



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

Memorandum to All Universal Banks and Commercial Banks

Memorandum to All Banks and Non-Bank Financial Institutions Concerned dated 17 February 2003, as amended, on the guidelines for the issuance of unsecured subordinated debt (USD) eligible as Tier 2 capital of banks, specifically the first paragraph of Section I (Accounting Treatment) thereof is hereby amended, to read as follows:

*"Obligations arising from the issuance of USD shall be booked under a new General Ledger account title "Unsecured Subordinated Debt", which shall be presented as a **last item in the Liability Accounts section of the Statement of Condition**. However, only the net proceeds actually received from the debt issues shall be considered as Tier 2 capital. Moreover, if the debt is issued at a premium, the premium shall not be counted as part of Tier 2 capital."*

To implement the aforesaid Section I (Accounting Treatment) of the Memorandum, the Manual of Accounts and reportorial requirements for universal banks and commercial banks prescribed under Circular No 108 dated 9 May 1996, as amended, are accordingly amended to incorporate the following:

I. Creation of new general and subsidiary ledger accounts, as follows:

Liability Accounts

- 44.a Unsecured Subordinated Debt (2-4-00-00)
Premium on Unsecured Subordinated Debt (2-4-00-01)
Discount on Unsecured Subordinated Debt (2-4-00-02)

Unsecured Subordinated Debt – Local Currency

This represents obligations arising from the issuance of unsecured subordinated debt denominated in local currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions.

Premium on Unsecured Subordinated Deb – Local Currency
Discount on Unsecured Subordinated Deb – Local Currency

MAG-IMPOK SA BANGKO

This represents unamortized premium/discount on issuance of unsecured subordinated debt denominated in local currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions. The amortization of the premium/discount shall be made monthly by a debit/credit, respectively, to this account with the corresponding credit/debit to "Interest Expense on Unsecured Subordinated Debt – Local Currency" account.

Unsecured Subordinated Debt – Foreign Regular 1/

This represents obligations arising from the issuance of unsecured subordinated debt denominated in foreign currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions. These debts shall be recorded at their foreign currency amounts and at their local currency equivalent at the applicable rate of exchange on transaction dates.

Premium on Unsecured Subordinated Debt – Foreign Regular 1/
Discount on Unsecured Subordinated Debt – Foreign Regular 1/

This represents unamortized premium/discount on issuance of unsecured subordinated debt denominated in foreign currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions. The amortization of the premium/discount shall be made monthly by a debit/credit, respectively, to this account with the corresponding credit/debit to "Interest Expense on Unsecured Subordinated Debt – Foreign Regular" account. These debts shall be recorded at their foreign currency amounts and at their local currency equivalent at the applicable rate of exchange on transaction dates.

Unsecured Subordinated Debt – FCDU/EFCDU

This represents obligations arising from the issuance of unsecured subordinated debt denominated in foreign currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions, and which the bank may record in the FCDU/EFCDU book, provided among others that they are issued only to non-residents and offshore banking units in accordance with Section 72.2.e of CB Circular No. 1389 dated 13 April 1993, as amended. These debts shall be recorded at their foreign currency amounts.

Premium on Unsecured Subordinated Debt – FCDU/EFCDU
Discount on Unsecured Subordinated Debt – FCDU/EFCDU

This represents unamortized premium/discount on issuance of unsecured subordinated debt denominated in foreign currency eligible as Tier 2 (supplementary) capital of the bank subject to

certain terms and conditions, and which the bank may record in the FCDU/EFCDU book, provided among others that they are issued only to non-residents and offshore banking units in accordance with Section 72.2.e of CB Circular No. 1389 dated 13 April 1993, as amended. The amortization of the premium/discount shall be made monthly by a debit/credit, respectively, to this account with the corresponding credit/debit to "Interest Expense on Unsecured Subordinated Debt – FCDU/EFCDU" account. These debts shall be recorded at their foreign currency amounts.

