



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 691
Series of 2010

Subject: Amendments to the Guidelines on the Transfer of FCDU/EFCDU Profits(Losses) to the RBU Book and to the Selected Accounts and Schedules of the Financial Reporting Package

The Monetary Board in its Resolution No. 765 dated 4 June 2010, approved the following amendments to the guidelines on the transfer of Foreign Currency Deposit Unit (FCDU)/Expanded FCDU to the Regular Banking Unit (RBU) book and to the selected accounts and schedules of the Financial Reporting Package (FRP).

Section 1. Guidelines on the Transfer of FCDU/EFCDU Profits/(Losses) to the RBU Book. Section X564 of the Manual of Regulations for Banks (MORB) and Appendix 16 of the Manual of Regulations on Foreign Exchange Transactions (MORFXT) issued under Circular No. 645 dated 13 February 2009 are hereby amended as follows:

"Following are the guidelines on the transfer of 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' and 'Undivided Profits/(Losses)' from the FCDU/EFCDU to the RBU book:

1. **'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity'**. Whenever the total of the following:
 - a. 'Retained Earnings Free – FCDU/EFCDU';
 - b. 'Undivided Profits/(Losses) - FCDU/EFCDU' comprising of the following:
 - (1) Net realized profits/(losses);
 - (2) 'Net Unrealized Gains/(Losses) from Operations' as defined in Item 2 of this Section.
 - c. Net unrealized gains/(losses) recognized directly in equity comprising of the following:
 - (1) 'Net Unrealized Gains/(Losses) on AFS Financial Assets – FCDU/EFCDU' recognized directly in equity; and
 - (2) 'Gains/(Losses) on Fair Value Adjustments of Hedging Instruments – FCDU/EFCDU' recognized directly in equity.

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results to a net debit balance (referred to as 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' in this Section), the bank shall immediately transfer from the RBU book to the FCDU/EFCDU book eligible foreign currency assets by a credit to 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity', which account shall not be subject to asset and liquid asset cover requirements.

For purposes of this Section, a net credit balance in the total of the foregoing Items 1.a, 1.b and 1.c shall be considered as a zero balance in 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity'.

The amount of eligible foreign currency assets to be transferred from the RBU book to the FCDU/EFCDU book shall be that which will bring the balance of 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' equal to the 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity'.

Whenever the balance of 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' exceeds the 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity', the excess shall be settled at the end of the reference month by the FCDU/EFCDU to the RBU book by a debit to 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' and a credit to the eligible foreign currency assets.

For purposes of this Section, the eligible foreign currency assets shall be in the form of:

- a. Due from BSP – Foreign Currency;
- b. Due from other banks (Other FCDUs/EFCDUs, OBUs and non-resident banks);
- c. Investments in readily marketable foreign currency denominated debt instruments, except for the following:
 - (1) those which are sold/lent in repurchase agreement/securities lending and borrowing transactions and those used as additional collateral in repurchase agreements or as collateral of the borrowing bank in securities lending and borrowing transactions;
 - (2) those investments in structured products; and
 - (3) those Philippine debt papers which were restructured during the period of moratorium in the payment of external debt.

Provided, That these shall likewise be booked under the same category in the RBU book/(in the FCDU/EFCDU book) as they were

before the transfer from the FCDU/EFCDU book/(from the RBU book).

2. Undivided Profits/(Losses). The transfer of 'Undivided Profits/(Losses) – FCDU/EFCDU' to the 'Retained Earnings Free' account in the RBU book at the end of calendar or fiscal year adopted by the bank shall refer to net realized profits/(losses) only and shall exclude the following:

- a. 'Unrealized Gains/(Losses) from Marking to Market of Financial Assets and Liabilities Held for Trading (HFT)';
- b. 'Unrealized Gains/(Losses) from Marking to Market of Financial Assets and Liabilities Designated at Fair Value through Profit or Loss (DFVPL)';
- c. 'Foreign Exchange Profit/(Loss)', (i.e., arising from revaluation of foreign exchange transactions);
- d. 'Unrealized Gains/(Losses) from Remeasurement of Hedging Instruments', and
- e. 'Unrealized Gains/(Losses) from Remeasurement of Hedged Items'

(collectively referred to as 'Net Unrealized Gains/(Losses) from Operations' in this Section): *Provided*, That prior to the transfer of net realized FCDU/EFCDU profits/(losses) to the 'Retained Earnings Free' in the RBU book, the FCDU/EFCDU shall fully comply with BSP's provisioning requirements.

