

## Republic of Panama Superintendency of Banks

### BOARD OF DIRECTORS' GENERAL RESOLUTION SBP-GJD-0001-2022 (dated 12 April 2022)

**“Whereby Board of Directors’ General Resolution SBP-GJD-0006-2021 is amended”**

**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 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 the 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;

By means of Board of Directors’ General Resolution SBP-GJD-0004-2021, the validity of the appraisal reports kept by banks, in compliance with the current regulations issued by the Superintendency of Banks, is recognized for one (1) year, i.e. until 20 April 2021;

By means of Board of Directors’ General Resolution SBP-GJD-0002-2021, the validity of the appraisal reports kept by banks, in compliance with the current regulations issued by the Superintendency of Banks, is recognized for six (6) months, i.e. until 20 October 2021;

By means of Board of Directors’ General Resolution SBP-GJD-0006-2021, the validity of the appraisal reports kept by banks, in compliance with the current regulations issued by the Superintendency of Banks, is recognized for six (6) months, i.e. until 19 April 2022;

During the working sessions of the Board of Directors, it has deemed it is necessary and advisable to temporarily extend the validity of the appraisal reports used for the constitution of collateral on movable or immovable property, in order to analyze the best choice that allow the updates to the provisions related to the appraisal reports of movable and immovable property given as collateral and that are considered credit risk mitigators.

#### **RESOLVES:**

**ARTICLE 1.** Article 1 of Board of Directors’ General Resolution SBP-GJD-0006-2021 shall read:

**ARTICLE 1. TEMPORARY EXTENSION OF APPRAISAL REPORTS.** The validity of the appraisal reports currently held by banks, in compliance with the current regulations issued by the Superintendency of Banks, is recognized. This term will have a temporary validity until 1 August 2022.

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 existing obligations, but not new loans or obligations contracted by clients, in accordance with Rule 4-2013.

Loans classified as substandard, doubtful and loss, according to the risk classification established in Rule 4-2013, are excluded from this provision. In these cases, banks must update the corresponding appraisal.

**PROVISO:** For the purposes of this Resolution, it is understood that modified loans, including restructured modified loans classified as "Modified Special Mention" are exempted from appraisal reports updating.

**ARTICLE 2. EFFECTIVE DATE.** This General Resolution will become effective as of 19 April 2022.

Given at Panama City this twelfth (12<sup>th</sup>) day of April, two thousand twenty-two (2022).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN,**

Rafael Guardia Pérez

**THE SECRETARY,**

Felipe Echandi

