



# PHILIPPINES

## TECHNICAL ASSISTANCE REPORT—FINANCIAL SOUNDNESS INDICATORS

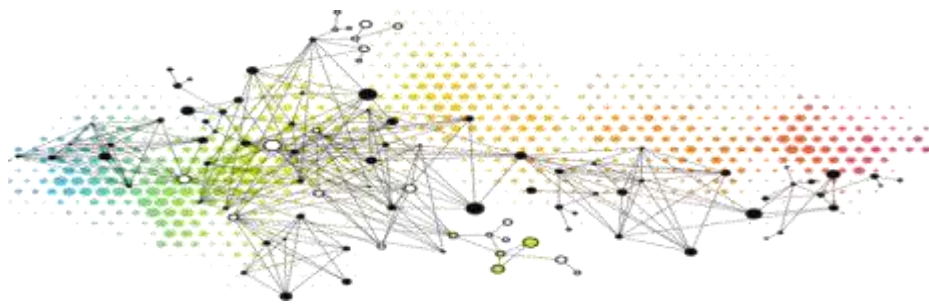
November 2021

This Technical Assistance Report on the Philippines was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed in May of 2021.

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**International Monetary Fund**  
**Washington, D.C.**



# PHILIPPINES

SEPTEMBER  
2021

## TECHNICAL ASSISTANCE REPORT ON THE FINANCIAL SOUNDNESS INDICATORS MISSION (APRIL 30–MAY 14, 2021)

Prepared by José Carlos Moreno-Ramírez

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## Glossary

4SR	Other financial corporations standardized report form
APD	Asia and Pacific Department of the IMF
BSP	Bangko Sentral ng Pilipinas
DES	Department of Economic Statistics, BSP
FSIs	Financial soundness indicators
<i>Guide</i>	<i>2019 Financial Soundness Indicators Compilation Guide</i>
IC	Insurance Commission
IMF	International Monetary Fund
MFS	Monetary and financial statistics
MMFs	Money market funds
Non-MMFs	Non-money market funds
ODCs	Other depository corporations
OFCs	Other financial corporations
SEC	Securities and Exchange Commission
SRFs	Standardized report forms
STA	Statistics Department of the IMF
UITFs	Unit investment trust funds

## SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

**1. With the support of the IMF's Asia and Pacific Department (APD) and the Bangko Sentral ng Pilipinas (BSP), an IMF Statistics Department (STA)'s remote financial soundness indicators (FSIs) technical assistance (TA) mission took place during April 30–May 14, 2021.**

The main objective of the mission was to assist the BSP in compiling FSI for the other financial corporations (OFCs) sector, in line with the [2019 Financial Soundness Indicators Compilation Guide \(Guide\)](#). Specifically, the *Guide* recommends compiling indicators for money market funds, insurance corporations, and pension funds, as well as for the total OFC sector. The work of the mission was facilitated by the excellent collaboration of BSP's staff, in particular of the Department of Economic Statistics (DES). The list of officials met during the mission can be found in Appendix I.

**2. The compilation of FSIs for OFCs—with more than 9 trillion pesos in total assets, representing around 25 percent of total financial system assets— will support macroprudential analysis.** The OFCs subsector comprises public and private insurance companies, trusts, government financial institutions, holding companies, mutual funds (money market and non-money market), private pension funds, and other financial intermediaries and auxiliaries. Table 2 provides more information on the structure and relative size of the financial system in the Philippines.

**3. The mission assisted BSP compilers with the mapping of source data for the different types of insurance companies into the new FSI templates recommended by the *Guide*.**

Insurance companies comprise private life insurance companies, private non-life insurance companies, public non-life insurance companies, and pre-need insurance companies. All insurance companies report data directly to the BSP using standard structured templates, which allow compilation of FSI with good quality. Nonetheless, BSP compilers plan to enhance the standard structured templates to address data gaps, which are relatively small.

**4. Data on money market unit investment trust funds (UITFs) could be used to compile FSIs for MMFs.** Balance sheet data are available to the BSP, although these data have to be separately identified from non-MMFs. The *Guide* recommends compiling two FSIs to gauge the credit and liquidity risk of the investment portfolios of MMFs: (1) sectoral distribution of investments and (2) maturity distribution of investments. Data on Income statement and maturity distribution of investments are not yet available. The mission recommended collecting the missing data, although with less priority due to the small size of MMFs in the Philippines (around one percent of the total financial system.)

**5. Data on pension funds are not available as private pension funds are not regulated in**

**the Philippines.** They may be organized as special purpose trust funds,<sup>1</sup> but no regulator is currently collecting data on them. However, the new BSP authority to collect data from any person or entity could be used to collect data directly from the biggest private pension funds. The mission recommended identifying a unit within the BSP to track private pension funds and start collecting data on, at least, the largest relevant funds for the compilation of FSI.

**6. Data on holding companies, investment companies, and trusts are compiled by the BSP using the IMF’s standardized report form (SRF) 4SR, which can be used to compile macroprudential indicators for these subsectors.** With more than 5 trillion pesos in total assets, the large size of these companies and trusts justifies an effort to compile macroprudential indicators for these subsectors. In the absence of specific FSI for these types of OFC in the *Guide*, the mission used SRF-based data to develop indicators for holding companies, investment companies, and trusts (Appendix III).

**7. The mission also provided hands-on training to BSP’s OFC compilers, but formal training is recommended.** The mission provided hands-on training on the new *Guide*, particularly on the FSIs for the OFCs sector, describing the methodological differences between the monetary and financial statistics (MFS) and FSIs, as the BSP compilers were only familiar with the MFS methodology. However, OFCs compilers would benefit from formal training (courses), as they do not belong to a financial supervision unit and, therefore, are less familiar with macroprudential analysis.