The net realized and unrealized FCDU/EFCDU profits/(losses) shall be credited/(debited) to 'Undivided Profits/(Losses) – FCDU/EFCDU' at the end of each reference month which account shall be credited/(debited) to 'Retained Earnings Free - FCDU/EFCDU' at the end of calendar or fiscal year adopted by the bank.

The transfer of net realized FCDU/EFCDU profits/(losses) to the RBU shall be made by a debit/(credit) to 'Retained Earnings Free – FCDU/EFCDU' and a corresponding transfer of eligible foreign currency assets from the FCDU/EFCDU to the RBU book/(from the RBU to the FCDU/EFCDU book) within a period of one month from the end of the calendar or fiscal year adopted by the bank: *Provided, however*, That if after the transfer of net realized FCDU/EFCDU profits/(losses) the balance of 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' exceeds the balance of 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity', the bank shall transfer eligible foreign currency assets from the RBU to the FCDU/EFCDU book on the same date of transfer of the net realized FCDU/EFCDU profits/(losses) by a credit to 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity': *Provided, further*, That if after the transfer of net realized FCDU/EFCDU

profits/(losses) the balance of 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' exceeds the balance of 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity', the bank shall transfer eligible foreign currency assets from the FCDU/EFCDU to the RBU book on the same date of transfer of the net realized FCDU/EFCDU profits/(losses) by a debit to 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity'. The amount of eligible foreign currency assets to be transferred from the RBU to the FCDU/EFCDU book or from the FCDU/EFCDU to the RBU book, as the case may be, shall be that which will bring the balance of 'Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' equal to the 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity'.

The balance of 'Retained Earnings Free – FCDU/EFCDU' account shall, after the transfer of net realized FCDU/EFCDU profits/(losses) to the RBU book, correspond to the cumulative unrealized gains/(losses) from operations from prior years arising from the following:

- a. Marking-to-market of 'Financial Assets and Liabilities Held for Trading (HFT)';
- b. Marking-to-market of 'Financial Assets and Liabilities Designated at Fair Value through Profit or Loss (DFVPL)';
- c. Revaluation of foreign exchange transactions;
- d. Remeasurement of 'Hedging Instruments'; and
- e. Remeasurement of 'Hedged Items'.

For purposes of this Section, 'Retained Earnings – Free – FCDU/EFCDU', shall, in the case of Philippine branches of foreign banks refer either to 'Due to Head Office/Branches/Agencies Abroad – Unremitted Profits not yet approved by the BSP – FCDU/EFCDU' if credit balance or 'Due from Head Office/Branches/Agencies Abroad – Losses in Operation of Philippine Branch of Foreign Banks – FCDU/EFCDU' if debit balance: *Provided*, That for purposes of determining compliance with FCDU/EFCDU cover requirements the balance of 'Due to Head Office/Branches/Agencies Abroad – Unremitted Profits not yet approved by the BSP – FCDU/EFCDU' shall not be subject to FCDU/EFCDU asset and liquid asset cover requirements, while the balance of 'Due from Head Office/Branches/Agencies Abroad – Losses in Operation of Philippine Branch of Foreign Banks – FCDU/EFCDU' shall not be offset against the 'Due to Head Office/Branches/Agencies' account."

The amended illustrative accounting entries on the transfer of FCDU/EFCDU profits/(losses) which shall supersede Appendix 85 of the MORB and which shall be added as Appendix 16.1 of the MORFXT is attached as **Annex A**.

