



Banking Sector Results in an Environment Affected by the Pandemic

Amauri A. Castillo
Superintendent of Banks of Panama
March 4, 2021

Agenda

01.

Economic overview

02.

Financial performance in an environment affected by COVID-19

03.

Main macro financial risks and the resilience of the National Banking System

04.

Supervision process

05.

Other topics of interest



Agenda

01.

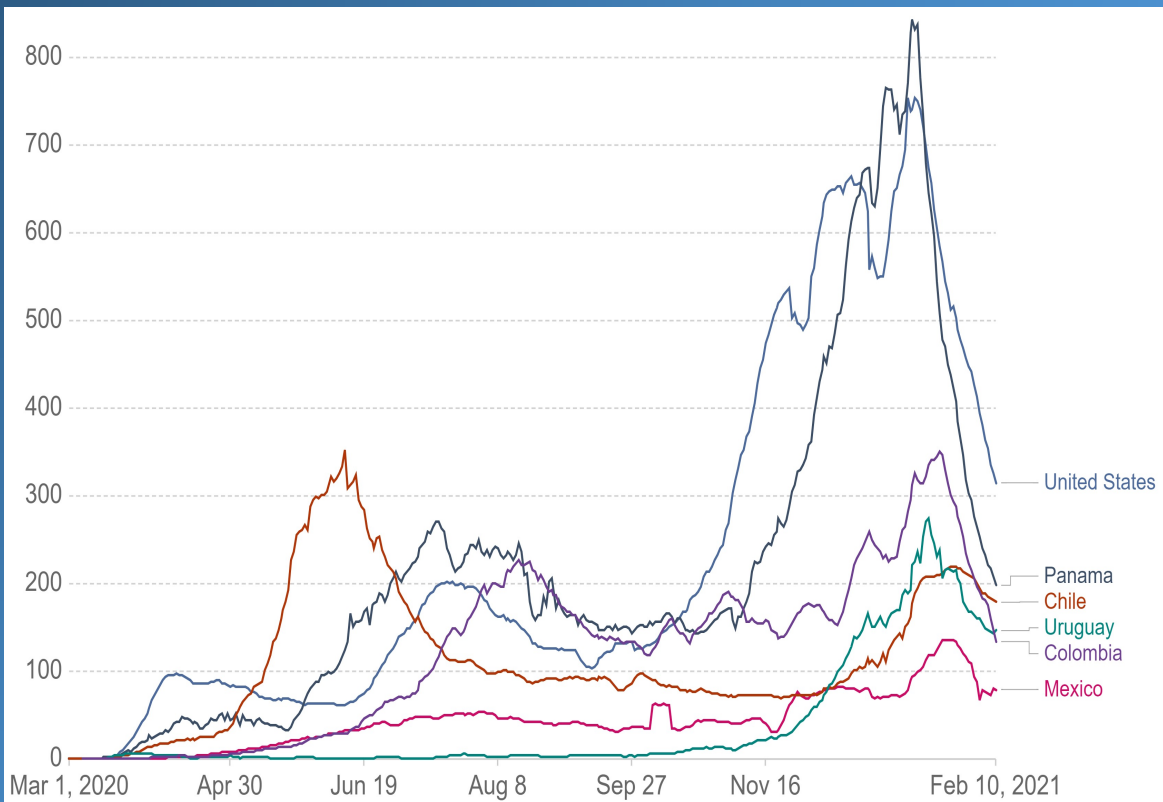
Economic overview

- Global economic environment: COVID-19 context
- Domestic economic environment: impact of the pandemic



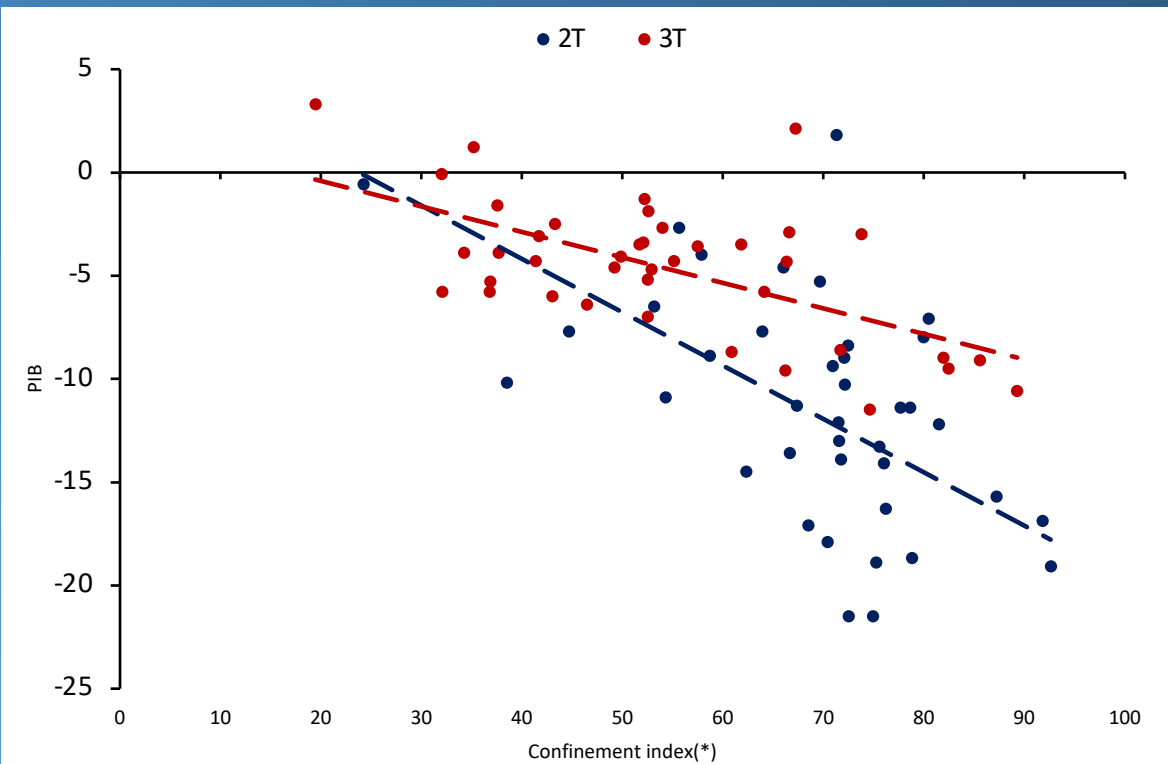
Global Context of COVID-19

New cases per million inhabitants Moving average, 3 days



Source: ourworldindata.org,

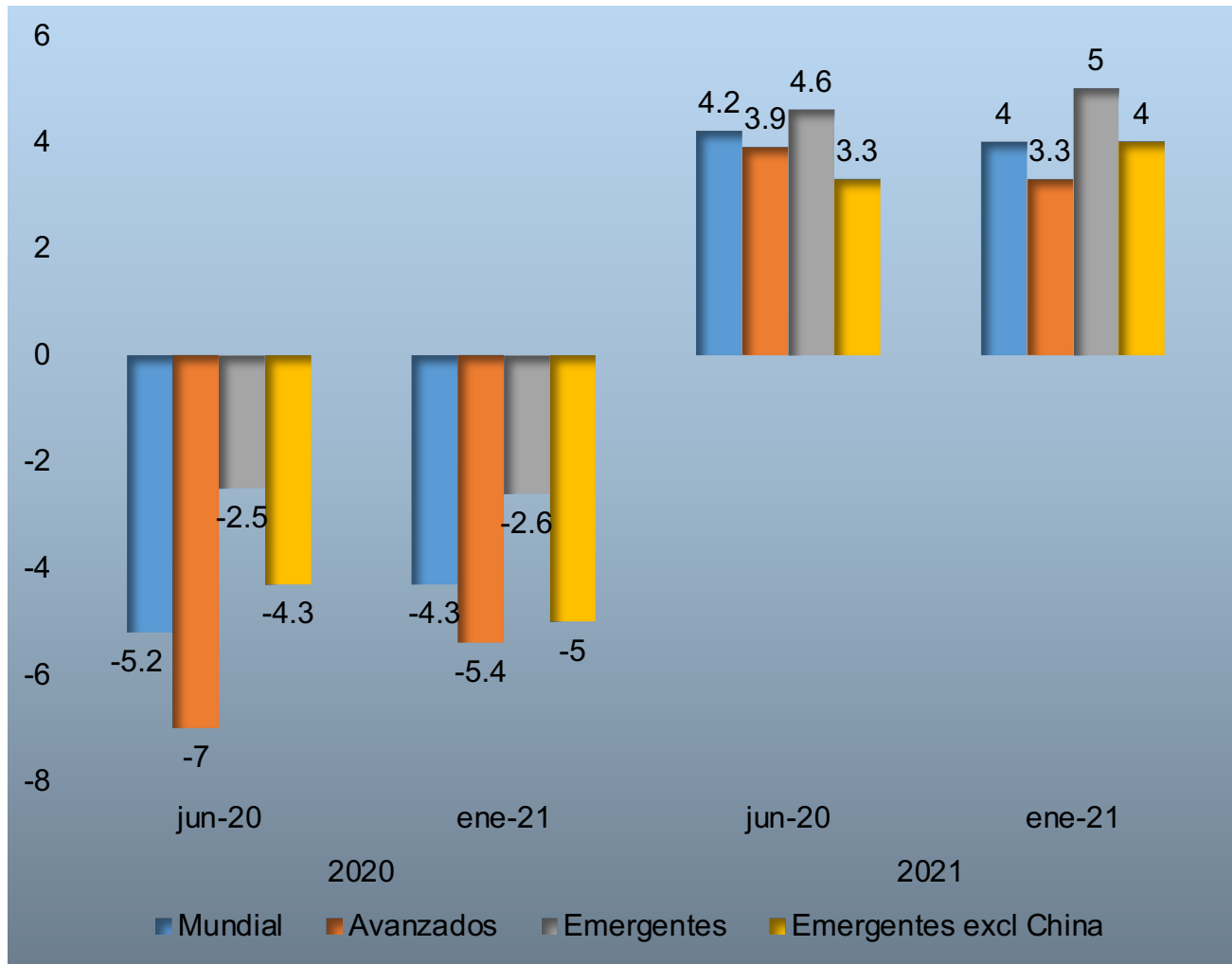
Confinement Index and GDP (Annual level and difference)



Source: ourworldindata.org,

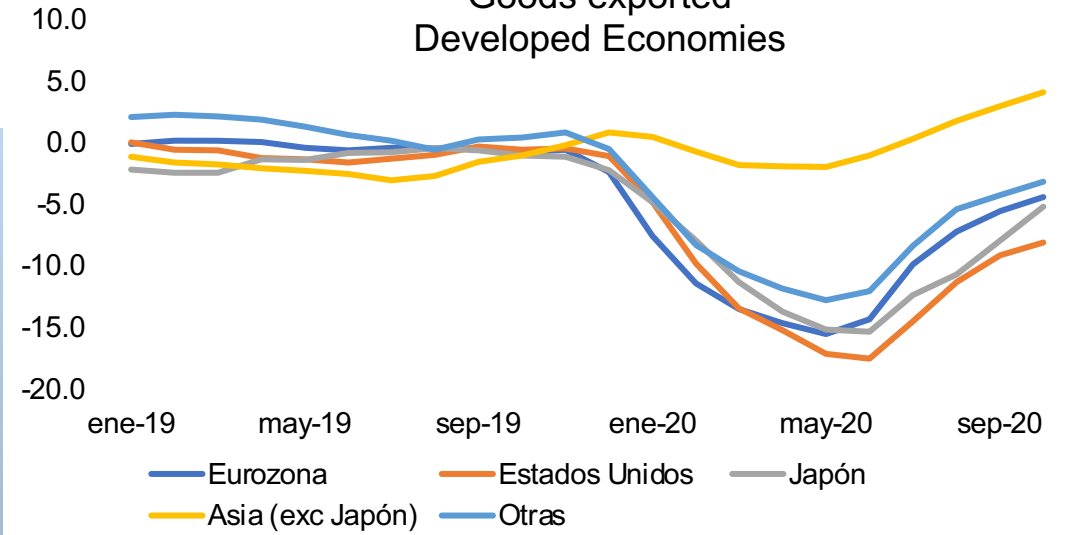
Global Economic Growth Prospects

GDP Growth (in percentages)