Expense Accounts

85.c.1 Interest Expense on Unsecured Subordinated Debt (6-0-02-07)

Interest Expense on Unsecured Subordinated Debt – Local Currency

This represents payments and/or monthly accruals of interest on issued and outstanding unsecured subordinated debt denominated in local currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions.

Interest Expense on Unsecured Subordinated Debt – Foreign Regular

This represents payments and/or monthly accruals of interest on issued and outstanding unsecured subordinated debt denominated in foreign currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions. These debts shall be recorded at their foreign currency amounts and at their local currency equivalent at the applicable rate of exchange on transaction dates.

Interest Expense on Unsecured Subordinated Debt – FCDU/-EFCDU

This represents payments and/or monthly accruals of interest on issued and outstanding unsecured subordinated debt denominated in foreign currency eligible as Tier 2 (supplementary) capital of the bank, subject to certain terms and conditions, and which the bank may record in the FCDU/EFCDU book, provided among others that they are issued only to non-residents and offshore banking units in accordance with Section 72.2.e of CB Circular No. 1389 dated 13 April 1993, as amended. These debts shall be recorded at their foreign currency amounts.

^{1/} Shall be revalued in accordance with the prescribed guidelines.

II. Redefinition of the following general and subsidiary ledger accounts:

Asset Accounts

22.r Deferred Charges (1-4-40-00)

Deferred Charges

*This represents expense prepayments expected to benefit the bank for a future period exceeding one (1) year such as organizational expense, goodwill, rent paid in advance, **capitalized cost incurred related to the issuance of unsecured subordinated debt**. Organizational expense and **capitalized cost incurred related to the issuance of unsecured subordinated debt** shall be amortized monthly over a period not exceeding five (5) year. Rent aid in advance and the like shall be amortized monthly or in accordance with the covering agreement, if any.*

Deferred Charges - FCDU/EFCDU

*This represents expense prepayments in connection with transactions of FCDUs/EFCDUs under Circular No. 1389, as amended, expected to benefit the bank for a future period exceeding one (1) year, **including capitalized cost incurred related to the issuance of unsecured subordinated debt which the bank may record in the FCDU/EFCDU book, provided among others that they are issued only to non-residents and offshore banking units in accordance with Section 72.2.e of CB Circular No. 1389 dated 13 April 1993, as amended.** These charges shall be recorded at their respective foreign currently amounts and shall be amortized monthly or in accordance with the covering agreement, if any.*

Liability Accounts

37.a Accrued Interest Payable (2-3-20-02)

Accrued Interest Payable - Domestic

*This represents the estimated liability for interest incurred/due but not yet paid on demand, savings, and time deposits and on domestic borrowings, **including issuance of unsecured subordinated debt denominated in local currency**, which shall be set up monthly against current operations.*

Accrued Interest Payable – Foreign Regular 1/

*This represents the estimated liability for interest incurred/due but not yet paid on foreign borrowings, **including issuance of unsecured subordinated debt denominated in foreign currency**, which shall be set up monthly against current operations. This account shall be recorded at their foreign currency*

amounts and at their local currency equivalent at the applicable rate of exchange prevailing at the end of the month

Accrued Interest Payable - FCDU/EFCDU

This represents the estimated liability for interest incurred/due but not yet paid on demand, savings, time deposits and on foreign borrowings, including issuance of unsecured subordinated debt denominated in foreign currency which the bank may record in the FCDU/EFCDU book, provided among others that they are issued only to non-residents and offshore banking units in accordance with Section 72.2.e of CB Circular No. 1389 dated 13 April 1993, as amended, which shall be set up monthly against current operations. This account shall be recorded at their foreign currency amounts. Sub-control accounts shall be maintained for interest due foreign banks not yet paid but covered with forward contract with the Bangko Sentral.

1/ Shall be revalued in accordance with the prescribed guidelines.

