

EXTERNAL RESOLUTION 2 OF 2019 (unofficial translation)¹

(February 22)

Compendium of provisions on the development of Banco de la República's (the Central Bank of Colombia) function as lender of last resort².

THE BOARD OF DIRECTORS OF BANCO DE LA REPÚBLICA

Exercising its constitutional and legal powers and, in particular those conferred by Article 12, subparagraph a) of Law 31 of 1992 and Article 68 of the Bank's bylaws issued by Decree 2520 of 1993,

HEREBY RESOLVES:

PART I - PRELIMINARY PROVISIONS

Article 1. TEMPORARY LIQUIDITY SUPPORT. Pursuant to the provisions of the Political Constitution, *Banco de la República* (hereinafter the Bank or the Central Bank) may grant temporary liquidity support to credit institutions under the conditions set forth in this resolution.

In no case may temporary liquidity support be granted to insolvent credit institutions.

Paragraph. For all the legal purposes of this resolution, the terms herein shall have the following meaning:

1. **Credit Institution:** Institutions qualified as such by Article 2 of the Organic Statute of the Financial System subject to the supervision of the Financial Superintendency of Colombia, including institutions regulated by special rules authorized to raise funds from the public and the special credit institutions called Bridge Bank under the terms of Law 1870 of 2017.

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² Native version of this compendium: [Prestamista de última instancia | Banco de la República \(banrep.gov.co\)](#)

Amended by External Resolution 13/2020, Article 1, Banco de la República, Newsletter 37 (30 April 2020)

2. **Insolvency:** A credit institution is insolvent under the financial information of the Single Financial Reporting Catalog for Supervisory Purposes (CUIF in Spanish), when its net worth is lower than 50% of the subscribed capital, or when its technical equity is below 40% of the minimum level stated in the minimum total solvency ratio rules.

The minimum total solvency ratio shall be understood in accordance with the provisions of Articles 2.1.1.1.2 and 2.1.1.1.4 of the Single Regulatory Decree 2555 of 2010 and its amendments.

Amended by External Resolution 13/2020, Article 1, Banco de la República, Newsletter 37 (30 April 2020)

3. **Adjustment program:** The commitments, orders, instructions, plans, or adjustment programs on solvency ratio issued by or agreed with the Financial Superintendency of Colombia, or the recovery programs of the Financial Superintendency of Colombia, the *Fondo de Garantías de Instituciones Financieras* (FOGAFIN in Spanish, Guarantee Fund for Financial Institutions) or the *Fondo de Garantías de Entidades Cooperativas* (FOGACOO in Spanish, Guarantee Fund for Cooperative Entities), if any, in accordance with the rules in force.
4. **Liabilities to the public:** The liabilities in the balance sheet of the Single Financial Reporting Catalog for Supervisory Purposes (CUIF in Spanish) of credit institutions under the terms set by *Banco de la República* through regulations.
5. **Credit Securities:** Credit securities or other securities to which such rules apply, provided they are of a credit nature.
6. **Managers:** The persons referred to in Article 22 of Law 222 of 1995.
7. **Related persons:** In the case of natural persons, they include the spouse, long-term partner, and relatives within the second degree of consanguinity and second degree of affinity of shareholders, partners, or managers of credit institutions.
8. In the case of legal entities, they include the shareholders or partners of the credit institution who hold more than fifty percent (50%) of the capital stock or voting rights, or the right to appoint more than half of the members of the management body.
9. **CUIF:** Single Financial Reporting Catalog for Supervisory Purposes.

Article 2. DELIVERY TO THE DEPOSIT ACCOUNT. Through the procedure regulated by this resolution, *Banco de la República* may transfer money to the deposit account held by credit institutions at *Banco de la República*.

Article 3. MODALITIES OF ACCESS TO TEMPORARY LIQUIDITY SUPPORT. Access to temporary liquidity support may only be made through discount and/or rediscount contracts for securities with a credit content.

For the purposes of this resolution, a discount contract means one whereby a credit institution endorses in favor of *Banco de la República* credit-backed securities in exchange for the down payment made by the Bank. The Central Bank has the power, after a term, to request the restitution of such amounts to the credit institution or the debtor of the securities, returning such securities.

On the other hand, the rediscount contract shall be understood as the one whereby a credit institution endorses in favor of *Banco de la República* credit-backed securities that was acquired by discount from a third party, in exchange for the down payment by the Central Bank. The Bank has the power, after a term, to request the restitution of such amounts to the credit institution or the debtor of the securities, returning such securities.

