

**FINANCIAL REPORTING PACKAGE  
FOR TRUST INSTITUTIONS**

(Updated as of 31 December 2017)

## Financial Reporting Package for Trust Institutions (FRPTI)

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## THE FINANCIAL REPORTING PACKAGE FOR TRUST INSTITUTIONS (FRPTI)

### GENERAL INSTRUCTIONS

The FRPTI is a prudential reportorial requirement for trust institutions, which reflects the assets and accountabilities of trust institutions relative to the institution's contractual relationships with its clients.

The contractual relationships of trust institutions with its clients are generally classified into five: (1) trust; (2) other fiduciary; (3) agency; (4) advisory/consultancy; and (5) special purpose trust which shall be further sub-classified as to the different services discussed in the succeeding sections.

#### Frequency of Reporting

Trust institutions are required to prepare the FRPTI quarterly, which shall be submitted to the BSP within 20 banking days after the end of the reference quarter.

The Income Statement section of the FRPTI shall be prepared on a cumulative basis, i.e., first quarter report shall cover result of operations during the first quarter, second quarter report shall cover results of operations during the first and second quarters, etc.

#### Amounts Reported

All amounts reported in the FRPTI must be in absolute figures including two decimal places.

#### Structure of the FRPTI

- (1) The FRPTI is designed to reflect the two types of books as follows: (1) regular banking (RBU) book and the (2) FCDU/EFCDU book for foreign currency denominated accounts.

Foreign currency accounts in the FCDU/EFCDU book shall be recorded at their foreign currency amounts and their local currency equivalent using the Philippine Dealing System (PDS) Peso/US Dollar closing rate and the New York US Dollar/Third Currencies closing rate. For purposes of preparing the FCDU/EFCDU financial statements, the trust institution shall use the US dollar (USD) as its functional currency. However, for purposes of consolidating the FCDU/EFCDU financial statements with the RBU financial statements, these shall be translated into the presentation currency, i.e. Philippine Peso.

- (2) The FRPTI generally groups transactions into the different counterparties of the reporting bank broadly classified as to residents and non-residents and further sub-classified into the different sectors and institutional units defined as follows:

- (a) **Residents** – This refers to individuals or institutional units that have a center of economic interest in the economic territory of the Philippines.

- (a.1) **Government**
  - (i) **National Government** – This refers to the Philippine National Government and its agencies such as departments, bureaus, offices, and instrumentalities, but excluding local government units and government-owned and controlled corporations.
  - (ii) **Others** – This refers to other government units such as local government units and government owned or controlled corporations excluding those classified as national government.
- (a.2) **Bangko Sentral ng Pilipinas (BSP)**
- (a.3) **Banks** – This refers to universal/commercial, thrift, rural and cooperative banks as defined under existing laws and regulations. Government owned or controlled banks (e.g., Development Bank of the Philippines, etc.) shall be classified under this category.
- (a.4) **Private Corporations**
  - (i) **Financial** - This refers to private corporations that are primarily engaged in financial intermediation or in auxiliary financial activities that are closely related to financial intermediation but are not classified as banks. This shall include non-stock savings and loan associations (NSSLAs) and non-bank financial institutions with quasi-banking functions (NBQBs).
  - (ii) **Non-Financial** – This refers to private corporations whose principal activity is the production of goods for sale or rendering non-financial services.
- (b) **Non-Residents** – This refers to individuals or institutional units that have a center of economic interest outside the economic territory of the Philippines.
  - (b.1) **Central Government/Central Bank** – Central Government refers to the central government of a foreign country, which is regarded as such by a recognized banking supervisory authority in that country. Central Bank refers to the national financial institution (or institutions) that exercises control over key aspects of the financial system and carries out such activities as issuing currency, managing international reserves, and providing credit to other depository corporations.
  - (b.2) **Public Sector Entities** – This refers to entities, which are regarded as such by a recognized banking supervisory authority in the country in which they are incorporated.
  - (b.3) **Banks**
    - (i) **Off-Shore Banking Units (OBUs)** – This refers to a branch, subsidiary or affiliate of a foreign banking corporation, which is duly

authorized by the BSP to transact offshore banking business in the Philippines.

(ii) **Other Banks** – This refers to the non-resident banks other than OBUs.

(b.4) **Corporations** – This refers to non-resident corporations.

(c) **Multilateral Agencies** – This refers to the World Bank Group comprised of the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC), Asian Development Bank (ADB), African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IADB), the European Investment Bank (EIB), the Nordic Investment Bank (NIB); the Caribbean Development Bank (CDB), the Council of Europe Development Bank (CEDB) and such others as may be recognized by the BSP.

(3) The main report and supporting schedules in the FRPTI contain an **Additional Information** section, which requires disclosure of information necessary for validating compliance with other BSP requirements and for statistical purposes.

Definition of the other items and instructions for filling-out the Additional Information section of each supporting schedule are presented in the Line Item Instructions.



## CONTRACTUAL RELATIONSHIPS OF TRUST INSTITUTIONS

- I. **Trust** - This refers to a fiduciary relationship wherein legal title to funds and/or properties of the trustor is transferred to the trustee (trust institution), subject to an equitable obligation of the trustee to administer, hold and manage such funds and/or properties for the use, benefit or advantage of the trustor or other designated beneficiaries.

This shall be comprised of the following wealth/asset/fund management services:

**Wealth/Asset/Fund Management** – This refers to trust agreements established to provide asset management services to the client where trust institutions exercise either discretionary or non-discretionary investment authority. Trust institutions offering wealth/asset/fund management services are presumed to have the expertise in fund management and should have, at a minimum, competent investment managers and appropriate infrastructure for asset preservation and growth.

- (1) **Unit Investment Trust Funds (UITFs)** – This refers to open-ended trust funds denominated in pesos or any acceptable currency and made available by participation. Participation to or redemption from the fund is allowed as often as stated in the plan rules. UITFs may have any of the following structures:

- (a) **Trust institution as the trustee and fund manager** – This refers to UITFs where the trust institution performs the functions of a trustee and fund manager concurrently.

As trustee, the trust institution is responsible for safeguarding the rights and interests of the investors/participants of the fund while as fund manager, the trust institution is responsible for managing the funds and meeting the investment objectives indicated in the plan rules or trust deed.

- (b) **Trust institution as trustee** – This refers to UITFs where the trust institution only performs trustee functions.