**8. A timeframe for reporting FSIs for OFCs was discussed and agreed with BSP officials.** The action plan provided in this report positions the BSP to be ready to submit as soon as STA is ready to receive the new FSI templates—expected in the second half of 2021.

**9. To support progress in the above work areas, the mission recommended a detailed action plan with the following priority recommendations carrying particular weight to make headway in improving FSIs quality and completeness.** Further details on the priority recommendations and the related actions/milestones can be found in the action plan under *Detailed Technical Assessment and Recommendations*.

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<sup>1</sup> The alternative option is when pension funds are kept in the balance sheet of the employer. In this case, there is no institutional unit that can be identified, i.e. no financial intermediary in the form of a pension fund to be included in the coverage of the OFC survey.

Table 1. Priority Recommendations<sup>1</sup>

Target Date	Priority Recommendation	Responsible Institutions
September 2021	Compile FSI for the <b>total OFCs sector</b> on a quarterly basis using the existing coverage available for MFS, starting with data for 2018Q4, with a time-lag of no more than four months after the reference quarter.	BSP
October 2021	Compile underlying data and specific FSIs for <b>insurance companies</b> using available data on a quarterly basis, with a time-lag of no more than four months after the reference quarter, starting with 2020Q4 data.	BSP
October 2021	The BSP to start <b>regular reporting to STA</b> , for posting on the IMF's FSI website, the FSI sectoral financial statements (FS2 template) for OFCs, including the balance sheet, income statement, and memorandum series, starting with quarterly data for 2020Q4; the sectoral FSIs with underlying series (FSD Template) for OFCs starting with quarterly data for 2020Q4; and the updated FS1 template (institutional coverage) starting with annual data for 2020.	BSP

<sup>1</sup> Further details on the priority recommendations and the related actions/milestones can be found in the action plan under *Detailed Technical Assessment and Recommendations*.

## BACKGROUND

### A. Context

**10. This is the first TA mission on FSIs for OFCs for the Philippines.** The global financial crisis that started in 2007–2008 revealed to the international community the need to enhance financial sector data collection and bridge data gaps to strengthen macrofinancial surveillance. The purpose of this mission was to help closing data gaps for OFCs to support macroprudential analysis.

**11. One of the main innovations of the *Guide* is the development of a comprehensive set of reporting requirements and FSIs for OFCs.** FSIs for OFCs include FSIs for Money Market Funds (MMFs), Insurance Corporations (ICs—separately for life and nonlife), and Pension Funds (PFs). The *Guide* recommends that OFCs balance sheets be compiled on a residency-based basis for all OFCs subsectors, except for countries with OFCs that have significant cross-border activities, for which cross-border consolidation is relevant. The Philippines is not one of these countries. In addition, data

on a cross-border consolidation basis are not available. The data reporting requirements are presented in Appendix II.

## B. The Philippines' Financial System

**12. For FSI compilation purposes, the financial sector is divided into two subsectors: Deposit Takers and OFCs.** Compared to monetary and financial statistics (MFS), deposit takers do not include the central bank and the money market funds (MMFs). In Table 2, deposit takers had 20.5 trillion pesos in total assets at the end of 2020. In Table 2, deposit takers are presented in Section A.2, with 20.5 trillion pesos in total assets at the end of 2020. OFCs are included in Section B, which also contain MMFs (item B.5). With more than 9 trillion pesos in assets, OFCs represent 25 percent of the financial system (or 44 percent if compared to the size of deposit takers).

**Table 2. Structure of the Financial System in the Philippines**

TYPE OF INSTITUTION	DECEMBER 2020		
	TOTAL ASSETS 1/	PERCENT IN SUBSECTOR	PERCENT IN SECTOR
<b>FINANCIAL CORPORATIONS</b>	<b>36,664,516</b>	<b>100</b>	<b>100</b>
<b>A. DEPOSITORY CORPORATIONS</b>	<b>27,570,380</b>	<b>100</b>	<b>75</b>
1) <i>Bangko Sentral ng Pilipinas</i>	7,074,147	26	19
2) <i>Deposit takers</i>	20,496,233	74	56
<b>B. OTHER FINANCIAL CORPORATIONS</b>	<b>9,094,136</b>	<b>100</b>	<b>25</b>
1) <i>Trusts</i>	3,460,982	38	9
2) <i>Insurance Corporations</i>	2,194,773	24	6
3) <i>Holding Companies 2/</i>	1,617,482	18	4
4) <i>Government Financial Institutions</i>	820,738	9	2
5) <i>Investment Funds (MMFs and non-MMFs)</i>	745,571	8	2
6) <i>Other Financial Intermediaries and Auxiliaries</i>	254,590	3	1

Source: BSP

1/ Millions of pesos.

2/ Data for 2020 is based on the financial statements of 25 of the largest companies only. Total number of companies and size is unknown.

# DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

## A. FSIs for the Total Other Financial Corporations Sector

**13. The OFCs are relatively sizable in the Philippines but currently not included in the FSIs disseminated by the BSP.** The *Guide* recommends two indicators for the whole OFC sector,



measuring their relative size within the financial sector and within the domestic economy. The two indicators measuring the relative size of the OFC sector are:

- OFCs' assets to total financial system assets; and,
- OFCs' assets to GDP.

**14. The two indicators for the total OFC sectors can be compiled quarterly, although not with full coverage.** As Table 3 indicates, data on pension funds are not currently available. Section D of this report further elaborate on the availability of pension funds data and recommendations.