Section 2. Amendment to Section 84 of the MORFXT. Paragraph 3 of Section 84 of the MORFXT issued under Circular No. 645 dated 13 February 2009, is hereby amended as follows:

"Section 84. Accounting. X x x

'The transfer of 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' and 'Undivided Profits/(Losses)' from the FCDU/EFCDU to the Regular Banking Unit (RBU) book shall be subject to the guidelines and conditions under Appendix 16."

Section 3. Amendment to Appendix 15 of the MORFXT. The amended Report on Compliance with FCDU/EFCDU Cover Requirements under Appendix 15 of the MORFXT which form part of the Financial Reporting Package is attached as **Annex B.**

Section 4. Amendments to Selected Accounts and Schedules of the Financial Reporting Package. The selected accounts and schedules of the Financial Reporting Package (FRP) issued under Circular No. 512 dated 3 February 2006, as amended, are hereby amended, as follows:

1. **Manual of Accounts.** The definition and composition of "Due from FCDU/RBU" and "Due to FCDU/RBU" is hereby amended, as follows:

"Asset Accounts

26. Due from FCDU/RBU – X x x

(a) X x x

Sub-account (b) shall only apply to the RBU book:

- (b) **Due from FCDU/EFCDU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity** – This refers to the amount of receivables by the RBU from FCDU/EFCDU corresponding to the amount of eligible foreign currency assets transferred from the RBU book to the FCDU/EFCDU book representing 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' in the FCDU/EFCDU book.

"Liability Accounts

32. Due to FCDU/RBU – X x x

(a) X x x

Sub-account (b) shall only apply to the FCDU/EFCDU book:

- (b) **Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity** – This refers to the amount of payables by the FCDU/EFCDU to the RBU corresponding to the amount of eligible foreign currency assets transferred from the RBU book to the FCDU/EFCDU book representing 'Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity' in the FCDU/EFCDU book.

"Equity Accounts"

4. Retained Earnings

(a) Retained Earnings Reserve

X x x

- (b) **Retained Earnings Free** – This refers to the unappropriated or free portion of the accumulated profits of the bank.

A separate 'Retained Earnings Free' account in the FCDU/EFCDU book shall be maintained, which shall be defined as follows:

Retained Earnings Free – This refers to the net realized FCDU/EFCDU profits/(losses) of the preceding year pending transfer to the RBU book within the prescribed period and the cumulative unrealized gains/(losses) from operations in the FCDU/EFCDU from prior years arising from the following:

- (i) Marking-to-market of 'Financial Assets and Liabilities Held for Trading';
- (ii) Marking-to-market of 'Financial Assets and Liabilities Designated at Fair Value through Profit or Loss';
- (iii) Revaluation of foreign exchange transactions;
- (iv) Remeasurement of 'Hedging Instruments'; and
- (v) Remeasurement of 'Hedged Items'.

For Philippine branches of foreign banks, instead of the 'Retained Earnings Free' account the 'Due to Head Office/Branches/Agencies Abroad – Unremitted Profits not yet approved by the BSP' shall be used if credit balance and the 'Due from Head Office/Branches/Agencies Abroad – Losses in Operation of Philippine Branch of Foreign Banks' shall be used if debit balance.

2. **Balance Sheet.** Balance sheet equity account Item 7(c) "Cumulative Foreign Currency Translation" under the FCDU/EFCDU column is hereby unblocked, as follows:

Account Description	Account Code	FCDU/EFCDU	
		In US \$	Peso Equiv.
Equity Accounts			
(7) Other Comprehensive Income	320000000000000000	0.00	0.00
(c) Cumulative Foreign Currency Translation	320150000000000000		UNBLOCKED

3. **Schedule 42 – Disclosure of Due from FCDU/RBU and Due to FCDU/RBU.** Schedule 42 is hereby amended, as follows:

Particulars	
Disclosure of Due from FCDU/RBU	
1.	Due from FCDU/RBU – Clearing Account other than those disclosed in Item 2.
2.	Due from FCDU/EFCDU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity ^{1/}
TOTAL	
Disclosure of Due to FCDU/RBU	
1.	Due to FCDU/RBU – Clearing Account other than those disclosed in Items 2
2.	Due to RBU – FCDU/EFCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity ^{2/}
TOTAL	

1/ This account shall only apply to the RBU book.

