:

- "(1) Date ROPA was acquired;
- "(2) Description of ROPA property;
- "(3) Outstanding balance of ROPA at the time of reclassification;
- "(4) Specific purpose for reclassifying said property to bank/QB premises, furniture, fixture and equipment; and
- "(5) Justification and plan for expansion, in the case of real and other property earmarked for future use.

"Said resolution shall also be made available for inspection by BSP examiners, together with the supporting records and documents involving the ROPA account; and

"(b) Only such acquired asset, or a portion thereof, that will be (i) immediately used, or (ii) ready and available for use within a two (2)-year period from date of reclassification (in case of ROPA earmarked for future use) may be reclassified to bank/QB premises, furniture, fixture and equipment;

"(c) ROPA reclassified to bank/QB premises, furniture, fixture and equipment shall be recorded at its net carrying amount where the amounts booked as cost, accumulated depreciation and allowance for losses for bank/QB premises, furniture, fixture and equipment shall correspond to the balance of these accounts under ROPA at the time of reclassification. As such, the reclassification shall not give rise to any gains/(losses) being recognized in the bank/QB's books; and

"(d) Said reclassification shall not cause the bank to exceed the prescribed ceiling on investment in real estate and improvements thereon, including bank equipment, provided under Subsection X160.2 of the MORB.

"Within five (5) banking/business days from date of reclassification, the bank/QB shall submit the Certification on Compliance with Regulations on the Reclassification of Real and Other Properties Acquired to Bank/QB Premises, Furniture, Fixture and Equipment (Annex A) signed by the president of the bank/QB or officer of equivalent rank, to the appropriate department of the SES. Said certification shall be accompanied by the certified true copy of the resolution of the bank/QB's board of directors authorizing the reclassification.

"*Sanctions.* The following sanctions shall be imposed for violations noted:

"1. *On the bank/QB*

"a. *Monetary fines*

"A bank/QB which fails to comply with the provisions of this Subsection shall be subject to monetary penalties under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI.

"1) *For non-submission of the required certification*

A bank/QB which fails to submit the required Certification on Compliance with Regulations on the Reclassification of Real and Other Properties Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment or the certified true copy of the resolution of the board of directors authorizing said reclassification within the prescribed deadline shall be subject to monetary penalties applicable to minor offenses under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI which shall be reckoned on a daily basis from the day following the due date of submission until the required certification on compliance or the certified true copy of the resolution of the board of directors is filed with the BSP.

"2) *For false/misleading statements*

A bank/QB which has been found to have willfully made a false or misleading statement in the required Certification on Compliance with Rules and Regulations on the Reclassification of Real and Other Properties Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment

or in the certified true copy of the resolution of the bank/QB's board of directors shall be subject to the monetary penalties applicable to minor offenses under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI for the willful making of a false or misleading statement which shall be reckoned on a daily basis from the day following the due date of the said certification until such time that an amended or corrected certification on compliance or certified true copy of the resolution of the board of directors has been submitted to the BSP.

"2. On the concerned directors/officers of the bank/QB

"a. For willful non-compliance

Directors/officers of the bank/QB who willfully fail/refuse to comply with the provisions of this Subsection shall be subject to the monetary penalties applicable to minor offenses under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI.

"b. For false/misleading statements

Directors/officers of the bank/QB which have been found to have willfully falsely certified or willfully submitted misleading statements in the required Certification on Compliance with Regulations on the Reclassification of Real and Other Property Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment or in the certified true copy of the resolution of the bank/QB's board of directors shall be subject to the monetary penalties applicable to minor offenses under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI, which shall be reckoned on a daily basis from the day following the due date of the said certification until such time that an amended or corrected certification on compliance or certified true copy of the resolution of the board of directors has been submitted to the BSP.

The imposition of the above sanctions is without prejudice to the filing of appropriate criminal charges against culpable persons as provided under Section 35 of R.A. No. 7653 for the willful making of a false/misleading statement."

Section 2. The Financial Reporting Package (FRP) for Banks issued under Circular No. 512 dated 3 February 2006, as amended, and the Simplified Financial Reporting Package for Rural and Cooperative Banks issued under Circular No. 644 dated 10 February 2009, as amended, are hereby further amended, as follows:

1. Line Item Instructions

"xxx

"Schedule 17b – Movements in ROPA and NCAHS Accounts

"xxx

"(c) **Reclassifications** shall refer to transfers (i) from ROPA to NCAHS, or (ii) from ROPA to Bank Premises, Furniture, Fixture and Equipment, or (iii) from NCAHS to ROPA, or (iv) from Bank Premises, Furniture, Fixture and Equipment to ROPA (i.e., reversal of reclassifications of real and other properties acquired to bank premises that fail to comply with the prescribed guidelines under Subsection X160.3 of the MORB);

"xxx

"Additional Information

"(1) Amount of ROPA reclassified to Bank Premises, Furniture, Fixture and Equipment during the year – Report the cost, accumulated depreciation and allowance for losses of real and other properties acquired (ROPA) reclassified to bank premises, furniture, fixture and equipment during the year.