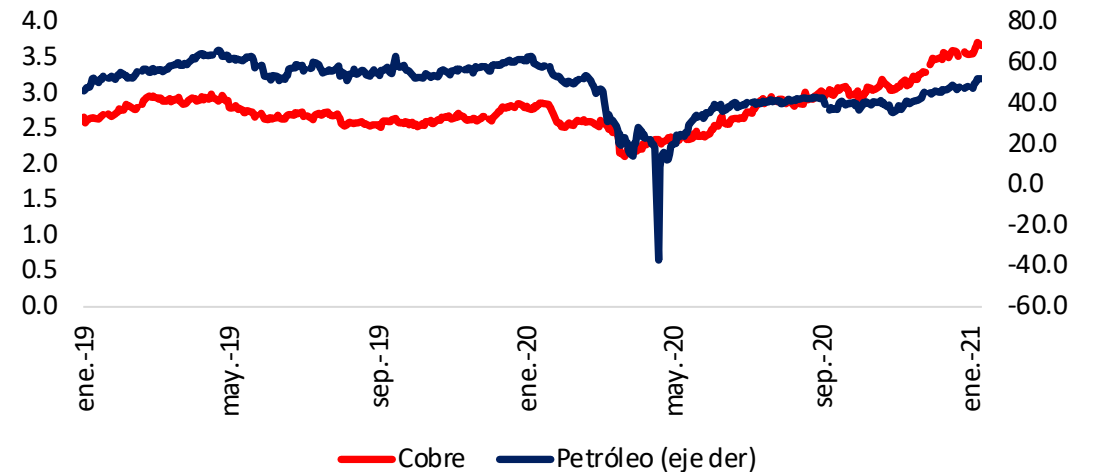
Source: World Bank, Global Economic Prospects June 2020 and January 2021

Goods exported Developed Economies



Source: CPB Netherlands Bureau for Economic Policy Analysis

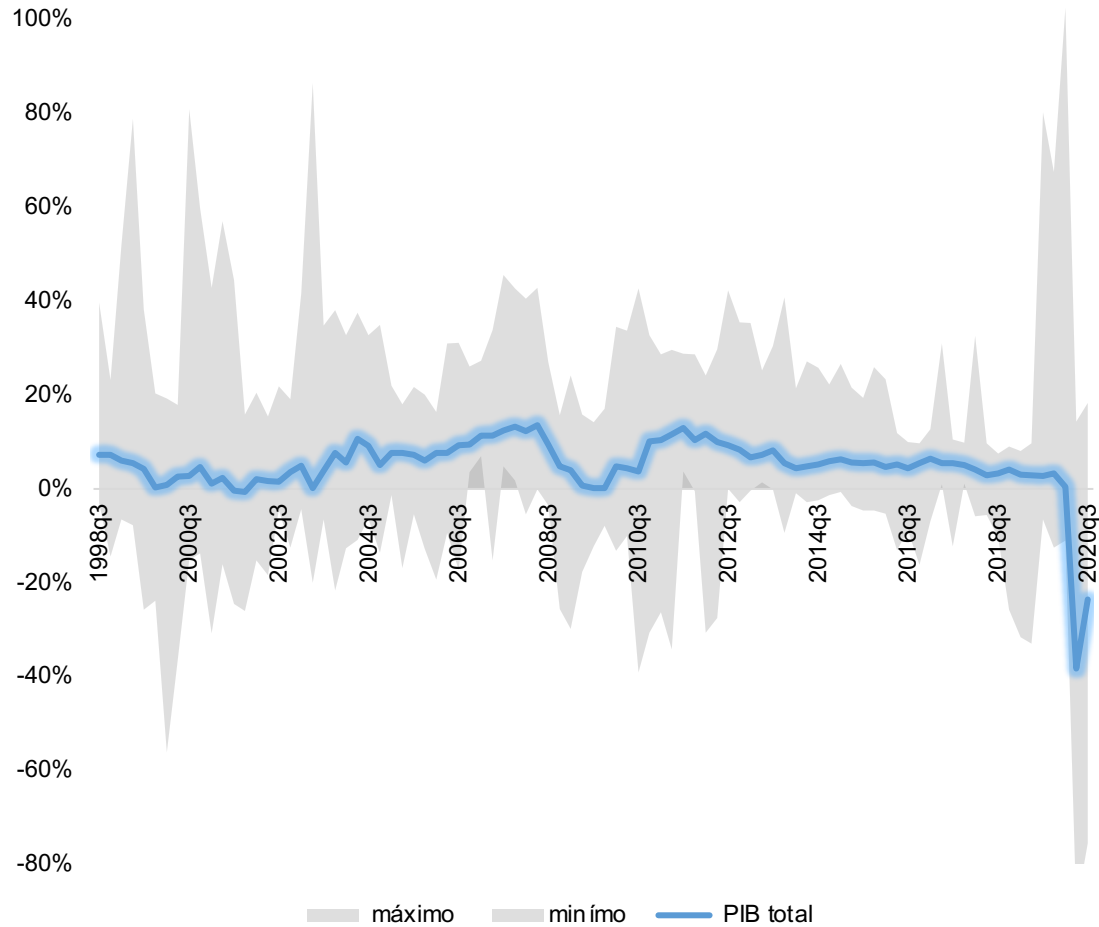
Raw material prices (USD per pound; USD per barrel)



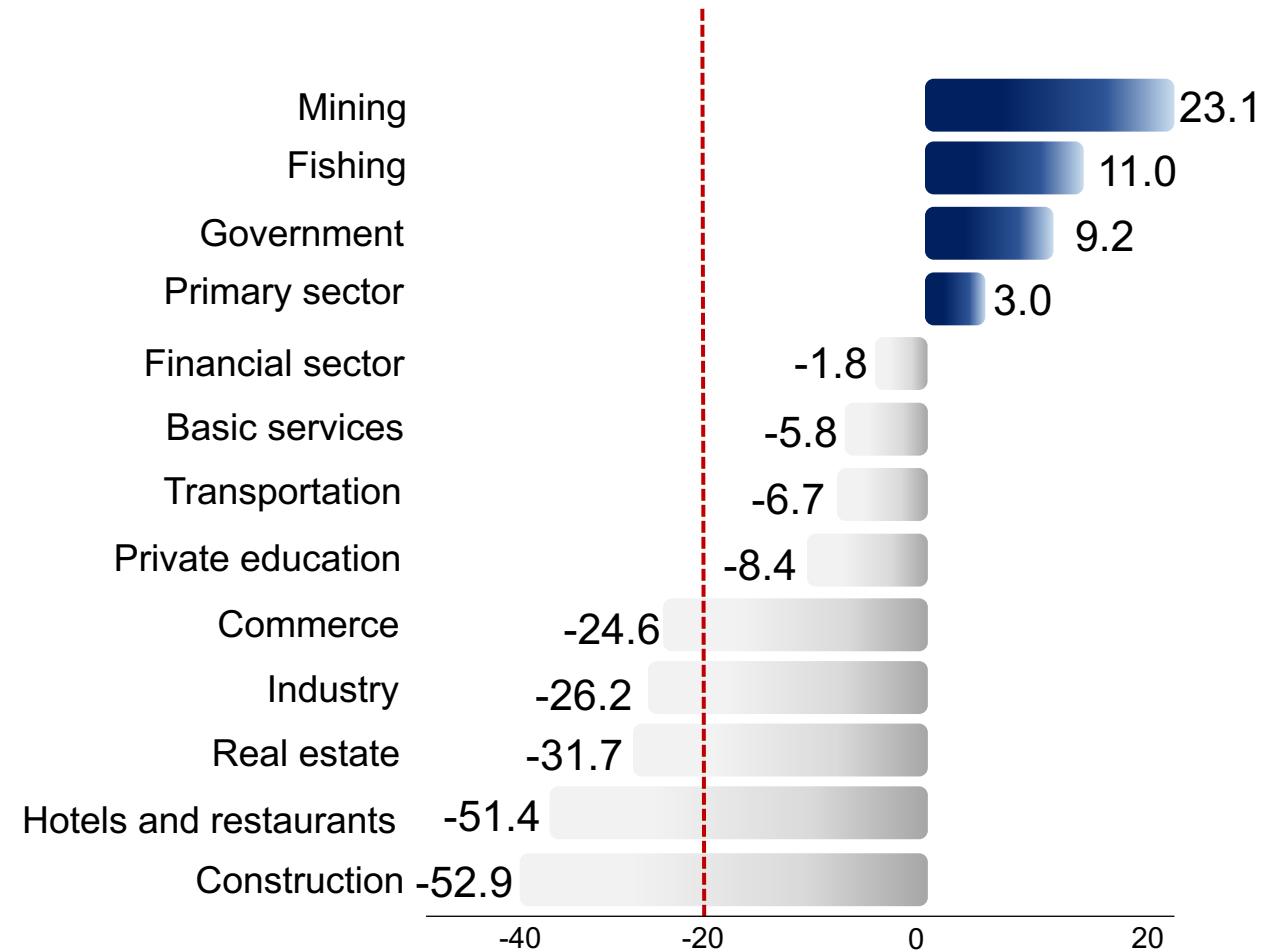
Source: Bloomberg

Panama: Domestic Economic Environment

Gross Domestic Product
(annual difference, in percentages)

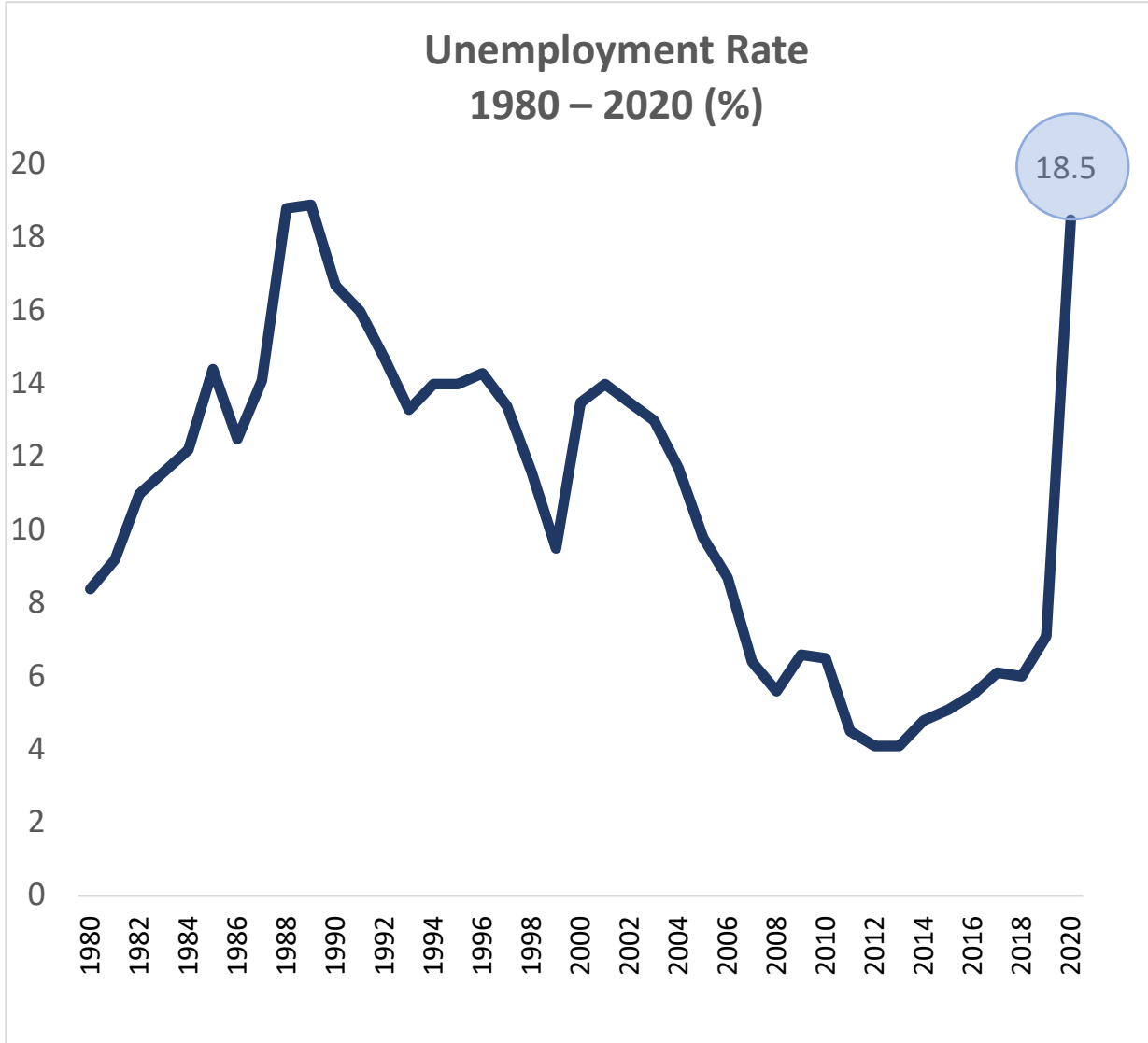


Gross Domestic Product
Share and composition (%)