2/ This account shall only apply to the FCDU/EFCDU book.

Section 5. Amendment to Memorandum M-2009-12. Item F.24 of Memorandum No. M-2009-12 (Frequently Asked Questions on the Preparation of Prudential Reports) dated 16 April 2009, is hereby amended as follows:

“F. Published Balance Sheet (PBS)

‘24. For branches of foreign banks, how shall the prior year’s net unrealized profits/(losses) from operations under the FCDU/EFCDU book be presented?

‘Prior year’s net unrealized profits/(losses) from operations credited to “Due to Head Office/Branches/Agencies Abroad – Unremitted Profits not yet approved by the BSP – FCDU/EFCDU”/(debited to “Due from Head Office/Branches/Agencies Abroad – Losses in Operation of Philippine Branch of Foreign Banks – FCDU/EFCDU”) account at the end of the calendar or fiscal year adopted by the bank shall be presented as part of the “Net Due to Head Office/Branches/Agencies” account in the Published Balance Sheet.

Section 6. Repealing Clause. This Circular supersedes/amends/modifies the provisions of Section X564 and Appendix 85 of the MORB, Section 84

(Paragraph 3) and Appendices 15 and 16 of the MORFXT issued under Circular No. 645 dated 13 February 2009, Item F.24 of Memorandum No. M-2009-12 dated 16 April 2009, as well as the selected accounts and schedules of the FRP issued under Circular No. 512 dated 3 February 2006, as amended, and other existing Circulars, memoranda and/or regulations that are inconsistent herewith.

Section 7. Effectivity. This Circular shall take effect fifteen (15) calendar days after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


for **AMANDO M. TETANGCO, JR.**
Governor

23 June 2010

ILLUSTRATIVE ACCOUNTING ENTRIES

	E/FCDU Account Balances				
	Undivided Profits/(Losses)	Retained Earnings - Free 1/	Net Unrealized Gains/(Losses) in Equity	Due to RBU* 4/ 5/	Due from Other Banks/Cash
Case 1 (Independent of Case 2)					
1A. Interim period					
Assumed balance of selected accounts are as follows:					
(1) Retained Earnings Free - E/FCDU - Beginning ^{1/}	5	5			
(2) Undivided Profits/(Losses) - E/FCDU	50				
Net Realized Profits/(Losses) ^{2/}	(8)				
Net Unrealized Gains/(Losses) from Operations ^{3/ *}	42				
(3) Net Unrealized Gains/(Losses) Recognized in Equity - E/FCDU	(10)		(10)		
	<u>37</u>				
Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity	-				
Balance	42	5	(10)	-	-
Computation of excess amount to be settled by E/FCDU to RBU / (amount to be transferred by RBU to E/FCDU to cover net realized/unrealized E/FCDU losses) ^{4/ 5/}					
Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity	-				
Less: Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity [42+5-10=37 net gain] ^{6/}	-				
Excess amount to be settled by E/FCDU to RBU	-				
Balance	42	5	(10)	-	-

