

Republic of Panama Superintendency of Banks

RULE N° . 3-2021
(dated 10 August 2021)

“Whereby Article 7-A is added to Rule 2-2021, which provides the parameters and guidelines that will be applicable to modified loans”

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 (3) of the Banking Law, safeguarding the soundness and efficiency of the banking system and promoting public trust in the banking system 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 4-2013 dated 28 May 2013, the provisions on credit risk management and administration inherent to loan portfolio and off-balance sheet operations were established;

The Superintendency of Banks issued Rule 2-2020 dated 16 March 2020 by means of which additional, exceptional, and temporary measures to comply with the provisions contained in Rule 4-2013 were established;

In accordance with Rule 2-2021 dated 11 June 2021, the Superintendency established the parameters and guidelines that will be applicable to modified loans and repealed Rule 2-2020 dated 16 March 2020 and all its amendments;

Pursuant to Articles 6 and 7 of Rule 2-2021, banks will have up to 30 September 2021 to restructure modified loans that are classified as modified special mention and that as of 30 June 2021 had not been able to agree on new terms and conditions, provided they meet the characteristics for their modification;

During its working sessions, the Board of Directors determined it necessary and advisable to amend Rule 2-2021 to add an article that establishes the counter of number of days in arrears for modified loans that are subject to restructuring.

RESOLVES:

ARTICLE 1. To add Article 7-A to Rule 2-2021 as follows:

ARTICLE 7-A. COUNTER OF NUMBER OF DAYS IN ARREARS FOR RESTRUCTURED MODIFIED LOANS. For the purposes of calculating the delinquency of the modified loans that are subject to restructuring, in accordance with the guidelines established in Articles 6 and 7 herein, the late days of these restructured loans will begin to be counted from the last payment on the date

established in the restructuring, in accordance with the payment plan agreed on with the client.

If the client fails to comply with the payment on the date established in the new restructuring terms and conditions, banks must return the loan to the stipulations of Rule 4-2013 after ninety-one (91) days have elapsed from the last payment. In these cases, the loan must be classified in the substandard category as restructured loan and, consequently, will no longer be considered modified loan according to the provisions of Board of Directors' General Resolution SBP-GJD-0003-2021 dated 11 June 2021.

After said period has elapsed, the loan must be removed from the modified loan category and any changes to the terms and conditions will be governed by Rule 4-2013.

ARTICLE 17. EFFECTIVE DATE. This Rule shall become effective upon its promulgation.

Given in Panama City on the tenth (10th) day of August, two thousand twenty-one (2021).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE CHAIRMAN,

Luis Alberto La Rocca

THE SECRETARY,

Rafael Guardia Pérez

