Philippine Management Review 2012, Vol. 19, 65-74.

The State of Financial Reporting of Philippine Listed and Government Banks

Arthur S. Cayanan*
University of the Philippines, College of Business Administration, Diliman, Quezon City 1101, Philippines

This study compares the financial reporting practices of Philippine listed and government banks with respect to their compliance with the generally accepted accounting principles. The state of external audit for both categories of banks is also discussed in this paper. The findings show that the financial reporting practices of listed banks are not better than those of government banks. The implementation of the international accounting standards in 2005 resulted in the improvement of disclosures related to financial assets and liabilities, especially loans receivable. In spite of this improvement, cases of non-compliance are still observed, some of which can overstate assets and net income.

Keywords: financial reporting disclosures, loans receivable, provision for bad debts, impairment losses, audit opinion

1 Introduction

The informational efficiency of the capital markets is a concern of the issuers, investors, creditors, financial analysts, and government regulators. In his study, Eugene Fama (1970) defined three levels of informational efficiency. The market is weak-form efficient when prices reflect all information inherent in historical prices. It is semi-strong form efficient when all publicly available information are instantaneously reflected in the prices. It is strong-form efficient when prices assimilate all information, both public and private.

An efficient market implies an efficient allocation of resources which reflects the cost of capital that is commensurate to the risks and prospects of an investment. It also implies that the use of technical analysis and fundamental analysis will not allow an investor to earn a return greater than those that could be obtained by holding a randomly selected portfolio of securities which are of comparable risks (Malkiel, 2003, p. 59).

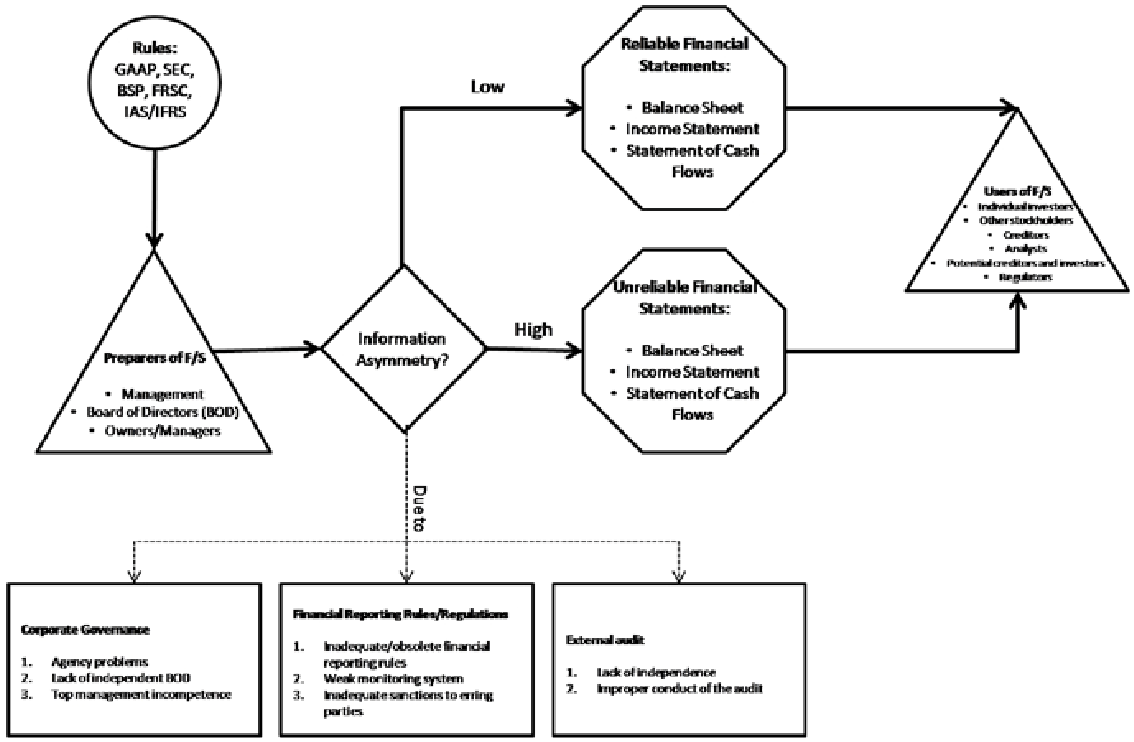
The financial reporting scams which involve some of the biggest companies such as Enron Corporation and WorldCom serve as evidence that the market is not efficient and that there is information asymmetry. The quality of financial reports can, therefore, attract or turn off investors.