PART II - CONDITIONS FOR THE USE OF FUNDS

Article 4. NATURE. Credit institutions that foresee or face a temporary liquidity need may access and keep the funds of the temporary liquidity support up to an amount that does not exceed the maximum limit referred to in Article 8 of this resolution.

Article 5. CONTENT OF THE REQUEST. To access *Banco de la República's* funds, the credit institution shall request through its legal representative the temporary liquidity support and accept the terms of the discount and/or rediscount contract. The contract shall be governed by the rules herein stated, the regulations issued by *Banco de la República*, and, otherwise, the Commercial Code.

The legal representative shall also:

1. State that the credit institution foresees or faces a temporary liquidity need that they believe it would be able to overcome within the term indicated in this resolution and that it meets the other conditions for accessing the funds.
2. Endorse in favor of *Banco de la República* under the terms and conditions set forth by the Bank the credit backed securities that they offer to discount and/or rediscount.
3. Deliver the certifications referred to in Article 23 of this resolution; and
4. Authorize *Banco de la República* to request to the Financial Superintendency of Colombia, FOGAFIN, or FOGACOOP any information of the credit institution whenever it requires it.
5. If it does not comply with current regulations on solvency ratios, provide a notice from the Financial Superintendency of Colombia, FOGAFIN, or FOGACOOP, if applicable, indicating whether there is an adjustment program with the institution and whether they complied with it. The adjustment program shall aim for the credit institution to recover its minimum regulatory levels of individual and consolidated solvency.

Paragraph. When the credit institution's liquidity need comes exclusively from insufficient funds in the deposit account for the final settlement of the check exchange, as a result of the default on

the payment of obligations contracted in its favor by other credit institutions that have ceased payments or is originated from such a situation, the credit institution shall indicate it in the access request.

Article 6. CONDITIONS TO ACCESS AND KEEP FUNDS. A credit institution may access and keep the resources of the temporary liquidity support if it meets the following requirements:

1. It is not in any of the following situations:
 - a. insolvency, under the provisions of section 2 of the paragraph of Article 1 of this resolution.
 - b. When the Financial Superintendency of Colombia has taken over the credit institution and determined that the credit institution should be subject to liquidation. Likewise, when in the act of taking over by the Financial Superintendency of Colombia decides to temporarily close the credit institution and/or suspend new fundraising and placement of resources, for whatever purpose, or in the development of the intervention measures.
 - c. When the credit institution does not record liabilities to the public in the balance sheet, under section 4 of the paragraph of Article 1 of this resolution.
 - d. When it does not comply with the instructions or orders for capitalization or recapitalization issued by the Financial Superintendency of Colombia.
 - e. When it has suspended the payment of its obligations.
 - f. When the credit institution has a capital guarantee granted by FOGAFIN or an equity guarantee granted by FOGACOOP. This restriction shall not apply to the bridge banks referred to in Law 1870 of 2017.
 - g. When it is banned from the Stock Market Self-Regulator (AMV in Spanish). Except when the credit institution is under control of the Financial Superintendency of Colombia to enable the development of its corporate purpose in accordance with the law.
Added by External Resolution 3/2022, Article 1, Banco de la República, Newsletter 10 (28 February 2022)
 - h. When it declares in liquidation state.
Added by External Resolution 3/2022, Article 1, Banco de la República, Newsletter 10 (28 February 2022)
 - i. When it defaults on the payment of any penalty resulting from the transactions referred to in External Resolution 2 of 2015, or from foreign exchange intervention under the provisions of External Resolution 1 of 2018 of *Banco de la República's* Board of Directors.
Added by External Resolution 3/2022, Article 1, Banco de la República, Newsletter 10 (28 February 2022)

2. It complies with rules in force on solvency ratios under Article 2.1.1.1.4 of the Single Regulatory Decree 2555 of 2010 and its amendments, or it complies with the adjustment programs, if any.

For keeping the funds, the credit institution under an adjustment program shall monthly submit to *Banco de la República* a notice from the Financial Superintendency of Colombia, FOGAFIN, or FOGACOOP, as the case may be. It shall state that the institution complies with the required adjustments to achieve the levels on solvency ratios in accordance with the rules in force and the provisions of Article 2.1.1.1.4 of the Single Regulatory Decree 2555 of 2010 and its amendments. If such notice is not submitted within the first five (5) working days of each month, *Banco de la República* shall request return of the funds.