- (2) **Institutional Trust Accounts** – This refers to trust agreements where the trustor is a juridical entity such as but not limited to corporations, institutions, organizations or incorporated funds (e.g. retirement funds, pension funds, etc.). This shall be comprised of the following:

- (a) **Employee Benefit** – This refers to trust agreements, which were established to hold the assets of an employee benefit plan (maintained by an employer or employee or, both, for the purpose of providing the employee/s certain benefits, e.g., pension, profit-sharing, stock bonus, thrift, medical, sickness, accident, or disability benefits) wherein the beneficiaries are the employees of the corporation.

- (b) **Pre-need Accounts** – This refers to trust agreements established by corporate clients operating pre-need plans in compliance with the regulatory requirement to maintain trust accounts for such activities.

- (c) **Other Institutional Trust Accounts** – This refers to trust agreements, where the trustor is a juridical entity, established for purposes, which cannot be appropriately classified under Items (a) and (b).
- (3) **Individual Trust Accounts** – This refers to trust agreements where the trustor is an individual or a natural person. This shall be comprised of the following:
- (a) **Personal Trust** – This refers to trust agreements created in respect of the trustor’s estate, which shall be comprised of the following:
    - (i) **Personal Management Trust** – This refers to a living trust<sup>1</sup> created by an agreement whereby the trustor conveys property or a sum of money to be managed by the trustee, as the agreement dictates, generally for the preservation of the assets or property for future use of the beneficiaries and/or to answer for their current needs. The trustor may or may not nominate third-party beneficiary/ies. The trust agreement must specify the name/s of the beneficiary/ies.
    - (ii) **Testamentary Trust** – This refers to trust agreements created by will. The trust shall become operative only upon the death of the trustor. This agreement involves management of properties and/or funds transferred to the trust institution upon death of testator, pending full distribution to beneficiaries subject to conditions set forth in the will/trust.
  - (b) **Personal Pension Fund** – This refers to trust agreements where the trustor contributes to a personal pension fund, which is managed by the trustee to build up a fund to provide the trustor with **periodic income** upon retirement.
  - (c) **Personal Retirement Fund** – This refers to trust agreements where the trustor puts up his own fund, which the trustee shall hold and manage exclusively for the future needs of the trustor, specifically at retirement. This shall include individual accounts that are “pre-need” in nature.
  - (d) **Other Individual Trust Accounts** – This refers to trust agreements, where the trustor is an individual or a natural person, which cannot be appropriately classified under Items (a) to (c).
- II. Other Fiduciary Services** – This refers to trust/agency agreements other than those classified under Item I wherein the trust institution may act as the depository of the assets and properties and shall manage the same in accordance with the provisions of the trust agreement.

This shall be comprised of the following:

- (1) **UITFs - Other Fiduciary Services** – This refers to UITFs where the trust institution only performs fund management functions.

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<sup>1</sup> Being a living trust, PMT becomes operational during the lifetime of the trustor as soon as the agreement is accomplished.

- (2) **Court Trusts** – This shall be comprised of the following:
- (a) **Administratorship** – This refers to trust agreements where the trust institution administers properties under a property administration agreement or under orders of courts of competent jurisdiction to manage and distribute the estate of a deceased person without a will, or a testator who has no executor. The trust institution may be empowered to perform some specific functions, such as enter into contracts of lease, collect rental due to the property, or pay taxes that may be levied upon the subject property.
  - (b) **Executorship** – This refers to trust agreements where the trust institution is designated as executor and carries out the testator’s last will in settling his estate.
  - (c) **Guardianship** – This refers to trust agreements where the trust institution, as appointed by a court of competent jurisdiction, shall hold the properties or the estate of a minor, an incompetent, incapacitated or irresponsible person.
- (3) **Legislated and Quasi-Judicial Trust** – This refers to trust agreements mandated by law, executive order, a court or other government regulatory agency, such as in cases of, but not limited to receivership, receiving/custodianship arrangements for IPOs, rights, or offerings.
- (4) **Property Administratorship** – This refers to agreements where the trust institution is authorized to perform specific functions in respect of the properties administered such as but not limited to entering into contracts of lease, collecting rentals due to the property and paying taxes that may be due.
- (5) **Corporate Fiduciary Accounts** – This refers to trust/agency agreements where the trustor is a juridical entity. This shall be comprised of the following:
- (a) **Trust Under Indenture** – This refers to trust agreements/indentures where the trust institution holds properties, which are the subject of mortgage or collateral for bond issues or other obligations, for the benefit of both the creditor(s) and the borrower(s).
  - (b) **Facility/Loan Agency** – This refers to agency agreements usually created in view of the extension of syndicated loans, where the trust institution takes care of collection of payments for facility/loan accounts for remittance to the creditor(s). This may involve monitoring of compliance by parties to the facility/loan agreement.
  - (c) **Transfer Agency** – This refers to agency agreements where the trust institution is engaged in ascertaining, verifying and recording the ownership and transfer of stocks, commercial papers, certificates or registered stock purchase warrants. Transfer agency services likewise involve issuance of the original certificates of stocks, keeping in custody the unissued certificates, replacement of lost or destroyed certificates and stock bookkeeping.

- (d) **Depository and Re-organization** – This refers to trust agreements where the trust institution acts as the depository of a company’s assets/properties prior to its reorganization. In some cases, the trust institutions shall likewise be in-charge of the reorganization of the company, which may be in the form of mergers, consolidations or spin-offs.
  - (6) **Escrow** - This refers to agency agreements, where the trust institution holds money, securities or properties deposited by the principal, the eventual delivery of which to a third party shall be contingent upon the happening of a certain event or upon the action taken by the principal or third party, or both.
  - (7) **Custodianship** - This refers to agency agreements where the trust institution is a BSP-accredited third party securities custodian, which keeps and preserves securities as defined under the Securities Regulation Code as directed by the client. This shall involve the performance of other services such as but not limited to marking-to-market, collecting and crediting interest and dividends earned from investments and attending to calls/maturities/conversion of securities. In no case shall the performance of such services involve activities that are similar to investment management.
    - (a) PERA Custodianship – This refers to custody agreement between the trust institution and the PERA Contributor as prescribed under the Personal Equity and Retirement Account (PERA) Act of 2008.
  - (8) **Safekeeping** – This refers to agency agreements where the property owner turns over to the trust institution his valuables or other instruments such as or those similar to transfer certificate of title or certificate of deposits, where the trust institution has no other duty but to keep the property safe and return or deliver the same to the owner upon the latter’s order or instruction.
  - (9) **Life Insurance Trust** – This refers to agency agreements, where the trust institution shall collect the proceeds of the life insurance policy of the client upon the death of the insured to distribute the same to beneficiaries indicated in the agreement.
  - (10) PERA Administratorship – This refers to administration agreement between the trust institution and the PERA Contributor as prescribed under the Personal Equity and Retirement Account (PERA) Act of 2008.
  - (11) **Others** – This refers to other fiduciary services, which cannot be appropriately classified under any of the foregoing accounts.
- III. **Agency** – This refers to a relationship wherein the trust institution (agent) binds itself to render asset management services in representation or on behalf of the client (principal), with the consent or authority of the latter. The trust institution as agent does not hold legal title to the asset as it remains with the principal.