Figure 1 presents a conceptual framework that shows how management communicate the companies' financial position and operating performance as reflected in the financial statements to the companies' different stakeholders: minority stockholders; creditors, analysts; potential creditors and investors; regulatory agencies. Information asymmetry may result in the process of conveying the financial position and operating performance of companies and this may be caused by corporate governance, financial reporting rules and regulations, and the conduct of the external audit.

The state of condition of the banking sector is critical in gauging the performance of the Philippine economy as this sector was one of the hardest hit in the 1997 Asian financial crisis. For this study, the financial reporting practices of government and listed Philippine banks were assessed. These reporting practices may be affected by financial reporting standards, conduct of external audit, and motivations of managers.

* Correspondence: Tel: +63 2 928 4571; Fax: +63 2 920 7990. Email: arthur.cayanan@up.edu.ph

Figure 1. Sources of Information Asymmetry: A Conceptual Framework



Both categories of banks were subject to the same financial reporting standards during the period under study.[1] The Securities and Exchange Commission provided a five–year transition period for the full implementation of international accounting standards which started in 2000. Hence, in January 2005, international accounting standards were completely adopted by the Philippine listed companies and government financial institutions.

Even if subject to the same accounting standards, government banks are audited by the state auditor, the Commission on Audit (COA), while listed banks are audited by different public accounting firms. The selection of an accounting firm to serve as the auditor of a listed bank is more competitive as compared to a government bank which is limited to the state auditor. This competitive nature in the selection of auditor may improve the competence of the auditors but it may also sacrifice "independence" as the accounting firm is paid by the audited bank. The state auditors are supposed to be more independent as they are paid by the national government, but there may be issues regarding the quality of the audit.

The motivations of managers may be another consideration in determining the quality of financial reports. Managers of listed companies are more pressured to create value for their stockholders and hence, may influence the amount of earnings they report. Their compensation packages and their promotions may also be tied up to the earnings of their companies. This does not mean that the benefits and the performance appraisal of managers from government banks are not linked to the earnings of their companies, but this is more pronounced in the listed companies.

[1] The Bangko Sentral ng Pilipinas (BSP, formerly the Central Bank of the Philippines) prescribes its own reportorial requirements to banks for the reports submitted to BSP, but for financial reports issued to the public, e.g. investors, the Securities and Exchange Commission (SEC) prescribes the financial reporting rules for private companies while the Commission on Audit does so for government entities and government owned and controlled corporations.

While the two government banks covered in this study are exempt from Compensation and Position Classification Act of 1989 or popularly known as Salary Standardization Law (R.A. 6758), and which means their board of directors can prescribe the salary scheme of their employees, the top managers of these banks have to be more careful with the amount of compensation and benefits they receive because they are open to public scrutiny.[2] In September 2010, a few months after he assumed his presidency, President Benigno Aquino, Jr. suspended for three months the bonuses and other perks of top managers of government owned and controlled corporations and government financial institutions.[3]

2 Objectives of the Study

The study has the following objectives:

- To determine the degree of compliance of Philippine listed and government banks with financial reporting standards.
- To determine extent that apparent non-compliance is reflected in the audit opinion.
- To identify areas for improving financial reporting standards and practices should some weaknesses and financial reporting violations are uncovered.

3 Review of Literature

This study will be the first attempt to compare the financial reporting practices of listed banks and government banks in the Philippines.

