

BSP Relief Measures Amid the Pandemic



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This Presentation

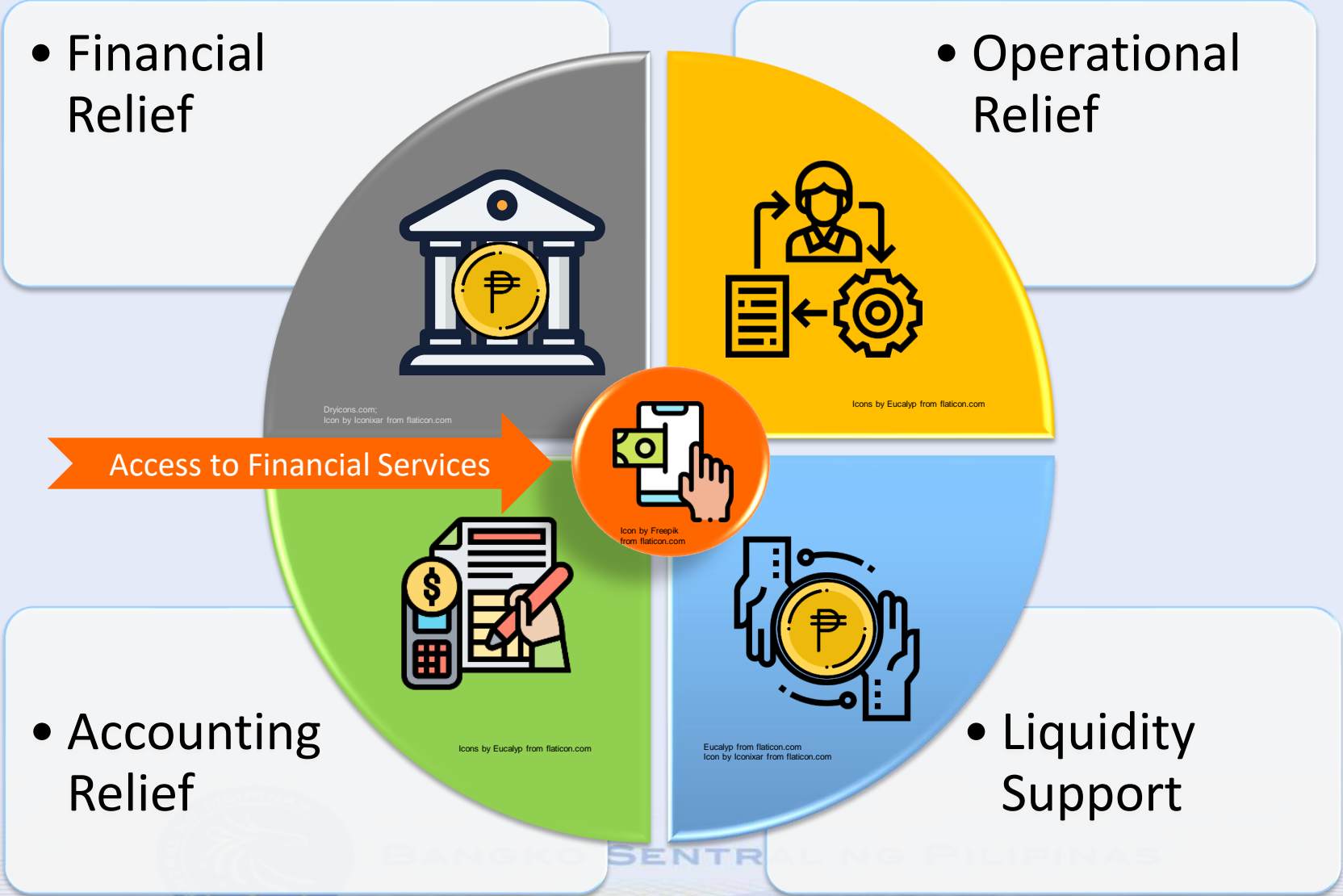
I. BSP Regulatory Relief Measures

II. Provisions of the “Bayanihan to Recover as One Act” (Bayanihan II)

- **Mandatory Grace Period**
- **Proposed Alternative Compliance with Agri-Agra Provisions**



I. BSP Regulatory Relief Measures



SIGNALING TRANSITION TO THE NEW ECONOMY

**OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR**

MEMORANDUM NO. M-2020-006

**To : ALL BSP-SUPERVISED FINANCIAL INSTITUTIONS (BSFIs) and
OPERATORS OF PAYMENT SYSTEMS (OPS)**

Subject : Response Plan to Coronavirus Disease 2019 (COVID-19) Epidemic

In view of the rising number of confirmed COVID-19 cases in the Philippines, all BSFIs and OPS¹ are expected to adopt and implement appropriate response plans and mechanisms to primarily ensure the health and safety of their employees and customers, whilst delivering continued financial services to the general public.