This shall be comprised of the following wealth/asset/fund management agency services:

**Wealth/Asset/Fund Management** - This refers to agency agreements established to provide asset management services to the client where the trust institution exercises either discretionary or non-discretionary investment authority under an agency contract. Trust institutions offering wealth/asset/fund management agency services are presumed to have the expertise in fund management and should have at a minimum, competent investment managers and appropriate infrastructure for asset preservation and growth.

(1) **Institutional Agency Accounts** – This refers to agency agreements where the principal is a juridical entity such as but not limited to corporations, institutions, organizations or incorporated funds (e.g. retirement funds, pension funds, etc.). This shall be comprised of the following:

(a) **Employee Benefit** – This refers to agency agreements, which were established to hold the assets of an employee benefit plan (maintained by an employer or employee or, both, for the purpose of providing the employee/s certain benefits, e.g., pension, profit-sharing, stock bonus, thrift, medical, sickness, accident, or disability benefits) wherein the beneficiaries are the employees of the corporation.

(b) **Pre-need Accounts** – This refers to agency agreements established by corporate clients operating pre-need plans outside of regulatory requirements.

(c) **Other Institutional Agency Accounts** – This refers to agency agreements, where the principal is a juridical entity, established for purposes, which cannot be appropriately classified under Items (a) and (b).

(2) **Individual Accounts** – This refers to agency agreements where the principal is an individual or a natural person.

(a) **Personal Pension Fund** – This refers to agency agreements where the principal contributes to a personal pension fund, which is managed by the agent to build up a fund to provide the trustor with a periodic income upon retirement.

(b) **Personal Retirement Fund** – This refers to agency agreements where the principal puts up his own fund, which the agent shall hold and manage for the future needs of the principal, specifically at retirement.

(c) **Other Individual Agency Accounts** – This refers to agency agreements, where the principal is an individual or a natural person, which cannot be appropriately classified under Items (a) to (b).

**IV. Advisory/Consultancy** - This refers to an engagement where trust institutions offer advisory/consultancy services primarily aimed to create wealth either through investments or other vehicles. Trust institutions offering advisory/consultancy services are presumed to possess the expertise on technical areas such as but not limited to tax, estate and retirement planning. Advisory/Consultancy services exclude execution, settlement and account administration of advised transaction unless covered by a separate engagement established for such purpose. This also

covers the investment management (advisory) agreement between a PERA Contributor and his designated Investment Manager (Advisor).

- V. Special Purpose Trust** – This refers to trust created under securitization agreements, with powers as provided under the Securitization Act of 2004 (Republic Act No. 9267) and its Implementing Rules and Regulations.

## MANUAL OF ACCOUNTS

### BALANCE SHEET ACCOUNTS

#### Asset Accounts

1. **Cash on Hand** – This refers to the total amount of trust, other fiduciary and investment management funds in the form of notes and coins held in the custody of an accountable officer or employee of the trust institution.

(a) **Local Currency** -This refers to the total amount of cash on hand denominated in Philippine currency.

(b) **Foreign Currency** -This refers to the total amount of cash on hand denominated in foreign currency. This shall be limited to foreign currencies acceptable to form part of the international reserves.

**Checks and Other Cash Items (COCI)** -This refer to the total amount of checks and other cash items received during the day for deposit the following day. This account may consist of the following:

- Checks drawn on other banks
- Checks drawn on own bank, i.e., Manager's/Cashier's/Treasurer's Checks
- Treasury Warrants

All COCIs shall be presented for clearance/acceptance/settlement on the following banking day. Items excluded herein are the following:

- Postdated Checks
- COCIs received on collection basis
- Out-of-town Checks not collectible through established clearing channels
- Items returned from clearing
- All other cash items not in process of collection

This shall include COCIs received by authorized Philippine Clearing House Corporation (PCHC) couriers for delivery to the PCHC for settlement.

(a) **Local Currency** - This refers to the total amount of COCIs denominated in Philippine currency.

(b) **Foreign Currency** - This refers to the total amount of COCIs denominated in foreign currency. This shall be limited to foreign currencies acceptable to form part of the international reserves.

2. **Due from Bangko Sentral ng Pilipinas (BSP)** – This refers to the balance of the deposit account maintained with the BSP, which shall be comprised of the following :

(a) **Demand Deposit Account**- This refers to the amount due from Bangko Sentral denominated in Philippine currency to comply with the reserve requirements as provided under Section 94 of R.A. No. 7653.

- (b) **Overnight Deposit Account**- This refers to the amount of funds placed in the Bangko Sentral's overnight deposit facility the interest rate of which is set in relation to the policy interest rate.
- (c) **Term Deposit Account**- This refers to the amount of funds placed in the Bangko Sentral's term deposit facility that is used to withdraw liquidity from the system in bulk, the interest rate of which is determined by auction.

### 3. Deposits in Banks

- (a) **Resident Banks** -This refers to the balances of deposit accounts maintained with resident banks excluding loans and advances. This shall comprise of the following sub-accounts:
  - (i) **Deposits in Banks – Resident Banks – Own Bank** – This refers to the balances of deposit accounts maintained in own bank.
  - (ii) **Deposits in Banks– Resident Banks – Other Banks** - This refers to the balances of deposit accounts maintained in other banks.

These sub-accounts shall be comprised of the following control accounts:

- **Demand Deposits** - This refers to the balance of trust, other fiduciary and investment management funds maintained in deposits subject to withdrawal either by check or thru the automated tellering machines, which are otherwise known as current or checking accounts.
  - **Savings Deposits** – This refers to the balance of trust, other fiduciary and investment management funds maintained in interest-bearing deposits, which are withdrawable either upon presentation of a properly accomplished withdrawal slip together with the corresponding passbook or thru the automated tellering machines.
  - **Time Certificates of Deposit** – This refers to the balance of trust, other fiduciary and investment management funds maintained in interest-bearing deposits with specific maturity dates and evidenced by certificates issued by the bank.
  - **Special Savings Deposits** – This refers to the balance of trust, other fiduciary and investment management funds maintained in special savings deposits.
- (b) **Non-Resident Banks** - This refers to the balances of deposit accounts maintained with non-resident banks and Offshore Banking Units (OBUs).