Cayanan and Valderrama (1998) find that all of the 122 listed Philippine companies covered in their study had at least one financial reporting violation. Out of these 122 companies, 16 were banks. Among the common areas of non-compliance are related to inadequate disclosures of the following: long term investments qualifying under the equity method (87%); information regarding consolidated subsidiaries (82%); and long term investments accounted for using the equity method (78%).

The study by Cayanan and Valderrama (1998) includes a survey of professionals perceived to be heavy users of financial statements. Among the major findings in the survey are as follows: a) financial analysis is conducted mainly for credit and investment decisions and for providing advice to clients; b) revenues, operating expenses, and net income are perceived to be the top accounts manipulated; and, c) 80% of the respondents believe that external auditors serve their clients, instead of the public. Yet 48% of the respondents value the importance on the auditor's opinion.

Dyball and Valcarcel (1999, p. 317) discuss the accounting regulation in the Philippines and questioned the efficacy of Philippine regulatory framework of accounting. Based on their study, accounting regulation in the Philippines is in theory, corporatist,[4] but in the implementation, it is more "traditionalist" or "familial" culture. In the Philippines, the biggest public accounting firm has the biggest representation in the Philippine Institute of Certified Public Accountants (PICPA) which in turn, has the largest representation in the Accounting Standards Council (ASC), the body which formulates accounting standards in the country. This biggest accounting firm has also a significant presence in the Board of Accountancy (BOA), a state regulatory agency (Dyball & Valcarcel, 1999).

Echanis (2002) analyzes the findings of the UPCBA study on the financial reporting practices of listed Philippine companies and concludes that noncompliance to the financial reporting rules resulted to the following: overstatement of assets, overstatement of income, or both.

---

2 The Salary Standardization Law (SSL) limits the amount of salaries and benefits employees from government agencies and government owned and controlled corporations may receive. Land Bank of the Philippines (LBP) got its exemption from this law on February 3, 1995 through R.A. 7907 and amended section of R.A. 3844. Development Bank of the Philippines (DBP) got its exemption from SSL on May 31, 1997 through R.A. 8523 which amended the charter of DBP.

3 As cited at http://www.abs-cbnnews.com/business/09/08/10/aquino-suspends-bonuses-perks-goccs-and-gfis (September 8, 2010) accessed on February 14, 2012.

4 Corporatist means that the profession must be able to blatantly modify self-interested behavior and that the public interest must be upheld.

Cayanan (2004) analyzes the financial reports of 16 banks in 2003 with respect to their compliance with financial reporting standards applicable at that time. Most notable among the findings in the study was the direct charging of provision for bad debts against surplus which resulted in the overstatement of income.[5] The other findings were related to insufficient disclosures by some banks on amounts expected to be received or settled within a year, guarantees, and segment information. There were also cases of non-consIolidation of subsidiaries. The rendering of an "unqualified opinion" on the financial statements of a bank which was found to have a number of financial reporting violations raised concerns on the adherence to generally accepted auditing standards (Cayanan, 2004, p. 9).

Cayanan (2007, pp. 1, 15-16) analyzed the financial reporting practices of 79 listed Philippine holding companies and banks for the period 2002-03. Covering 152 annual reports, the study shows that the financial reporting practices of the companies covered in the study are far from ideal. The study also notes a high concentration of financial reports being audited by one accounting firm. This might not be good for the accounting profession as a dominant audit firm may promote "questionable" reporting practice which in turn, may eventually become part of the generally accepted accounting principles. Industry practice is considered in the formulation of accounting standards. Through the use of logistic regression, the study also finds that companies which need to raise funds through borrowing are more likely to window-dress their financial statements.

Cayanan (2009) updates his 2003 study on the financial reporting practices of listed Philippine banks using 2008 annual reports. His study notes that all the eight banks covered in his study complied with the disclosure requirements on the presentation of accounts expected to be received or settled within a year and breakdown of loan portfolio (Cayanan, 2009, p. 22). However, the study notes that the disclosures on segment information remained insufficient. There are still cases of non-consolidation of subsidiaries and special purpose vehicles. The non-consolidation of these entities provides a better financial position and operating performance to these banks.