Following the response plans, trigger events such as the current COVID-19 epidemic, should allow for alternate work arrangements or remote access capabilities,

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**OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR**

MEMORANDUM NO. M-2020-007

To : All BSP-Supervised Financial Institutions (BSFIs)

**Subject : Submission of Reports/Documents and Communications to
the BSP Financial Supervision Sector (FSS)**

Further to the BSP Memorandum No. M-2020-006 dated 11 March 2020 on the Response Plan to Coronavirus Disease 2019 (COVID-19) Epidemic, the following guidelines on the submission of reports/documents and communications to the BSP-

Institutionalized Relief Measures

BSP Uniform Regulatory Relief Program



Relief in reporting of past due and non-performing loans of borrowers that have been granted financial relief from 8 March 2020 until 31 December 2021, subject to reporting to BSP



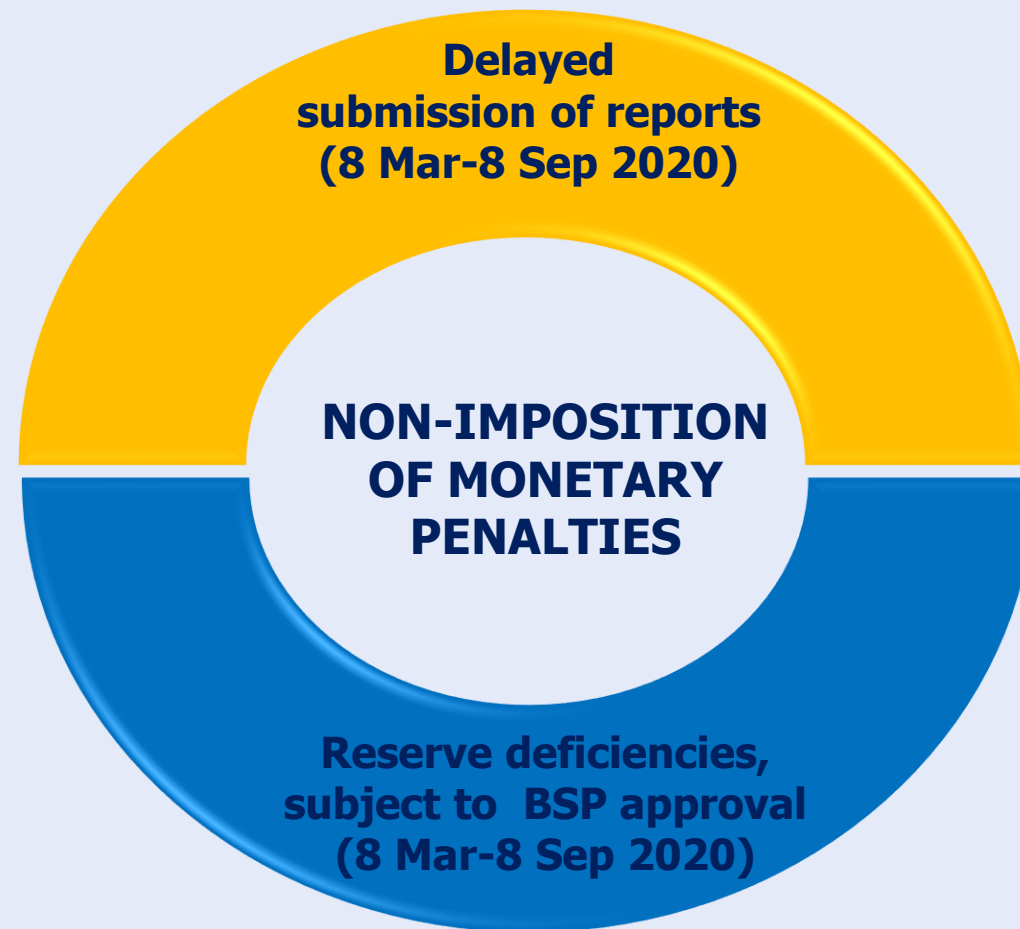
Staggered booking of allowance for credit losses of affected credits outstanding as of 8 March 2020, for a maximum period of 5 years, subject to BSP approval



Extension of financial assistance to bank officers/employees (subject to regularization)



Financial relief on rediscounted loans with BSP, subject to BSP approval; Reduction of term spread to zero until 20 September 2020



