June 22, 2022
Circular N° SBP-DR-0046-2022

General Manager

Subject: Rule 6-2021

Dear General Manager:

We refer to Article 6 of Rule 6-2021, amended by Rule 5-2022, by means of which its proviso established that banks could apply an alternative process for recording the interest receivable set forth by said article, which reads as follows:

> "**ARTICLE 6. INTEREST RECEIVABLE.**
> …
> **PROVISO.** As for the cases where, for operational purposes, the banks cannot apply the memorandum accounts recording of interest receivable of the modified loans mentioned herein, the banks may recognize as income the interest receivable accrued in the portfolio of said loans, as long as at the same time a provision clearly identified with the corresponding interests is recognized at 100% of its value. These provisions will be gradually reversed as the client pays off the respective interest.
>
> These processing must be included in the banks' relevant accounting manuals and must be informed to the operating areas recording these. For these purposes, the bank must create internal ancillary tables with said records (including the debtor's name and the transaction number) that will allow the Superintendency to make the relevant verification and queries.
>
> Banks must ensure of disclosing this information to the public in their Audited and Semi-annual Financial Statements, therefore they must coordinate this with their External Auditors firms."

In response to the queries received regarding the application of the proviso about the provision to be made, it has been deemed appropriate to make the following clarification:

- If the bank recognizes the interest receivable from the modified loans included in the article, the provision must be recorded in the results for the year in its entirety.

…/…

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Regarding the abovementioned, we recognize that although this accounting and prudential management, considered more conservative, may differ from what is required by IFRS 9, it is introduced exceptionally to reinforce the solidity of the financial statements, which would not be subject to the provisions of Rule 6-2012, i.e., if there was a difference between the prudential management and the International Financial Reporting Standards (IFRS), the recording of said difference in equity through the appropriation of retained earnings would not apply.

Likewise, banks must evaluate, along with their external auditors, the effect of an eventual difference and immediately inform the Superintendency if it is material.

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: 2022.06.22 15:01:59 - 05’00’

Amauri A. Castillo
Superintendent

ARV/adec