4 Methodology

In this study, a total of 56 annual reports from 17 listed Philippine banks and the only two Philippine government banks were assessed in terms of their compliance with the Philippine Generally Accepted Accounting Principles (GAAP) (see Table 1 for the breakdown). The 17 banks comprised the entire list of listed Philippine banks in 2002. In 2008, the eight listed banks covered in the study represented 53% of the 15 listed banks. The total assets of these eight banks accounted for 89% of the total assets of the listed banks in 2008.

Table 1. Sample Statistics

Year	Private Banks	Government Banks
2002	17	2
2003	16	2
2005	7	2
2008	8	2
Total	48	8

A set of financial statements before, during, and after the full implementation of the international accounting standards in 2005 were considered in this study.

Assessment of the financial reports focused on the following elements:

- Presentation of accounts expected to be received or due within a year because banks do not present classified balance sheets;
- Reporting of provision for bad debts against surplus;

[5] Bad debt expenses should be presented in the income statement and not as a direct charge against the stockholders' equity. The Bangko Sentral ng Pilipinas (BSP) allowed this direct charging of bad debt expense against the stockholders' equity during the period covered in the study for reports submitted to BSP. This practice is not consistent with the generally accepted accounting principles.

- Presentation of the breakdown of loan portfolio, i.e. as to sector and as to whether secured or unsecured;
- Disclosure of the value of non-performing loans;
- Disclosure of contingent liabilities;
- Disclosure of related party transactions, e.g. DOSRI accounts[6]; and,
- Disclosure of segment information.

Most of the banks' resources are in the form of financial assets, a large component of which is in loans receivable. The banks may also incur substantial amount of contingent liabilities because of their trust operations and guarantees that they may provide to other borrowers for a fee.

The items enumerated above also represent some of the more common financial reporting violations cited in the previous studies such as Cayanan (2004) and Cayanan (2007).

5 Findings

The government and the listed Philippine banks follow the same generally accepted accounting principles. Table 2 shows the listed Philippine banks reviewed with their respective auditors and the respective auditors' opinions. Thirty eight (38) of the listed banks' annual reports reviewed were given unqualified opinion while 10 were given qualified opinion.

Thirty of these 48 annual reports were audited by SGV & Co. while the remaining 18 were audited by Punongbayan and Araullo (7), Joaquin Cunanan & Co.,/Isla, Lipana & Co. (4), Guzman, Bocaling & Co. (4), and Laya, Mananghaya & Co. (3). The reasons cited for the qualification of opinion were as follows: direct charging of provision for losses against surplus, staggered recognition of losses, and non-consolidation of subsidiaries and special purpose vehicles.

Table 2. List of Listed Philippine Banks Reviewed With Their Respective External Auditors

	Bank	External Auditor	Auditor's Opinion
1.	Asiatrust Bank	SGV & Co.	Qualified (2002) because of the direct charging of provision for probable losses to surplus of PHP194.9 million in 2001 and PHP171.3 million in 2000, net of deferred taxes.
2.	Banco De Oro (BDO)	Punongbayan & Araullo	Unqualified (2002, 2003, 2005, 2008)
3.	Bank of the Philippine Islands (BPI)	Joaquin, Cunanan & Co./ Isla, Lipana & Co.	Unqualified (2002, 2003, 2005, 2008)
4.	Chinabank	SGV & Co.	Unqualified (2002, 2003, 2005, 2008)
5.	Chinatrust (Philippines) Commercial Corporation (Chinatrust)	Laya, Mananghaya & Co.	Unqualified (2002, 2003, 2005)
6.	Citistate Savings Bank (Citistate)	Punongbayan & Araullo	Unqualified (2002, 2003)
7.	Equitable PCIB, Inc.	SGV & Co.	Qualified (2002, 2003) because of the direct charging of provision for bad debts of PHP4.7 billion against surplus in 2001. Unqualified (2005)
8.	Export and Industry Bank	SGV & Co.	Qualified (2002, 2003) due to the staggered recognition of provision for bad debts.
9.	Metropolitan Bank and Trust Company (Metrobank)	SGV & Co.	Unqualified (2002, 2003, 2005, 2008)
10.	Philippine Bank of Communications (PBCom)	SGV & Co.	Unqualified (2002, 2003)

[6] DOSRI refers to directors, officers, stockholders, and related interests.