Max. res. def penalty until March 2021



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Implementation of relief measures

- To inform the BSP of the relief measure that the bank will avail of:
 - This includes non-classification of loans as past due and non-performing
- To request for BSP approval on staggered booking of allowance for credit losses



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Other Operational Relief

Maximum Penalty for Reserve Deficiencies
(until 31 Mar 2021)

Deferment in Annual Supervisory Fees

Deferment in release of Due Process Letters

Waiver of BSP Licensing Fees

Waiver of PhilPass Fund Transfer Fees
(Until last business day of 2020)

Electronic Submission of all Communications and Periodic Reports
(Until otherwise prescribed by BSP)



Relief to Cushion Financial Impact of the Pandemic

E/FCDU Relief

- E/FCDU 100% asset cover compliance
- Net unrealized losses from change in fair value allowed to be added back to E/FCDU assets
- 8 Apr to 30 Sep 2020

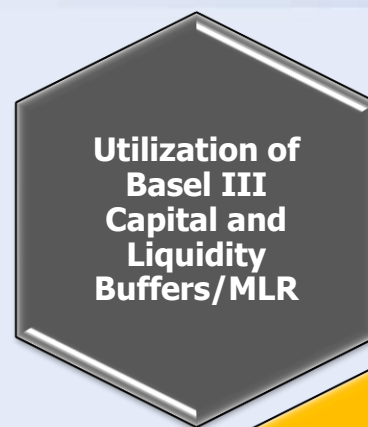
Securities Relief

- Impact of mark-to-market losses
- Debt securities at fair value category may be reclassified to amortized cost category
- Reclassification should be done all at the same time
- Available from 1 Mar to 30 Sep 2020, with look-back provision until 30 Apr 2020
- Report on Reclassification of Debt Securities due on or before 31 Oct 2020



Liquidity Support for Lending

Reduction in MLR from 20% to 16% until 31 Dec 2020 -



- Until end-Mar 2020

- Deferment of CAR moved from 1 Jan 2022 to 1 Jan 2023;
- Observation period extended from 31 Dec 2021 to 31 Dec 2022 -



- Subject to BSP review by 31 Dec 2020

- U/KBs and NBQBs by 200 bps to 12%;
- TBs by 100 bps to 3%;
- RCBs by 100 bps to 2%



- MSME loans – 24 Apr to 30 Dec 2021;
- Impacted Les – 29 May 2020-30 Dec 2021



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Access to Financial Services



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Relaxation of know-your-customer (KYC) requirements

- ✓ Presentation of valid IDs relaxed, subject to certain conditions
- ✓ Effective during ECQ/CQ and until 31 Mar 2021

Availability of wide range of products and services

Customer preference for digital payments with 50% of total retail payments in digital form