III. Revision in the BSP reports, with target dates of implementation as follows:

	Title of the Report	Frequency	Target Date of Implementation
1	GL Report		
	a. Consolidated Statement of Condition	Monthly	08/31/03
	b. Consolidated Statement of Income and Expenses	Quarterly	09/30/03
2	Consolidated Daily Report of Condition	Weekly	08/29/03 to 09/04/03
3	Published Statement of Condition (Form 2B)	Quarterly	09/30/03
4	Published Consolidated Statement of Condition (Form 2B.1)	Quarterly	09/30/03

The pertinent pages of the above listed revised BSP reports are attached as Annex A.

For compliance.


ALBERTO W. REYES
Deputy Governor

6 August 2003

General Ledger TEMPLATE

Bank Code : [] [] - [] [] [] []

Book Code

- [] - (1) Regular
- Peso Regular (Fill up amount Column [a])
- FX Regular (Fill up amount Columns [b] and [c])

Branch Code : [] [] [] [] (00000 for head office data, 99999 for consolidated data)
(Refer to list of valid branch codes for branch data)

- [] - (2) FCDU/EFCDU (Fill up amount Columns [b] and [c])
- (1) Onshore
- (2) Offshore

Reference Date : [] [] [] [] (CCYY) [] [] (MM) [] [] (DD)

- [] - (3) Foreign Office (Fill up amount columns [b], [c], and [d])

Account Description	Account Code	AMOUNTS			
		In Pesos	In US \$	Peso Equiv.	Orig. Curr.
		[a]	[b]	[c]	[d]
o. Inter-Office Float Items (Credit Balances)	2-3-56-00				
p. Miscellaneous Liabilities	2-3-58-00				
47.a. Unsecured Subordinated Debt	2-4-00-00				
Add: Premium on Unsecured Subordinated Debt	2-4-00-01				
Less: Discount on Unsecured Subordinated Debt	2-4-00-02				
Total Monetary Foreign Liabilities	2-3-60-00				
Total Non-Monetary Foreign Liabilities	2-3-62-00				
CAPITAL ACCOUNTS					
48. Capital Stock	3-0-00-00				
a. Preferred - Subscribed	3-1-02-00				
b. Preferred - Subscription Receivable	3-1-02-02				
c. Preferred - Paid-in	3-1-02-04				
d. Common - Subscribed	3-1-02-06				
e. Common - Subscription Receivable	3-1-02-08				
f. Common - Paid-in	3-1-02-10				
g. Stock Dividends Distributable	3-1-02-12				
49. Surplus	3-1-02-14				
a. Reserve for Trust Business	3-2-02-00				
b. Reserve for Self-Insurance	3-2-02-02				
c. Reserve for Contingencies	3-2-02-04				
d. Other Surplus Reserves	3-2-04-06				
50. Undivided Profits	3-2-04-08				
51. Net Unrealized Gains/(Losses) on Securities Available for Sale	3-2-02-00				
a. Net Unrealized Gains/(Losses) on SAS - Underwritten Debt Securities Purchased	3-3-03-00				
b. Net Unrealized Gains/(Losses) on SAS - Underwritten Equity Securities Purchased	3-3-03-02				
c. Net Unrealized Gains/(Losses) on SAS - Available for Sale Securities	3-3-03-04				
52. Appraisal Increment Reserve	3-3-03-06				
53. Assigned Capital (Foreign Banks)	3-3-04-00				
CONTINGENT ACCOUNTS					
54. Unused Commercial Letters of Credit	3-3-06-00				
a. Domestic LCs Outstanding (Sight/Usance)	4-0-00-00				
b. Sight Import LCs Outstanding	4-0-02-00				
c. Usance Import LCs Outstanding	4-0-02-02				
	4-0-02-04				
	4-0-02-06				

