



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2026-027

To : **All Banks and Quasi-Banks**

Subject : **Regulatory Relief on Capital Relative to Valuation Losses on Peso Government Securities (GS) Measured at Fair Value Through Other Comprehensive Income (FVOCI)**

The Monetary Board (MB), in its Resolution Nos. 495 dated 04 June 2026 and 534 dated 18 June 2026, approved the regulatory relief measure on net unrealized losses on Peso GS under the FVOCI portfolio incurred after the start of the Middle East (ME) conflict. This relief is afforded in view of the impact of the ME conflict on market yields and asset valuations.

The relief measure shall be implemented as follows:

1. Securities covered by the relief shall only include investments in Peso GS recorded under the *Financial Assets Measured at Fair Value Through Other Comprehensive Income* account.
2. **For purposes of computing its Capital Adequacy Ratio (CAR) and Common Equity Tier (CET) 1 Ratio**, a bank/quasi-bank (QB) shall not deduct from CET1 capital the cumulative unrealized losses on its Peso GS booked under the FVOCI portfolio incurred after the start of the ME conflict. In this regard, a bank/QB that recorded net unrealized losses on its FVOCI Peso GS **as of 28 February 2026** shall not include cumulative losses exceeding the said amount in computing the two capital ratios during the relief period. A bank/QB that recorded net unrealized gains on its FVOCI Peso GS portfolio as of 28 February 2026 will be allowed not to deduct any unrealized losses on its FVOCI Peso GS portfolio from its CET1 capital during the period.¹
3. It is understood that the **banks/QBs shall continue to report actual unrealized FVOCI losses in all other financial reports** (e.g., Financial Reporting Package, financial statements). Realized and unrealized losses (including impairment losses) shall be reported in full.
4. The regulatory relief measure shall apply from **01 April to 31 December 2026** ("the relief period"). Retroactive application may be implemented on the April and May 2026 capital figures.
5. A bank/QB availing of this relief measure shall submit an e-mail notification to its supervising department, with its February 2026 solo CAR report attached [including the control prooflist indicating net unrealized gains/losses on FVOCI Peso GS (Attachment 2)], and copy furnish the Capital Markets and Trust Supervision Department at

¹ The Attachment 1 provides illustrative examples of the computation of a bank's CET1 capital, CET1 ratio, and CAR under different scenarios.

catsd-reports@bsp.gov.ph. Banks/QBs are given until **30 June 2026** to notify the Bangko Sentral of their intention to avail of this relief.

6. A bank/QB availing of the subject regulatory relief shall use the adjusted CET1 capital in its quarterly CAR reports to be submitted to Bangko Sentral during the covered period.
7. Banks/QBs availing of the relief shall also **submit a separate monthly CAR report with control prooflist reflecting both adjusted and unadjusted CET1 capital** on a solo basis to the Bangko Sentral for the duration of the relief period. The said reports shall be submitted to the Department of Supervisory Analytics of the Bangko Sentral within ten (10) banking days from the end of reference month. For the April, May and June 2026 reports, the deadline shall be on **15 July 2026**. The mode and manner of submission of the reports shall be covered by separate guidelines.
8. In view of the provision of this regulatory relief, the Bangko Sentral shall closely monitor additional investments booked under the availing banks'/QBs' FVOCI accounts during the covered period.
9. Moreover, the Bangko Sentral may impose limitations on the participation of availing banks in select BSP liquidity facilities.
10. Banks/QBs shall revert to applying the unadjusted CET1 capital (i.e., without the relief on unrealized mark-to-market losses on FVOCI Peso GS) in the computation of its CAR and CET1 ratio beginning 01 January 2027.

For guidance and implementation.



ELI M. REMOLONA, JR.
Governor

19 June 2026

REGULATORY RELIEF ILLUSTRATIVE EXAMPLES - BANK ABC

SECTION 1: BANK PROFILE & KEY ASSUMPTIONS

Description	Value	Unit	Notes
Net unrealized gains or losses on Peso GS at FVOCI as of Feb 2026 (Scenarios A, B, C)	-150	PHP Million	Baseline loss position
Net unrealized gains or losses on Peso GS at FVOCI as of Feb 202 (Scenarios D, E, F)	80	PHP Million	Baseline gain position

SECTION 2: MONTHLY NET UNREALIZED GAINS OR LOSSES ON FVOCI PESO GS

Month	Scenario A <i>Feb Loss<April Loss</i>	Scenario B <i>Feb Loss>April Loss</i>	Scenario C <i>Feb Loss→April Gain</i>	Scenario D <i>Feb Gain<April Gain</i>	Scenario E <i>Feb Gain>April Gain</i>	Scenario F <i>Feb Gain→April Loss</i>
Feb 2026 (Baseline)	(150)	(150)	(150)	80	80	80
Mar 2026	(180)	20	(180)	100	30	30
Apr 2026	(220)	(120)	10	130	40	(20)