11.	Philippine National Bank (PNB)	SGV & Co.	Unqualified (2002 and 2003) Qualified (2008) because of deferral of losses and non-consolidation of special purpose vehicles (SPVs)
12.	Philippine Savings Bank (PS Bank)	SGV & Co.	Unqualified (2002, 2003, 2008)
13.	Prudential Bank	Guzman, Bocaling & Co.	Unqualified (2002) Qualified (2003) due to the direct charging of provision for bad debts worth P2.4 billion against surplus in 2003
14.	Philtrust Bank	Guzman, Bocaling & Co.	Unqualified (2002, 2003)
15.	Rizal Commercial Banking Corporation (RCBC)	SGV & Co. (2002, 2003) Punongbayan & Araullo (2008)	Qualified (2002, 2003) because of the direct charging of provision for bad debts against surplus by a subsidiary in 2001 and the staggered booking of provision for bad debts. Qualified (2008) due to the accounting treatment of the non-performing assets sold to special purpose vehicles, the early recognition of the effects of the corporate restructuring related to RCBC Capital and Bankard, and the staggered booking of required additional allowance for impairment on credit card receivables.
16.	Security Bank	SGV & Co.	Unqualified (2002, 2003, 2008)
17.	Unionbank of the Philippines (Unionbank)	SGV & Co.	Unqualified (2002, 2003, 2005)

There are only two (2) government Philippine banks and being government-owned and controlled corporations, these banks are audited by the Commission on Audit, the state auditor (see Table 3).

Table 3. List of Government Banks Reviewed and the Auditor's Opinion

	Name of the Bank	Auditor	Opinion
1.	Development Bank of the Philippines (DBP)	Commission on Audit	Unqualified (2002, 2003, 2005, 2008)
2	Land Bank of the Philippines (LBP)	Commission on Audit	Unqualified (2002, 2003, 2005, 2008)

Table 4 summarizes the findings on both listed and government banks based on the financial reporting practices identified to be the focus as stated in the methodology.

Table 4. Summary of Findings

	Listed Banks		**Government Banks**	
	Number of Non-Compliance	% to Total (48)	Number of Non-Compliance	% to Total (8)
Non-presentation of accounts expected to be received or due within a year	8	17%	0	0%
Reporting of provision for bad debts against surplus	8	17%	0	0%
Non-presentation of the breakdown of loan portfolio	0	0%	4	50%
Non-disclosure of/insufficient disclosure on the value of non-performing loans	6	13%	0	0%
Non-disclosure of/Insufficient disclosures on contingent liabilities	14	29%	2	25%
Non-disclosure of/Insufficient disclosure on related party transactions	7	15%	0	0%
Non-disclosure of/Insufficient disclosure on segment information	37	77%	8	100%

In the case of the listed Philippine banks, all the cases of non-compliance noted on the presentation of accounts expected to be received and settled in one year, the direct charging of provision for bad debts against surplus, and the nondisclosure of or insufficient disclosures on guarantees and other contingent liabilities were related to the 2002 and 2003 financial reports. There were still cases of non-compliance observed on the disclosures related to non-performing loans and related party transactions after 2003. For non-performing loans, two cases of insufficient disclosures were noted in the 2005 annual reports while none was observed in the 2008's. For related party transactions, no case of non-compliance was observed in the 2005 annual reports while two cases were noted in the 2008 annual reports.