General Ledger TEMPLATE

GLISL System

Annex A

Bank Code : -

Book Code

☐ - (1) Regular
- Peso Regular (Fill up amount Column [a])
- FX Regular (Fill up amount Columns [b] and [c])Branch Code : (00000 for head office data, 99999 for consolidated data)
(Refer to list of valid branch codes for branch data)☐ - (2) FCDU/EFCDU (Fill up amount Columns [b] and [c])
- (1) Onshore
- (2) OffshoreReference Date : (CCYY) (MM) (DD)☐ - (3) Foreign Office (Fill up amount columns [b], [c], and [d])

Account Description	Account Code	A M O U N T S			
		In Pesos	In US \$	Peso Equiv.	Orig. Curr.
		[a]	[b]	[c]	[d]
a. Rental Income	5-0-20-00				
1. Rental - Safe Deposit Boxes	5-0-20-02				
2. Rental - Bank Premises & Equipment	5-0-20-04				
b. Miscellaneous Income/(Loss)	5-0-22-00				
Total Operating Expenses	6-0-00-00				
90. Interest Expenses	6-0-02-00				
a. Interest - Deposits	6-0-02-02				
1. Demand Deposits	6-0-02-02-02				
a. Interest - Tax-Exempt Demand Deposits	6-0-02-02-02-02				
b. Interest - Taxable Demand Deposits	6-0-02-02-02-04				
2. Savings Deposits	6-0-02-02-04				
a. Interest - Tax-Exempt Savings Deposits	6-0-02-02-04-02				
b. Interest - Taxable Savings Deposits	6-0-02-02-04-04				
3. NOW Accounts	6-0-02-02-06				
a. Interest - Tax-Exempt NOW Accounts	6-0-02-02-06-02				
b. Interest - Taxable NOW Accounts	6-0-02-02-06-04				
3. Time Deposits	6-0-02-02-08				
a. Interest - Tax-Exempt Time Deposits	6-0-02-02-08-02				
b. Interest - Taxable Time Deposits	6-0-02-02-08-04				
b. Interest - Borrowed Funds	6-0-02-04				
1. Interest on Bills Payable - BSP	6-0-02-04-02				
2. Interest on Interbank Loans Payable	6-0-02-04-04				
3. Interest on Bills Payable - Local Banks	6-0-02-04-06				
4. Interest on Bills Payable - Foreign Banks	6-0-02-04-08				
5. Interest on Bills Payable - Deposit Substitutes	6-0-02-04-10				
6. Interest on Bills Payable - Others	6-0-02-04-12				
c. Interest - Bonds Payable (EKBs only)	6-0-02-06				
d. Interest - Unsecured Subordinated Debt	6-0-02-07				
e. Interest - Others	6-0-02-08				
91. Finance Charges	6-0-04-00				
92. Compensation/Fringe Benefits	6-0-06-00				
a. Salaries and Wages	6-0-06-02				
b. Fringe Benefits - Directors	6-0-06-04				
c. Fringe Benefits - Officers	6-0-06-06				
d. Fringe Benefits - Employees	6-0-06-07				

Deadline: 3 Banking Days After
End of Reference Week
Submission: cc: Mail to SRSO

Name of Bank _____ Code _____

Address _____

CONSOLIDATED DAILY REPORT OF CONDITION

For the week _____ to _____

ACCOUNT NAME	REC. NO.	A M O U N T (In Pesos)						
		Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday
a. Demand Deposits and Working Balances Maintained by Head Office/Branches/Agencies Abroad with the Philippine Branch of Foreign Bank	491							
b. Placements/Time Deposits/Borrowings	492							
c. Peso Deposits Maintained by Head Office/Branches/Agencies Abroad with the Philippine Branch of Foreign Bank	493							
d. Unremitted Profits Not Yet Approved by BSP	494							
e. Due to Head Office/Branches/Agencies Abroad - Assigned Capital	495							
f. Others (Indicate Nature) (Sum of Items e. 1 to e. 3)	496							
1.	497							
2.	498							
3.	499							
11. Other Liabilities Not Included in Items Above	480							
12. Unsecured Subordinated Debt (Inclusive of Unamortized Premium/Discount)	675							
13. Total Capital Accounts	500							
14. Total Liabilities, Capital and Valuation Reserves	510							
15. Capital Adjustments - Booked	520							
a. Appraisal Increment Reserve	521							
b. Other Capital Adjustments	522							
1. Against Asset Accounts	523							
2. Others	524							
16. Equity Investments with Other Banks/Enterprises or Reciprocal Investment of Other Banks/Enterprises, whichever is lower	530							
17. Returned Checks Delivered to BSP Clearing	540							
18. Returned Checks Received from BSP Clearing	550							