3. It complies with the rules on individual credit limits and concentration of risks, if applicable by law, and in the terms established by *Banco de la República* through regulations.

Amended by External Resolution 3/2022, Article 2, Banco de la República, Newsletter 10 (28 February 2022)

4. The active transactions in the credit institution's total assets has not increased more than four percentage points (4%) in favor of the following persons:
 - a. Shareholders or partners owning 10% or more of the corporate capital of the credit institution, its managers, and related persons in accordance with sections 6 and 7 of the paragraph of Article 1 hereof. Transactions with credit institution's affiliates, subsidiaries, or parent company are excluded.
 - b. Persons who for any reason whatsoever, have the capacity to control 10% or more of the votes in the shareholders' meeting of the credit institution.
 - c. Shareholders, associates, and managers, in the case of unauthorized transactions or transactions classified as unsafe by the Financial Superintendency of Colombia.
 - d. Institutions that are affiliates, subsidiaries, or parent company of the credit institution requesting the funds.

This section shall not be applicable:

- i. In the cases referred to in the paragraph of Article 5 herein.
- ii. To credit institutions governed by special rules authorized to raise funds from the public.
- iii. To the intermediary credit institutions referred to in Article 7 herein; and
- iv. To bridge banks referred to in Law 1870 of 2017.

Paragraph 1. To comply with the provisions of this Article, it shall be considered the statement made by the credit institution's legal representative and its statutory auditor, as well as the information provided by the Financial Superintendency of Colombia, FOGAFIN, and FOGACOOP, as the case may be, under the regulations of *Banco de la República*.

Paragraph 2. To comply with the provisions of this Article, the latest financial information of the CUIF shall be taken as a basis and incorporate the adjustments ordered by such an agency, even if the corresponding order is not the final.

For those cases in which it is required to prove the fulfillment of any requirement of this Article after submitting the information of CUIF on a monthly or quarterly basis to the Financial Superintendency of Colombia, as the case may be, and before the term established by such an agency for the following transmission, *Banco de la República* shall accept communication from the legal representative and statutory auditor certifying the respective compliance based on the financial information of CUIF in other periods than monthly or quarterly.

Paragraph 3. To calculate the limit compliance referred to in section 4 of this Article, the increase in the balance of active transactions resulting from variations in units of account shall not be considered. They include the UVR (real value unit), the exchange rate, or the appreciation of financial investments. The credit institutions shall compare the participation of active transactions in favor of listed persons and entities over total assets (active transactions/total assets) on the final reference date with the initial reference date, considering:

- a. **Participation on the final reference date:** The value of the active transactions shall correspond to the amount available on the previous calendar day to the request for temporary liquidity support. The value of the total asset shall correspond to the value recorded on the cut-off date of CUIF's last financial information on the date of the request.
- b. **Participation on the initial reference date:** Both the value of active transactions and total assets shall correspond to the value recorded on the cut-off date of CUIF's information 12 months earlier, in relation to the cut-off date of the aforesaid subparagraph a.

Amended by External Resolution 13/2020, Article 2, Banco de la República, Newsletter 37 (30 April 2020)

Article 7. INTERMEDIARY CREDIT INSTITUTION. Credit institutions may access temporary liquidity support through the intermediary credit institution mechanism by discounting and/or rediscounting eligible securities owned by the intermediary. Similarly, the credit institution may use this mechanism to increase the amount, margin calls, substitution of securities, and extensions.

In no case may a credit institution under a temporary liquidity support act as an intermediary for another credit institution.

The intermediary credit institution requesting access to temporary liquidity support shall accept the additional terms and conditions set forth by *Banco de la República* regarding the transactions in which it acts as an intermediary.

The requesting credit institution shall attach to the access request form a letter from the intermediary credit institution's legal representative stating its acceptance to enter into a discount and/or rediscount contract, under the terms of this resolution, the eligible securities to be delivered and endorsed in favor of *Banco de la República* and accepting that *Banco de la República* disburses the amount of the transaction to the requesting institution. Requests for an increase in the amount and extensions, and the use of the margin call mechanism or substitution of securities shall also require a letter from the intermediary credit institution's legal representative accepting the terms and conditions of such transactions.

The temporary liquidity support conditions established herein shall apply to the intermediary credit institution. To increase the amount, the provisions regarding the order of preference issued by *Banco de la República* in accordance with the provisions of Article 15 shall apply.