An area where the most number of cases of non-compliance was observed was related to segment information. Ten listed banks did not provide segment information in their 2002 and 2003 financial reports and as shown in Table 4, 77% of the 48 annual reports reviewed from the listed banks did not comply with this disclosure requirement. While all the annual reports of the listed banks reviewed in 2005 and 2008 provided segment information, the disclosures provided were oftentimes, incomplete. Among the segment information that were not disclosed included the following: impairment losses, capital expenditures, intersegment revenues, and share in the net income or net loss of associates.

The government banks did not at all present any segment information in their notes to financial statements. They were also remiss in providing a breakdown of their loan portfolio, but this was observed only in 2002 to 2005. Both government banks provided this information in their 2008 financial statements.

5.1 Other specific findings on the listed Philippine banks

In addition to the reported non-compliance by listed Philippine banks in Cayanan (2004) and Cayanan (2009), below is a summary of the more significant findings with respect to their financial reporting practices in 2003 and 2008.

1. Accounting policies which may overstate income. The accounting practices of six of the 16 banks reviewed in 2003 and two banks in 2008 might have led to an overstatement of their net income. These accounting practices are as follows:
    a. Amortization of goodwill over 40 years. At that time, the maximum period allowed for amortization of goodwill by the central bank (Bangko Sentral ng Pilipinas) was only 10 years.[7]
    b. Reporting of available for sale securities and trading account securities at cost. Statement of Financial Accounting Standards No. 19 requires the presentation of these accounts at fair value.
    c. Insufficient provisioning for uncollectible accounts receivable of a credit card subsidiary.
    d. Direct charging of provision for bad debts against surplus.
    e. Deferral of losses from the sale of non-performing loans to a special purpose vehicle.
    f. Staggered recognition of impairment losses from accounts receivable.
2. Non-consolidation of subsidiaries and special purpose vehicles. For 2003, two banks did not consolidate their subsidiaries and in 2008, two banks did not consolidate their special purpose vehicles which according to their respective auditors, should have been consolidated.
3. Issues on rendering of an unqualified opinion. One of the banks reviewed in 2003 was found to have a vague revenue recognition policy on its interest income which is the biggest source of income of a bank, its accounting policy on trading account securities at cost was not consistent with the generally accepted accounting principles, has not provided a number of disclosure requirements such as the amounts expected to be received or settled within a year, contingent liabilities, segment information, earnings per share computation, and related party transactions, among others. Yet, this bank was given an unqualified opinion.

[7] After the full implementation of the international accounting standards in 2005, goodwill is no longer amortized, but is subject to an impairment test.

4. Disclosures on the events and circumstances that led to the recognition or reversal of impairment losses. In its 2008 financial reports, a bank did not disclose the circumstances that led to the reversal of Php 180 million impairment losses in 2007, while another bank did not provide enough information for the recognition of Php300 million impairment losses in 2008.

5.2 Other specific findings on the Philippine government banks

The following are the other financial reporting violations of the Philippine government banks as observed from their annual reports:

1. **Non-presentation of the Statement of Management Responsibility for Financial Statements in the annual reports**. Both banks did not present this in their annual reports. This report is important to identify who are responsible for the financial reports issued to the public.
2. **Deferral of losses from the sale of non-performing loans**. One of the government banks deferred the recognition of the Php2.05 billion loss from the sale of its non-performing loans in its 2005 financial statements. Yet the management was claiming that 2005 was the most productive and most profitable in its 42-year history. If the effect of the Php2.05 billion loss deferment is considered in the income statement, then such an assertion would not hold. For this financial reporting practice, the bank was still given an "unqualified" opinion by the Commission on Audit.
3. **Non-consolidation of subsidiaries**. One of the government banks has 100%-owned subsidiaries which were not consolidated. There was also no summarized information provided on unconsolidated subsidiaries. The names of the subsidiaries were not even disclosed in the 2002 annual report.
4. **Other findings**. Both government banks did not provide adequate information on retirement benefits, e.g. fair value of plan assets, projected benefit obligations.