Statement of Condition

(Head Office & Branches)

As of (Date)

Account Description	Record No.	Amount
Assets		
Cash and Cash Items	010	
Due from Bangko Sentral	015	
Due from Other Banks	020	
Interbank Loans Receivable	025	
Trading Account Securities (Net)	030	
Investment in Bonds and Other Debt Instruments (Net)	119	
Loans and Discounts and Advances (Net)	035	
Underwriting Accounts (Net)	087	
Equity Investments (Net)	122	
Due from Head Office/Branches/Agencies Abroad	125	
Bank Premises, Furniture, Fixtures & Equipment (Net)	130	
Other Assets (Net):	150	
Property Acquired	137	
Others	155	
Total Assets	175	
Liabilities		
Demand Deposits	181	
Savings Deposits	182	
Time Deposits	185	
Special/Other Deposits	188	
Due to Bangko Sentral Ng Pilipinas	255	
Due to Banks	200	
Due to Head Office/Branches/Agencies Abroad	210	
Outstanding Checks/Payment Orders	215	
Bills Payable:	225	
BSP - Rediscounts/Special Programs	226	
BSP - Other Advances	214	
Interbank Borrowings	227	
Deposit Substitutes	228	
Others	229	
Unearned Income and Other Deferred Credits	270	
Other Liabilities	280	
Unsecured Subordinated Debt (Inclusive of Unamortized Premium/Discount)	296	
Total Liabilities	290	
Capital Accounts		
Capital Stock	295	
Assigned Capital	330	
Surplus	300	
Surplus Reserves	305	
Other Capital Accounts	326	
Total Capital Accounts	335	
Total Liabilities and Capital Accounts	340	

Consolidated Statement of Condition

(Bank and Financial Subsidiaries)

As of (Date)

Account Description	Record No.	Amount
Assets		
Cash and Cash Items	010	
Due from Bangko Sentral	015	
Due from Other Banks	020	
Interbank Loans Receivable	025	
Trading Account Securities (Net)	030	
Investment in Bonds and Other Debt Instruments (Net)	119	
Loans and Discounts and Advances (Net)	035	
Underwriting Accounts (Net)	087	
Equity Investments (Net)	122	
Due from Head Office/Branches/Agencies Abroad	125	
Bank Premises, Furniture, Fixtures & Equipment (Net)	130	
Other Assets (Net):	150	
Property Acquired	137	
Others	155	
Total Assets	175	
Liabilities		
Demand Deposits	181	
Savings Deposits	182	
Time Deposits	185	
Special/Other Deposits	188	
Due to Bangko Sentral Ng Pilipinas	255	
Due to Banks	200	
Due to Head Office/Branches/Agencies Abroad	210	
Outstanding Checks/Payment Orders	215	
Bills Payable:	225	
BSP - Rediscounts/Special Programs	226	
BSP - Other Advances	214	
Interbank Borrowings	227	
Deposit Substitutes	228	
Others	229	
Unearned Income and Other Deferred Credits	270	
Other Liabilities	280	
Unsecured Subordinated Debt (Inclusive of Unamortized Premium/Discount)	298	
Total Liabilities	290	
Minority Interest in Allied Undertakings/Subsidiaries/ Affiliates	343	
Capital Accounts		
Capital Stock	295	
Assigned Capital	330	
Surplus	300	
Surplus Reserves	305	
Other Capital Accounts	326	
Total Capital Accounts	335	
Total Liabilities and Capital Accounts	340	