**Table 3. Data Availability by OFC Type**

Balance Sheet	Data Availability
(ii.i) Money market funds	Y
(ii.ii) Insurance corporations	Y
(ii.ii.i) Life insurance corporations	Y
(ii.ii.i) Nonlife insurance corporations	Y
(ii.iii) Pension funds	N
(ii.iv) OFCs: Others	Y
<b>Memorandum Series</b>	
<b>Other series required to calculate additional FSIs</b>	
2. GDP	Y

**15. The mission assisted the BSP in compiling FSIs for OFCs in which data are currently available on a quarterly basis.** In addition, the mission developed FSI-like indicators for financial trusts and holding and financial companies, due to the significant size of these types of OFCs. Section E of this report further elaborate on the FSI-like indicators developed for financial trusts and holding and financial companies.

**16. Recommendation:** Compile FSIs for the total OFCs sector using the existing coverage available for MFS, on a quarterly basis, starting in 2018q4, with a time-lag of no more than four months after the reference quarter, by September 2021.

## B. FSIs for Insurance Companies

**17. The mission assisted BSP compilers with the mapping of source data for the different types of insurance corporations into the FSI templates required by the Guide.** Insurance companies manage assets of 2.2 trillion pesos, which constitutes 24 percent of the total OFCs assets. These companies are supervised by the Insurance Commission (IC), which collaborates closely with the BSP and with the insurance companies under its supervision.

**18. Insurance companies report data directly to the BSP using standard structured templates, which allow compilation of FSIs with good quality.** The mission assisted BSP

compilers in mapping available data and in identifying data gaps. The mapping exercise was done in Excel files. BSP compilers plan to enhance the standard structured templates to address the data gaps, which are relatively small.

**19. Due to different data sources, mapping was completed for four types of insurance companies.** These types are private Life insurance companies, private non-life insurance companies, public non-life insurance companies, and pre-need insurance companies.<sup>2</sup>

**20. Recommendation:** Compile underlying data and specific FSIs for insurance companies using available data on a quarterly basis, with a time-lag of no more than four months after the reference quarter, starting with 2020q4 data, by October 2021.

### C. FSIs for Money Market Funds

**21. MMFs are collective investment schemes that raise funds by issuing shares or units to the public.** The proceeds are invested primarily in money market instruments, MMF shares or units, transferable debt instruments with a residual maturity of no more than one year, bank deposits, and instruments that pursue a rate of return that approaches the interest rates of money market instruments. In the Philippines, money market UITFs, which invest in short-term, liquid, low-risk instruments, should be treated as MMFs for statistical purposes.

**22. Balance sheet data on money market UITFs could be used to compile FSIs for MMFs.** Balance sheet data are available to the BSP, although these data have to be separately identified from non-MMFs. The *Guide* recommends compiling two FSIs to gauge the credit and liquidity risk of the investment portfolios of MMFs: (1) sectoral distribution of investments and (2) maturity distribution of investments. The first indicator uses available balance sheet data.

**23. Data on income statement and maturity distribution of investments are not available.** The *Guide* recommends dividing the maturity of MMF investments in the following categories: 1–30 days, 31–90 days, and more than 90 days. However, these data are not available to compilers. Due to the relative small size of MMFs in the Philippines, collection of these data have a medium to low priority for the BSP.

**24. Recommendation:** (i) Compile underlying data and specific FSIs for MMFs using existing data on a quarterly basis, starting in 2020q4, with a time-lag of no more than four months after the reference quarter, by October 2021; and (ii) collect MMFs data on income statement and maturity distribution of investments to improve compilation of FSIs for MMFs, by May 2022.

### D. FSIs for Pension Funds

**25. Private pension funds are not regulated in the Philippines.** They may be organized as

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<sup>2</sup> Defined as part of life insurance following the definitions in paragraphs 2.48 and 2.49 of the 2019 *FSI guide*.

special purpose trust funds,<sup>3</sup> but no regulator is currently collecting data on them. However, following a regulatory change, the new BSP authority to collect data from any person or entity could be used to collect data directly from the biggest private pension funds.

**26. These funds may hold significant amounts of domestic private and public sector debt.**

For example, government debt statistics on domestic securities show values for total outstanding debt securities that are significantly higher than the holdings of debt securities reported by the financial sector. This finding leaves the possibility of significant holdings by households, non-financial corporations (NFCs), or private pension funds<sup>4</sup>.

**27. Recommendation:** BSP to identify a regulatory agency or unit within the institution to make an inventory of private pension funds and start collecting data (on the largest ones, at least) relevant for the compilation of FSIs.<sup>5</sup> (December 2021)

## E. FSIs for Holding Companies, Investment Companies, and Trusts

**28. Data on holding companies, investment companies, and trusts are compiled by the BSP using the IMF’s standardized report form (SRF) 4SR.** In the absence of specific FSIs for these types of OFCs in the *Guide*, the mission used SRF-based data to develop macroprudential indicators for holding companies, investment companies, and trusts (Appendix III).

**29. With more than 5 trillion pesos in total assets, the large size of these companies and trusts justifies an effort to compile macroprudential indicators for these subsectors.** The *Guide* (paragraph 9.3) states that “Countries are encouraged to compile for their own purposes data and indicators for additional financial sub-sectors when these are relevant to financial stability analysis.”

**30. Recommendation:** The BSP to compile the indicators for holding companies, investment companies, and trusts developed by the mission, starting in 2018q4 and on a quarterly basis for internal use and to share with IMF users on request. (November 2021).

