



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

SUPERVISION AND EXAMINATION SECTOR
Office of the Deputy Governor

CIRCULAR – LETTER

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TO: ALL UNIVERSAL AND COMMERCIAL BANKS

Pursuant to Monetary Board Resolution No. 999 dated 11 July 2002, which allows excess funds of Foreign Currency Deposit Unit (FCDU)/Expanded FCDU (EFCDU) of universal and commercial banks to be lent to the regular banking unit solely for the purpose of funding the latter's net fund outflow on its on-balance sheet foreign exchange transactions, the following amendments to BSP Circular No. 108 dated 09 May 1996, as amended, shall be adopted:

1. Creation of the following accounts –

a) **"Lending – RBU"** [1-4-47-00]

This represents FCDU/EFCDU funds lent to RBU solely for the purpose of funding RBU's net fund outflow on its on-balance sheet foreign exchange transactions, as allowed under existing regulations.

b) **"Borrowing – FCDU/EFCDU"** [2-3-49-00]

This represents foreign currency borrowings by RBU from the FCDU/EFCDU, obtained solely for the purpose of funding the net fund outflow on RBU's on-balance sheet foreign exchange transactions, as allowed under existing regulations.

2. Amendment of the definition of the following subsidiary ledger accounts –

a) **"Accrued Interest Receivable – FCDU/EFCDU"**

This represents interest income already earned but not yet collected/received on loans, investments and deposits of FCDUs/EFCDUs under Circular No. 1389, **as amended, as well as on FCDU/EFCDU funds lent to RBU as allowed under existing regulations**, which shall be recorded at their respective foreign currency amounts.

b) **"Accrued Interest Payable – Foreign Regular"**

This represents the estimated liability for interest incurred/due but not yet paid on foreign borrowings, **including foreign currency borrowings by RBU from the FCDU/EFCDU as allowed under existing regulations**, which shall be set up monthly against current



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operations. This account shall be recorded at their foreign currency amounts and at their local currency equivalent at the applicable rate of exchange prevailing on transaction dates.

c) **"Interest Income – Others"**[5-0-02-40]

This represents interest earned and/or actually collected on all receivable accounts other than loans, such as accounts receivable, sales contract receivable, **FCDU/EFCDU lending to RBU as allowed under existing regulations**, and others.

d) **"Interest Expense – Others"**[6-0-02-08]

This represents payments and/or monthly accruals of interest other than on deposits and borrowed funds (from external sources), such as the interest portion of amortization payments on the purchase of fixed assets on installment basis, **interest on foreign currency borrowings by RBU from the FCDU/EFCDU as allowed under existing regulations, and others.**

3. Revision of pages 22 to 26 and pages 39 to 40 to re-number the accounts under "Other Assets" (Item 22) and "Other Liabilities" (Item 42), so as to align the numerical sequence with those of the General Ledger template, as amended.

Effective immediately, the following revised pages shall be adopted to implement the foregoing amendments –

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| A. Consolidated Statement of Condition (CSOC),
Main Report, pages 6 and 9 | Annex "A" |
| B. Circular No. 108, as amended | |
| 1. Manual of Accounts, pages 22 to 26, 35, 39 to
40, 56-b and 60 | Annex "B" |
| 2. General Ledger (GL) Template, pages 5 and 9 | Annex "C" |



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2 October 2002