Innovative and responsive financial products

Reasonable and affordable market-based pricing

Expanded market with 70% of Filipino adults financially included

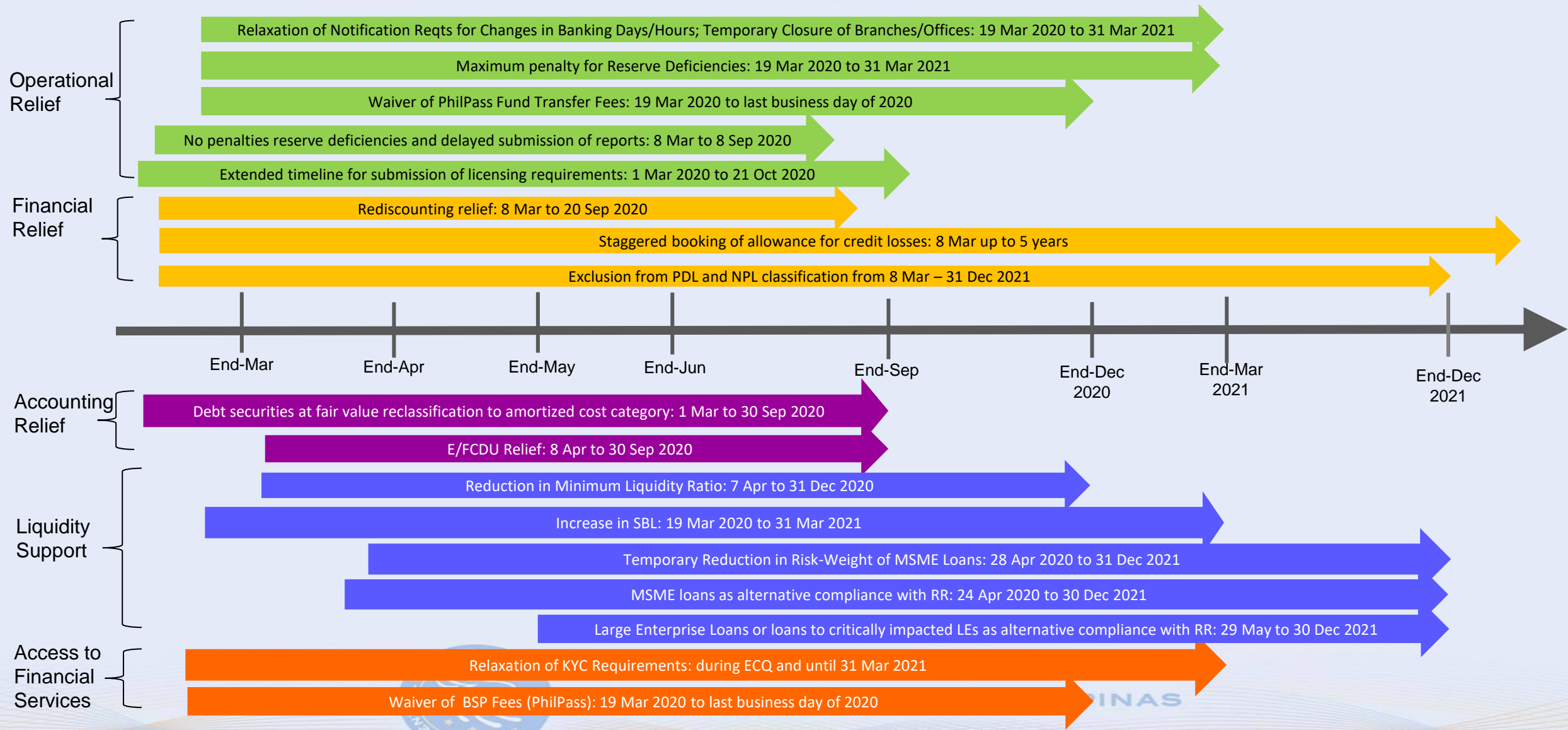


Safe, efficient, inclusive, secure digital payments ecosystem



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Timelines



INAS

Control Measures



Time-bound



Transparent



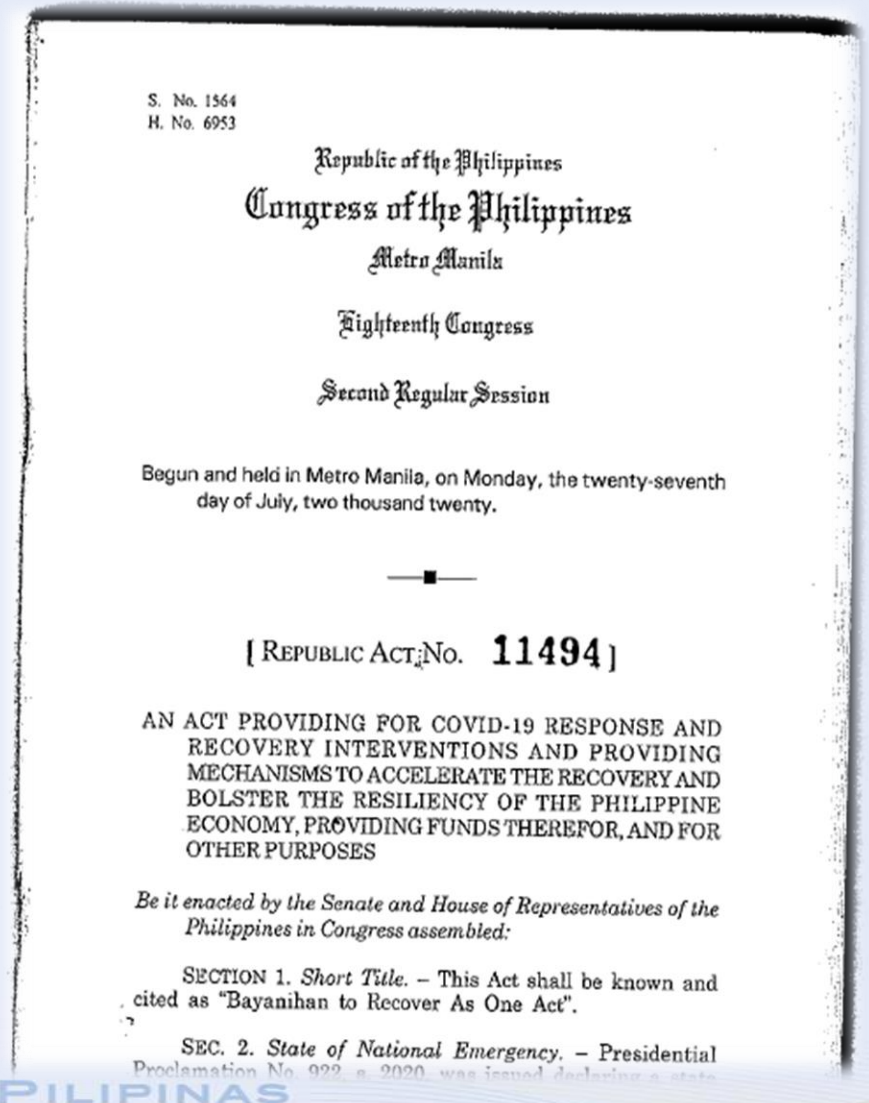
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II. “Bayanihan to Recover As One Act” or the Bayanihan 2