**31.** Specific information on data collection efforts on these institutions and limitations in data

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<sup>3</sup> The alternative option is when pension funds are kept in the balance sheet of the employer. In this case, there is no institutional unit that can be identified, i.e. no financial intermediary in the form of a pension fund to be included in the coverage of the OFC survey.

<sup>4</sup> The investor profile data from the Bureau of the Treasury (see Figure 3 ABM June 2021 - Market Summaries (adb.org), p.78) seem to provide more information and the share held by private pension funds may be somewhat smaller.

<sup>5</sup> According to the authorities, considering that there is no regulatory agency in-charge of the private pension funds, in the short-term, the BSP may conduct a survey of large corporations to identify existing private pension funds, either in-house or subsidiary of these corporations. The BSP may use its authority to collect data from private companies to conduct the said survey. In the long-term, this concern may be raised at the proper forum (i.e., Economic Development Council) to identify the appropriate regulatory body to supervise and regulate the private pension funds.

coverage (for holding and investment companies) are provided below.

## Holding and Investment Companies

**32. Holding and investment companies constitute over 18 percent of OFC assets in the Philippines and they are supervised by the SEC.**<sup>6</sup> Holding and investment companies provide annual and quarterly data and are currently submitting information to the BSP using the standard structured template designed by the OFCS Team. The BSP only collects data on SEC top 1000 corporations, out of more than 16,000 registered holding companies in the Philippines, which include OFCs.<sup>7</sup>

**33. BSP compilers have difficulties in identifying the largest holding and investment companies among the top 1000 corporations.** The SEC shared information on total revenue of these companies, but for MFS purposes the best metric to identify the largest intermediaries would be total financial assets, or total assets, if financial assets are not available.

**34. The experience by BSP compilers on data reporting by SEC supervised corporations pointed to a need to enhance the BSP's authority to collect data for statistical purposes, which has been addressed by BSP management.** The BSP compilers not only faced difficulties in identifying and contacting the largest corporations, but also were questioned by some of these corporations about the authority of the BSP to request data from them. The 2018 mission discussed these challenges with BSP management. In February 2019, the BSP Charter was amended, providing the BSP with the authority to obtain information for statistical and policy development purposes from any person or entity, including individuals and private corporations. Republic Act 11211 (An Act Amending Republic Act Number 7653, otherwise known as "The New Central Bank Act") was approved and signed. This new Act provides the BSP the authority to require from any person or entity, including government offices and instrumentalities, or government-owned and controlled corporations any data, for statistical and policy development purposes in relation to the proper discharge of its functions and responsibilities.

**35. However, the new BSP authority to collect data from individuals and private corporations has yet to be used to improve data reporting by SEC-supervised corporations.** The mission believes that the amendment to the BSP Charter is very important for improving the quality of macroeconomic statistics, including better access to data from SEC-supervised companies.

**36. Recommendation:** (1) BSP to continue requesting assistance from the SEC in providing an updated list of holding and investment companies by total assets; (2) OFC data compilers to focus on identifying and compiling data from the latest publication<sup>8</sup> of the top 1000 corporations supervised

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<sup>6</sup> Covers only those holding companies that report to the OFCS.

<sup>7</sup> This estimate is based on an unofficial list.

<sup>8</sup> The SEC provided info based on 2015 and 2016 Top 1000 corporations. The SEC should furnish the same listing based on 2020 data.

by the SEC to increase the sample survey (3) BSP to continue citing the new authority to collect data from any person or entity to improve data reporting by SEC-supervised corporations.

## Financial Trusts

**37. With 3.5 trillion pesos under management in December 2020, financial trusts (trust entities, in BSP terminology) represent around 38 percent of the total OFC subsector.**

They are mostly managed by banks on behalf of their clients and are considered separate statistical units in macroeconomic statistics, that is, their assets/liabilities are not included in the balance sheet of the bank managing them. Data on financial trusts are available to MFS compilers quarterly with a time lag of two months after the reference quarter.

**38. Among financial trusts supervised by the BSP, some are collective investment schemes (the UITFs) while others are connected to one or a reduced number of individuals or institutions (the individual and institutional account trusts, respectively)<sup>9</sup>.** The *UITFs* should be

classified as investment funds and, depending on the maturity and liquidity of their assets, as MMFs or non-MMFs. The former are those invested in short-term, liquid, low risk instruments and belong to the OFC subsector for the purpose of FSI compilation, even when they are classified as depository corporations in the MFS. The non-MMFs, which invest in instruments with longer maturities, such as bonds, or riskier assets, such as equity securities or commodities, are classified within the OFC subsector in MFS as well as in FSI compilation. Financial trusts, which are not collective investment schemes, belong in the OFC subcategory of captive financial institutions.

## F. FSI Data and Metadata Reporting to the IMF

**39. The BSP is positioned to begin to regularly report FSIs for OFCs commencing in the second half of 2021.** Currently, STA has not started requesting the new FSI templates in line with the *2019 Guide*. Once STA is ready to receive the new templates, the BSP will be able to report with quarterly frequency.

**40. The mission highlighted the need to complement the FSI data with the corresponding metadata.** These permit informed interpretation of the FSIs, particularly in cross-country comparisons. National definitions or other variations from the recommendations of the *2019 Guide*, as well as accounting standards and regulatory frameworks need to be systematically documented. The mission provided the BSP with a very preliminary draft of the metadata (Appendix IV). However, this draft would need to be revised once a template for metadata reporting is defined by STA.