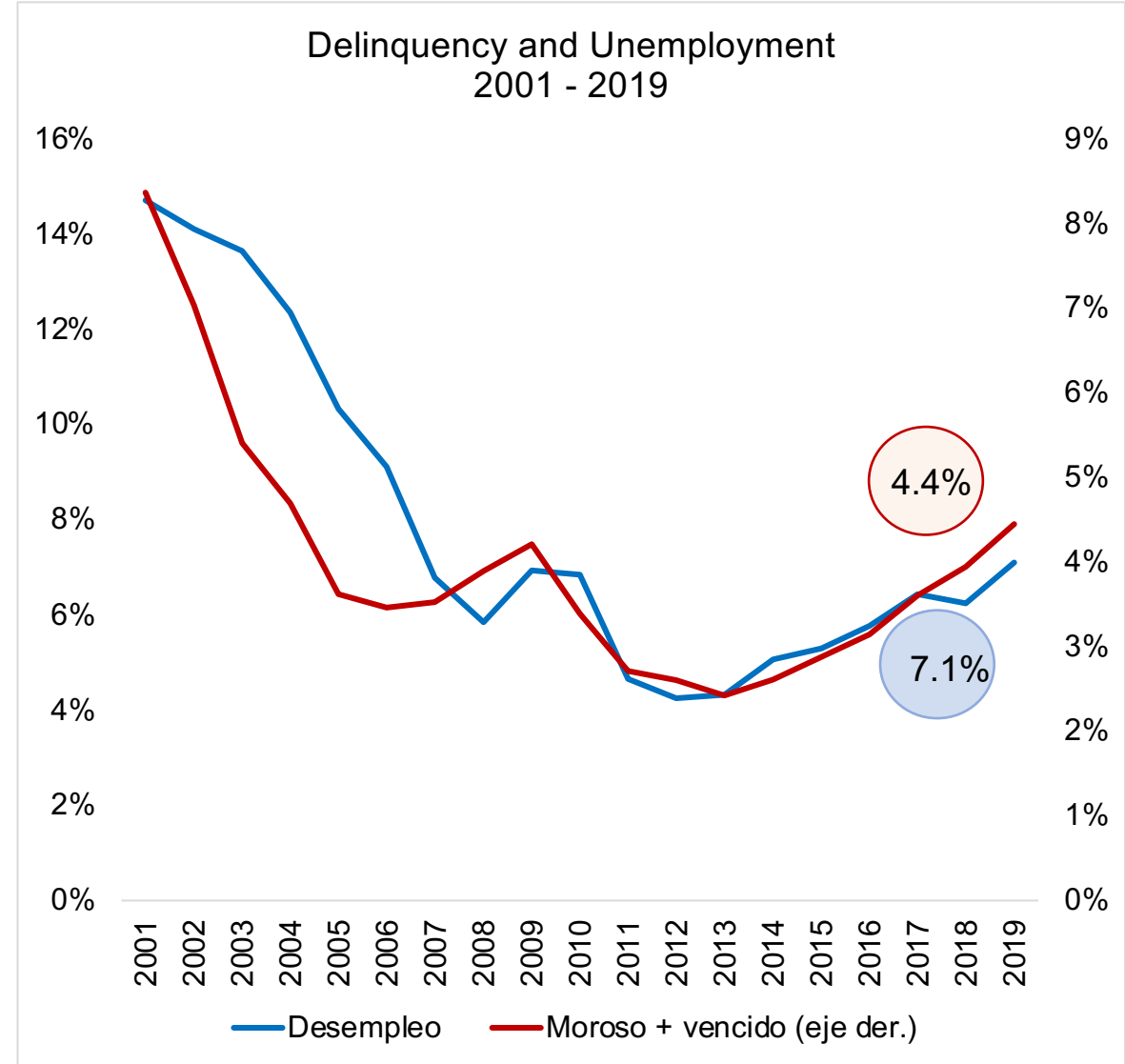
Panama: Domestic Economic Environment

Unemployment Rate 1980 – 2020 (%)



Source: NISC

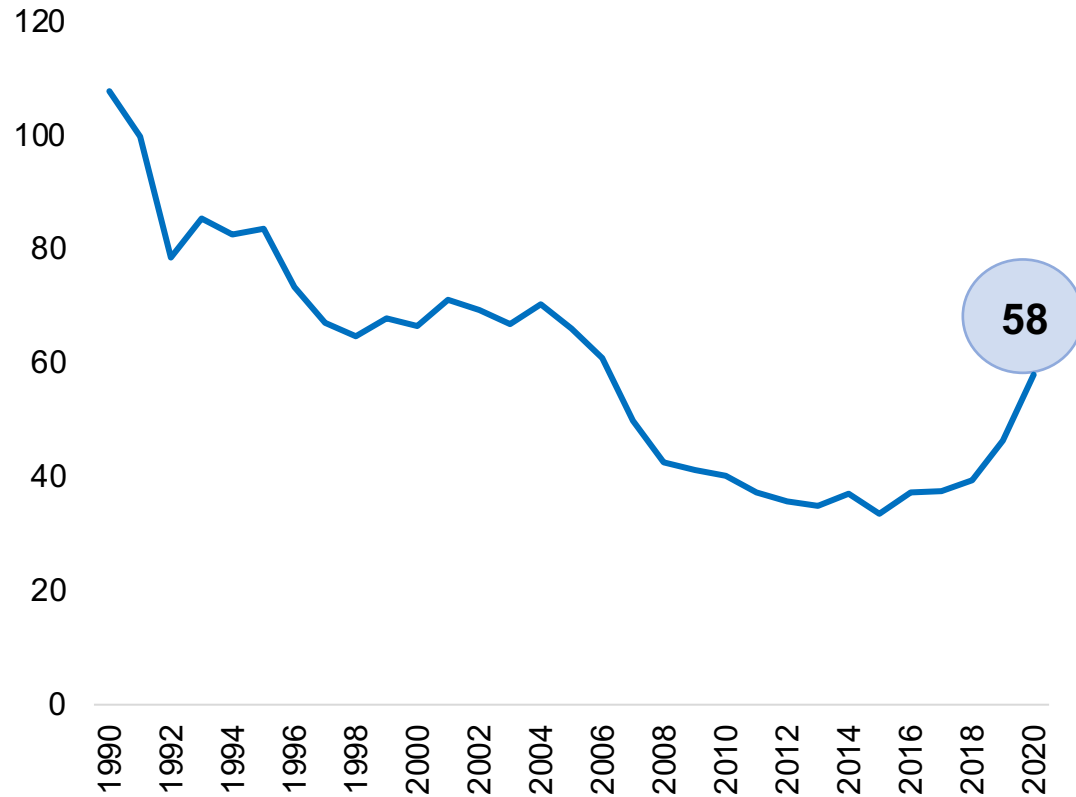
Delinquency and Unemployment 2001 - 2019



Source: NISC and SBP

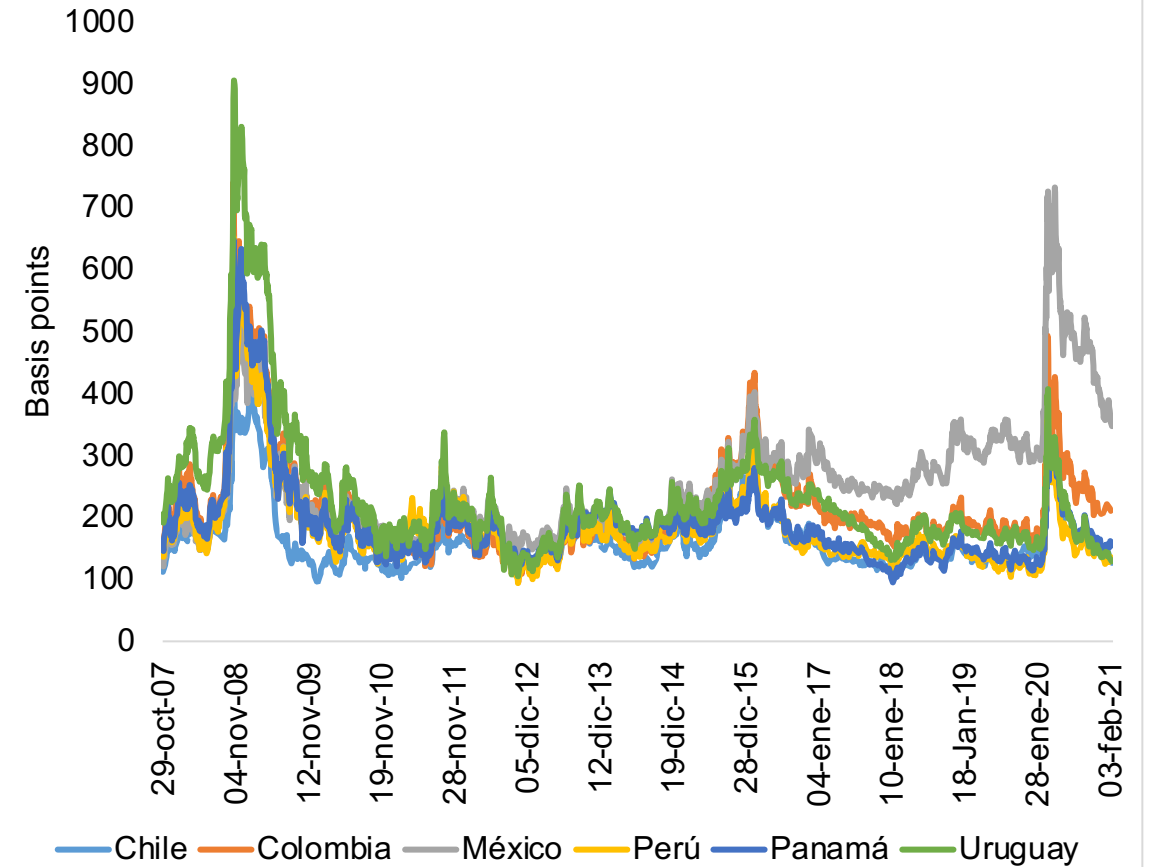
Panama: Domestic Economic Environment

Public Debt/GDP
1990 - 2020 (%)