E/FCDU Account Balances				
Undivided Profits/(Losses)	Retained Earnings - Free 1/	Net Unrealized Gains/(Losses) in Equity	Due to RBU* 4/ 5/	Due from Other Banks/Cash
1B. Year-end				
Assumed balance of selected accounts are as follows:				
(1) Retained Earnings Free - E/FCDU - Beginning ^{1/}	5			
(2) Undivided Profits/(Losses) - E/FCDU Net Realized Profits/(Losses) ^{2/}	50 (8)			
(3) Net Unrealized Gains/(Losses) from Operations ^{3/}				
(3) Net Unrealized Gains/(Losses) Recognized in Equity - E/FCDU		(10)		
		37		
Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity	-			
Balance	42	(10)	-	-
To close realized E/FCDU profits to Retained Earnings Free - E/FCDU ^{1/ 2/ 7/}				
Dr. Undivided Profits/(Losses) - E/FCDU	50			
Cr. Retained Earnings Free - E/FCDU		50		
To close unrealized E/FCDU losses to Retained Earnings Free - E/FCDU ^{1/ 7/}				
Dr. Retained Earnings Free - E/FCDU	8			
Cr. Undivided Profits/(Losses) - E/FCDU		8		
Balance after closing Undivided Profits to Retained Earnings Free - E/FCDU	-	(10)	-	-
To record transfer of realized E/FCDU profits to RBU ^{2/ 8/}				
Dr. Retained Earnings Free - E/FCDU	50			
Cr. Due from Other Banks/Cash - E/FCDU		50		
The corresponding journal entry in the RBU book is as follows:				
Dr. Due from Other Banks/Cash	50			
Cr. Retained Earnings Free - RBU		50		
Balance after transfer of realized E/FCDU profits to RBU	-	(10)	-	(50)

E/FCDU Account Balances					
	Undivided Profits/ (Losses)	Retained Earnings - Free 1/	Net Unrealized Gains/(Losses) in Equity	Due to RBU * 4/ 5/	Due from Other Banks/Cash
Computation of excess amount to be settled by E/FCDU to RBU / (amount to be transferred from RBU to E/FCDU to cover net realized/unrealized E/FCDU losses) ^{4/ 5/} Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity - Less: Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity [0-3-10 = 13 net loss] 13 Amount to be transferred from RBU to E/FCDU (13)					
To record receipt of assets from RBU to cover net realized/unrealized FCDU/EFCDU losses" ^{4/ 8/} Dr. Due from Other Banks/Cash - E/FCDU 13 Cr. Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity 13				13	13
The corresponding journal entry in the RBU book is as follows: Dr. Due from E/FCDU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity 13 Cr. Due from Other Banks/Cash 13					
Balance as at year-end after receipt of assets from RBU	-	(3)	(10)	13	(37)

E/FCDU Account Balances					
	Undivided Profits/(Losses)	Retained Earnings - Free 1/	Net Unrealized Gains/(Losses) in Equity	Due to RBU* 4/ 5/	Due from Other Banks/Cash
CASE 2 (independent of Case 1)					
2A. Interim period					
Assumed balance of selected accounts are as follows:					
(1) Retained Earnings Free - E/FCDU - Beginning ^{1/}	5				
(2) Undivided Profits/(Losses) - E/FCDU					
Net Realized Profits/(Losses) ^{2/}	10				
Net Unrealized Gains/(Losses) from Operations ^{3/}	(7)				
(3) Net Unrealized Gains/(Losses) Recognized in Equity - E/FCDU	(20)		(20)		
	<u>(12)</u>				
Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity	14				
Balance	3	5	(20)	14	-
Computation of excess amount to be settled by E/FCDU to RBU / (amount to be transferred by RBU to E/FCDU to cover net realized/unrealized E/FCDU losses) ^{4/ 5/}					
Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity	14				
Less: Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity					
[3+5-20 = 12 net loss]	12				
Excess amount to be settled by E/FCDU to RBU	<u>2</u>				
To record settlement of excess Due to RBU - E/FCDU ^{5/}					
Dr. Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity					
Due from Other Banks/Cash - E/FCDU	2				
Cr. Due from Other Banks/Cash				(2)	
The corresponding journal entry in the RBU book is as follows:					
Dr. Due from Other Banks/Cash					
Due from E/FCDU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity	2				
Cr. Recognized in Profit or Loss and in Equity					
Balance	3	5	(20)	12	(2)

