

## Banking and Finance News

### **The Central Bank of Paraguay establishes transitory measures to support the productive sector**

Through Resolution No. 20 Minute No. 19 dated May 9, 2024, the Central Bank of Paraguay established transitory measures to support the productive sector affected by adverse impacts of nature. This measure will be in effect until September 30, 2024.

Those loans granted to the sectors affected by the reasons set forth in the preceding paragraph and related to agricultural and livestock activities will not incur in arrears because the calculation of the term will be interrupted. The computation of the term will be interrupted in the formalization of renewals, refinancing or restructuring of the principal, including accrued interest and other charges. In the case of major risks, a prior analysis will be required to ensure its financial viability.

In the case of operations with terms of more than 2 years that require partial renegotiations, it will not be necessary to cancel the entire operation, and the debt may be renewed, refinanced or restructured by applying the originally constituted guarantees to the new agreement.

For this purpose, the financial entities must constitute provisions on the balance of the portfolio benefited by the transitory measure, in the same currency of the operation and for a percentage equivalent to the established provisioning regime. The provisions must be released gradually and in accordance with those of the immediately lower category, for each 20% of capital amortization of the portfolio benefited by this measure.

The provisions must be constituted on the value of the total debt according to the following classification:

Category	Percentage of provisions
1a	0,5%
1b	1,5%
2	5%
3	25%
4	50%
5	75%
6	100%



The deferral of the charges generated by the forecasts will be gradually recognized over a period of no more than 24 months.

Financial institutions may no longer consider verifiable losses arising from adverse weather effects as "transitory financial weaknesses" or "reasonable doubts about the repayment of the credit" for the purposes of the risk classification. This exception does not apply in cases where the default justifies a more rigorous classification of the debtor.

For the purposes of debtor classification, loans benefiting from these special measures will be treated separately when assessing customer risk.

Financial institutions must submit monthly to the Superintendency of Banks the list of customers benefiting from these measures.

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