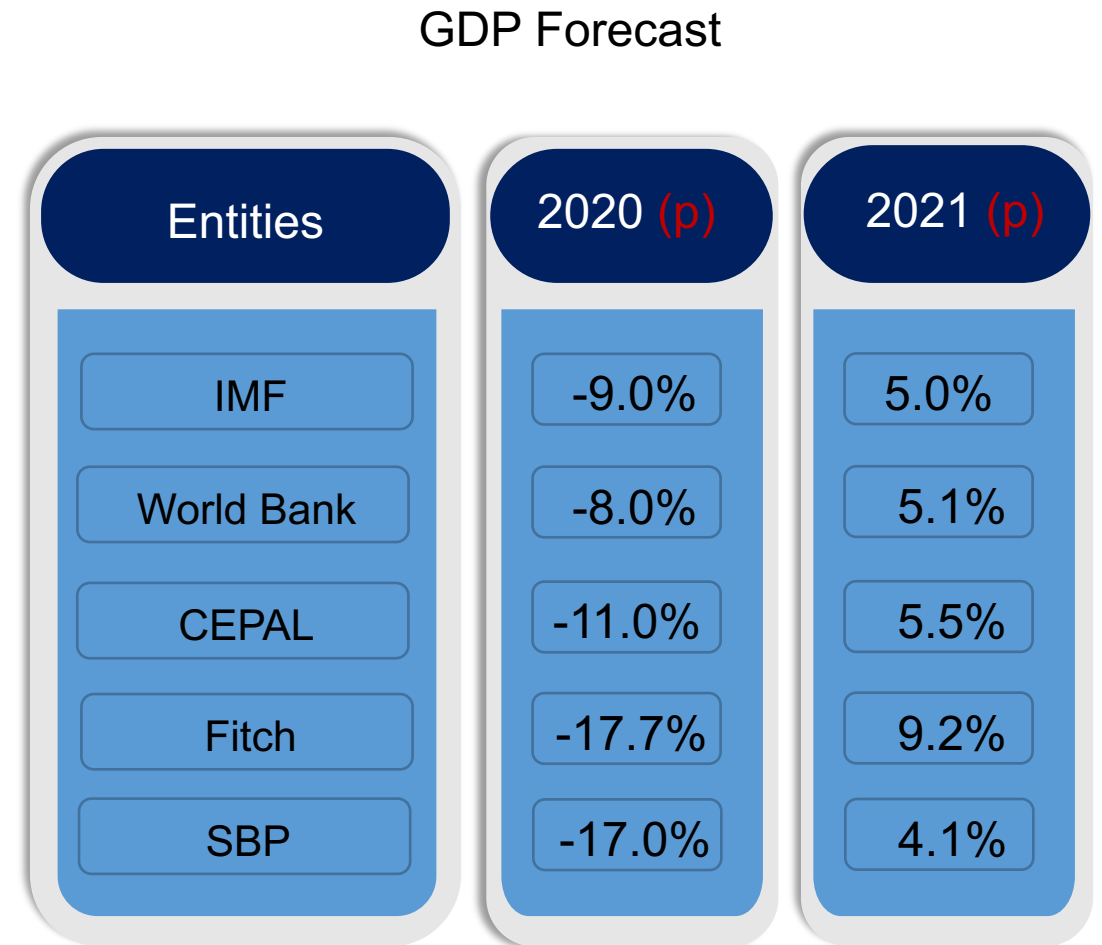
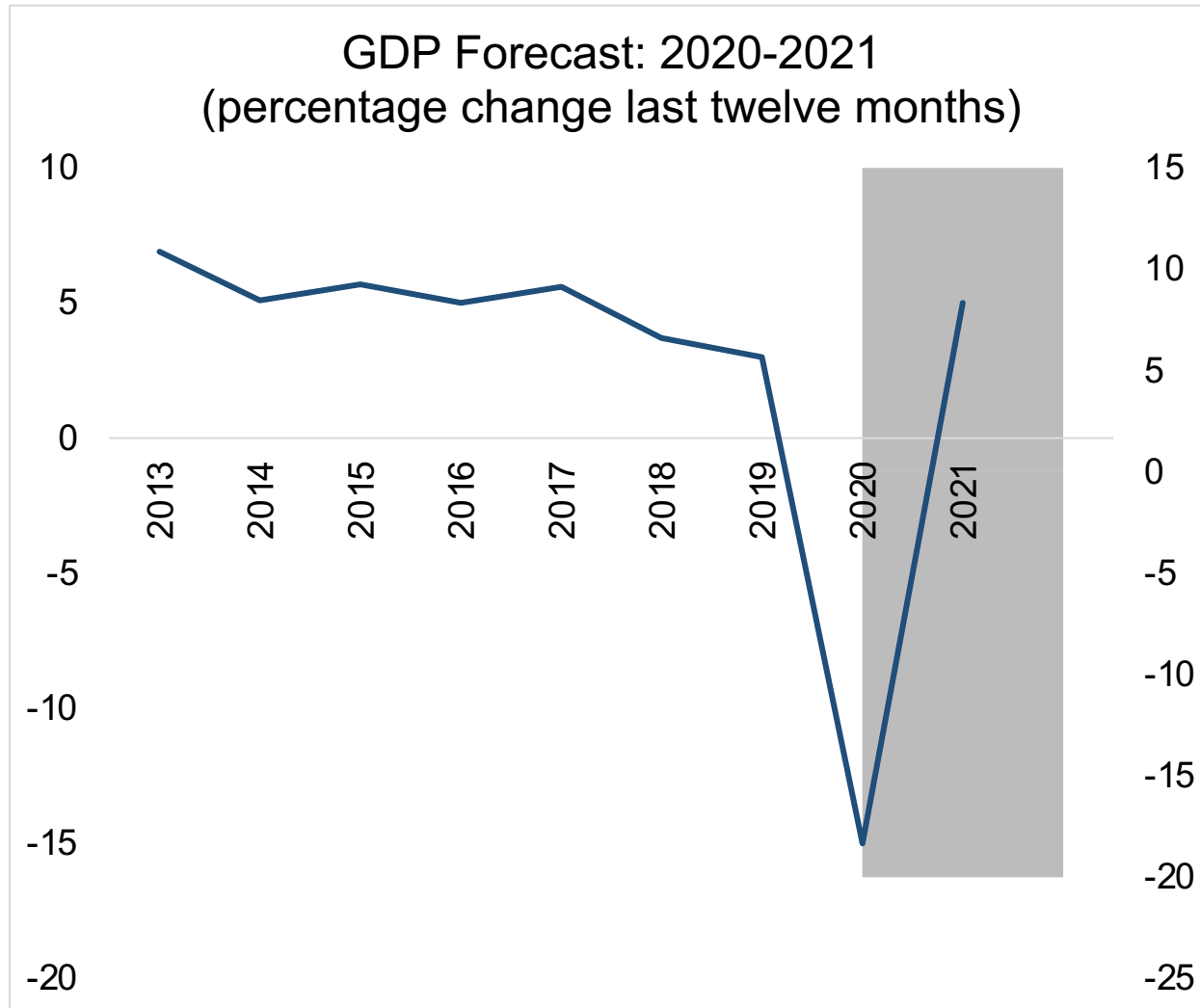
Source: MEF – Public Credit

EMBI Global – LATAM
2007 - 2021



Source: JP Morgan

Panama: Domestic Economic Environment



Agenda

01.

Financial performance in an environment affected by COVID-19

02.

➤ Assets of the International Banking Center and its main accounts

➤ Legal liquidity ratio

03.

➤ Income statement

➤ Performance and distribution of the loan portfolio

04.

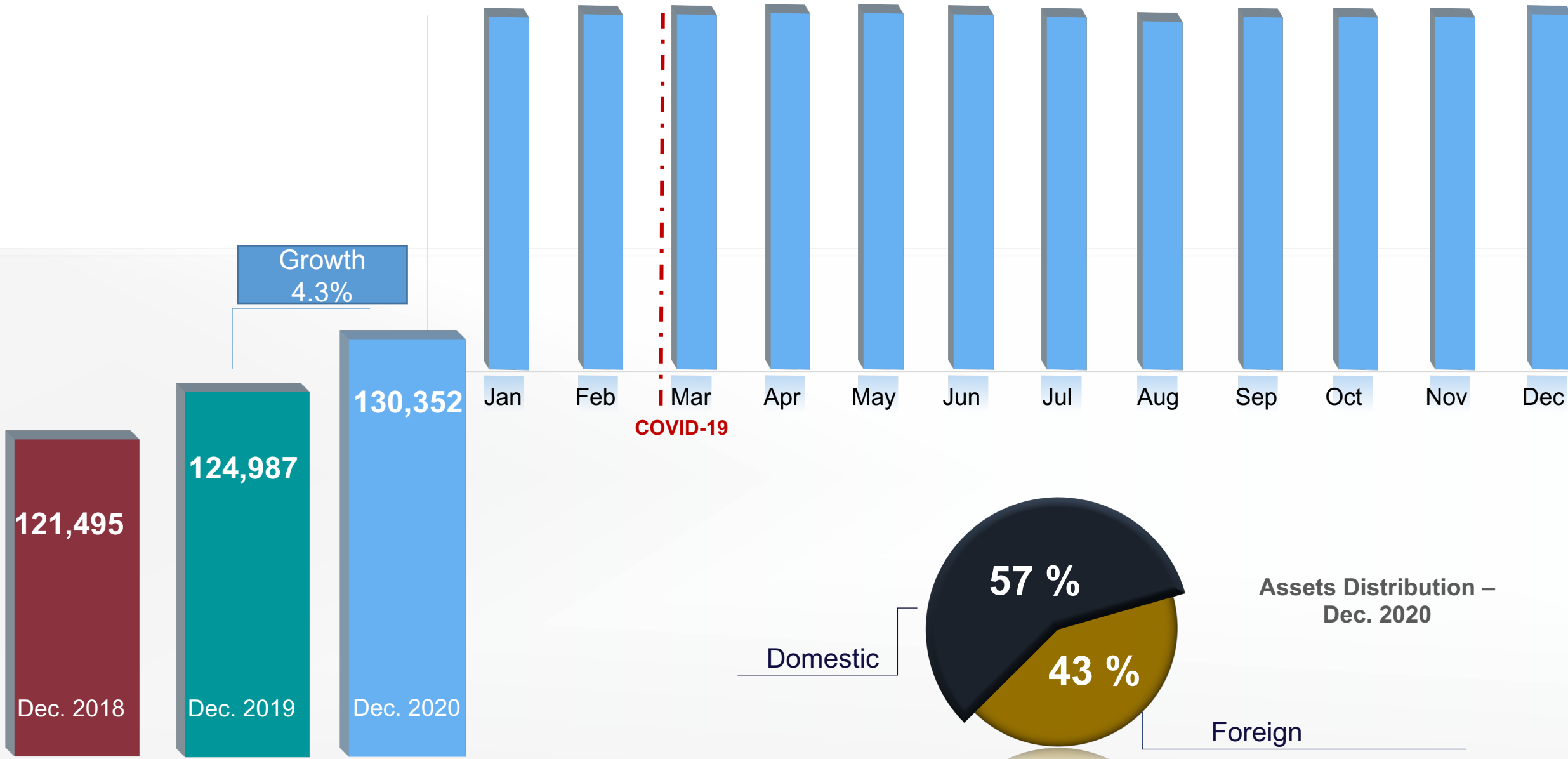
➤ Profitability indicators

05.

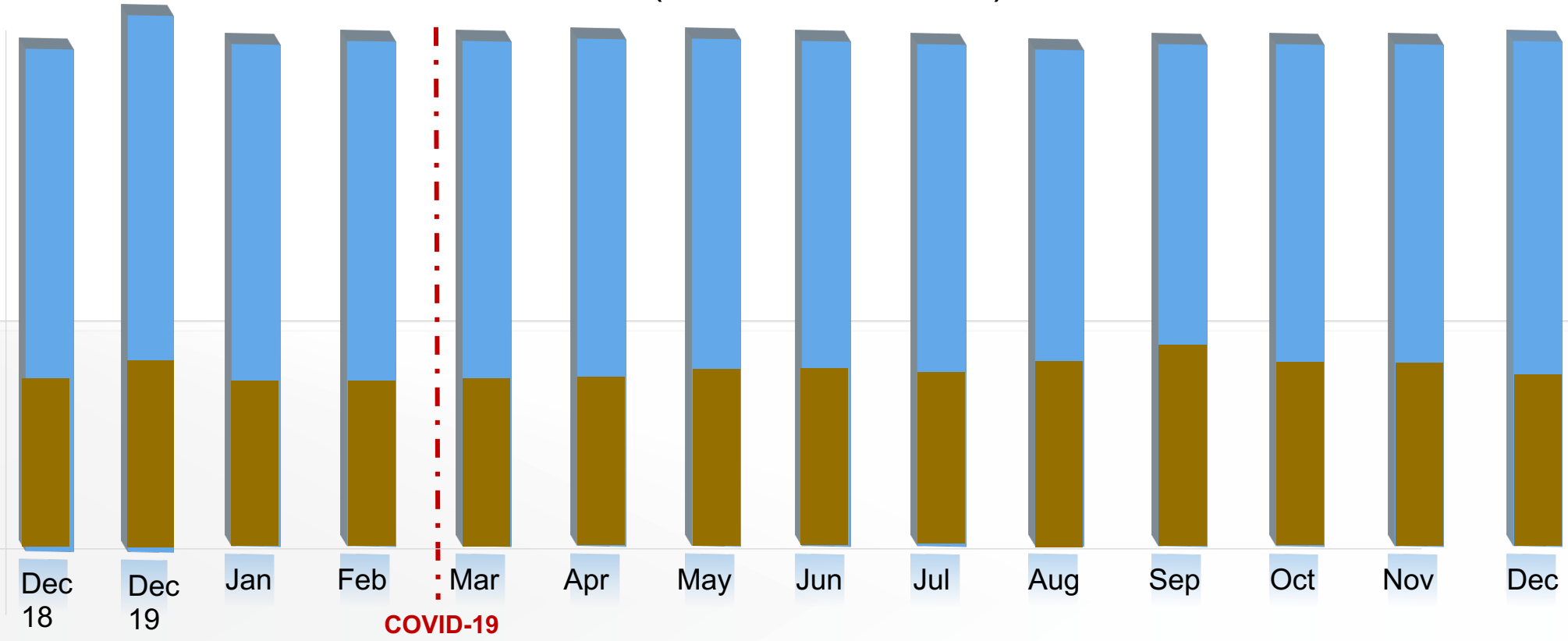
➤ Capital adequacy ratio



International Banking Center: Assets and its Main Accounts (in millions of USD)

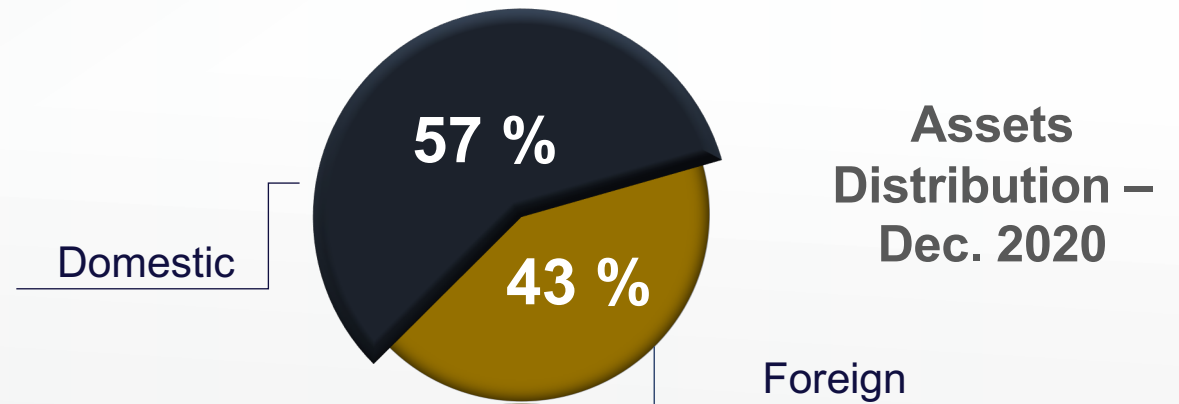


International Banking Center: Assets and its Main Accounts (in millions of USD)

