



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

Office of the Governor

Circular No. 239

Series of 2000

The Monetary Board, in its Resolution No. 604 dated 14 April 2000, approved the amendments to the Manual of Regulations and the Manual of Accounts for Banks and for Non-bank Financial Institutions to read as follows:

MANUAL OF REGULATIONS

- Section 1. Subsection X 606.3 of the Manual of Regulations for Banks is hereby renumbered as Subsection X606.4.
- Section 2. Subsection X606.3 as hereby added to the Manual of Regulations for Banks, shall read as follows:

"REAL AND OTHER PROPERTIES OWNED OR ACQUIRED

REAL AND OTHER PROPERTIES OWNED OR ACQUIRED (ROPOA) RECLASSIFIED AS BANK PREMISES SHALL BE BOOKED AT THEIR ROPOA BALANCE, NET OF ANY VALUATION RESERVES: *PROVIDED*, THAT ONLY SUCH ACQUIRED ASSET OR A PORTION THEREOF THAT WILL BE IMMEDIATELY USED OR EARMARKED FOR FUTURE USE MAY BE RECLASSIFIED AND BOOKED AS BANK PREMISES.

"BANKS, PRIOR TO THE RECLASSIFICATION OF THEIR ROPOA ACCOUNTS TO BANK PREMISES, SHALL FIRST SECURE PRIOR BANGKO SENTRAL APPROVAL BEFORE EFFECTING THE RECLASSIFICATION AND

ITAGUYOD ANG PHILIPPINES 2000



MAG-IMPOK SA BANGKO

SHALL SUBMIT, IN CASE OF FUTURE USE,
JUSTIFICATION AND PLANS FOR
EXPANSION/USE."

Section 3. Sections 4657Q, 4655S, 4653P, 4653B and 4104N as hereby added to the Manual of Regulations for Non-bank Financial Institutions shall read as follows:

"REAL AND OTHER PROPERTIES OWNED OR
ACQUIRED

REAL AND OTHER PROPERTIES OWNED OR
ACQUIRED (ROPOA) RECLASSIFIED EITHER
AS REAL PROPERTY-LAND OR REAL
PROPERTY-BUILDING SHALL BE BOOKED AT
THEIR ROPOA BALANCE, NET OF ANY
VALUATION RESERVES: *PROVIDED*, THAT
ONLY SUCH ACQUIRED ASSET OR A
PORTION THEREOF THAT WILL BE
IMMEDIATELY USED OR EARMARKED FOR
FUTURE USE MAY BE RECLASSIFIED AND
BOOKED AS REAL PROPERTY-
LAND/BUILDING.

"NON-BANKS, PRIOR TO THE
RECLASSIFICATION OF THEIR ROPOA
ACCOUNTS TO REAL PROPERTY-
LAND/BUILDING, SHALL FIRST SECURE THE
BANGKO SENTRAL APPROVAL BEFORE
EFFECTING THE RECLASSIFICATION AND
SHALL SUBMIT, IN CASE OF FUTURE USE,
JUSTIFICATION AND PLANS FOR
EXPANSION/USE."

MANUAL OF ACCOUNTS

Section 4. The first paragraph of Item 20.a of the Manual of Accounts for banks, as amended by Circular Letter dated 4 February 1999, is hereby further amended to read as follows:

**"REAL AND OTHER PROPERTIES OWNED OR
ACQUIRED**

This represents real and other properties, other than those used for banking purposes or held in the investment portfolio, acquired by the bank in settlement of loans and/or for other reasons. The property acquired by the bank in settlement of loans THROUGH FORECLOSURE OR DATION IN PAYMENT shall be recorded at the balance of the loan (principal plus booked accrued interest receivable after considering allowance for uncollected interest on loans less unamortized income) or bid/PURCHASE PRICE, whichever is lower. The amount of the non-refundable capital gains tax and documentary stamp tax paid in connection with the foreclosure/purchase may be included in the book value of the acquired real estate, provided that the total book value does not exceed the appraised value of the asset acquired, as determined by an independent appraiser acceptable to Bangko Sentral ng Pilipinas. However, the property acquired for other reasons shall be recorded at cost or appraised value when cost is not involved/determinable in the acquisition of the property".

Section 5. The first paragraph on the definition of ROPOA in the Manual of Accounts for non-bank financial Institutions, as amended by Circular Letter dated 4 February 1999, is hereby further amended to read as follows:

**"REAL AND OTHER PROPERTIES OWNED OR
ACQUIRED**

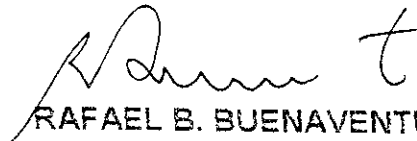
This represents real and other properties, other than those used for business purposes or held in the investment portfolio, acquired by the non-bank in settlement of loans and/or for other reasons. The property acquired by the non-bank in settlement of loans THROUGH FORECLOSURE OR DATION IN PAYMENT shall be recorded at the balance of the loan (principal plus booked accrued interest receivable after considering allowance for uncollected interest on loans less unamortized income) or bid/PURCHASE PRICE,

4

whichever is lower. The amount of the non-refundable capital gains tax and documentary stamp tax paid in connection with the foreclosure/purchase may be included in the book value of the acquired real estate, provided that the total book value does not exceed the appraised value of the asset acquired, as determined by an independent appraiser acceptable to Bangko Sentral ng Pilipinas. However, the property acquired for other reasons shall be recorded at cost or appraised value when cost is not involved/determinable in the acquisition of the property."

This Circular shall take effect immediately.

For the Monetary Board


RAFAEL B. BUENAVENTURA
Governor

4 May 2000