

Republic of Panama Superintendency of Banks

BOARD OF DIRECTORS' GENERAL RESOLUTION SBP-GJD-0004-2021 (dated 21 June 2021)

“Whereby the guidelines for restructuring consumer loans (mortgages, personal loans, credit cards, auto loans) and corporate loans of debtors who have shown willingness to meet their obligation, despite being in a temporary liquidity restriction, are established”

THE BOARD OF DIRECTORS
in use of its legal powers, and

WHEREAS:

Due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch re-edited Decree Law 9 dated 26 February 1998 and all its amendments as a consolidated text, and this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

Pursuant to Article 5 (1) and (4) of the Banking Law, safeguarding the soundness and efficiency of the banking system and safeguarding the judicial balance between the banking system and its clients are objectives of the Superintendency of Banks;

Pursuant to Article 11 (I)(5) of the Banking Law, establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters is among the technical duties of the Board of Directors;

By means of Rule 2-2020 dated 16 March 2020 and all its amendments, the Superintendency of Banks has established additional, exceptional and temporary measures to comply with the provisions contained in Rule 4-2013, which allowed banks to modify the originally agreed on conditions of corporate and consumer loans, to provide a financial relief to customers whose payment capacity was affected by the situation triggered by COVID-19;

During its working sessions, the Board of Directors determined it necessary and advisable to foster the payment culture, which is why the guidelines to be followed by banks for modified loans of debtors that: (i) to date they have not contacted the bank; (ii) that they have contacted the bank and their current financial condition do not allow them meet the characteristics to be subject to restructuring; (iii) the loans modified under Rule 2-200 of debtors that due to their situation require restructuring their obligations.

RESOLVES:

ARTICLE 1. PURPOSE. The provisions herein are intended to establish guidelines to manage the restructuring loans of debtors who have shown their willingness to meet their obligation despite being in a temporary liquidity restriction.

ARTICLE 2. CONDITIONS FOR THE RESTRUCTURING OF LOANS. For the purposes of restructuring loans in accordance with the provisions herein, banks must document that the debtors meet each of the following key conditions:

1. Evidence that the debtor contacted the bank, as well as the written support stating his temporary liquidity restriction; and
2. The debtor formalizes the restructuring with the bank.

The debtor's temporary liquidity restriction must be documented in the bank credit files; for which the debtors are required to provide the relevant supporting documentation.

For the purposes of restructuring under the provisions herein, banks may consider solution options that allow loan restructuring, provided the debtor meets the conditions established herein and the characteristics established in Article 7 of Rule 2-2021. In this regard, according to the debtor's financial viability, the bank may consider, as part of the solution options, the deferral of payment or grace periods, among others.

Loans subject to restructuring, as provided for in Article 3 herein, will not be considered as a loan restructuring under the provisions of Rule 4-2013.

PROVISO. If the restructuring of the terms and conditions of the loan is not formalized, it will not be understood as subject to the provisions and special measures contained herein.

ARTICLE 3. SPECIAL MEASURES FOR LOANS SUBJECT TO RESTRUCTURING. The debtors who, as of the entry into force of this Resolution, contact and formalize the restructuring of the terms and conditions of their loans with the bank, and as long as they continue meeting with the agreed conditions, will benefit from the following measures:

1. They will be exempt from the execution of movable and immovable property held as collateral for such loans:
2. They will be exempt from updating the appraisal (in the event of loans secured with real estate)

Banks will report to the data information agencies, the credit records of the restructured loans, in accordance with the provisions of Law 195 dated 31 December 2020.

PROVISO. The provisions contained herein do not imply the forbearance of debt, principal, interest, FECI or others. Only the collection of legal, notarial and registration expenses that must be paid to third parties as a result of the restructuring, as well as the agreed insurance premiums, will be allowed, as long as the debtor has failed to meet his obligation.

If the bank takes on behalf of the debtor these exceptional charges, the bank may capitalize them.

ARTICLE 4. FORMALIZATION PERIOD FOR THE RESTRUCTURING OF LOANS. The provisions of this Resolution may not be interpreted by banks or debtors as automatic grace periods, i.e. without the client contacting the bank and managing to restructure the loan.

The period for the formalization of the restructuring of loans will be from 1 July 2021 to 30 September 2021. The conditions for restructuring will take into consideration the debtor's payment capacity. The agreed payment plan may consider a term beyond 31 December 2021, subject to the provisions established by regulation for each type of loan and the financial viability of each debtor.

ARTICLE 5. TRANSPARENCY AND BANK CUSTOMER PROTECTION. Banks must comply with the provisions established herein and ensure that they are fully transparent in the information provided to the customer on the changes made to the terms and conditions of their contracts, so that they can know the details of the balances owed and the amounts charged for principal and/or interests and others.

Banks must make sure to strengthen the procedures, mechanisms and methods of their claim management system to respond to all requests, claims, complaints, concerns and controversies lodged by customers on the application of the provisions established herein and other provisions related to the matter, in accordance with the provisions of Article 206 of the Banking Law.

Furthermore, the Superintendency of Banks will have its Bank Customer Service Office at the disposal of bank customers and consumers so that they may be able to lodge these claims through any of the communication means and channels available nationwide, in order to

ensure proper compliance with the aforementioned provisions and guarantee the rights of bank customers.

ARTICLE 6. EFFECTIVE DATE. This Resolution shall enter into force as of 1 July 2021

Given in Panama City this twenty-first (21st) day of June, two thousand twenty-one (2021).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE CHAIRMAN,

THE SECRETARY

Luis Alberto La Rocca

Nicolás Ardito Barletta