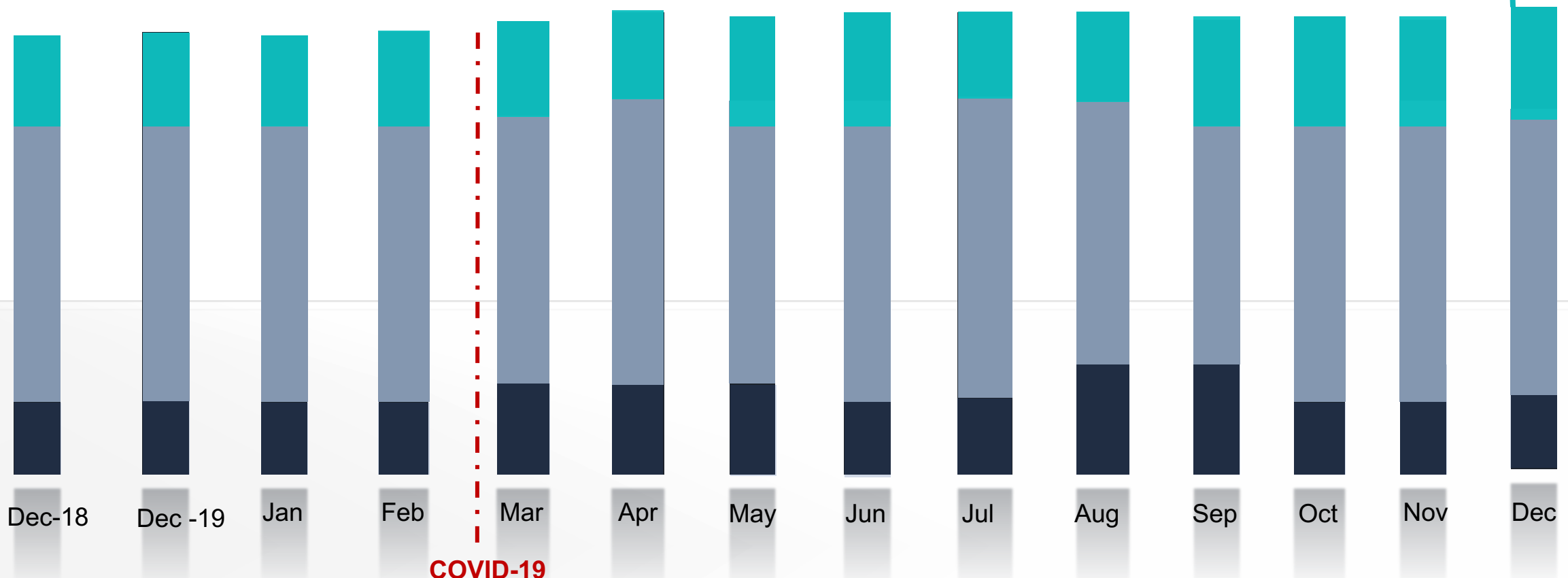


Domestic
72,057

Foreign
58,295



International Banking Center: Assets and its Main Accounts (in millions of USD)



Liquid assets
Assets share **20%**

Liquid assets	26,126
Loan portfolio (net)	72,174
Securities (net)	25,101

20/19 Growth
Liquid Assets
28.47%

20/19 Growth
Loans Dec. 20
-5.20%

20/19 Growth
Securities Dec. 20
8.10%

Legal liquidity ratio composition

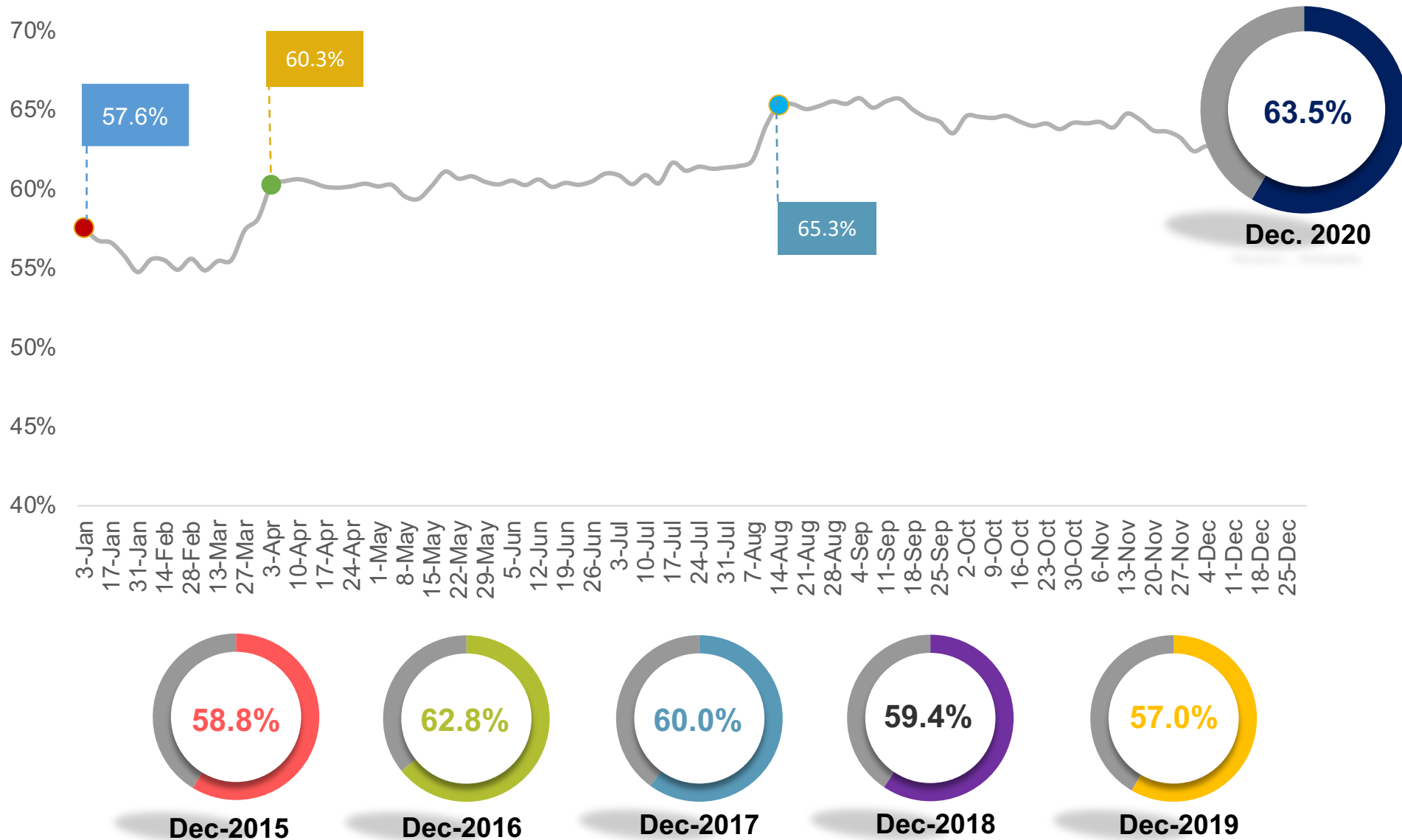
In millions of USD

	Liquid assets	Net deposits
Dec-2019	25,331	44,476
Dec-2020	33,210	52,272

Accounts with highest growth

Liquid assets	Net deposits
+74.9%	+17.5%
Deposits in banks abroad	Customer deposits

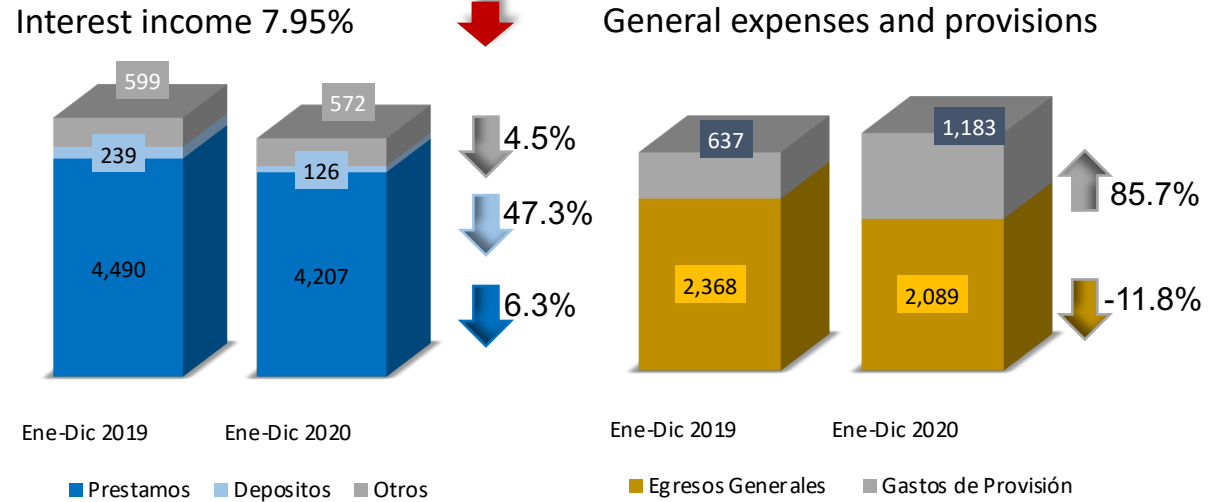
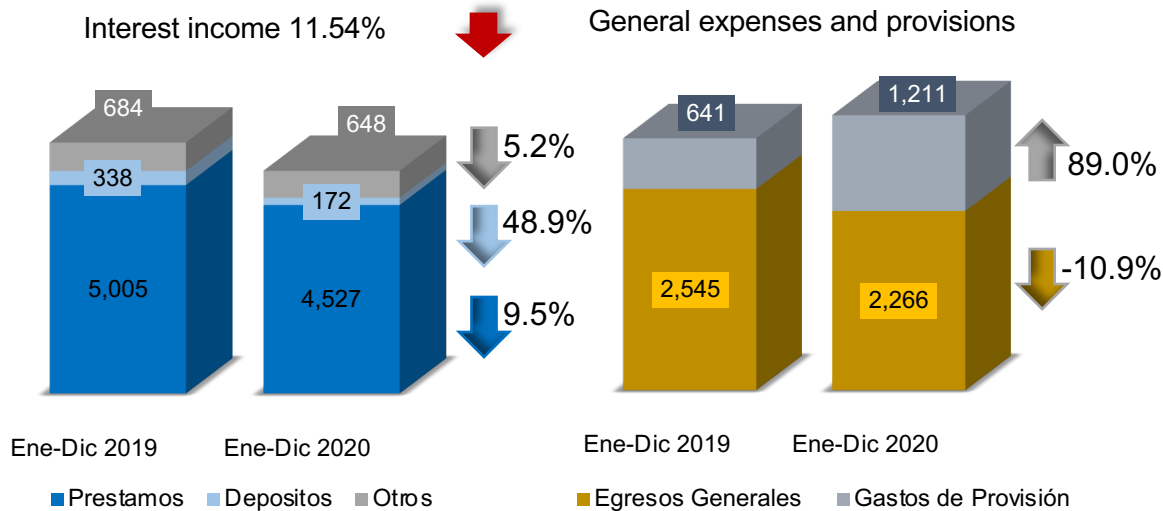
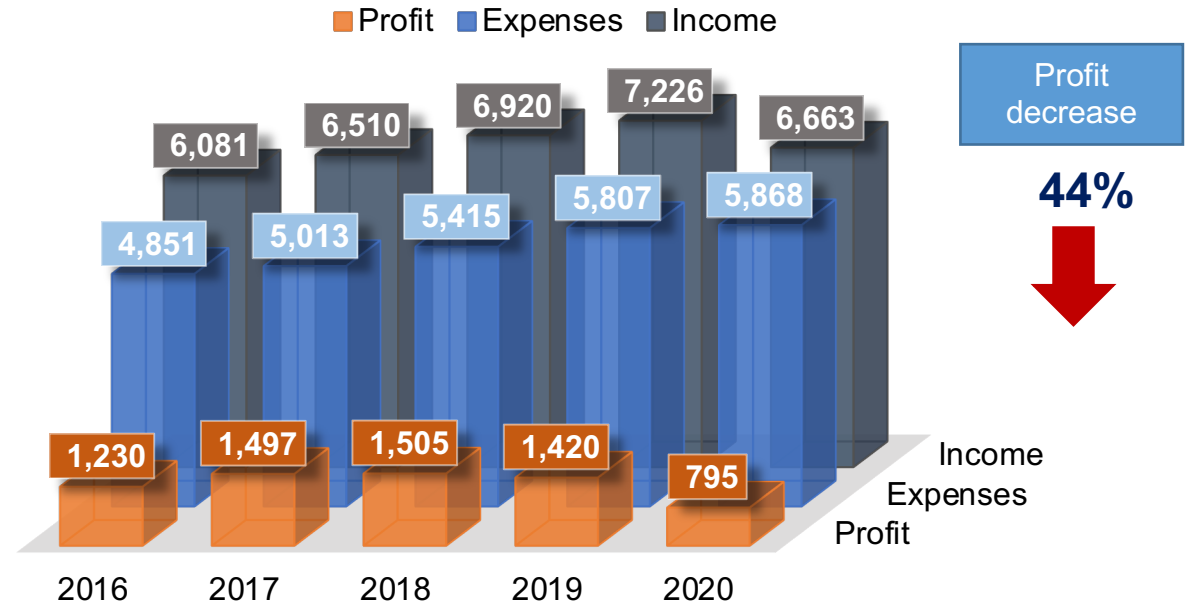
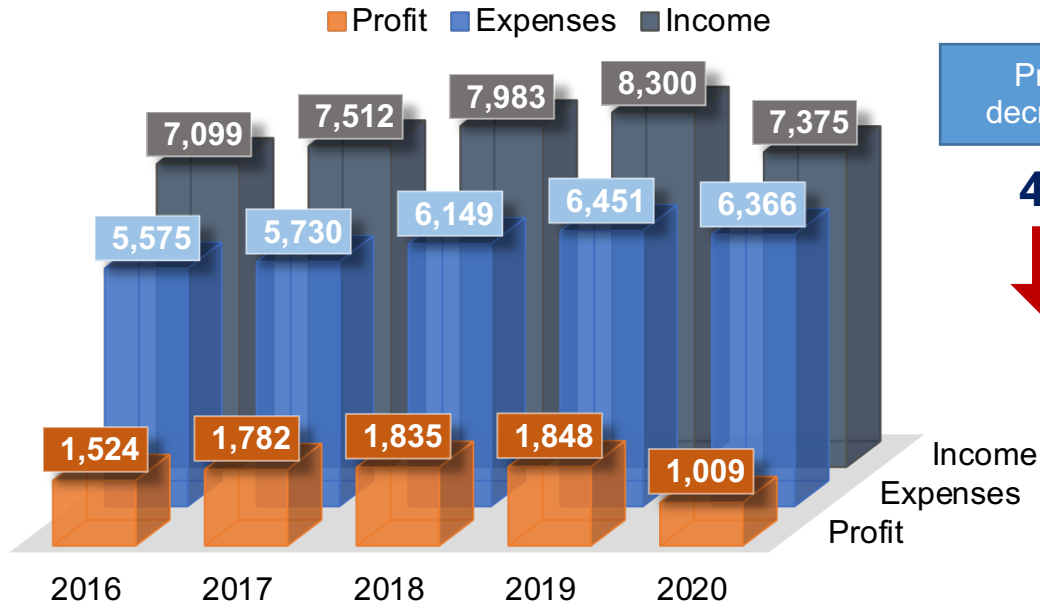
National Banking System: Legal Liquidity Ratio