   One of the government banks accounted for its investment in associates at cost in 2005. The bank should have accounted for it using the equity method of accounting, or should the bank decide to classify the investment as available for sale, then the investment should have been reported at mark-to-market.

The government banks were more transparent with respect to the disclosures on amounts expected to be received and settled within a year and related party transactions. However, their extent of disclosures on the breakdown of loan portfolio by sector was far from ideal. While there were no more violations observed in the 2008 annual reports, the level of disclosures could still be improved if the listed banks' extent of disclosures in this area were to be used as a benchmark. Banks should provide sufficient disclosures on their loan portfolio because this account represents the biggest asset in their balance sheet.

The government banks did not charge provision for bad debts against surplus during the years covered in the study. One government bank, however, deferred the recognition of loss from the sale of its non-performing loans which also overstated net income.

Government banks did not provide segment information. These government banks were engaged in retail banking, corporate banking, and treasury or trust operations during the period covered in the study. Disclosures on these different segments are important in assessing the overall performance of these banks.

6 Conclusion

Banks play a crucial role in the economy. They can serve as conduits for a more efficient flow and allocation of resources. However, public trust must remain intact because a loss of confidence on these entities can be disastrous, not just for the banks themselves, but for the economy as well. It is therefore, important that these banks remain financially sound.

Financial reporting can mitigate the level of information asymmetry between the owners and managers of banks on one hand, and the users of financial statements on the other hand, represented by minority investors, potential investment partners, depositors, creditors, borrowers, and regulators. A reduced level of information asymmetry brought about by more transparent reporting can lead to a lower cost of capital. This will also allow the bank to have better access to capital, not just for equity financing, but even debt financing as well, such as flotation of Tier 2 capital[8] or issuance of long-term commercial papers. A more transparent bank may also earn the loyalty of its depositors and its other customers.

An analysis of the financial reporting practices of government and listed Philippine banks showed that the financial reporting practices of listed Philippine banks are not really better than those of the government banks. With the implementation of the international accounting standards, improvements have been observed with respect to banks' disclosures regarding their liquidity position as information regarding the maturity profile of assets and liabilities are now provided in the notes to financial statements. The disclosures on non-performing loans have also improved. In compliance with Philippine Financial Reporting Standard 7,[9] banks also provide disclosures related to credit risk, liquidity risk, and market risk.

In spite of the new accounting standards, financial reporting violations were still observed in both categories of banks. Some of these cases of non-compliance can affect both the valuation of assets and the amount of reported earnings, while most of the observations were related to lack or insufficient disclosures which rendered the financial reports less informative.

The quality of external audit could needs to be improved for both government and listed banks. There were some observations of financial reporting violations in the listed banks and government banks which may have warranted "qualified" opinions. Yet both banks were given "unqualified" opinions by their respective auditors.

There was one statement, the Statement of Management Responsibility for Financial Statements, that apparently was missing in the annual reports of both government banks, but generally available in the annual reports of listed banks. This statement is very important in identifying accountability for the financial statements as this statement is supposed to be signed by the Chairman of the Board, the President/Chief Executive Officer, and the Chief Financial Officer. Yet, such an important document was nowhere to be found in the annual reports of government banks.

The cases of the financial reporting violations observed in this study, some of which resulted in the overstatement of assets and net income, indicate that more should be done to improve the financial reporting practices of both the government and the listed Philippine banks.

The financial reporting rules appear to be adequate, but there are problems with the implementation. For the listed banks, SEC should come up with measures that would encourage banks to comply with the accounting standards and motivate external auditors to improve the conduct of their audit, e.g. an independent review of the financial reports submitted to SEC by experts.

Since there is no competition on the audit of the government banks, an independent review of the audit they conducted must be performed by accredited accounting firms or a group of accounting teachers and experts from state universities. To enhance the conduct of the audit, there may also be sanctions on the erring heads of the audit teams and the top management of the audited government banks, the degree of which will vary depending on the seriousness of the financial reporting violation uncovered.