E/FCDU Account Balances					
	Undivided Profits/(Losses)	Retained Earnings - Free 1/	Net Unrealized Gains/(Losses) in Equity	Due to RBU* 4/ 5/	Due from Other Banks/Cash
2B. Year-end					
Assumed balance of selected accounts are as follows:					
(1) Retained Earnings Free - E/FCDU - Beginning ^{1/}		5			
(2) Undivided Profits/(Losses) - E/FCDU					
Net Realized Profits/(Losses) ^{2/}	10				
Net Unrealized Gains/(Losses) from Operations ^{3/}	(7)				
(3) Net Unrealized Gains/(Losses) Recognized in Equity - E/FCDU			(20)		
			(12)		
Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity				14	
Balance	3	5	(20)	14	-
To close realized E/FCDU profits to Retained Earnings Free - E/FCDU ^{1/ 2/ 7/}					
Dr. Undivided Profits/(Losses) - E/FCDU	10				
Cr. Retained Earnings Free - E/FCDU		10			
To close unrealized E/FCDU losses to Retained Earnings Free - E/FCDU ^{1/ 7/}					
Dr. Retained Earnings Free - E/FCDU	7				
Cr. Undivided Profits/(Losses) - E/FCDU		7			
Balance after closing Undivided Profits to Retained Earnings Free - E/FCDU	-	8	(20)	14	-
To record transfer of realized E/FCDU profits to RBU ^{2/ 8/}					
Dr. Retained Earnings Free - E/FCDU	10				
Cr. Due from Other Banks/Cash - E/FCDU		(10)			(10)
The corresponding journal entry in the RBU book is as follows:					
Dr. Due from Other Banks/Cash	10				
Cr. Retained Earnings Free - RBU					10
Balance after transfer of realized E/FCDU profits to RBU	-	(2)	(20)	14	(10)

E/FCDU Account Balances					
	Undivided Profits/(Losses)	Retained Earnings - Free 1/	Net Unrealized Gains/(Losses) in Equity	Due to RBU* 4/ 5/	Due from Other Banks/Cash
Computation of excess amount to be settled by E/FCDU to RBU / (amount to be transferred by RBU to E/FCDU to cover net realized/unrealized E/FCDU losses) ^{4/ 5/} Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity ¹⁴ Less: Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity [0-2-20 = 22 net loss] ⁽²²⁾ Amount to be transferred from RBU to E/FCDU ⁽⁸⁾					
To record receipt of assets from RBU to cover net realized/unrealized FCDU/EFCDU losses ^{4/ 8/} Dr. Due from Other Banks/Cash - E/FCDU ⁸ Cr. Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity ⁸				8	8
The corresponding journal entry in the RBU book is as follows: Dr. Due from E/FCDU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity ⁸ Cr. Due from Other Banks/Cash ⁸					
Balance as at year-end after receipt of assets from RBU	-	(2)	(20)	22	(2)

*1/ Refers to "Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity".

1/ For Philippine branches of foreign banks, instead of the "Retained Earnings Free - E/FCDU" account the "Due to HO/Br/Agencies Abroad" shall be used if credit balance and the "Due from HO/Br/Agencies Abroad" shall be used if debit balance. The balance of "Retained Earnings - Free - E/FCDU" shall, after the transfer of net realized FCDU/EFCDU profits/(losses) to the RBU book, correspond to the cumulative unrealized gains/(losses) from operations from prior years.

2/ As used herein, net realized E/FCDU profits/(losses) shall refer to "Undivided Profits/(Losses) - E/FCDU" less "Net Unrealized Gains/(Losses) from Operations".

3/ "Net Unrealized Gains/(Losses) from Operations - E/FCDU" refers to the total of the following: (a) "Unrealized Gains/(Losses) from Marking to Market of Financial Assets and Liabilities Held for Trading"; (b) "Unrealized Gains/(Losses) from Marking to Market of Financial Assets and Liabilities Designated at Fair Value through Profit or Loss"; (c) "Foreign Exchange Profit or Loss," (i.e., arising from revaluation of FX transactions); (d) "Unrealized Gains/(Losses) from Remeasurement of Hedging Instruments"; and (e) "Unrealized Gains/(Losses) from Remeasurement of Hedged Items".