Income Statement (in millions of USD)

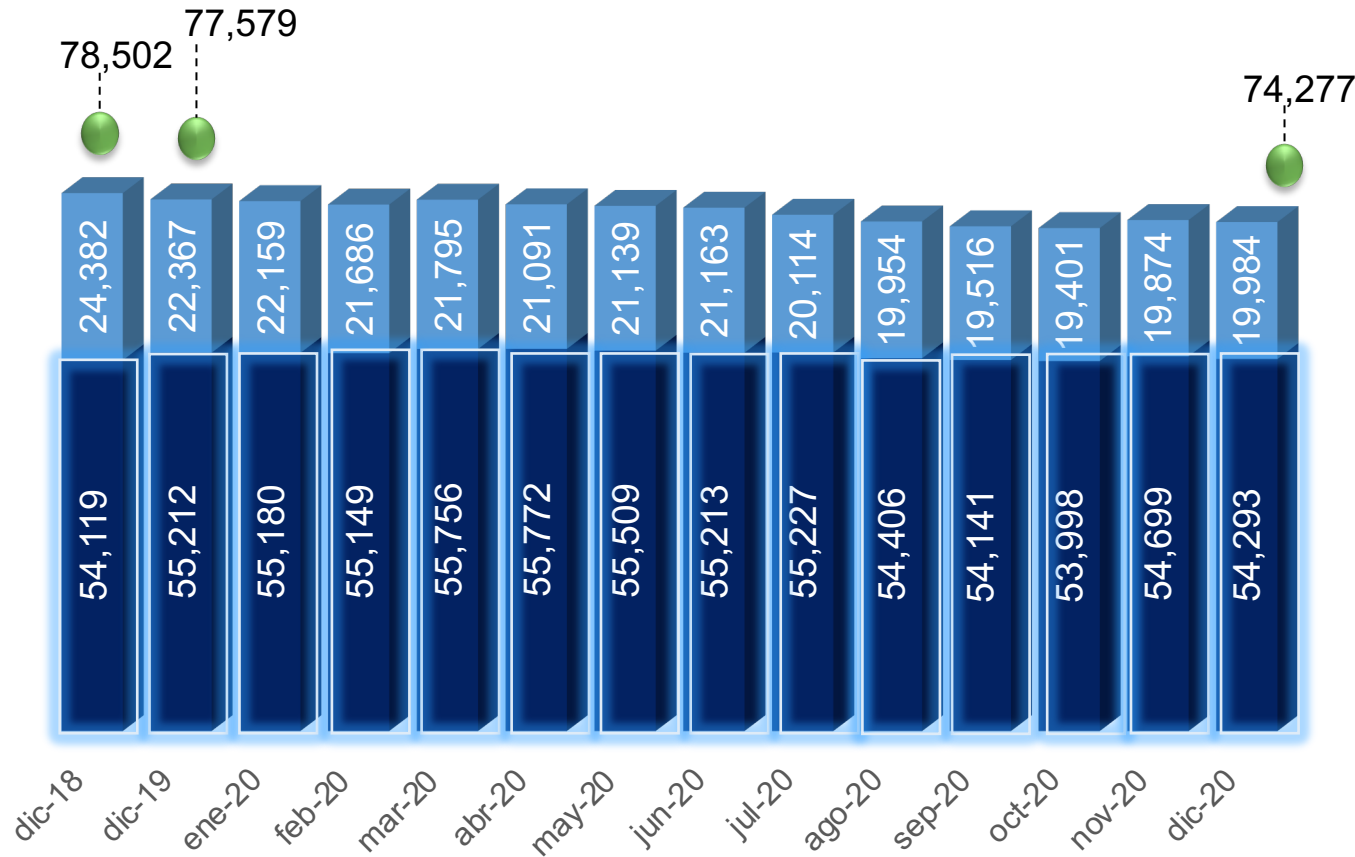
International Banking Center

National Banking System

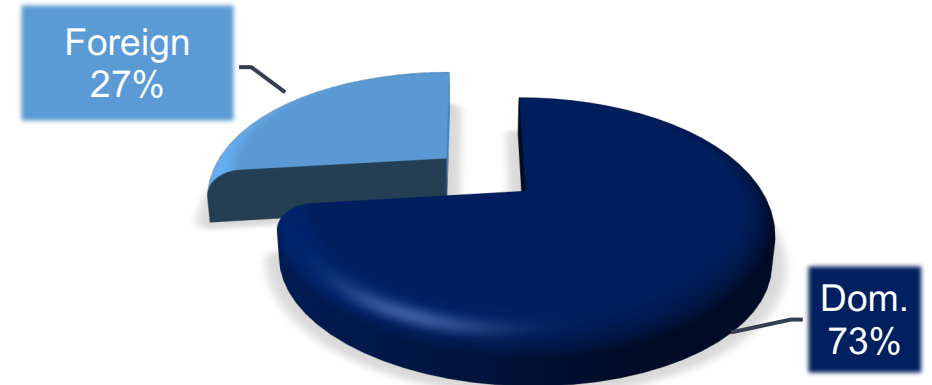


Performance and Distribution of the Loan Portfolio (in millions of USD)

International Banking Center Performance and Distribution



Distribution – Dec. 2020

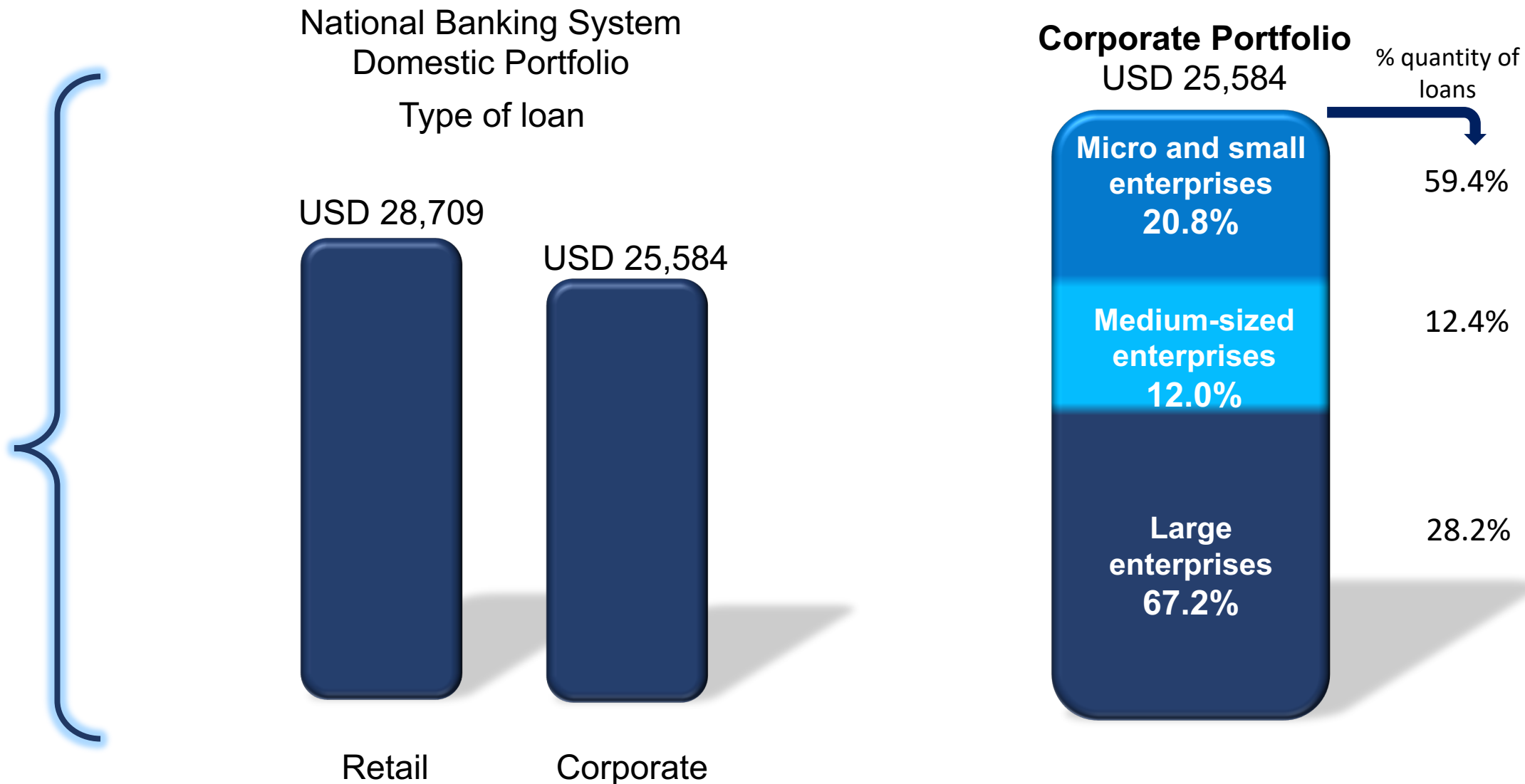


Domestic Annual
Difference Dec-2020
-1.66%

Local Extranjero Total

Foreign Annual
Difference Dec-2020
-10.66%

Performance and Distribution of the Loan Portfolio (in millions of USD)