"(2) Amount of ROPA reclassified from Bank Premises, Furniture, Fixture and Equipment during the year – Report the cost, accumulated depreciation and allowance for losses of real and other properties acquired (ROPA) reclassified from bank premises, furniture, fixture and equipment during the year.

"xxx."

2. Reportorial Template

Schedule 17b of the FRP issued under Circular No. 512, as amended, as well as the Simplified FRP issued under Circular No. 644, as amended, is revised to incorporate rows to provide for the separate disclosure of ROPA accounts (broken down as to specific asset types) that: (1) were reclassified to Bank Premises, Furniture, Fixture and Equipment during the year; or (2) were reclassified from Bank Premises, Furniture, Fixture and Equipment during the year.

Details of the proposed amendments to the reportorial template of the FRP for Banks and the Simplified FRP for Rural and Cooperative Banks are shown in Annexes B and C.

Section 3. Effectivity of Reporting under the FRP. Banks shall report their Bank Premises, Furniture, Fixture and Equipment in accordance with the provisions of this Circular in the FRP report format (both solo and consolidated basis) issued under Circular No. 512, as amended, and the Simplified FRP report format issued under Circular No. 644, as amended, starting with the reporting period ending 31 December 2011.

Banks may download the revised reporting templates from the BSP website under <http://www.bsp.gov.ph/frp/templates> or request these from:

The Director
Supervisory Data Center (SDC)
Bangko Sentral ng Pilipinas
16th Floor, Multi-Storey Building
BSP Complex, A. Mabini Street
Malate, Manila 1004

Section 4. Effectivity. 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:

A handwritten signature in black ink, appearing to read 'Amando M. Tetangco, Jr.', written over the printed name.

AMANDO M. TETANGCO, JR.
Governor

13 December 2010

Deadline: Within five (5) banking/business days
from date of reclassification

**CERTIFICATION ON COMPLIANCE WITH RULES AND REGULATIONS ON
THE RECLASSIFICATION OF REAL AND OTHER PROPERTIES ACQUIRED
(ROPA) TO BANK/QUASI-BANK (QB) PREMISES, FURNITURE, FIXTURE
AND EQUIPMENT**

(Name of Bank/QB)

I hereby certify that the reclassification of Real and Other Properties Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment was made in accordance with the provisions of Subsection X160.3/4160Q.3 of the MORB/MORNBFI. In particular, I certify that:

1. The reclassification, which involves the property/(ies) described in Schedule 1 was duly authorized by (name of bank/QB)'s board of directors, in a (specify whether regular/special meeting of the board) held on (specify date of board meeting) for the purpose stated therein;
2. The approval of said reclassification was manifested in a resolution passed by the board of directors of (name of bank/QB) during the meeting, a certified true copy of which is attached as Annex A. Said resolution of the board of directors, along with the supporting records and documents involving the reclassified ROPA account, shall be made available for inspection by BSP examiners;
3. Only such acquired asset or a portion thereof, that will be (i) immediately used, or (ii) ready and available for use within a two (2)-year period from the date of reclassification (in case of ROPA earmarked for future use) was reclassified to Bank/QB Premises, Furniture, Fixture and Equipment;
4. ROPA reclassified to Bank/QB Premises, Furniture, Fixture and Equipment was recorded at its net carrying amount where the amounts booked as cost, accumulated depreciation and allowance for losses for bank/QB premises, furniture, fixture and equipment corresponds to the balance of these accounts under ROPA at the time of reclassification. As such no gains/(losses) were recognized in our books from such reclassification; and

5. The reclassification did not cause the bank to exceed the prescribed ceiling on investment in real estate and improvements thereon, including bank equipment, under Subsection X160.2 of the MORB, as shown below: (*For Banks only*)

Description	Before Reclassification	After Reclassification
Ratio of bank's investment in real estate and improvements thereon, including bank equipment, to net worth		

Signature above Printed Name
President/Officer of Equivalent Rank

Date _____

SUBSCRIBED and SWORN to before me, this _____ day of _____,
affiant exhibiting his Community Tax Certificate as indicated below:

<u>Name</u>	<u>Community Tax Certificate No.</u>	<u>Date/Place of Issue</u>
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Notary Public

Details of Real and Other Properties Acquired (ROPA) Reclassified to Bank/QB Premises, Furniture, Fixture and Equipment

Date Acquired	Description	Outstanding Balance of ROPA Immediately Prior to its Reclassification				Purpose of Reclassification to Bank/QB Premises, Furniture, Fixtures and Equipment <i>(For properties earmarked for future use, specify timeline when property is expected to be ready and available for use and justification/plan for expansion/use)</i>	Authorized under Board Resolution No./Date of Meeting	Date of Reclassification
		Cost	Accum. Depreciation (if any)	Allow. for Losses	Net Carrying Amount			

