

Republic of Panama Superintendency of Banks

BOARD OF DIRECTORS' GENERAL RESOLUTION SBP-GJD-0002-2021 (dated 20 April 2021)

“Whereby the validity of Appraisal Reports is temporarily recognized”

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

RECITALS:

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 the provisions of Article 5 (1), (3) and (4) of the Banking Law, safeguarding the soundness and efficiency of the banking system, promoting public trust in 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 (3) of the Banking Law, approving general criteria for the classification of assets at risk and rules for the provision of reserves against risks is a technical duty of the Board of Directors;

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

As a consequence of the effects of the COVID-19 pandemic worldwide, decreed by the World Health Organization (WHO), the National Government issued Executive Decree 64 dated 28 January 2020 and Cabinet Resolutions 6 dated 28 January 2020, 10 dated 3 March 2020 and 11 dated 13 March 2020 intended for the implementation of measures to face the emergency in the national territory;

By means of Article 1 of Executive Decree 507 dated 24 March 2020 a 24-hour lockdown nationwide is ordered, which will be valid while the State of National Emergency lasts;

Article 2 of Executive Decree 507 dated 24 March 2020 lists the people, institutions and private companies that are excluded from the lockdown, excluding appraisal companies;

Given the impossibility of appraisal companies to offer their services during the period of the declaration of a State of National Emergency, banks will not be able to update the appraisal reports used for the constitution of collaterals on movable or immovable property;

By means of Board of Directors' General Resolution SBP-GJD-0004-2020 it is recognized for one year, i.e. 20 April 2021, the validity of the appraisal reports currently held by banks, in compliance with the current regulations issued the Superintendency of Banks;

During the working sessions of the Board of Directors, it has deemed it necessary and advisable to temporarily extend the validity of the appraisal reports used for the constitution of collateral on movable or immovable property, with the establishment of some exceptions.

RESOLVES:

ARTICLE 1. TEMPORARY EXTENSION OF THE APPRAISAL REPORTS. The validity of the appraisal reports currently held by banks in compliance with the current regulations issued the Superintendency of Banks is recognized. This term will have a temporary validity of six (6) months.

The foregoing, without prejudice to those entities that, in view of the risk level of their portfolio, as a sound practice, decide to continue updating their appraisals in accordance with the provisions of current regulations.

This temporary extension will only be applicable to collaterals that support current obligations, but not new loans or obligations contracted by clients, in accordance with Rule 4-2013.

Loans classified as loss are excluded from this provision. In these cases, banks must update the corresponding appraisal.

ARTICLE 2. ENACTMENT. This Resolution will take effect from its signature.

Given in Panama City this twentieth (20th) day of April, two thousand twenty-one (2021).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE CHAIRMAN,

THE SECRETARY

Luis Alberto La Rocca

Nicolás Ardito Barletta