The intermediary credit institution shall not be subject to the provisions related to liabilities with the public set forth in section 1, subparagraph c. of Article 6, nor to the rules regarding active transactions included in section 4. of Article 6 and Article 12 of this resolution.

Amended by External Resolution 13/2020, Article 3, Banco de la República, Newsletter 37 (30 April 2020)

Amended by External Resolution 3/2021. Article 1, Banco de la República, Newsletter 25 (30 April 2021)

Article 8. AMOUNT. Credit institutions that foresee or face temporary liquidity needs may access *Banco de la República's* funds up to an amount equal to 15% of the liabilities with the public corresponding to the latest CUIF's financial information as of the date requested, in accordance with the legal representative and the statutory auditor certification.

Paragraph 1 In the case described in the paragraph of Article 5 herein, the support amount shall be equal to the value of the shortfall in the institution's deposit account at *Banco de la República*.

Amended by External Resolution 13/2020, Article 4, Banco de la República, Newsletter 37 (30 April 2020)

Paragraph 2. For those credit institutions that have joined a reserve requirement transition program with the Financial Superintendency of Colombia due to an institutional reorganization process, the maximum amount of temporary liquidity support shall be equal to multiplying 15% of the liabilities with the public, corresponding to the last CUIF's financial information of the date requested, times the result of dividing the credit institution's reserve requirement in the transition process and the one that would typically keep.

Paragraph 3. To ensure the normal functioning of the payment system, the Governor may, in exceptional cases, authorize a credit institution to access funds higher than those established in this Article. In this case, the Governor shall have the prior opinion of the Monetary and Exchange Intervention Committee (*Comité de Intervención Monetaria y Cambiaria*).

Article 9. MODIFICATIONS TO THE AMOUNT. Once temporary liquidity support funds have been allocated, the amount initially taken may increase without exceeding the maximum limit established in Article 8 herein.

The modification of the temporary support amount shall require a new request that complies with the conditions established in this resolution.

Article 10. TERM. The terms for the use of the temporary liquidity support shall be subject to the following rules:

1. The temporary liquidity support shall have an initial maximum term of thirty (30) calendar days, which may be extended upon request of the credit institution up to one hundred and eighty (180) calendar days. In any case, a credit institution may only use the funds from temporary liquidity support for up to two hundred and seventy (270) calendar days within a term of three hundred and sixty-five (365) calendar days.
2. When there are changes in the amount of temporary liquidity support, the adjustments shall not result in an extension of the term for the use of funds.
3. Requests for extensions shall be submitted to *Banco de la República* at least eight (8) working days before the temporary liquidity support's maturity. *Banco de la República* shall inform the credit institution of its decision of granting or not the extension requested at least five (5) business days before the liquidity support's maturity.

Exceptionally, if the request for extension is not submitted within the established term, *Banco de la República's* Governor, with the prior opinion of the Monetary and Exchange Intervention Committee (*Comité de Intervención Monetaria y Cambiaria*), may authorize a one-time extension of the support for five (5) working days. In this case, and when the extension requested is longer than five (5) working days, *Banco de la República* shall inform the credit institution of its decision of granting or not the extension requested on the working day before the maturity of the five (5) days exceptionally granted.

4. *Banco de la República* may deny an extension request when, based on its evaluation of the projections on the financial flows and liquidity indicators of the credit institution, it reasonably foresees a default on the payment.
5. *Banco de la República* may define, through general rules, the operating conditions for extensions.

Paragraph 1. In the case of extensions of the temporary liquidity support referred to in the paragraph of Article 5, the credit institution shall be subject to the provisions of Articles 6 and 12 herein.

Paragraph 2. The funds requested for temporary liquidity support may be subject to total or partial advance payment without the imposition of fines.

Article 11. ACCESS TO FUNDS. Access to the temporary liquidity support shall be granted after *Banco de la República* verifies that the credit institution has submitted the documents and information required in this resolution; reported the compliance with the conditions established herein; and that the funds requested complied with Article 8 of this resolution.

Banco de la República shall disburse the authorized funds once the discounted and/or rediscounted securities have been delivered and endorsed in favor of *Banco de la República* under the conditions established in this resolution. The Bank shall establish through general rules the terms and conditions to disburse the funds and the posting date of the temporary liquidity support. The discount and/or rediscount contract shall be deemed complete on the disbursement's posting date.