E/FCDU Account Balances				
	Undivided Profits/ (Losses)	Retained Earnings - Free 1/	Net Unrealized Gains/(Losses) in Equity	Due to RBU* 4/ 5/ Due from Other Banks/Cash

4/ Whenever there results a "Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity - E/FCDU" the bank shall immediately transfer eligible foreign currency assets from the RBU to the E/FCDU by a credit to "Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity", which account shall not be subject to asset and liquid asset cover requirements. The amount of eligible foreign currency assets to be transferred from the RBU book to the E/FCDU book shall be that which will bring the balance of "Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity" equal to the "Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity - E/FCDU".

5/ Whenever the balance of "Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity" exceeds the "Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity - E/FCDU", the excess shall be settled at the end of each reference month by the FCDU/EFCDU to the RBU book by transferring eligible foreign currency assets to the RBU.

6/ The "Net Realized/Unrealized FCDU/EFCDU Losses Recognized in Profit or Loss and in Equity" has zero balance since the result is a net gain.

7/ For clarity, the journal entries pertaining to realized and unrealized E/FCDU profits/(losses) are shown separately.

8/ Assumed that the net realized E/FCDU profits/(losses) was transferred to the RBU book at year-end. For clarity, the journal entries on the transfer of eligible foreign currency assets pertaining to net realized E/FCDU profits/(losses) and "Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity" are shown separately.

Deadline:

BANK NAME

REPORT ON COMPLIANCE WITH E/FCDU COVER REQUIREMENT

AS OF QUARTER END _____

	Schedule	Total	Ratio
A. Total E/FCDU Liabilities Requiring Cover [A1 + A2 - A3 - A4]			
1. E/FCDU Liabilities (excluding Due to HO/Br Abroad)	Total E/FCDU Liab less BS Item L31	0.000	
2. Net Due to HO/Br Abroad - E/FCDU ^{1/}	BS Item L31 - A25	0.000	
3. Due to RBU - E/FCDU Net Realized/Unrealized Losses Recognized in Profit or Loss and in Equity	Sch. 42	0.000	
4. Bills Payable - Repurchase Agreements with BSP	Sch. 24	0.000	
B. Total E/FCDU Asset Cover ^{2/}			
a. Foreign currency cash on hand	BS Item A1	0.000	
b. Foreign currency checks and other cash items	BS Item A2	0.000	
c. Due from BSP Foreign Currency - E/FCDU	BS Item A3, Sch. 39a	0.000 5/6	
d. Due from Other Banks - E/FCDUs/OBUs/Non-Resident	Sch. 2	0.000	
	Liquid Assets	0.000	
	Other Assets	0.000	
	Total	0.000	

		Liquid Assets	Other Assets	Total	Ratio
e. Derivatives with Positive Fair Value Held for Trading/Hedging					
1. Derivatives with Positive Fair Value Held for Trading	BS Item A5(b)		0.000	0.000	
2. Derivatives with Positive Fair Value Held for Hedging	BS Item A13		0.000	0.000	
f. Investments in foreign currency-denominated debt instruments:					
1. Held for Trading (HFT) - E/FCDU	BS Item A5(a)				
a. Sold/Lent/Collateralized in Repurchase/SLB Transactions	Sch. 3a		0.000	0.000	
c. Structured Products	Sch. 3		0.000	0.000	
d. Others	Sch. 3, Sch. 3a	0.000 7/	0.000	0.000	
2. Financial Assets DFPVL - E/FCDU	BS Item A6				
a. Sold/Lent/Collateralized in Repurchase/SLB Transactions			0.000	0.000	
b. Structured Products	Sch. 5		0.000	0.000	
c. Others	Sch. 5	0.000 7/	0.000	0.000	
3. Available for Sale (AFS) - E/FCDU	BS Item A7(i)				
a. Sold/Lent/Collateralized in Repurchase/SLB Transactions	Sch. 6a		0.000	0.000	
b. Structured Products	Sch. 6		0.000	0.000	
c. Others	Sch. 6, Sch. 6a	0.000 7/	0.000	0.000	
4. Held to Maturity (HTM) - E/FCDU	BS Item A8				
a. Sold/Lent/Collateralized in Repurchase/SLB Transactions	Sch. 7a		0.000	0.000	
b. Structured Products	Sch. 7		0.000	0.000	
c. Others	Sch. 7	0.000 7/	0.000	0.000	