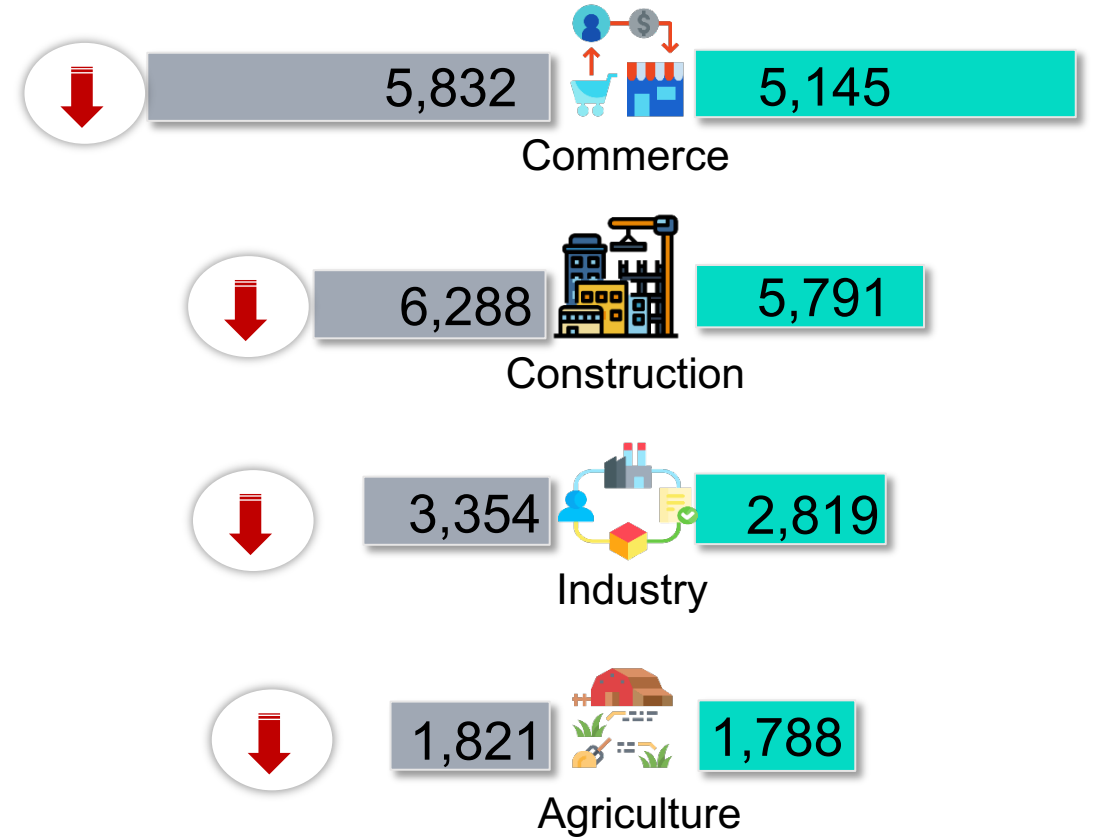
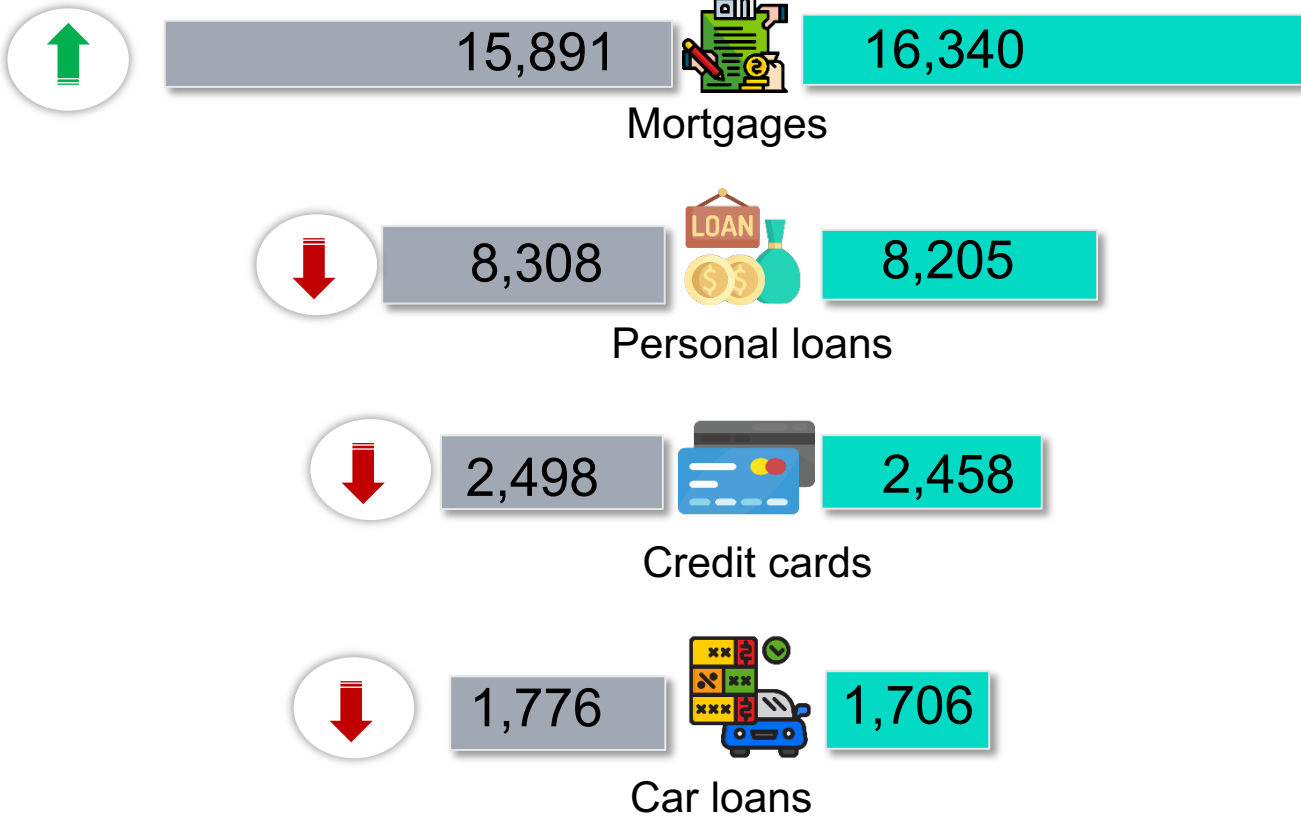


National Banking System: Main Activities of the Domestic Portfolio

December 2019 - 2020 (in millions of USD)

1 Retail portfolio USD 28,709

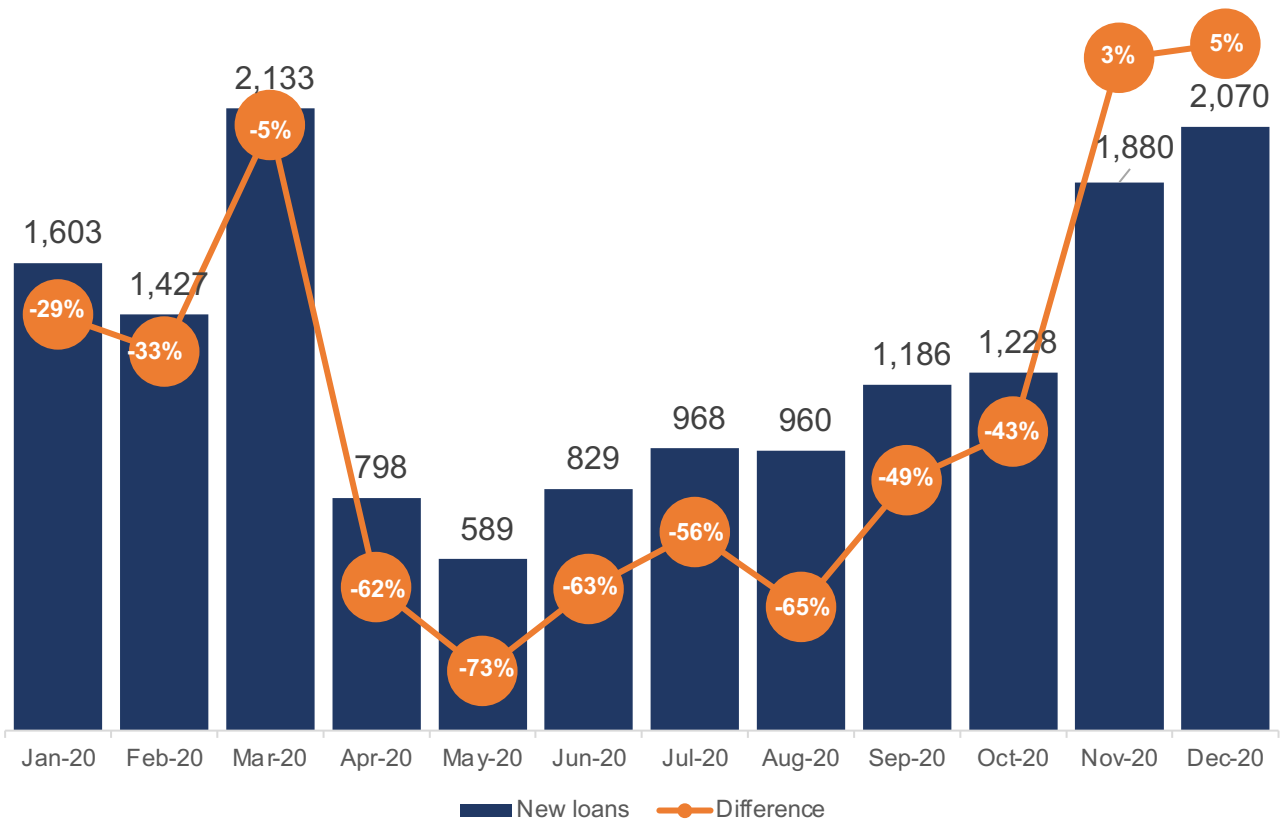
2 Corporate portfolio USD 25,584



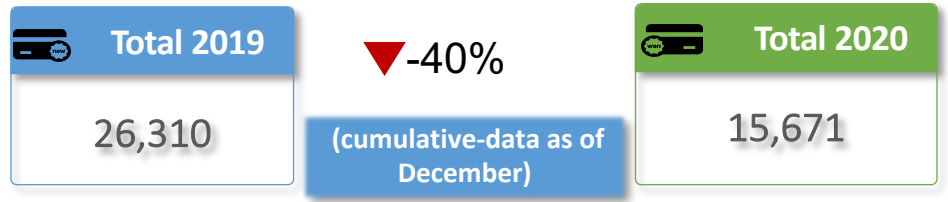
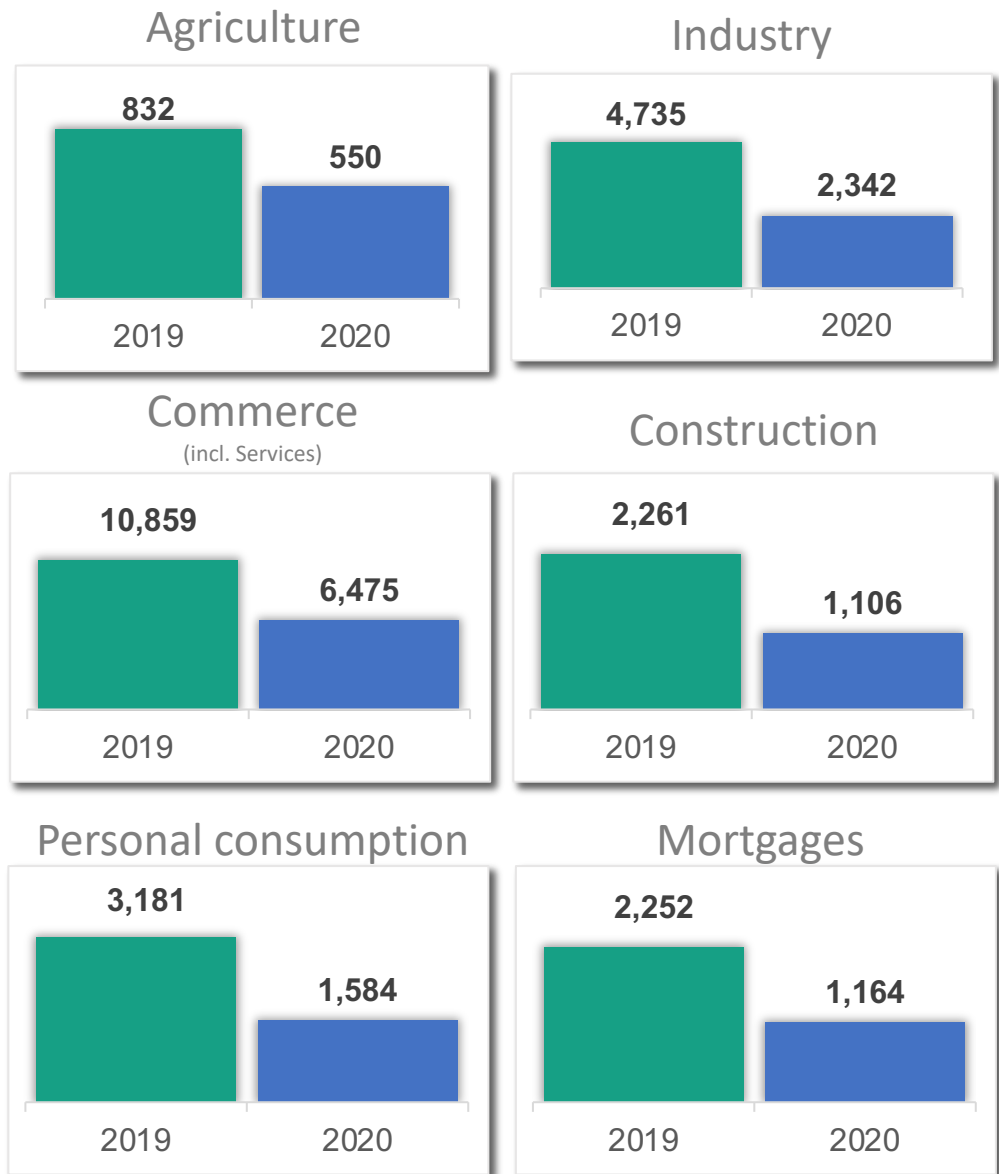
■ 2019 ■ 2020