Banco de la República shall grant access to temporary liquidity support after a technical evaluation in the following cases:

- a. When the credit institution requests access within ninety (90) calendar days following the payment of the last temporary liquidity support operation, provided that, on that occasion, *Banco de la República* has denied an extension request or has demanded an early payment of the obligation in accordance with this resolution.
- b. When, within one hundred and eighty (180) calendar days before the request, the credit institution has defaulted on the payment of an obligation resulting from a temporary liquidity support operation with *Banco de la República*. The foregoing shall not apply in the following cases:
 - i. When the credit institution has registered a change in the control of its corporate capital under the criteria established by *Banco de la República* through general rules.
 - ii. When the credit institution accesses the temporary liquidity support funds under the provisions of the paragraph of Article 5 herein.
- c. When the credit institution requests access within one hundred eighty (180) calendar days following the negative decision of *Banco de la República* to grant temporary liquidity support.
- d. When the credit institution requests access or an increase in the amount and was taking over by the Financial Superintendency of Colombia under the provisions of Article 115 of the Organic Statute of the Financial System for purposes other than those established in subparagraph b. of section 1. of Article 6 of this resolution. The Governor shall make the decision prior opinion of the Monetary and Exchange Intervention Committee (*Comité de Intervención Monetaria y Cambiaria*).

Banco de la República shall communicate its decision no later than sixteen (16) working days following the filing request date.

Amended by External Resolution 13/2020, Article 5, Banco de la República, Newsletter 37 (30 April 2020)

Article 12. ACTIVE OPERATIONS DURING THE TERM OF THE TEMPORARY LIQUIDITY SUPPORT.

During a temporary liquidity support, the credit institution may not:

1. Increase the amount of the following accounts: (i) gross loan portfolio and financial leasing operations; (ii) investments; (iii) cash in foreign currency; (iv) active monetary operations and (v) the obligations on balance accounts and contingent accounts that can lead to increase the loan portfolio and/or investments, except when the increase corresponds to:
 - a. Funds originated in rediscount transactions of official entities other than *Banco de la República*.
 - b. Increases in the value of active operations due to changes in the exchange rate or in units of account, such as the Real Value Unit (UVR in Spanish).
 - c. Increases by the appreciation of financial investments.
 - d. Increases in the loan portfolio and/or investments due to the obligations on balance accounts and contingent accounts acquired on a prior date to the day of the request, executed during the support.
 - e. Increases of the cash in foreign currency due to remittances, deposits, reimbursement of exports, loans and credits granted to the credit institution, bond issuance, financial returns associated with contractual obligations entered into prior to access the support and contributions, advance payments, and capital increases.
2. Carry out active operations in favor of its shareholders or partners who have shares in the corporate capital of more than 1% as well as in favor of its managers and related persons under the terms established in sections 6 and 7 of the paragraph of Article 1 of this resolution.

However, they may individually carry out transactions through the credit card system with shareholders, partners, and managers up to a lower amount between the credit quota authorized by the credit institution and 220.000 current Real Value Units (UVR in Spanish) at the access request time.

3. Enter into new derivatives transactions to negotiate or invest under the terms of Chapter XVIII of the *Circular Básica Contable y Financiera* (Basic Accounting and Financial Circular Letter) by the Financial Superintendency of Colombia.

Paragraph 1. To monitor the use of funds during the term of discount or rediscount contracts, the credit institution shall inform to *Banco de la República* on the operations referred to in this Article with the frequency and conditions indicated by the Bank.

Paragraph 2. Once the credit institutions have access to the temporary liquidity support under the terms of paragraph of Article 5 of this resolution, the restrictions on active operations shall not apply.

Paragraph 3. *Banco de la República* may establish terms and conditions for controlling the compliance of active operations and the individual credit limits and concentration of risks for the bridge banks referred to in Law 1870 of 2017.

Paragraph 4. Through general rules, *Banco de la República* shall indicate the procedure for overseeing the transactions referred to in this Article.

Amended by External Resolution 13/2020, Article 6, Banco de la República, Newsletter 37 (30 April 2020)

Article 13. BREACHES. *Banco de la República* may require the refund of the amounts disbursed in the temporary liquidity support in the following cases:

1. The credit institution does not send the information required by *Banco de la República* to comply with the conditions and requirements to keep it in accordance with Article 6 of this resolution.
2. *Banco de la República* determines that the information provided by the credit institution regarding the access and maintenance requirements established in Article 6 of this resolution and the general rules set forth by *Banco de la República*, is inconsistent.