**41. Recommendations:** The BSP to start regular reporting to STA, for posting on the IMF's FSIs website, the FSIs sectoral financial statements (FS2 template) for OFCs including balance sheet, income statement, and memorandum series, with quarterly data from 2020q4; the sectoral FSIs with underlying series (FSD Template) for OFCs with quarterly data from 2020q4; and the updated FS1

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<sup>9</sup> This is in contrast to the UITFs, which are owned by a large number of participants.

template (institutional coverage) with annual data from 2020.

## G. Resources, Training and Technical Cooperation

**42. BSP staff are encouraged to seek to attend regional and IMF Headquarters (HQ) training courses on financial sector statistics.** STA regularly delivers courses on both monetary and financial statistics and the FSIs. HQ courses are offered once every two years, although the schedule has been disrupted by Covid-19. Curriculum details and the schedule, once in-person training recommences, are available on the webpage of the [IMF Institute for Capacity Development](#).

**43. Recommendation:** Support BSP staff efforts to participate in IMF FSIs training course to improve their methodological knowledge and skills in compilation and interpretation of the FSIs.

## ACTION PLAN

The Action Plan below includes steps to accomplish milestones as well as the risks/verifiable indicators to achieving the outcomes. The plan is for technical compilers. Actions are prioritized (H - high, M - medium, L - low).

**Table 4. Mission's Recommendations**

Priority	Action/Milestone	Risk Assumptions/ Verifiable Indicators	Target Completion Date
<b>Outcome Indicator: A new data set has been compiled and disseminated internally and/or to the public.</b>			
H	Compile FSIs for the <b>total OFC sector</b> using the existing coverage available for MFS, on a quarterly basis, starting with data for 2018Q4, with a time-lag of no more than four months after the reference quarter.	Table 5.5 of the new FSI reporting templates compiled	September 2021  <b>Benchmark</b>
H	Compile underlying data and specific FSIs for <b>insurance companies</b> using available data on a quarterly basis, with a time-lag of no more than four months after the reference quarter, starting with 2020Q4 data	Table 5.3 of the new FSI reporting templates compiled	October 2021  <b>Benchmark</b>
H	Compile underlying data and specific <b>FSIs for MMFs</b> using existing data on a quarterly basis, starting with data for 2020Q4, with a time-lag of no more than four months after the reference quarter.	Table 5.2 of the new FSI reporting templates compiled	October 2021

Priority	Action/Milestone	Risk Assumptions/ Verifiable Indicators	Target Completion Date
M	Collect <b>MMFs data</b> on income statement and maturity distribution of investments to improve compilation of FSIs for MMFs.	Improved Table 5.2 of the new FSI reporting templates compiled	May 2022
M	BSP to identify a regulatory agency or unit within the institution to make an inventory of <b>private pension funds</b> and start collecting data (on the largest ones, at least) relevant for the compilation of FSIs.	Regulatory agency or unit responsible for the inventory identified	December 2021
M	Compile the indicators <b>for holding companies, investment companies, and trusts</b> developed by the mission, starting in 2018q4 and on a quarterly basis for internal use and to share with IMF users on request.	Financial indicators for holding companies, investment companies, and trusts compiled	November 2021
M	(1) BSP to continue requesting assistance from the SEC in providing an <b>updated list of holding and investment companies</b> by total assets; (2) OFC data compilers to focus on identifying and compiling data from the latest publication <sup>1</sup> of the top 1000 corporations supervised by the SEC to increase the sample survey (3) BSP to continue citing the new authority to collect data from any person or entity to improve data reporting by SEC-supervised.	Updated list of holding and investment companies available to improve data collection	December 2021
H	The BSP to start <b>regular reporting to STA</b> , for posting on the IMF's FSI website, the FSI sectoral financial statements (FS2 template) for OFCs, including the balance sheet, income statement, and memorandum series, starting with quarterly data for 2020Q4; the sectoral FSIs with underlying series (FSD Template) for OFCs starting with quarterly data for 2020Q4; and the updated FS1 template (institutional coverage) starting with annual data for 2020.	Tables 5.3 and 5.5 reported to STA for publication	October 2021  <b>Benchmark</b>
<b>Outcome Indicator: Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination.</b>			

Priority	Action/Milestone	Risk Assumptions/ Verifiable Indicators	Target Completion Date
M	Support BSP staff efforts to participate in IMF FSIs training courses to improve their methodological knowledge and skills in compilation and interpretation of the FSIs.	BSP compilers trained in the compilation of FSIs for OFCs, following the <i>Guide</i> .	May 2021 and on-going
<p><sup>1</sup> The SEC provided info based on 2015 and 2016 Top 1000 corporations. The SEC should furnish the same listing based on a more recent year reference.</p>			