- ✓ **Approved: 11 September 2020**
- ✓ **Effectivity: 15 September 2020**
- ✓ **Expiration: 19 December 2020**

Section 4(uu) of said Act provides a one-time sixty-day grace period for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020



IRR of Section 4(uu) of the Bayanihan II

- **Non-extendible, mandatory one-time 60-day grace period for loans with principal and/or interest, including amortizations, falling due on 15 Sep to 31 Dec 2020**
- **Non-application of interest on interests, penalties, fees and charges to future payments**
- **Application to existing, current and outstanding Loans only**
- **Application to multiple loans**

Applicable to all loans, including, but not limited to:

- Salary
- Personal
- Financial lease payments and premium payments
- Credit card payments



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IRR of Section 4(uu) of the Bayanihan II Bill

- ★ Staggered payment of principal and accrued interest until 31 Dec 2020 or as may be agreed upon by parties
- ★ Coordination by covered institutions to clients with loans covered by post-dated checks, auto-debit or auto deduct arrangements
- ★ Regulatory relief for banks and NBFIs that agree to further loan terms extensions or restructuring, as may be determined by BSP
- ★ Prohibition on waivers
- ★ Non-application to interbank loan and bank borrowings
- ★ Enforcement Action

Covered financial institutions:

- banks,
- quasi-banks,
- financing companies,
- lending companies,
- real estate developers,
- life insurance and pre-need companies,
- entities with in-house financing,
- asset and liabilities management companies,
- other public and private FIs inc. GSIS, SSS, PAG-IBIG



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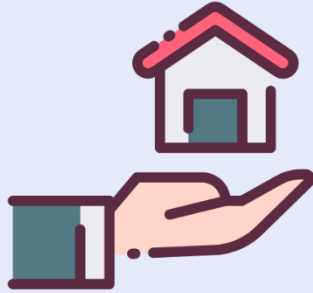
Comparison of IRRs of Bayanihan I and II

Bayanihan I and its IRR	Bayanihan II
<ul style="list-style-type: none">• Extendible application of grace period (ECQ/MECQ)• Applies to all types of loans, whether current, past due, or restructured• <u>Payment of accrued interest</u> either in lump sum or staggered <u>basis over the remaining term of the loan</u>• No provision on the regulatory relief for banks and NBFIs	<ul style="list-style-type: none">• One-time non-extendible 60-day grace period• Application to existing, current and outstanding loans only (Past Due not covered)• Payment of principal and accrued interest on a staggered basis until 31 December 2020 or as may be agreed upon by the parties• Provides regulatory reliefs for banks and NBFIs that agree to further loan terms extensions or restructuring, as may be determined by BSP

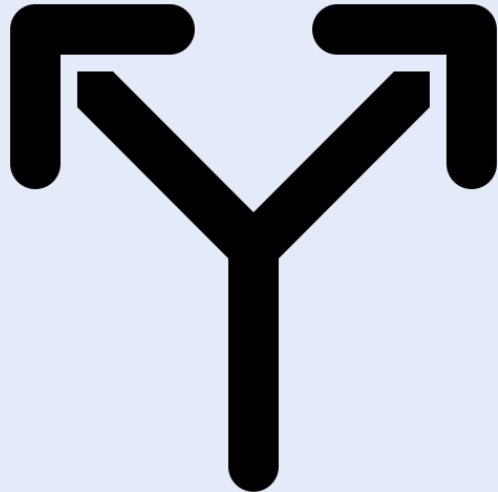
Proposed Alternative Compliance with Agri-Agra Provisions



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Section (ccc) of the Bayanihan 2 encourages BSP to allow private banks and financial institutions to reallocate any unutilized loanable funds to housing loans.



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THANK YOU!



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