	BS Item A9	Liquid Assets	Other Assets	Total	Ratio
g. Unquoted Debt Securities Classified as Loans - E/FCDU			0.000 8/	0.000	
h. Loans and Receivables - E/FCDU authorized by BSP, except those classified by the BSP as loss					
1. Loans to BSP	BS Item A11.a, Sch. 39a	0.000 5/	0.000	0.000	
2. Interbank loans receivable	Sch. 10, Sch. 39a	0.000 5/	0.000	0.000	
3. Loans and receivables - others	Sch. 11				
a. Outstanding export bills purchased	Sch. 11	0.000 8/		0.000	
b. Short-term E/FCDU loans to exporters in the form of export packing credits up to the extent guaranteed by TIDCORP or SBGFC, provided not overdue	Sch. 11	0.000 8/		0.000	
c. Others					
(i) Loans with specific approval by the BSP	Sch. 11		0.000 9/	0.000	
(ii) Short-term loans to resident private sector borrowers which under existing regulations requires no prior BSP approval and allowed to be serviced using foreign exchange purchased from the banking system	Sch. 11		0.000 9/	0.000	
(iii) Loans to resident private sector borrowers to be serviced using foreign exchange purchased from outside the banking system	Sch. 11		0.000 9/	0.000	
(iv) Loans to non-resident to be serviced using foreign exchange purchased from outside the banking system	Sch. 11		0.000 8/	0.000	
i. Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions - E/FCDU	Sch. 12, Sch. 39a	0.000 5/	0.000	0.000	

		Liquid Assets	Other Assets	Total	Ratio
j.	Foreign currency accrued interest income from financial assets - E/FCDU		0.000	0.000	
k.	Accounts receivable arising from the sale of financial assets under trade date accounting - E/FCDU ^{3/}	0.000 ^{10/}	0.000	0.000	
l.	Loans to RBU by E/FCDU net of transactions outstanding for over 1 year		0.000	0.000	
C.	Exempt Liabilities ^{4/}		0.000	0.000	
D.	Excess/(Deficiency) in Liquid Assets [Liquid Assets - 30% * (Item A - Item C)]			0.000	11/ %
E.	Excess/(Deficiency) in Cover Requirement (Total Assets - Item A)			0.000	12/ %

1/ Applicable to Philippine branches of foreign banks only. If resulting balance is a Net Due from HO/Br Abroad, the amount to be shown as Net Due to HO/Br Abroad shall be zero. Net Due from HO/Br Abroad shall not be eligible for both the 100% asset and 30% liquid asset cover. Net realized profits and/or net unrealized profits credited to Due to HO/Br Abroad shall not be subject to E/FCDU cover requirements. Net realized losses and/or net unrealized losses debited to Due from HO/Br Abroad shall not be offset against Due to HO/Br Abroad.

2/ At net carrying amount (i.e. net of premiums/(discounts), accumulated market gains/(losses) and allowance for impairment loss)

3/ Accounts Receivable arising from sale of financial assets under the trade date accounting pending actual settlement/delivery of the underlying assets/securities

4/ Refers to liabilities exempt from 30% liquid cover requirement as may be approved by the Monetary Board

5/ Maturing within 1 year

6/ Unencumbered

7/ Readily marketable

8/ EFCDU only

9/ Maturing within 1 year for FCDU and regardless of maturity for EFCDU

10/ Arising from sale of readily marketable debt instruments

11/ [Liquid Assets / (A-C)]*100

12/ [Total Assets / A] *100