



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR LETTER Series of 2000

Subject: BSP Circular Letter dated March 31, 1999

Please be informed that the Monetary Board, in its Resolution No. 437 dated March 17, 2000, decided as follows:

- a. to allow Philippine branches of foreign banks to exclude the Foreign Currency Deposit Unit (FCDU) portion of "net due to" utilized as capital in the computation of the foreign bank branch's capital which will form part of the loanable funds for agri-agra purposes, using the actual ratio of FCDU "net due to" to total "net due to" (Regular Banking Unit and FCDU) as basis for the amount to be deducted from total capital accounts. (Attached as Annex "A" is the sample computation);
- b. to clarify footnote no. 6 of the main report of the Consolidated Report on Utilization of Loanable Funds Generated Which Were Set Aside for Agrarian Reform Credit/Other Agricultural Credit (BSP 7-16-27) that the provision for liquidity deducted from the computation of the loanable funds generated for purposes of compliance with the agri-agra requirements shall exclude FCDU deposits and FCDU demand liabilities; and
- c. to reclassify the quarterly Consolidated Report on Utilization of Loanable Funds Generated Which Were Set Aside for Agrarian Reform Credit/Other Agricultural Credit (BSP 7-16-27) from a Category B to a Category A-3 report.

Accordingly, the following footnotes of the main report of the Consolidated Report on the Utilization of Loanable Funds Generated Which Were Set Aside for Agrarian Reform Credit/Other Agricultural Credit (BSP 7-16-27) shall be amended to read as follows:



a. Footnote no. 5

"For Philippine branches of foreign banks, this refers to Assigned Capital and Net Due to Head Office/Branches/Agencies Abroad but not to exceed four (4) times the amount of Assigned Capital; three (3) times in the case of branches of foreign banks with EKB license. The Foreign Currency Deposit Unit (FCDU) portion of said "net due to" which amount shall be computed using the actual ratio of FCDU "net due to" to "total net due to" (Regular Banking Unit and FCDU) as basis for computing said FCDU portion shall be deducted from total capital accounts."

b. Footnote no. 6

"Excluding FCDU accounts. Demand Liabilities refers to all liabilities that are due and demandable within 30 days from date of report."

The reclassification of the Consolidated Report on Utilization of Loanable Funds Generated Which Were Set Aside for Agrarian Reform Credit/Other Agricultural Credit (BSP 7-16-27) from a Category B to a Category A-3 report shall take effect with the March 31, 2000 report. All other provisions of this Circular Letter shall take effect immediately.


RAFAEL B. BUENAVENTURA
Governor

April 3, 2000

Annex "A"

Sample Computation

		Amount	Ratio to Total "Net Due To"
1. <u>FCDU Books</u>			
Due to	P2,560.0		
Less: Due from	<u>1,200.0</u>		
Net due to	<u>P1,360.0</u>	<u>P1,360.0</u>	61.00%
2. <u>RBU Books</u>			
Due to	P2,000.0		
Less: Due from	<u>1,140.0</u>		
Net due to	<u>P 860.0</u>	<u>P 860.0</u>	<u>39.00%</u>
Total Net due to (FCDU and RBU)		<u>P2,220.0</u>	<u>100.00%</u>

Multiply the resultant ratio of FCDU book's "Net due to" to total "Net due to" (FCDU and RBU) to the amount of "Net due to" utilized as part of bank's capital accounts to determine the amount to be deducted from bank's total capital accounts.

Example:

Net Due to (utilized as capital)	P 840.0
Multiplied by Ratio of FCDU "Net due to" to Total "Net due to"	61%
Total amount to be deducted from Bank's total capital accounts which will form part of loanable funds for purposes of compliance with Agri-Agra	P <u>512.4</u>