For purposes of the foregoing, *Banco de la República* shall compare the information provided by the credit institution at the time of accessing the temporary liquidity support and during its term with the information provided or issued by the Financial Superintendency of Colombia, FOGAFIN, or FOGACOO, and other sources of information established by *Banco de la República* through general rules.

Amended by External Resolution 13/2020, Article 7, Banco de la República, Newsletter 37 (30 April 2020)

3. The credit institution does not comply with the controls on active operations set forth in Article 12 of this resolution.

To verify this breach, *Banco de la República* shall compare the information provided by the credit institution related to the balance of credit active operations with the information issued by the Financial Superintendency of Colombia.

Paragraph 1. The Governor shall make the decision mentioned in this Article, following the opinion of the Monetary and Exchange Intervention Committee (*Comité de Intervención Monetaria y Cambiaria*).

Paragraph 2. *Banco de la República* shall inform to the Financial Superintendency of Colombia of any of the aforementioned situations.

Paragraph 3. Regarding the quality and admissible characteristics of the securities, the provisions of Article 15 herein shall apply.

Article 14. COST. *Banco de la República* shall collect from the credit institutions that use the temporary liquidity support an interest rate equivalent to the one charged for temporary expansionary operations plus an additional liquidity window of 375 basis points.

Article 15. NATURE, QUALITY, AND VALUE OF THE ADMISSIBLE NEGOTIABLE SECURITIES.

Banco de la República, through regulations, shall establish the terms and conditions of admissibility, quality, verification processes, order of preference, the percentage of value for which securities shall be received, the implementation of anti-money laundering /counter-terrorism financing (AML/CFT) regime (SARLAFT in Spanish), and other conditions necessary for the operation of a temporary liquidity support.

Paragraph 1. *Banco de la República*, through regulations, shall establish the events, terms and conditions of substitutions and margin calls, including the payment terms and refunds conditions. If the credit institution does not comply with the conditions established by *Banco de la República* for the substitutions or margin calls, it may request the refund of the funds corresponding to amount requested on the substitutions or margin call.

Paragraph 2. In any case, the credit institution shall be liable to *Banco de la República* for any loss or damage from using the temporary liquidity supports referred to in this resolution.

Amended by External Resolution 13/2020, Article 8, Banco de la República, Newsletter 37 (30 April 2020)

Amended by External Resolution 3/2021, Article 2, Banco de la República, Newsletter 25 (30 April 2021)

Article 16. DEMATERIALIZED AND NON-DEMATERIALIZED PROMISSORY NOTES. For purpose of temporary liquidity support, credit securities coming from portfolio transactions of credit institution shall be dematerialized or non-dematerialized in accordance with Law 27 of 1990, Law 527 of 1999, Law 964 of 2005, and other regulations that develop, amend, or add these.

Dematerialized promissory notes means those that have undergone the conversion process from material to electronic form thus, immobilizing the original document that is deposited for custody and managing before a Centralized Securities Depository authorized by the Financial Superintendency of Colombia, complying with this entity's requirements and the additional ones set by *Banco de la República*.

Non-dematerialized promissory notes shall be understood as promissory notes issued electronically, deposited for custody and management before a centralized securities depository authorized by the Financial Superintendency of Colombia, complying with this institution's requirements and the additional ones set by *Banco de la República*.

In accordance with this resolution, the completion of delivery and endorsement of dematerialized and/or electronic promissory notes to *Banco de la República* shall require recording in book-entry forms under the terms set out in Articles 12 and 13 of Law 964 of 2005 and in the paragraph of Article 2.14.2.1.5. of the Single Regulatory Decree 2555 of 2010, and other regulations that develop, amend, or add these.

Paragraph. *Banco de la República* may establish, through general rules, the conditions for accessing and maintaining temporary liquidity support in contingency situations.

If the contingency is handled with physical promissory notes, the transaction cost of the temporary liquidity support shall increase as follows:

- a. If the credit institution has a document management system, the increase shall be 20 basis points (bps) on the support cost, and it shall be calculated as a proportion of the securities received in physical form.
- b. If the credit institution does not have a document management system, the increase shall be 90 basis points (bps) on the support cost, and it shall be calculated as a proportion of the securities received in physical form.

Amended by External Resolution 15/2020, Article 1, Banco de la República, Newsletter 44 (08 May 2020)

Article 17. SIMULTANEOUS TRANSACTIONS. The credit institution may carry out the following transactions simultaneously with the temporary liquidity support:

1. Temporary expansionary monetary operations (auction and window) under the general provisions of *Banco de la República*, in compliance with the provisions of External Resolution 5 of 2022. The sum of the balances in temporary liquidity support and temporary expansionary monetary operations shall not exceed the limits set for each one. To this end, it shall not be considered the temporary expansionary operations unlimited under the general rules of *Banco de la República*.