## Appendix I. Officials Met During the Mission

Name	Institution
<b>Bangko Sentral ng Pilipinas</b>	
Ms. Iluminada T. Sicat	Senior Assistant Governor, Monetary Policy Sub-Sector
Mr. Redentor Paolo M Alegre, Jr.	Senior Director, Department of Economic Statistics (DES)
Mr. Aldryn G. Consolacion	Deputy Director, Department of Supervisory Analytics (DSA)
Ms. Eva Lynne M. Marcos	Acting Deputy Director, DES
Ms. Ann Claudette M. Samia	Acting Manager, DSA
Ms. Flerida R. Nallas	Bank Officer V, DES
Ms. Mia Donna G. De Jesus	Bank Officer V, DES
Ms. Tatum Blaise P. Tan	Bank Officer V, DES
Ms. Rosario D. Soriquez	Bank Officer V, DES
Ms. Mary Rose C. Espina	Bank Officer V, DES
Ms. Nashrine B. Aliping	Bank Officer V, DES
Ms. Ma. Francesca Mercedes D. Grabador	Bank Officer V, DES
Ms. Marcelina S.J. Perez	Bank Officer V, DES
Mr. Rodel C. Obra	Bank Officer IV, DES
Ms. Kimberly B. Paycana	Bank Officer IV, DES
Ms. Maria Nimfa G. Santos	Bank Officer IV, DES
Mr. Bernard Ahman O. Ebuña	Bank Officer IV, DES
Ms. Marie Belarmine F. Pagalunan	Bank Officer IV, DES
Mr. Arnie-Gil DLR. Hordejan	Bank Officer IV, DES
Ms. Aiza Maris C. Valenzuela	Bank Officer IV, DES
Ms. Mitzie Gaye E. Halili	Bank Officer IV, DES
Mr. Mark Stephen N. Orenca	Bank Officer II, DSA
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Ms. Katrina Marie F. Reyes	Senior Research Specialist, DES
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Name	Institution
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Mr. Yongzheng Yang	IMF Resident Representative

## Appendix II. FSIs for OFCs – Indicators and Data Reporting Requirements

### Indicators to be compiled:

<i>Other Financial Corporations</i>	Assets to total financial system assets (for total of OFCs and by subsectors) Assets to gross domestic product (GDP) (for total of OFCs and by subsectors)
<i>Other Financial Corporations</i> <i>Money Market Funds</i>	Sectoral distribution of investments Maturity distribution of investments
<i>Other Financial Corporations</i> <i>Insurance Corporations</i>	Shareholder equity to total invested assets (life and non-life insurance) Combined ratio (non-life insurance only) Return on assets (life insurance only) Return on equity (life and non-life insurance)
<i>Other Financial Corporations</i> <i>Pension Funds</i>	Liquid assets to estimated pension payments in the next year Return on assets

### Detailed list with components:

S730	<b>Other financial corporations</b>
<b>I031</b>	<b>OFCs' assets to total financial assets</b>
S540	<b>OFCs' assets to total financial assets: total OFCs</b>
S740	OFCs' assets: total OFCs
S750	<b>OFCs' assets to total financial assets: Money Market funds</b>
S760	OFCs' assets: Money Market funds
S770	<b>OFCs' assets to total financial assets: Insurance Corporations</b>
S780	OFCs' assets : Insurance Corporations
S790	<b>OFCs' assets to total financial assets: Pension Funds</b>
S800	OFCs' assets: Pension Funds
S810	Total financial system assets
I032	<b>OFCs' assets to gross domestic product</b>
S820	<b>OFCs' assets to gross domestic product: OFCs</b>
S830	OFCs' assets: OFCs
S840	<b>OFCs' assets to gross domestic product: Money Market funds</b>
S850	OFCs' assets: Money Market funds
S860	<b>OFCs' assets to gross domestic product: Insurance Corporations</b>
S870	OFCs' assets : Insurance Corporations
S880	<b>OFCs' assets to gross domestic product: Pension Funds</b>
S890	OFCs' assets: Pension Funds
S900	Gross domestic product
S910	<b>Money Market funds (MMF)</b>
<b>I033</b>	<b>Sectoral distribution of investments</b>
S920	<b>Residents</b>
S930	<b>Sectoral distribution of investments: Central bank</b>
S940	<b>Sectoral distribution of investments: Deposit takers</b>
S950	<b>Sectoral distribution of investments: Other financial corporations</b>
S960	<b>Sectoral distribution of investments: Central government</b>
S970	<b>Sectoral distribution of investments: Other general government</b>
S980	<b>Sectoral distribution of investments: Nonfinancial corporations</b>
S990	<b>Nonresidents</b>
S1000	Total investments

<b>I034</b>	<b>Maturity distribution of investments</b>
S1010	<b>Maturity distribution of investments: 1–30 days</b>
S1020	<b>Maturity distribution of investments: 31–90 days</b>
S1030	<b>Maturity distribution of investments: &gt;90 days</b>
S1040	Total investments
S1050	<b>Insurance Corporations</b>
<b>I035</b>	<b>Shareholder equity to total invested assets (Life insurance only)</b>
S1060	Capital
S1070	Total invested assets
<b>I036</b>	<b>Shareholder equity to total invested assets (Nonlife insurance only)</b>
S1080	Capital
S1090	Total invested assets
<b>I037</b>	<b>Shareholder equity to total invested assets (Life insurance &amp; nonlife insurance)</b>
S1100	Capital
S1110	Total invested assets
<b>I038</b>	<b>Combined ratio (Nonlife insurance only)</b>
S1120	Net claims and underwriting expenses
S1130	Net premium earned
<b>I039</b>	<b>Return on assets (Life insurance only)</b>
S1140	Net income before taxes
S1150	Total assets
<b>I040</b>	<b>Return on equity (Life insurance only)</b>
S1160	Net income after taxes
S1170	Capital
<b>I041</b>	<b>Return on equity (Nonlife insurance only)</b>
S1180	Net income after taxes
S1190	Capital
<b>I042</b>	<b>Return on equity (Life insurance &amp; nonlife insurance)</b>
S1200	Net income after taxes
S1210	Capital
	<b>Pension Funds</b>
<b>I043</b>	<b>Liquid assets to estimated pension payments in the next year</b>
S1220	Liquid assets
S1230	Estimated pension payments in the next year
<b>I044</b>	<b>Return on assets</b>
S1240	Net income before taxes
S1250	Total assets