**Movements in Real and Other Properties
Acquired/Non-Current Assets Held for Sale**

Particulars	Account Code	Opening Balance (net carrying amount)	Movements in ROPANCAHS During the Period			
			Acquisitions (at cost)	Cost	Disposals (net of depreciation and accumulated impairment)	Net Carrying Amount
ROPA						
(1) Land						0.00
(2) Buildings						0.00
(3) Other Properties Acquired						0.00
TOTAL		0.00	0.00	0.00	0.00	0.00
NCAHS						
(1) Land						0.00
(2) Buildings						0.00
(3) Other Properties Acquired						0.00
TOTAL		0.00		0.00	0.00	0.00
Additional Information						
(1) Amount of ROPA reclassified to bank premises, furniture, fixture and equipment during the year						
(a) Land						
(b) Buildings						
(c) Other Properties Acquired						
(2) Amount of ROPA reclassified from bank premises, furniture, fixture and equipment during the year						
(a) Land						
(b) Buildings						
(c) Other Properties Acquired						

**Movements in Real and Other Properties
Acquired/Non-Current Assets Held for Sale**

Particulars	Account Code	Movements in ROPANCAHS During the Period							Closing Balance (net carrying amount)	
		Reclassifications (net of depreciation and accumulated Impairment)				Depreciation Expense	Provision for Impairment	Other Adjustments		
		Cost	Accumulated Depreciation	Allowance for Losses	Net Carrying Amount					
ROPA										
(1) Land							0.00			0.00
(2) Buildings							0.00			0.00
(3) Other Properties Acquired							0.00			0.00
TOTAL		0.00	0.00	0.00		0.00	0.00	0.00		0.00
NCAHS										
(1) Land							0.00			0.00
(2) Buildings							0.00			0.00
(3) Other Properties Acquired							0.00			0.00
TOTAL		0.00				0.00	0.00	0.00		0.00
Additional Information										
(1) Amount of ROPA reclassified to bank premises, furniture, fixture and equipment during the year		0.00	0.00	0.00		0.00	0.00			0.00
(a) Land							0.00			0.00
(b) Buildings							0.00			0.00
(c) Other Properties Acquired							0.00			0.00
(2) Amount of ROPA reclassified from bank premises, furniture, fixture and equipment during the year		0.00	0.00	0.00		0.00	0.00			0.00
(a) Land							0.00			0.00
(b) Buildings							0.00			0.00
(c) Other Properties Acquired							0.00			0.00

**Movements in Real and Other Properties
Acquired/Non-Current Assets Held for Sale**

Particulars	Account Code	Opening Balance (net carrying amount)	Movements in ROPANCAHS During the Period			
			Acquisitions (at cost)	Disposals (net of depreciation and accumulated impairment)	Net	
				Cost	Accumulated Depreciation	Allowance for Losses
ROPA						
(1) Land						0.00
(2) Buildings						0.00
(3) Other Properties Acquired						0.00
TOTAL		0.00	0.00	0.00	0.00	0.00
NCAHS						
(1) Land						0.00
(2) Buildings						0.00
(3) Other Properties Acquired						0.00
TOTAL		0.00		0.00		0.00
Additional Information						
(1) Amount of ROPA reclassified to bank premises, furniture, fixture and equipment during the year						
(a) Land						
(b) Buildings						
(c) Other Properties Acquired						
(2) Amount of ROPA reclassified from bank premises, furniture, fixture and equipment during the year						
(a) Land						
(b) Buildings						
(c) Other Properties Acquired						

**Movements in Real and Other Properties
Acquired/Non-Current Assets Held for Sale**

Particulars	Account Code	Movements in ROPA/NCAHS During the Period							Closing Balance (net carrying amount)	
		Reclassifications (net of depreciation and accumulated impairment)				Depreciation Expense	Provision for Impairment	Other Adjustments		
		Cost	Accumulated Depreciation	Allowance for Losses	Net					
ROPA										
(1) Land						0.00				0.00
(2) Buildings						0.00				0.00
(3) Other Properties Acquired						0.00				0.00
TOTAL		0.00	0.00		0.00	0.00	0.00	0.00		0.00
NCAHS										
(1) Land						0.00				0.00
(2) Buildings						0.00				0.00
(3) Other Properties Acquired						0.00				0.00
TOTAL		0.00			0.00	0.00	0.00	0.00	0.00	0.00
Additional Information										
(1) Amount of ROPA reclassified to bank premises, furniture, fixture and equipment during the year		0.00	0.00		0.00	0.00				
(a) Land										0.00
(b) Buildings										0.00
(c) Other Properties Acquired										0.00
(2) Amount of ROPA reclassified from bank premises, furniture, fixture and equipment during the year		0.00	0.00		0.00	0.00				
(a) Land										0.00
(b) Buildings										0.00
(c) Other Properties Acquired										0.00