The following control accounts shall be maintained for this account.:

- **Demand Deposits**
- **Savings Deposits**
- **Time Certificates of Deposit**



- **Special Savings Deposits**
4. **Financial Assets at Fair Value through Profit or Loss (FVPL)** – This refers to debt/equity securities that are designated at fair value through profit or loss upon initial recognition and derivatives instruments that are not held for hedging. Financial assets at FVPL shall be measured upon initial recognition at their fair value. Transaction costs incurred at the acquisition of financial assets at FVPL shall be recognized directly in profit or loss. After initial recognition, a trust institution shall measure financial assets at FVPL at their fair values without any deduction for transaction costs that it may incur on sale or other disposal. A gain or loss arising from a change in the fair value of financial assets at FVPL shall be recognized in profit or loss.
- (a) **Debt and Equity Securities** – This refers to debt and equity securities that are measured at fair value through profit or loss.
- (b) **Derivatives with Positive Fair Value Held for Trading** - This refers to the **positive fair value** of derivatives acquired for trading activities. This may consist of the following derivatives contracts:
- (1) **Interest Rate Contracts** – This refers to the contracts related to an interest bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract (e.g., an option on a futures contract to purchase a Treasury Bill).
  - (2) **Foreign Exchange Contracts** – This refers to contracts to purchase/sell foreign currencies in the forward market, over the counter or an organized exchange. A purchase of foreign currency is equivalent to a sale of Philippine currency. A transaction involving two foreign currencies is treated as two separate foreign exchange contracts against Philippine currency.
  - (3) **Equity Contracts** – This refers to contracts that have a return, or a portion of their return linked to the price of a particular equity or to an index of equity prices.
  - (4) **Credit Derivatives** - This refers to arrangements that allow one party (the "beneficiary") to transfer the credit risk of a "reference asset" to another party (the "guarantor").
5. **Available-for-Sale (AFS) Financial Assets** - This refers to securities that are designated as available-for-sale, which shall be measured upon initial recognition at their fair value plus transaction costs that are directly attributable to the acquisition of securities. After initial recognition, a bank shall measure AFS at their fair values, without any deduction for transaction costs it may incur on sale or other disposal. A gain or loss arising from a change in the fair value of an AFS security shall be recognized directly in other accountabilities under the account "Net Unrealized Gains/(Losses) on AFS Financial Assets", except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in accountabilities shall be recognized in profit or loss. However, interest calculated using the effective interest

method is recognized in profit or loss. Dividends on an AFS equity security are recognized in profit or loss when the client's right to receive payment is established.

(a) **AFS Debt Securities** - This refers to debt securities that are designated as AFS.

**Unamortized Discount/Premium** - This refers to the unamortized discount/premium on AFS debt securities, which shall be debited/credited monthly based on the effective interest method with the corresponding credit/ debit to "Interest Income-AFS Debt Securities".

(b) **AFS Equity Securities** -This refers to equity securities that are designated as AFS.

**Accumulated Market Gains/(Losses)**- This refers to cumulative gains/(losses) arising from change in the fair value of AFS financial assets. The contra cumulative account is "Net Unrealized Gains/(Losses) on AFS Financial Assets", which is a separate component of other accountabilities.

**Allowance for Credit Losses** - This refers to the amount of impairment loss that has been incurred on AFS financial assets. The amount shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value.

A trust institution shall assess at each time it prepares financial statements whether there is any objective evidence that an AFS financial asset is impaired.

When a decline in the fair value of an AFS financial asset has been recognized directly in other accountabilities and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in other accountabilities shall be removed from other accountabilities and recognized in profit or loss even though the financial asset has not been derecognized.

The amount of the cumulative loss that is removed from other accountabilities and recognized in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as AFS shall not be reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

The amount of impairment loss for the period shall be recognized in profit or loss under the account "Provision for Credit Losses".

6. **Held-to-Maturity (HTM) Financial Assets** – This refers to debt securities, quoted in an active market with fixed or determinable payments and fixed maturity, that a client has the positive intention and ability to hold to maturity other than: (a) those that

upon initial recognition are designated as at fair value through profit or loss; (b) those that are designated as available for sale; and (c) those that meet the definition of loans and receivables.

A trust institution shall not classify any debt security as HTM if the client has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of HTM investments before maturity (more than insignificant in relation to the total amount of HTM investments) other than sales or reclassifications that:

- (a) are so close to maturity or the security's call date (i.e., less than three months before maturity) that changes in the market rate of interest would not have a significant effect on the security's fair value;
- (b) occur after the client has substantially collected all (i.e., at least 85 percent) of the security's original principal through scheduled payments or prepayments; or
- (c) are attributable to an isolated event that is beyond the client's control, is non-recurring and could not have been reasonably anticipated by the client.

For this purpose, the phrase "more than an insignificant amount" refers to sales or reclassification of one percent (1%) or more of the outstanding balance of the HTM portfolio: Provided, however, That sales or reclassification of less than one percent (1%) shall be evaluated on case to case basis.

The aforementioned tainting provision on HTM securities shall be applied on a per client basis.

HTM securities shall be measured upon initial recognition at their fair value plus transaction costs that are directly attributable to the acquisition of the securities.

After initial recognition, a trust institution shall measure HTM securities at their amortized cost using the effective interest method.

A gain or loss arising from the change in the fair value of the HTM security shall be recognized in profit or loss when the security is derecognized or impaired, and through the amortization process.

**Unamortized Discount/Premium** - This refers to the unamortized discount/premium on HTM debt securities, which shall be debited/credited monthly based on the effective interest method with the corresponding credit/debit to an interest income account.

**Allowance for Credit Losses** - This refers to the cumulative amount of impairment loss that has been incurred on HTM securities. A trust institution shall assess at each time it prepares the client's financial statements whether there is any objective evidence that an HTM security is impaired.

If there is an objective evidence that an impairment loss on HTM securities has been incurred, the amount of loss is measured as the difference between the security's carrying amount and the present value of estimated future cash flows (excluding

future credit losses that have not been incurred) discounted at the security's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of impairment loss for the period shall be recognized in profit or loss.

- 7. Unquoted Debt Securities Classified as Loans (UDSCL)** - This refers to unquoted debt securities, with fixed or determinable payments. UDSCL shall be measured upon initial recognition at their fair value plus transaction costs that are directly attributable to the acquisition of the securities.

After initial recognition, a trust institution shall measure these securities at their amortized cost using the effective interest method.

A gain or loss arising from the change in the fair value of UDSCL shall be recognized in profit or loss when the security is derecognized or impaired, and through the amortization process.

**Unamortized Discount/Premium** - This refers to the unamortized discount/premium on UDSCL, which shall be debited/credited monthly based on the effective interest method with the corresponding credit/debit to an interest income account.