If the credit institution requests funds that exceed the limits established in the previous paragraph, the Governor's authorization shall be required prior opinion of the *Comité de Intervención Monetaria y Cambiaria* (Monetary and Exchange Intervention Committee), as provided in paragraph 3 of Article 8 of this resolution.

2. Intraday repo transactions and their conversion into overnight and overnight check clearing under the conditions established by general rules in accordance with the External Resolution 5 of 2022 and the regulations amending, adding, or complementing these, without being subject to the limits.

Amended by External Resolution 6/2022, Article 1, Banco de la República, Newsletter 20 (31 March 2022)

Article 18. SUPERVENING INSOLVENCY AND REFUND OF FUNDS. Notwithstanding to the effects set forth in this resolution, *Banco de la República* shall demand the immediate refund of the temporary liquidity support funds when the credit institution:

1. is in an insolvency situation, under the terms of section 2 of the paragraph of Article 1 of this resolution.
2. was taken over by the Financial Superintendency of Colombia for the liquidation, and this office has determined that the credit institution shall be subject to liquidation.
3. does not record liabilities with the public in its balance sheet, under the provisions in section 4 of the paragraph of Article 1 herein.
4. fails to comply with the existing regulations on individual credit limits and concentration of risks, or solvency ratio regulations and does not have the respective adjustment programs or preventive measures to regularize the limits under the provisions of sections 2 and 3 of Article 6 herein.

Amended by External Resolution 3/2022, Article 3, Banco de la República, Newsletter 10 (28 February 2022)

5. defaults the instructions or orders for capitalization or recapitalization issued by the Financial Superintendency of Colombia.
6. breaches the adjustment programs set forth in section 2 of Article 6 herein, when applicable.
7. suspends payment of its obligations.
8. For this purpose, the information provided or issued by the Financial Superintendency of Colombia, FOGAFIN, or FOGACOOP shall be considered.
9. is expelled from the Stock Market Self-Regulator (AMV in Spanish), except when the credit institution was taken over for the Financial Superintendency of Colombia to manage and help it to continue developing its corporate purpose in compliance with the law.

Amended by External Resolution 3/2022, Article 4, Banco de la República, Newsletter 10 (28 February 2022)

9. is declared in liquidation.

Amended by External Resolution 3/2022, Article 4, Banco de la República, Newsletter 10 (28 February 2022)

10. defaults on the payment of any fine from the transactions referred to in External Resolution 2 of 2015 or from foreign exchange intervention under the provisions of the External Resolution 1 of 2018 of *Banco de la República's* Board of Directors.

Amended by External Resolution 3/2022, Article 4, Banco de la República, Newsletter 10 (28 February 2022)

Article 19. BANCO DE LA REPÚBLICA'S POWER TO DEMAND THE AMOUNTS GRANTED. Upon maturity of the discount and/or rediscount contracts or when, as herein set forth, *Banco de la República* may terminate those, and it may use one or more of the following powers necessary to recover the capital, interest, and penalties to which is entitled. It may withdraw them from the credit institution's deposit account; setting them with obligations owed if the legal conditions are met; dispose of the discounted or rediscounted securities or collect them if they are due.

In addition, *Banco de la República* may withdraw from the money and securities deposit accounts held by credit institutions at *Banco de la República* the corresponding funds or securities for complying with the margin calls or the substitution of securities admissible.

The withdrawals referred to in the preceding paragraph may be for the total or partial amount of the obligation. For this purpose, *Banco de la República* may check the balance of the deposit accounts and securities held by the institution at *Banco de la República*.

Banco de la República shall indicate, through general rules, the applicable procedure for complying with or collecting the temporary liquidity support.

By the fact of using the temporary liquidity support, it shall be understood that the credit institution authorizes *Banco de la República* to exercise the powers stated in this Article.

Amended by External Resolution 3/2022, Article 5, Banco de la República, Newsletter 10 (28 February 2022)

Article 20. MONITORING AND REPORTING TO AUTHORITIES. In the exercise of the powers set forth in subparagraph g) of section 3 of Article 326 of the Organic Statute of the Financial System, the Financial Superintendency of Colombia shall monitor the compliance with the provisions herein.