SECTION 3: SCENARIOS

SCENARIOS	Net Unrealized Gains or Losses on Peso GS at FVOCI		Net Unrealized Gains or Losses on Peso GS at FVOCI for the Computation of CET1 Capital, CET1 Ratio and CAR	
	Feb 2026	April 2026	April 2026 Actual	April 2026 with Relief
SCENARIO A	(150)	(220)	(220)	(150)
SCENARIO B	(150)	(120)	(120)	(120)
SCENARIO C	(150)	10	10	10
SCENARIO D	80	130	130	130
SCENARIO E	80	40	40	40
SCENARIO F	80	(20)	(20)	0

Name of Bank	Code
Address	

MONTHLY BASEL III CAPITAL ADEQUACY RATIO REPORT FOR CAPITAL RELIEF ON FVOCI LOSSES
Solo

As of	Reference Period
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CONTROL PROOFLIST

Item	Nature of Item	Reference	Amount	Amount (UNADJUSTED) 1/
A. Qualifying Capital				
A.1	Tier 1 Capital	Part II (Item A.7)	0.00	0.00
A.1.1	Common Equity Tier 1 Capital	Part II (Item A.3)		
	Other comprehensive income	Part II (Item A.1(7) or A.1(13))		
	Net unrealized gains or losses on Financial Assets at FVOCI	Part II (Item A.1(7)(i) or A.1(13)(i))	0.00	0.00
	Peso Government Securities			
	Others			
A.1.2	Additional Tier 1 Capital	Part II (Item A.6)		
A.2	Tier 2 Capital	Part II (Item B.3)		
A.3	Total Qualifying Capital (Sum of A.1 and A.2)	Part II (Item C)	0.00	0.00
B. Total Risk Weighted Assets				
B.1	Total Credit Risk-Weighted Assets	Part III (Item D)		
B.2	Total Market Risk-Weighted Assets	Part IV (Item C)		
B.3	Total Operational Risk-Weighted Assets	Part V		
B.4	Total Risk-Weighted Assets (sum of B.1 to B.3)		0.00	
C. RISK-BASED CAPITAL ADEQUACY RATIO				
C.1	Common Equity Tier 1 Ratio	Part I (Item C.1)	0.00%	0.00%
C.1.1	Capital Conservation Buffer	Part I (Item C.1.1)	0.00%	0.00%
C.2	Tier 1 Capital Ratio	Part I (Item C.2)	0.00%	0.00%
C.3	Total Capital Adequacy Ratio	Part I (Item C.3)	0.00%	0.00%

1/ Indicate the unadjusted figures after considering the actual net unrealized losses on financial assets at FVOCI

I solemnly swear that all matters set forth in this Monthly Basel III Capital Adequacy Ratio Report for Capital Relief on FVOCI Losses - Solo are true and correct to the best of my knowledge and belief.

(Signature of Duly-Authorized Officer)

Name of Bank Code
Address

MONTHLY BASEL 1.5 CAPITAL ADEQUACY RATIO REPORT FOR CAPITAL RELIEF ON FVOCI LOSSES
Solo

As of Reference Period

CONTROL PROOFLIST

Item	Nature of Item	Account Code	Amount		Amount (UNADJUSTED) 1/
A.	Calculation of Qualifying Capital				
A.1	Tier 1 Capital (Sum of A.2 and A.3)	TQCI (Item A.7)		0.00	0.00
A.2	Common Equity Tier 1 Capital	TQCI (Item A.3)			
	Other Comprehensive Income	TQCI (Item A.1(7))			
	Net Unrealized Gains/Losses on Financial Assets at FVOCI	TQCI (Item A.1(7)(i))		0.00	0.00
	Peso Government Securities				
	Others				
A.3	Additional Tier 1 Capital	TQCI (Item A.6)			
A.4	Tier 2 Capital	TQCI (Item B.3)			
A.5	Total Qualifying Capital (Sum of A.1 and A.4)	TQCI (Item C)		0.00	0.00
B.	Calculation of Risk-Weighted Assets				
B.1	Total Credit Risk-Weighted Assets	195931000000000000			
B.2	Total Operational Risk-Weighted Assets	1950000000000000			
B.3	Total Market Risk-Weighted Assets	1000000000000000			
B.4	Total Risk-Weighted Assets (Sum of B.1, B.2 and B.3)			0.00	
C.	Minimum Capital Ratios				
C.1	RISK-BASED CAPITAL ADEQUACY RATIO	CAR1 (Item C.1)		-	-
C.2	Common Equity Tier 1 Ratio	CAR1 (Item C.2)		0.00	0.00
C.3	Capital Conservation Buffer	CAR1 (Item C.3)		-6.00	-6.00
C.4	Tier 1 Capital Ratio	CAR1 (Item C.4)		0.00	0.00

1/ Indicate the unadjusted figures after considering the actual net unrealized losses on financial assets at FVOCI

I solemnly swear that all matters set forth in this Monthly Basel 1.5 Capital Adequacy Ratio Report for Capital Relief on FVOCI Losses - Solo are true and correct to the best of my knowledge and belief.

(Signature of Duly-Authorized Officer)