**Allowance for Credit Losses** - This refers to the amount of impairment loss that has been incurred on UDSCL. A trust institution shall assess at each time it prepares the client's financial statements whether there is any objective evidence that a UDSCL security is impaired.

If there is an objective evidence that an impairment loss on UDSCL has been incurred, the amount of loss is measured as the difference between the security's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the security's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of impairment loss shall be recognized in profit or loss under the account "Provision for Credit Losses".

- 8. Investments in Non-Marketable Equity Securities (INMES)** – This refers to equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

INMES shall be measured upon initial recognition at its fair value plus transaction costs that are directly attributable to the acquisition of the security. After initial recognition, a trust institution shall measure INMES at cost. A gain or loss arising from the change in fair value of the INMES shall be recognized in profit or loss when the security is derecognized or impaired.

**Allowance for Credit Losses** - This refers to the cumulative amount of impairment loss that has been incurred on INMES. A trust institution shall assess at each time it prepares the client's financial statements whether there is any objective evidence that an INMES is impaired.

If there is an objective evidence that an impairment loss on INMES has been incurred, the amount of impairment loss is measured as the difference between the carrying amount of the security and the estimated future cash flows discounted at the

current market rate of return for a similar financial instrument. Such impairment loss shall not be reversed.

9. **Loans and Receivables** – This refers to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the client intends to sell immediately or in the near term or those that upon initial recognition are designated as at fair value through profit or loss.

**Quoted loans and receivables shall be classified as debt securities.**

Loans and receivables shall be measured upon initial recognition at fair value plus transactions costs that are directly attributable to the acquisition of the loans and receivables. After initial recognition, a trust institution shall measure Loans and Receivables at amortized cost using the effective interest method.

**Unamortized Discount and Other Deferred Credits** – This refers to the unamortized discount and other deferred credits on Loans and Receivables, which shall be debited monthly based on the effective interest method with the corresponding credit to an interest income account.

**Allowance for Credit Losses** – This refers to the cumulative amount set-up against current operations to provide for losses, which may arise from the non-collection of loans and receivables.

10. **Loans and Receivables Arising from Repurchase Agreement or Securities Lending and Borrowing Transactions** – This refers to the amortized cost of loans arising from repurchase agreements or securities lending and borrowing transactions.

**Allowance for Credit Losses** – This refers to the cumulative amount set-up against current operations to provide for losses, which may arise from the non-collection of loans and receivables arising from repurchase agreements or securities and lending and borrowing transactions.

**General Loan Loss Provision (GLLP)** – This refers to the amount of general provision for loan losses not linked to individually identified uncollectible accounts required to be set up under existing regulations.

*The allowance for losses on loans and receivables should be the higher of the PFRS/PAS provisioning requirements or the BSP recommended valuation reserves (inclusive of general loan loss provision). In which case, compliance with the BSP recommended valuation reserves shall be evaluated on an aggregate basis.*

11. **Derivatives with Positive Fair Value Held for Hedging** - This refers to the positive fair value of derivatives that are designated and effective hedging instruments.

12. **Sales Contract Receivable (SCR)** - This refers to the amortized cost of assets acquired in settlement of loans through foreclosure or dation in payment and subsequently sold on installment basis whereby the title to the said property is transferred to the buyers only upon full payment of the agreed selling price. This shall be recorded initially at the present value of the installment receivable

discounted at the imputed rate of interest. Discount shall be accreted over the life of the SCR by crediting interest income using the effective interest method. Any difference between the present value of the SCR and the derecognized assets shall be recognized in profit or loss at the date of sale in accordance with the provisions of PAS 18.

This shall be comprised of the following control accounts:

- (a) **Performing** – This refers to the amortized cost of performing sales contract receivables.
- (b) **Non-Performing** - This refers to the amortized cost of non-performing sales contract receivables.

**Allowance for Credit Losses** - This refers to the cumulative amount of impairment loss that has been incurred on SCR.

- 13. **Accrued Interest Income from Financial Assets** – This refers to interest income from financial assets that are already earned but not yet collected/received.

**Allowance for Credit Losses** - This refers to the cumulative amount set up against current operations to provide for losses that may arise from non-collection of accrued interest income from financial assets.

- 14. **Investment Properties** – This refers to investment properties purchased for long-term capital appreciation, which shall be initially measured at cost plus any directly attributable expenditures. Investment properties shall be subsequently measured using the cost model except for investment properties of certain institutional accounts (i.e., pre-need; employee benefit accounts such as retirement and pension funds with long-term commitment and insurance companies), which shall be subsequently measured using the fair value model.

**Accumulated Depreciation** - This refers to the accumulated depreciation of Investment Properties, which shall be set up monthly against current operations.

**Allowance for Losses** - This refers to the cumulative amount of impairment loss incurred on Investment properties, which shall be accounted for in accordance with PAS 36.

- 15. **Real and Other Properties Acquired (ROPA)** - This refers to real and other properties, other than those used for banking purposes or held for investment, acquired in settlement of loans through foreclosure or dation in payment and/or for other reasons, whose carrying amount will be recovered principally through a sale transaction. Acquired properties shall be booked under the ROPA account as follows: (i) upon the date of entry of judgment in case of judicial foreclosure; (ii) upon the date of Sheriff's Certificate of Sale in case of extrajudicial foreclosure; or (iii) upon the date of notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

This shall be booked initially at the carrying amount of the loan (i.e., outstanding loan balance adjusted for any unamortized premium or discount less allowance for credit

losses computed based on PAS 39 provisioning requirements) plus booked accrued interest less allowance for credit losses plus transaction costs incurred upon acquisition (such as non-refundable capital gains tax and documentary stamp tax paid in connection with the foreclosure/purchase of the acquired real estate property): *Provided*, That if the carrying amount of ROPA exceeds P5 million, the appraisal of the foreclosed/purchased asset shall be conducted by an independent appraiser acceptable to the BSP.

**Accumulated Depreciation** - This refers to the accumulated depreciation of ROPA-Buildings and Other Properties Acquired, which shall be set up monthly against current operations.

**Allowance for Losses** - This refers to the cumulative amount of impairment loss incurred on ROPA, which shall be accounted for in accordance with PAS 36.