**Data reporting requirements:****Table 5.2 Other Financial Corporations: Money Market Funds**

Income and Expense Statement	Balance Sheet
<ol style="list-style-type: none"> <li>1. Interest income</li> <li>2. Interest expenses</li> <li>3. Noninterest income</li> <li>4. <i>Gross income</i> (= 1 – 2 + 3)</li> <li>5. Noninterest expenses and provisions</li> <li>6. <i>Net income (before taxes)</i> (= 4 – 5)</li> <li>7. Income tax</li> <li>8. <i>Net income after tax</i> (= 6 – 7)</li> <li>9. Other comprehensive income (loss) net of tax</li> </ol>	<ol style="list-style-type: none"> <li>10. <b>Total assets</b> (= 11 + 12 = 23)</li> <li>11. <i>Nonfinancial assets</i></li> <li>12. <i>Financial assets</i> (= 13 through 18)</li> <li>13. Currency and deposits</li> <li>14. Loans</li> <li>15. Debt securities</li> <li>16. Equity and investment fund shares</li> <li>17. Financial derivatives</li> <li>18. Other financial assets</li> <li>19. <i>Liabilities</i> (= 20 + 21 + 22)</li> <li>20. Loans</li> <li>21. Financial derivatives and employee stock options</li> <li>22. Investment fund shares issued</li> <li>23. <b>Balance sheet total</b> (= 19 = 10)</li> </ol>
<p><b>Memorandum Series</b></p> <p><i>Other series required to calculate additional FSIs</i></p> <p>Sectoral distribution of investments (percentage)</p> <ol style="list-style-type: none"> <li>i. Central bank</li> <li>ii. Deposit takers</li> <li>iii. Other financial corporations</li> <li>iv. Central government</li> <li>v. Other general government</li> <li>vi. Nonfinancial corporations</li> <li>vii. Nonresidents</li> </ol> <p>Maturity distribution of investments (percentage)</p> <ol style="list-style-type: none"> <li>i. 1–30 days</li> <li>ii. 31–90 days</li> <li>iii. &gt;90 days</li> </ol> <p>GDP</p>	

Table 5.3 Other Financial Corporations: Insurance Corporations

Income and Expense Statement	Balance Sheet
1. Premiums earned, net of reinsurance (= 1.i – 1.ii + 1.iii)	14. Total assets (= 15 + 16 = 31)
i. Gross premium earned	15. Nonfinancial Assets (= 15.i + 15.ii)
ii. Reinsurers' share of gross premiums earned	i. Property, own use
iii. Transfer of premium reserves from other companies	ii. Property for investment
2. Claims incurred, net of reinsurance (= 2.i – 2.ii + 2.iii + 2.iv)	16. Financial assets (= 17 through 23)
i. Gross claim payments	17. Currency and deposits
ii. Reinsurers' share of gross claim payments	18. Loans
iii. Changes in reserves for claims outstanding	19. Debt securities
iv. Transfer of premium reserves to other companies	20. Equity and investment fund shares
3. Net change in technical reserves for future claims	21. Reinsurance claims (= 21.i + 21.ii)
4. Net income from insurance activity (= 1 – 2 + 3)	i. Reinsurance recoverable
5. Other operating income (= 5.i + 5.ii + 5.iii)	ii. Reinsurance receivable
i. Commissions received	22. Financial derivatives
ii. Real estate income	23. Other financial assets
iii. Gains and losses from the sales of fixed assets	24. Liabilities (= 25 through 29)
iv. Other income	25. Loans
6. Gross income (= 4 + 5)	26. Debt securities
7. Other operating expenses (= 7.i + 7.ii + 7.iii + 7.iv)	27. Financial derivatives and employee stock options
i. Personnel costs	28. Other liabilities
ii. Underwriting expenses	29. Insurance, pensions, and standardized guarantee schemes (= 29.i + 29.ii + 29.iii + 29.iv)
iii. Real estate expenses or nonfinancial asset depreciation	i. Net equity of households in life insurance reserves
iv. Other expenses	ii. Prepayment of insurance premiums and insurance payable
8. Investment income (net) (= 8.i + 8.ii – 8.iii)	iii. Pension fund reserves
i. From financial investments	iv. Other technical provisions
ii. From other investments	30. Capital and reserves
iii. Interest cost	31. Balance sheet total (= 24 + 30 = 14)
9. Gain/losses due to revaluations of financial assets/liabilities	Memorandum Series
10. Net income (before taxes) (= 6 – 7 + 8 + 9)	Other series required to calculate additional FSIs
11. Income tax	32. GDP
12. Net income after tax (= 10 – 11)	
13. Other comprehensive income (loss) net of tax	



