

Intercompany Interest Compounding

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- Intercompany interest is compounded for earnings/charges that adjust loan position of a prior period
- Compounding effect is added to the opening loan position for the current interest cycle

Here's an example: Assume that the intercompany loan position is US\$ 3 million from June to August, but a US\$ 1 million back valued transaction was posted in the current month of August, effective June. The intercompany interest rate is 2%.