[8] Tier 2 capital is a supplementary or a secondary bank capital which includes subordinated debt.
[9] Philippine Financial Reporting Standard 7 is exactly similar to International Financial Reporting Standard 7.

References

Accounting Standards Council. *Statement of Financial Accounting Standards.*

Aquino Suspends Bonuses, Perks of GOCCs and GFIs. (2010). Retrieved February 14, 2012, from http://www.abs-cbnnews.com/business/09/08/10/aquino-suspends-bonuses-perks-goccs-and-gfis

Asiatrust Bank (2002). *Annual Report.*

Barth, J., Caprio, G. & Levine, R. (2006). *Rethinking bank regulation: Till angels govern*. New York: Cambridge University Press.

Banco De Oro BDO (2002, 2003, 2005, 2008). *Annual Report.*

Bank of the Philippine Islands BPI) (2002, 2003, 2005, 2008). *Annual Report.*

Cayanan, A. (2004). An assessment of the financial reporting practices of listed Philippine banks in 2003. *Philippine Management Review*, *11*, 1-11.

Cayanan, A. (2007). An assessment of the financial reporting practices of selected listed Philippine companies. *Philippine Management Review*, *14*, 1- 22.

Cayanan, A. (2009). An assessment of the financial reporting practices of some listed Philippine banks in 2008. *Philippine Management Review*, *16*, 13 - 23.

Cayanan, A. & Valderrama, H. (1997). Financial reporting practices of listed Philippine firms. *Philippine Management Review, 7*, 1-17.

Chinabank (2002, 2003, 2005, 2008). *Annual Report.*

Chinatrust (Philippines) Commercial Corporation (Chinatrust) (2002, 2003, 2005). *Annual Report.*

Citistate Savings Bank (Citistate) (2002, 2003). *Annual Report.*

Development Bank of the Philippines (DBP) (2002, 2003, 2005, 2008). *Annual Report.*

Dyball, M. & Valcarcel, L. (1999). The 'rational' and 'traditional': The regulation of accounting in the Philippines. *Accounting, Auditing and Accountability Journal, 12*(3), 303-327.

Echanis, E. (2002). Financial reporting in the Philippines: issues and reforms. In Lyn, E. and G. Papaioannou (Eds.), *Financial services in the evolving global marketplace* (pp. 182-191). New York: Hofstra University.

Equitable PCIB, Inc. (2002, 2003, 2005). *Annual Report.*

Export and Industry Bank (2002, 2003). *Annual Report.*

Fama, E. (1970). Efficient capital markets: A review of theory and empirical work. *Journal of Finance*, *25*, 383-416.

Financial Reporting Standards Council. *Philippine Accounting Standards and Philippine Financial Reporting Standards.*

Land Bank of the Philippines (LBP) (2002, 2003, 2005, 2008). *Annual Report.*

Malkiel, B. (2003). The efficient market hypothesis and its critics. *Journal of Economic Perspectives*, *17*(1), 59-82.

Metropolitan Bank and Trust Company (Metrobank) (2002, 2003, 2005, 2008). *Annual Report.*

Philippine Bank of Communications (PBCom) (2002, 2003). *Annual Report.*

Philippine National Bank (PNB) (2002, 200, 2008). *Annual Report.*

Philippine Savings Bank (PS Bank) (2002, 2003, 2008). *Annual Report.*

Philtrust Bank (2002, 2003). *Annual Report.*

Prudential Bank (2002, 2003). *Annual Report.*

Rizal Commercial Banking Corporation (RCBC) (2002, 2003, 2008). *Annual Report.*

Security Bank (2002, 2003, 2008). *Annual Report.*

Securities and Exchange Commission (Philippines). *Securities Regulation Code, Implementing Rules and Regulations Nos. 68 and 68.1.*

Unionbank of the Philippines (Unionbank) (2002, 2003, 2005). *Annual Report.*