**Table 5.4 Other Financial Corporations: Pension Funds**

Income and Expense Statement	Balance Sheet
<ol style="list-style-type: none"> <li>1. Investment income (= 1.i + 1.ii + 1.iii)               <ol style="list-style-type: none"> <li>i. Interest income</li> <li>ii. Other income from investments</li> <li>iii. Net change in fair value of investments</li> </ol> </li> <li>2. Investment expense (= 2.i + 2.ii)               <ol style="list-style-type: none"> <li>i. Investment management expenses</li> <li>ii. Taxation on investments</li> </ol> </li> <li>3. <i>Net investment income</i> (= 1 – 2)</li> <li>4. Other income</li> <li>5. Total administrative expenses</li> <li>6. Net actuarial gains/losses</li> <li>7. <i>Net income (before taxes)</i> (= 3 + 4 – 5 + 6)</li> <li>8. Income tax</li> <li>9. <i>Net income after tax</i> (= 7 – 8)</li> <li>10. Other comprehensive income (loss) net of tax</li> </ol>	<ol style="list-style-type: none"> <li>11. Total assets (= 12 + 13 = 30)</li> <li>12. <i>Nonfinancial assets</i> (= 12.i + 12.ii)               <ol style="list-style-type: none"> <li>i. Property, own use</li> <li>ii. Property for investment</li> </ol> </li> <li>13. <i>Financial assets</i> (= 14 through 22)</li> <li>14. Currency and deposits</li> <li>15. Loans</li> <li>16. Debt securities</li> <li>17. Equity and investment fund shares</li> <li>18. Contributions receivable</li> <li>19. Insurance, pensions, and standardized guarantee schemes</li> <li>20. Financial derivatives</li> <li>21. Pension benefit surplus</li> <li>22. Other financial assets</li> <li>23. <i>Liabilities</i> (= 24 through 27)</li> <li>24. Loans</li> <li>25. Debt securities</li> <li>26. Financial derivatives and employee stock options</li> <li>27. Other liabilities</li> <li>28. Net equity of households in pension fund reserves (= 28.i + 28.ii + 28.iii)               <ol style="list-style-type: none"> <li>i. Defined contribution</li> <li>ii. Defined benefit</li> <li>iii. Hybrid schemes</li> </ol> </li> <li>29. <i>Net worth</i> (= 11 – 23 – 28)</li> <li>30. Balance sheet total (= 23 + 28 + 29 = 11)</li> </ol>
<p><b>Memorandum Series</b>  <i>Other series required to calculate additional FSIs:</i></p> <ol style="list-style-type: none"> <li>31. Liquid assets</li> <li>32. Estimated pension payments in the next 12 months.</li> <li>33. GDP</li> </ol>	

Source: IMF staff.

## Appendix III. Financial Ratios for Holding Companies, Investment Companies, and Trusts

The following FSI-like indicators were developed by the mission using the IMF's MFS 4SR form as source data:

<b>1</b>	<b>1. Leverage, Sectoral Asset Allocation, and Capital Composition</b>
<b>1.1</b>	<b>Leverage ratio (Total assets/Capital)</b>
	Total assets
<b>1.2</b>	<b>Interconnectedness: Intra-OFC and DC exposure</b>
	Intra-OFC Exposure to Total Assets
	Intra-OFC Exposure
	ODC Exposure to Total Assets
	ODC Exposure
<b>1.3</b>	<b>Private nonfinancial to public sector exposure</b>
	Private NF sector
	NFCs
	HH+NPISH
	Central government
	State & local gov.
	Public NFC
<b>1.4</b>	<b>Capital (Shares and other equity)</b>
	Net capital inflows (funds contributed by owners or paid-in capital)
	Reserve accumulation
	Revaluation of assets
	Current year earnings
<b>2</b>	<b>2. External and Foreign Exchange Exposure</b>
<b>2.1</b>	<b>Foreign capital exposure</b>
	Liabilities to nonresidents/total liabilities
	Assets with nonresident/total assets
<b>2.2</b>	<b>Foreign capital outflows/inflows</b>
	Change in liabilities to nonresidents/Total liabilities to nonresidents
	Change in assets with nonresident/Total assets with nonresidents
<b>2.3</b>	<b>Foreign currency exposure (% of Total Asset)</b>
	Foreign currency assets
	Foreign currency liabilities
	Net foreign currency assets
	Foreign currency assets/Foreign currency liabilities
<b>3</b>	<b>3. Profitability</b>
<b>3.1</b>	<b>Return on equity (Annualized Earnings/Average total capital)</b>
	Earnings
	Annualized earnings
	Capital
	Average capital
<b>3.2</b>	<b>Return on assets (Annualized Earnings/Average total assets)</b>



Average assets

<u>4</u>	<b>4. Liquidity</b>
<b>4.1</b>	<b>Liquid assets/Total assets</b>
	Liquid assets
	Currency and deposits
	In % of total assets
	Securities other than shares
	In % of total assets
<b>4.2</b>	<b>Nonfinancial assets/Total assets</b>

## Appendix IV. FSIs Metadata for the Philippines

Metadata should be disseminated together with FSIs data to facilitate data interpretation. Metadata include information about FSIs and their compilation, such as data definitions, how data are consolidated, supervisory and accounting rules applicable to the reporting units, institutional coverage, and data sources.

### Residence of institutional units

Foreign-controlled OFC incorporated in the Philippines are classified as residents in line with the System of National Accounts (SNA 2008), which classifies foreign-owned companies as residents in an economic territory where they engage in and intend to continue engaging in economic activities and transactions on a significant scale for at least one year.

### Consolidation basis

FSIs for the OFC sector in the Philippines are compiled on an aggregated residency-based approach, i.e. no consolidation basis are applied to the data. This includes both foreign and domestically-controlled OFCs. No OFC in the Philippines has material subsidiaries or international branches.

### Institutional coverage

The specific FSIs for OFCs cover all private insurance companies and MMFs. Pension funds are excluded as data for this category are not available.

### Accounting framework

Private insurance companies and MMFs follow International Financial Reporting Standards (IFRS). This includes IAS 21 with respect to the conversion of accounts denominated in foreign currency, and the IFRS 9 requirement to value financial instruments at amortized cost or fair value through profit and loss or other comprehensive income. Interest is accrued on financial instruments.

### Data definitions

[Pending. Examples below]

Return on assets: Calculated as the ratio of annualized net income before taxes to average total assets.

Return on equity: Calculated as the ratio of annualized net income after taxes to average capital and reserves.

**Source data**

Report forms sent by insurance companies to the BSP and based on supervisory data including quarterly financial statements. [For MMFs...]