

December 23, 2021
Circular N° SBP-DR-0135-2021

General Manager

Subject: Rule 6-2021

Dear General Manager:

We would like to inform you hereby that the Board of Directors of the Superintendency has issued Rule 6-2021, dated 22 December 2021, "Whereby the parameters and guidelines for determining the provisions applicable to "Modified Special Mention" loans are established and other provisions are prescribed," which will be effective upon 27 December 2021.

The Rule establishes that banks must ensure that they comply with the International Financial Reporting Standards (IFRS) and the prudential standards established by Article 5 of the Rule, for the credit risk coverage applicable to the modified loan portfolio. The Rule also establishes other guidelines on the provisions made as of November 2021 and on the recognition of interest receivable.

On the other hand, the Rule prescribes that banks may offer their clients the alternative of capitalizing interest receivable, with the client's express acceptance and provided that his/her financial situation and present and/or future payment capacity complies with the characteristics for loan restructuring as prescribed in Article 7 of Rule 2-2021, ensuring compliance with the provisions of Article 13 of Rule 2-2021 on transparency and protection of banking clients.

A copy of Rule 6-2021 is enclosed. The text may also be consulted on our website, www.superbancos.gob.pa, Node: Laws & Regulations.

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

Best regards,

Digitally signed by [S]
NAME CASTILLO CHANG,
AMAURI ARIEL – ID 8-238-386
Date: 2021.12.23 15:50:42 - 05'00'
Amauri A. Castillo
Superintendent

Enc.: A/s

ARV/vc

"Velando por la solidez del Centro Bancario Internacional"