

September 29, 2021
Circular N° SBP-DR-0096-2021

General Manager

Subject: Modified Loans Portfolio

Dear General Manager:

Banks must ensure that all modified loans in the “Modified Pass” and “Modified Special Mention” categories, reported between July 1 through September 30, 2021, which failed to be subject to restructuring as per established in Article 6 of Rule 2-2001, are registered in the “Modified Doubtful” or “Modified Loss” categories, as appropriate, and reported as of October 1, 2021 in the required reports through Circular SBP-DR-0077-2021.

The foregoing is without prejudice to the fact that the banks may continue to conduct the restructuring of the loans reported in the “Modified Doubtful” or “Modified Loss” categories, provided that the debtor meets the financial viability characteristics contained in Article 7 of Rule 2-2021.

It should be noted that it is the Superintendency’s criterion that, in addition to regulatory compliance, it will correspond to each bank, in accordance with the loan policies and to appropriately manage this risk, to determine the viability of restructuring the loans of those debtors reported in the aforementioned categories.

We reiterate the provisions of Article 3 (3) of Board of Directors’ General Resolution SBP-GJD-0003-2021 that establishes that the modified loans on which the banks have managed to agree on new terms and conditions (restructured) will be registered as “modified substandard.”

It is also important to bear in mind that “Modified Pass” and “Modified Special Mention” categories are decreasing, considering that they only cover loans whose modifications were agreed on before July 1, 2021, in accordance with the provisions of Article 3 (1) and (2) of General Resolution SBP-GJD-0003-2021. In view of the foregoing, the number and amount of loans reported in these categories cannot be increased.

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“Velando por la solidez del Centro Bancario Internacional”

We would greatly appreciate your providing the necessary instructions to your staff for compliance with these provisions.

Best regards,

*Digitally signed by [S]
NAME ARANGO COBOS,
MICHELLE NATALIE – ID 8-786-350
Date: 2021.09.29 09:31:07 - 05'00'*

Michelle Arango
Acting Superintendent

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