## 16. Other Assets

- (a) **Servicing Assets** – This refers to the fee received from securitization transactions that is expected to be more than adequate compensation for the servicing right of trust institutions.
- (b) **Accounts Receivable** - This refers to the following:
- Amounts due from customers and other parties under open-account arrangements including miscellaneous advances made, such as cable expenses, out-of-pocket collection charges, documentary stamps, commissions and insurance premiums.
  - Claims such as tax refund and insurance proceeds.
  - Other claims
- (c) **Dividends Receivable** - This refers to cash dividends earned but not yet received on shares of stocks owned by the client that are held under FVPL; AFS and INMES.
- (d) **Rental Receivable** – This refers to rentals on properties under lease agreement that are already earned but not yet received/collected.
- (e) **Prepaid Expenses** – This refers to expense prepayments expected to benefit the account for a future period not exceeding one year (e.g., insurance premiums, rent and interest on time certificates of deposit, etc.) paid in advance, which shall be amortized monthly.
- (f) **Others** – This refers to other asset accounts such as, but not limited to the following:
- (i) **Foreign Currency Notes and Coins on Hand not Acceptable as International Reserves** – This refers to the total amount of foreign currency notes and coins on hand not acceptable to form part of the international reserves.

- (ii) **Foreign Currency Checks and Other Cash Items not Acceptable as International Reserves** - This refers to the total amount of checks and other cash items not acceptable to form part of the international reserves.
  - (iii) **Returned Checks and Other Cash Items** – This refers to the total amount of checks and other cash items, returned to/by the client or dishonored/found to be defective for certain reasons such as insufficiency of funds and alterations in the documents.
  - (iv) **Miscellaneous Checks and Other Cash Items** - This refers to the total amount of checks and other cash items other than those booked under “Checks and Other Cash Items”, and “Returned Checks and Other Cash Items” accounts such as miscleared and missorted checks.
  - (v) **Deposits with Closed Financial Institutions/Financial Institutions in Liquidation** – This refers to demand, savings, and/or time deposits maintained with a bank and/or private securities/commercial papers purchased from financial institutions (banks and non-banks), which have been closed or placed under liquidation.
  - (vi) **Miscellaneous Assets** – This refers to items/transactions, which cannot be appropriately classified under any of the foregoing asset accounts.
- Allowance for Losses** – This refers to the amount of impairment loss incurred on other assets, which shall be accounted for in accordance with PASs 39 and 36.



### Accountabilities

1. **Principal** – This refers to funds and/or property that have been set aside by the owner or the person legally empowered, which are held in a trust, fiduciary or investment management capacity eventually to be delivered to a person entitled to such principal and the accumulated income derived therefrom.
2. **Accumulated Income** – This refers to the accumulated profits arising from the use of the principal.
3. **Net Unrealized Gains/(Losses) on AFS Financial Assets**
  - (a) **Debt Securities** - This refers to the contra account of “Accumulated Market Gains/(Losses) - AFS Debt Securities”. The account is credited for gains and debited for losses from change in the fair value of the AFS Debt Securities.
  - (b) **Equity Securities** - This refers to the contra account of “Accumulated Market Gains/(Losses) – AFS Equity Securities”. The account is credited for gains and debited for losses from change in the fair value of the AFS Equity Securities.

### Other Accountabilities

4. **Derivatives with Negative Fair Value Held for Trading** – This refers to the **negative fair value** of derivatives acquired for trading activities.
5. **Derivatives with Negative Fair Value Held for Hedging** – This refers to the **negative fair value** of derivatives that are designated and effective hedging instruments.
6. **Unearned Income**
  - (a) **Advanced Rentals on Investment Properties/ROPA** – This refers to the unearned portion of rentals received in advance on investment properties/ROPA, which shall be amortized monthly to income for the earned portion.
  - (b) **Others** – This refers to other unearned income, which cannot be classified under Item (a).
7. **Due to the Bureau of Internal Revenue** – This refers to taxes withheld/collected for remittance to the Bureau of Internal Revenue.
8. **Accrued Expenses** – This refers to the estimated liability for other unpaid expenses, which shall be set-up monthly against current operations.
9. **Accounts Payable** – This refers to other obligations of the trust fund under open-account arrangements.
10. **Miscellaneous Liabilities** – This refers to items/transactions, which cannot be appropriately classified under any of the foregoing accounts.

## LINE ITEM INSTRUCTIONS

### Main Report and Schedules A1 and A2

Report the total assets managed/administered/held and the accountabilities of the trust institution under the appropriate column in respect of its contractual relationship with its clients.

#### Additional Information

- (1) **Number of Accounts** – Report the total number of accounts managed/administered/held by the trust institutions under the appropriate column in respect of its contractual relationship with the client (i.e. trust/other fiduciary/agency/advisory/consultancy services/special purpose trust).

Accounts of trust institutions shall be counted on a per agreement basis. Investments in both RBU and FCDU that are covered by one agreement shall be counted as one and reported under the peso schedule.

- (2) (a) **Total Number of Discretionary Accounts** – Report the total number of discretionary accounts under the appropriate columns. For this purpose, discretionary shall be defined as follows:

**Discretionary** – This refers to agreements where the trust institution has full or limited discretion on the investment of funds as agreed upon by the trust institution and the client.

In cases where the trust document is silent on the authority of the trust institution, it is assumed that the trust institution has a discretionary investment authority, which investments shall be limited to those prescribed by the BSP.

- (b) **Total Assets of Discretionary Accounts** - Report the total carrying amount of assets under the appropriate columns where the trust institution exercises full investment discretion.

- (3) (a) **Total Number of Non-Discretionary Accounts** – Report the number of non-discretionary accounts under the appropriate columns. For this purpose, non-discretionary shall be defined as follows:

**Non-Discretionary** – This refers to agreements where the trust institution shall only invest the funds as directed by the client and/or as explicitly indicated in the agreement.

- (b) **Total Assets of Non-Discretionary Accounts** - Report the total carrying amount of assets of non-discretionary accounts under the appropriate columns.

- (4) **Funds of Government/Government Entities** – Report the total carrying amount of assets of funds of government/government entities held by the trust institution under the appropriate columns.

