



BANGKO SENTRAL NG PILIPINAS

**OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR**

MEMORANDUM NO. M-2012 - 036

To : All BANKS

Subject : Accounting Treatment of the Losses from Transfer/Sale of Non-Performing Assets to Special Purpose Vehicle

The Monetary Board, in its Resolution No. 1152 dated 12 July 2012, approved the amendments to the prescribed accounting treatment of the losses from transfer/sale of non-performing assets (NPAs) to special purpose vehicle (SPV) under Appendix 56a of the Manual of Regulations for Banks, as follows:

"To allow banks which booked their losses from sale/transfer of non-performing assets to (NPAs) to Special Purpose Vehicle (SPV) as "deferred charges" to accelerate in full the remaining unamortized losses to be charged directly to Retained Earnings instead of Profit or Loss, subject to the conditions that this shall be recognized and booked as transaction for the year 2012 or for fiscal year ending 2013, as may be applicable, and that appropriate disclosures shall be made in the audited financial statements, annual reports and published statement of condition."

For your information and guidance.


NESTOR A. ESPENILLA JR.
Deputy Governor

24 July 2012