Superintendencia de Bancos de Panamá

TRANSLATION

September 4, 2026
SBP-SG-CIRCULAR-2026-0095

Mr./Mrs.
General Manager

Subject: Trust Structures Using Special Purpose Vehicles (SPVs), REITs (Real Estate Investment Trusts), Trusts, or Other Structures for Asset Derecognition

Dear General Manager:

By means of Circular SBP-SG-CIRCULAR-2026-0070, dated July 8, 2026, this Superintendency instructed all supervised entities to consult with this Superintendency, suspend, and report transactions involving the transfer of repossessed assets or assets acquired through foreclosure or in settlement of obligations to trusts, REIT vehicles, or similar structures.

As part of the communications received, and in accordance with the instructions set forth in the aforementioned Circular, we have identified similar transactions in which, instead of foreclosed or repossessed assets, the items transferred were impaired loans (or loans showing signs of impairment) secured by real estate collateral. The purpose of these transactions is for another entity (a REIT or other special purpose vehicle) to take over the management of the loan and the project it finances and potentially even accept the real estate collateral provided as security in settlement of the debt.

As with transfers of foreclosed or repossessed assets, these loan transfers do not necessarily meet the applicable derecognition criteria. Even where such criteria are met, an assessment must be made as to whether, as a result of the transfer in exchange for trust participation certificates (or shares), the entity ultimately controls the REIT or other special purpose vehicle and, therefore, is required to consolidate it in its financial statements.

In view of the foregoing, this Superintendency hereby extends the scope of Circular SBP-SG-CIRCULAR-2026-0070, issued on July 8, 2026, to also cover all transfers or assignments of loans to trusts, REIT vehicles, or similar structures. Accordingly, this Superintendency instructs all supervised entities as follows:

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Official document signed with a Qualified Electronic Signature through the Superintendency of Banks of Panama's Document Transparency System – TRANSDOC, in accordance with Law 83, dated 9 July 2012, and Executive Decree, dated 11 May 2018. Please use the QR Code or the following URL address to verify the authenticity of this document:
https://sigob.superbancos.gob.pa/consulta?id=JhMZ6DXE8AhMmkAczBayUl02QtOMLdFTMdR%2Bd00pT3g%3D

1. **Mandatory prior consultation**. No supervised entity may carry out, enter into, or commit to carrying out any transaction involving the transfer or assignment of loans to trusts, REIT vehicles, or similar structures without first consulting this Superintendency in writing and providing full details of the proposed legal, financial, and accounting structure. The entity must obtain a no-objection or authorization, as applicable.

2. **Suspension of ongoing transactions**. Entities that have initiated negotiations or entered into preliminary agreements with a trust company, or with any other entity offering similar structures, must suspend such negotiations or agreements and notify this Superintendency no later than five (5) business days after the issuance of this Circular.

3. **Reporting on completed transactions**. Entities that have carried out transfers of this nature must report to this Superintendency within the same period, including the accounting and regulatory treatment applied.

To comply with the accounting treatment required under item 3, in all cases where an entity holds investments in trusts, REIT vehicles, or similar structures, it must conduct and document an assessment of whether or not it controls such entity, in accordance with IFRS 10 – Consolidated Financial Statements and the Conceptual Framework for IFRS Accounting Standards. As part of this assessment, the entity must evaluate whether it has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power to affect the amount of those returns. Furthermore, the substance-over-form principle must be applied when assessing the recognition and classification of these instruments.

The use of trusts or investment vehicles for this specific purpose does not exempt the supervised entity from complying with capital adequacy requirements, asset classification rules, and reserve requirements, including with respect to assets acquired directly by the trust, REIT vehicle, or similar structure, if it is determined that the bank is required to consolidate such structure.

It is important to note that, with respect to the requirements set forth in the preceding paragraphs, entities must comply with the instructions issued by this Superintendency following its review of the consultation and the supporting documentation submitted.

Should the investigation of the events described above indicate a potential violation of the applicable regulations, it may lead to the initiation of an administrative sanctioning process and the possible imposition of sanctions provided for under the Banking Regime.

Sincerely,

(Signed)
Milton Ayón Wong
Superintendent

MV/sl