- (5) **Specialized Institutional Accounts** - This refers to trust arrangements established by institutions, foundations, agencies, whether government or private (e.g., NGOs) registered with the Securities and Exchange Commission or the Cooperative Development Authority, primarily for charitable, religious, educational, athletic, scientific, medical, cultural, specialized lending or developmental project, or such other purposes of similar nature and where no part of the earnings of the account inure to the benefit of a private individual.
- (a) **Number of Accounts** – Report the total number of specialized institutional accounts under the appropriate columns.
- (b) **Total Assets**– Report the total carrying amount of assets of specialized institutional accounts under the appropriate columns.
- (6) **Tax Exempt Trust and Agency Accounts** – This refers to tax-exempt trust and agency accounts of the trust institution.
- (a) **Institutional/Individual Trust and Agency Accounts** – This refers to tax-exempt institutional/individual trust and agency accounts.
- (i) **Number of Accounts** – Report the total number of tax-exempt institutional/individual trust and agency accounts under the appropriate columns.
- (ii) **Total Assets**– Report the total carrying amount of assets of institutional/individual trust and agency accounts under the appropriate columns.
- (b) **Long-Term Common Trust Fund** – This refers to long-term tax-exempt common trust fund accounts.
- (i) **Number of Accounts** – Report the total number of long-term tax-exempt common trust fund accounts under the appropriate column.
- (ii) **Total Assets**– Report the total carrying amount of assets of long-term tax-exempt common trust fund under the appropriate column.
- (7) **Personal Trust** – Report the total carrying amount of assets of the specific trust agreement indicated in the line item.
- (8) **Basic Security Deposit** – Report the requested amounts under the appropriate columns.
- (9) **Reserves Against Peso Denominated Funds** – Report the requested amounts under the appropriate columns. This shall only apply to institutional/individual-others accounts, peso-denominated common trust funds and other fiduciary services-others accounts.

- (10) **Breakdown of Trust and Agency Assets for the Quarter** – Report the total carrying amount of trust and agency assets, net of securities held under custodianship, for the quarter.
- (a) **First Month of the Reporting Period** – Report the total carrying amount of trust and agency assets outstanding, net of securities held under custodianship, as of the first month of the reporting period (e.g., Total trust and agency assets outstanding, net of securities held under custodianship, as of end January shall be reported in this line item for reports as of the quarter- ending March).
- (b) **Second Month of the Reporting Period** – Report the total carrying amount of trust and agency assets outstanding, net of securities held under custodianship, as of the second month of the reporting period (e.g., Total trust and agency assets outstanding as of end February shall be reported in this line item for reports as of the quarter- ending March).
- (c) **Third Month of the Reporting Period** – Report the total carrying amount of trust and agency assets outstanding, net of securities held under custodianship, as of the third month of the reporting period (e.g., Total trust and agency assets outstanding as of end March shall be reported in this line item for reports as of the quarter- ending March).

**Schedules B, B1 and B2**

**Details of Investments in Debt and Equity Securities**

Report the total carrying amount (net of allowance for credit losses, where applicable) of securities classified as to their respective issuers under the appropriate columns provided. The carrying amount of the securities shall refer to the following:

- fair value - if classified as financial assets at fair value through profit or loss or available for sale;
- amortized cost – if classified as held to maturity or unquoted debt securities classified as loans; and
- cost – if classified as investments in non-marketable equity securities.

[Additional Information](#)

(1) **Securities Sold Under Securities Lending and Borrowing Transactions**

- (a) **Number of Transactions** – Report the number of securities lending and borrowing transactions engaged into by the trust institution under the appropriate columns.
- (b) **Total Carrying Amount of Securities** – Report the total carrying amount of securities lent under securities lending and borrowing transactions under the appropriate columns.
- (c) **Total Fair Value of Securities** - Report the total fair value of securities lent under securities lending and borrowing transactions under the appropriate columns.

(2) **Investment in Structured Products** – Report the total carrying amount of investments in structured products indicated in the line items under the appropriate columns. Said structured products are defined as follows:

(a) **Credit-Linked Notes (CLNs) (Circular No. 594 dated 8 January 2008)** – This refers to a pre-funded credit derivative instrument under which the note holder effectively accepts the transfer of credit risk pertaining to a reference asset or basket of assets issued by a reference entity/ies. The repayment of the principal to the note holder is contingent upon the occurrence of a defined credit event. In consideration thereof, the note holder receives an economic return reflecting the underlying credit risk of the reference assets.

(b) **Securitization Structures (Circular No.468 dated 12 January 2005)** – This refers to the:

(i) structures where the cash flow from an underlying pool of exposures is used to service at least two different stratified risk positions or tranches reflecting different degrees of credit risk (also known as traditional securitization); or

(ii) structures with at least two different stratified risk positions or tranches that reflect different degrees of credit risk, where credit risk of an underlying pool of exposures is transferred, in whole or in part, through the use of credit derivatives or guarantees that serve to hedge the credit risk of the portfolio (also known as synthetic securitization).

(c) **Others**

(i) **Simple** – This refers to the foreign currency-denominated structured products issued by banks and special purpose vehicles (SPVs) of high credit quality, with features as provided under Circular No. 466 dated 5 January 2005.

(ii) **Others** – This refers to other structured products not falling under any of the foregoing classifications.

(3) **Investment in Pooled Funds** –Report the total carrying amount of investments in pooled funds indicated in the line items under the appropriate columns.

(a) **Debt** – Report to total carrying amount of investments in pooled funds, where the underlying investments are debt securities.

(b) **Equity** – Report the total carrying amount of investments in pooled funds where the underlying investments are equity securities.

(c) **Balanced** –Report the total carrying amount of investments in pooled funds where the underlying investments are debt and equity securities.

**Schedules C, C1 and C2  
Details of Loans and Receivables**

Report the total carrying amount of loans and receivables classified as to the trust institution's counterparty under the appropriate columns provided.

In respect of loans granted to private corporations and individuals, the following sub-accounts shall be maintained:

- (a) **Agricultural Loans** - This refers to the amortized cost of loans granted to finance agricultural production and related activities, purchase of farm machinery, equipment and implements including work/breeding animals, including but not limited to the establishment and operation of poultry, piggery, livestock and fishery projects.
- (b) **Commercial Loans** – This refers to the amortized cost of loans granted to finance the purchase of goods or merchandise for resale.
- (c) **Real Estate Loans** - This refers to the amortized cost of real estate loans granted for the acquisition, construction or improvement of a residential unit for individual households that is or will be occupied by the borrower or other buildings and structures for sale/lease and/or for use in retail/wholesale, manufacturing or other purposes, including loans for the development/construction of residential properties
- (d) **Consumption Loans** - This refers to the amortized cost of loans granted to individuals for consumption purposes such as for the acquisition of motor vehicles or to finance other personal and household needs such as purchase of household appliances, furniture and fixtures and/or to pay taxes, hospital and educational bills.
- (e) **Others** - This refers to the amortized cost of other loans granted to individuals that cannot be classified under any of the foregoing classifications.

[Additional Information](#)

Report the amortized cost of loan corresponding to the information requested in the line item under the appropriate columns:

- (1) Discretionary Accounts
- (2) Non-Discretionary Accounts
- (3) DOSRI
- (4) Secured Accounts

**Schedules D, D1 and D2  
Wealth/Asset/Fund Management - Unit Investment Trust Fund (UITF)**

Report the carrying amount of UITF assets and accountabilities under the appropriate columns.