Banco de la República shall inform the Financial Superintendency of Colombia, FOGAFIN, or FOGACOOP, as appropriate, about the procedures carry out by credit institutions before *Banco de la República* to obtain temporary liquidity support, extensions, increases in amount, cancellation, or any other event.

Article 21. COLLABORATION REQUEST AND PROVISION OF INFORMATION. For the purposes established herein and in Article 18 of Law 31 of 1992, *Banco de la República* may request to the Financial Superintendency of Colombia, FOGAFIN, or FOGACOOOP to provide information it deems necessary on credit institutions requesting access to temporary liquidity support; and credit institutions acting as intermediaries in accordance with Article 7. herein.

Amended by External Resolution 13/2020, Article 10, Banco de la República, Newsletter 37 (30 April 2020)

Article 22. APPLICABLE PROCEDURE IN CASES OF INSTITUTIONAL REORGANIZATION PROCESS. If, during the term of the temporary liquidity support, the credit institution that has accessed the funds completed an institutional reorganization process as defined by *Banco de la República*, the credit institution that receives the respective obligation with *Banco de la República* shall continue using the funds until the maturity term.

In the case of credit institutions resulting from institutional reorganization processes, *Banco de la República* shall indicate, through general rules, the procedure for proving compliance with the conditions of access to and maintenance of temporary liquidity support.

Paragraph 1. For the purposes established herein, “institutional reorganization processes” stands for mergers, acquisitions, conversions, splits, transfers of assets, liabilities, and contracts, and other legal mechanisms for capital integration carried out by credit institutions authorized by the Financial Superintendency of Colombia.

Paragraph 2. The increase in active operations resulting from the completion of institutional reorganization processes shall not be considered for the purposes of Article 12 herein.

Article 23. INFORMATION REQUEST AND CERTIFICATIONS OF THE CREDIT INSTITUTION. For the purposes of this resolution, *Banco de la República* may request the submission of information and the credit institution’s certifications as it deems necessary from the statutory auditor or legal representative that has requested access to temporary liquidity support; and from the intermediary credit institution in accordance with Article 7 herein. Failure to send the required information promptly shall cause refund request of funds according to Article 13 of this resolution.

Amended by External Resolution 13/2020, Article 11, Banco de la República, Newsletter 37 (30 April 2020)

Article 24. SIMULATIONS. Credit institutions shall participate in the temporary liquidity support simulations carried out by *Banco de la República* in accordance with the schedule established by *Banco de la República* in coordination with credit institutions and centralized securities depositories for each calendar year. This schedule shall consider that each credit institution shall participate in at least one simulation every three (3) years from the effective date of this resolution.

If a credit institution does not comply with the provisions of this Article, *Banco de la República* shall inform to the Financial Superintendency of Colombia.

Article 25. REPEAL AND VALIDITY. This resolution repeals External Resolution 6 of 2001. This resolution is in force from the publication date, except for Article 17, which become in force on 02 July 2019.

Issued in Bogota D.C., on the twenty-second (22nd) day of February of two thousand nineteen (2019).

ALBERTO CARRASQUILLA BARRERA / President of the Board of Directors

ALBERTO BOADA ORTÍZ / Secretary of the Board of Directors

AMENDMENTS TO EXTERNAL RESOLUTION 02 OF 2019

External Resolution Number	Effective date	Amended articles
External Resolution 13, 30 April 2020	April 30 2020	<ul style="list-style-type: none"> - Sections 1 and 2 of paragraph of Article 1 - Article 6 - Article 7 - Paragraph 1 of Article 8 - Article 11 - Article 12 - Section 2 of Article 13 - Section 1 of Article 15 - Paragraph 2 of Article 15 and added a paragraph 3 - Article 21 - Article 23
External Resolution 15, 8 May 2020	8 May 2020	<ul style="list-style-type: none"> - Paragraph of Article 16
External Resolution 26, 30 October 2020	30 October 2020	<ul style="list-style-type: none"> - Section 4 of Article 15
External Resolution 3, 30 April 2021	30 April 2021	<ul style="list-style-type: none"> - Last paragraph of Article 7 - Article 15
External Resolution 3, 28 February 2022	28 February 2022	<ul style="list-style-type: none"> - Added subparagraphs: g, h, and i - Section 3 of Article 6. - Section 4. of Article 18. - Sections 8, 9, and 10 of Article 18. - Article 19.
External Resolution 6, 31 March 2022	31 March 2022	<ul style="list-style-type: none"> - Article 17