[Additional Information](#)

**Number of Participants** – Report the total number of fund participants under the appropriate columns.

**Schedule E  
Other Fiduciary Accounts**

Report the number of accounts and total assets of other fiduciary account specified in the line item.

Further, the composition of assets under custodianship (Item No. 7 of Schedule E) shall be reported as follows:

- (i) With Agency Agreement – Report the total amount of assets under custodianship where the custodian also performs securities lending as agent.
- (ii) Without Agency Agreement – Report the total amount of assets under custodianship without securities lending agency agreement.

**Schedules E1, E1a and E1b  
Other Fiduciary Services - Unit Investment Trust Fund (UITF)**

Report the carrying amount of UITF assets and accountabilities under the appropriate columns.

[Additional Information](#)

**Number of Participants** – Report the total number of fund participants under the appropriate columns.

**Schedules E2, E2a and E2b  
Report by the PERA Administrator on Personal Equity and Retirement Account**

Report the total PERA assets and accountabilities of the PERA Administrator under the appropriate columns.

[Additional Information](#)

- (1) **Total Number of Personal Equity and Retirement Accounts** – Report the total number of PERA under the appropriate columns.
- (2) **Total Number of Contributors** – Report the total number of Contributors.
  - (a) Total Number of Contributors who are Overseas Filipinos (OFs)
    - (i) Number of Accounts – Report the total number of PERA owned by overseas Filipinos.
    - (ii) Total Assets – Report the total carrying amount of PERA assets owned by overseas Filipinos.

Overseas Filipinos are defined under the PERA Act of 2008 and its implementing rules and regulations.

- (b) Total Number of Contributors who are non-OFs
  - (i) Number of Accounts – Report the total number of PERA owned by non-overseas Filipinos.
  - (ii) Total Assets – Report the total carrying amount of PERA assets owned by non-overseas Filipinos.
- (3) **Basic Security Deposit** – Report the value of security/ies for the faithful performance of PERA Administrator as prescribed under Section X960/4960Q and Appendix 34a/Q-21a of the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBF1), respectively.



## INCOME STATEMENT (Bank Proper)

Report the fiduciary and related services income and expenses of the trust department specified in the line item.

The total fiduciary and related services income (gross) shall be the amount reported in the Fees and Commissions Income – Income from Fiduciary Activities account of the Financial Reporting Package (FRP) for banks. The expenses incurred by the trust department, on the other hand, shall be reported/added to the corresponding expense accounts of the FRP for banks.

The income and expense accounts in the FRPTI are defined as follows:

### Fiduciary and Related Services Income

1. **Fees and Commissions Income** – This refers to all accrued fees and commissions income from the services indicated in the appropriate line items.
2. **Other Income** - This refers to income, which cannot be appropriately classified under the fees and commissions account.

### Expenses

#### 1. **Compensation/Fringe Benefits**

- (a) **Salaries and Wages** - This refers to the gross remuneration of trust department's officers and employees for regular and overtime services rendered.
- (b) **Fringe Benefits** - This refers to the expenses for any good, service or other benefit furnished or granted by the trust institution to its officers, in cash or in kind, in addition to basic salaries, such as, but not limited to, housing; expense account; vehicle of any kind; household personnel, such as maid, driver and others; membership fees, dues and other expenses borne by the bank for its officers in social and athletic clubs or other similar organizations; expenses for foreign travel; holiday and vacation expenses; educational assistance to officers or their dependents; and life or health insurance and other non-life insurance premiums or similar amounts in excess of what the law allows, in accordance with BIR regulations, as well as expenses for allowances and other fringe benefits granted to trust institution's employees in accordance with management policy such as bonuses, profit shared, including those for special studies/seminars but excluding medical, dental and hospitalization benefits.
- (c) **SSS, Philhealth and Employees' Compensation Premium and Pag-IBIG Fund Contributions** - This refers to the trust institution's share in the Social Security System, Philhealth, Employees' Compensation premiums and Pag-IBIG Fund contributions of trust department's officers and employees.
- (d) **Medical, Dental and Hospitalization** - This refers to the expenses for medical and dental services, including cost of medicines, hospital bills and other related

expenses for and in behalf of trust institution's officers and employees and their dependents, in accordance with management policy.

- (e) **Contribution to Retirement/Provident Fund** - This refers to the trust institution's contributions to the retirement/provident fund or any similar fund for its personnel.
  - (f) **Provision for Pensions and Other Post Retirement Benefits** – This refers to the trust institution's provisions for pensions and other post retirement benefits for its personnel.
2. **Taxes and Licenses** - This refers to the expenses incurred for taxes and licenses other than income tax incurred in connection with the handling/administration of trust accounts.
3. **Other Administrative Expenses**
- (a) **Rent** - This refers to the expenses incurred, including monthly amortizations of rent paid in advance, for buildings, spaces and/or equipment leased by the trust institution for trust or other fiduciary business.
  - (b) **Power, Light and Water** - This refers to the expenses incurred for power, light and water consumption.
  - (c) **Postage, Telephone, Cables and Telegrams** - This refers to the expenses incurred for postage, telephone services, cables and telegrams.
  - (d) **Information Technology Expenses** - This refers to expenses incurred for the operation, maintenance and development of computer hardware and software.
  - (e) **Insurance Expenses** - This refers to the payments and monthly amortizations for premiums on insurance, such as banker's blanket and fidelity bond, fire insurance and workmen's compensation coverage.
  - (f) **Representation and Entertainment** - This refers to the fixed allowances and/or actual expenses incurred for public relations activities which are directly related to the promotion of the trust or other fiduciary business as well as for the development and enhancement of the prestige of the trust institution.
  - (g) **Traveling Expenses** - This refers to the expenses incurred for the official travel of trust institution's officers and employees, including fares, hotel bills, subsistence, portage and tips. This account shall also include expenses incurred by trust institution's officers and employees for fuel and minor repairs in using their own vehicles for official travel.
  - (h) **Advertising and Publicity** - This refers to the expenses for advertising and publicity in the newspapers, magazines, television, radio and other media, including those incurred for handbills, pamphlets, billboards, brochures and giveaways.
  - (i) **Stationery and Supplies Used** - This refers to the expenses incurred for printed forms, stationery and other office supplies used by the trust institution.

4. **Depreciation/Amortization** – This refers to the monthly/periodic depreciation of trust institution premises, furniture, fixture and equipment and the amortization of other intangible assets, if any.
5. **Allocated Indirect Expenses** – This refers to indirect expenses allocated by the bank proper to the trust institution.
6. **Other Expenses** - This refers to the items, which cannot be appropriately classified under any of the foregoing expense accounts.