National Banking System: New Domestic Loans 2020 (in millions of USD)

New loans per month



Main sectors (cumulative-data)



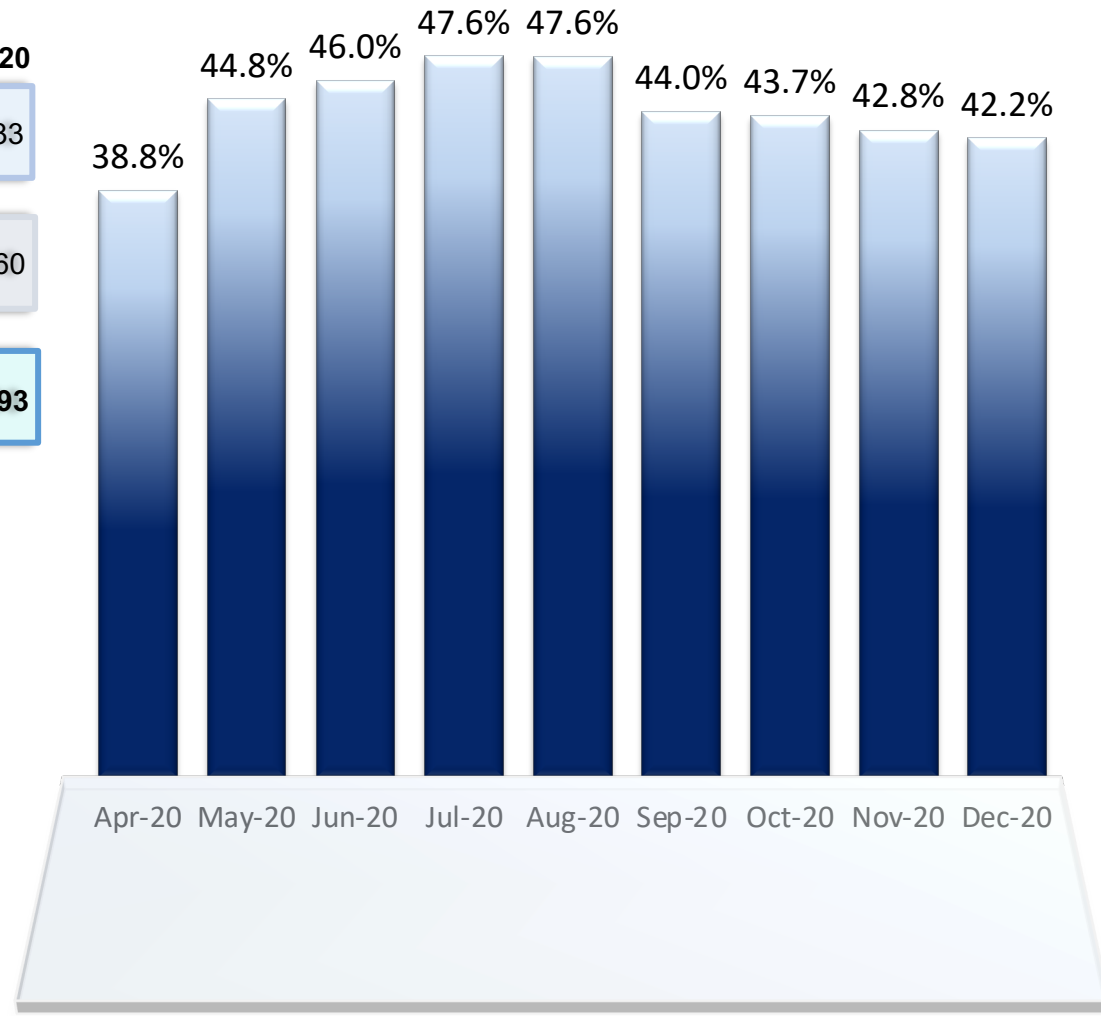
National Banking System – Domestic Modified Loans

In millions of USD

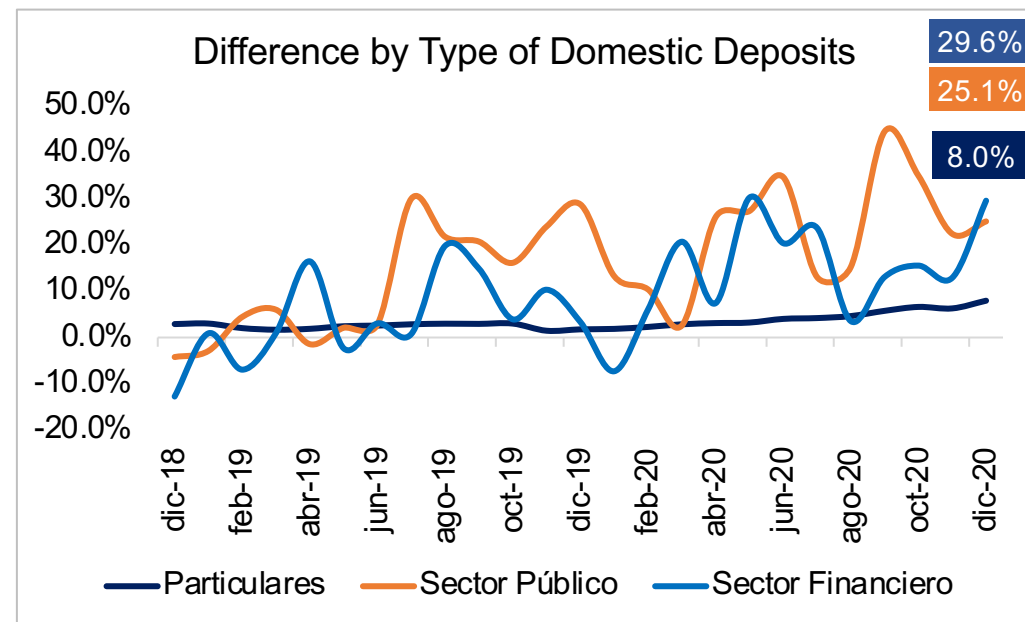
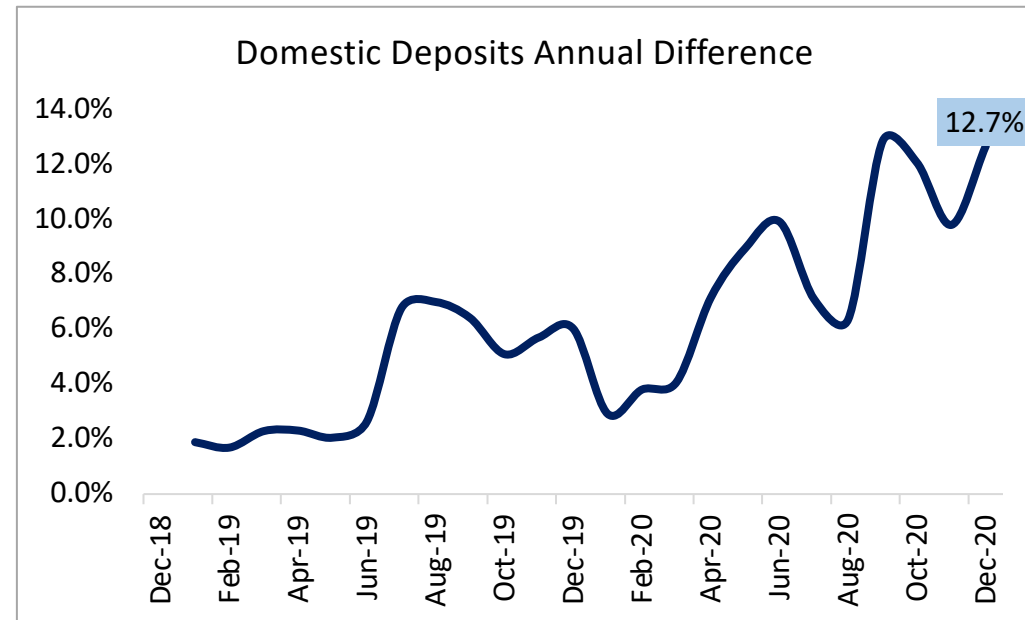
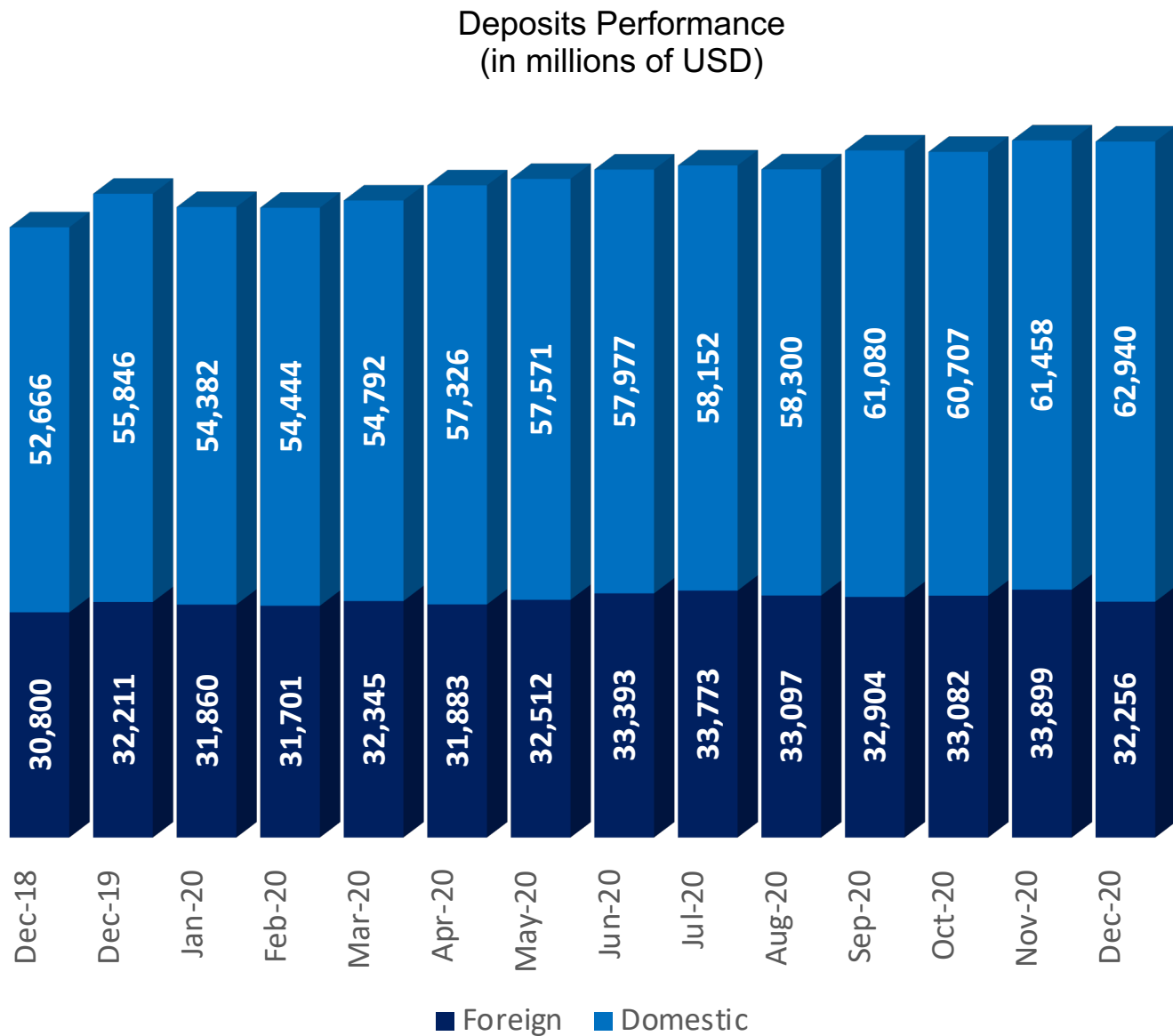
	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Modified	909	21,634	24,879	24,475	26,311	25,916	23,819	23,603	23,390	22,933
Unmodified	54,847	34,137	30,630	28,686	28,917	28,490	30,322	30,395	31,307	31,360
Total loans	55,756	55,772	55,509	53,160	55,227	54,406	54,141	53,998	54,698	54,293

Forbearance Ratio = $\frac{\text{Total modified loans}}{\text{Total loans}}$

Forbearance Ratio

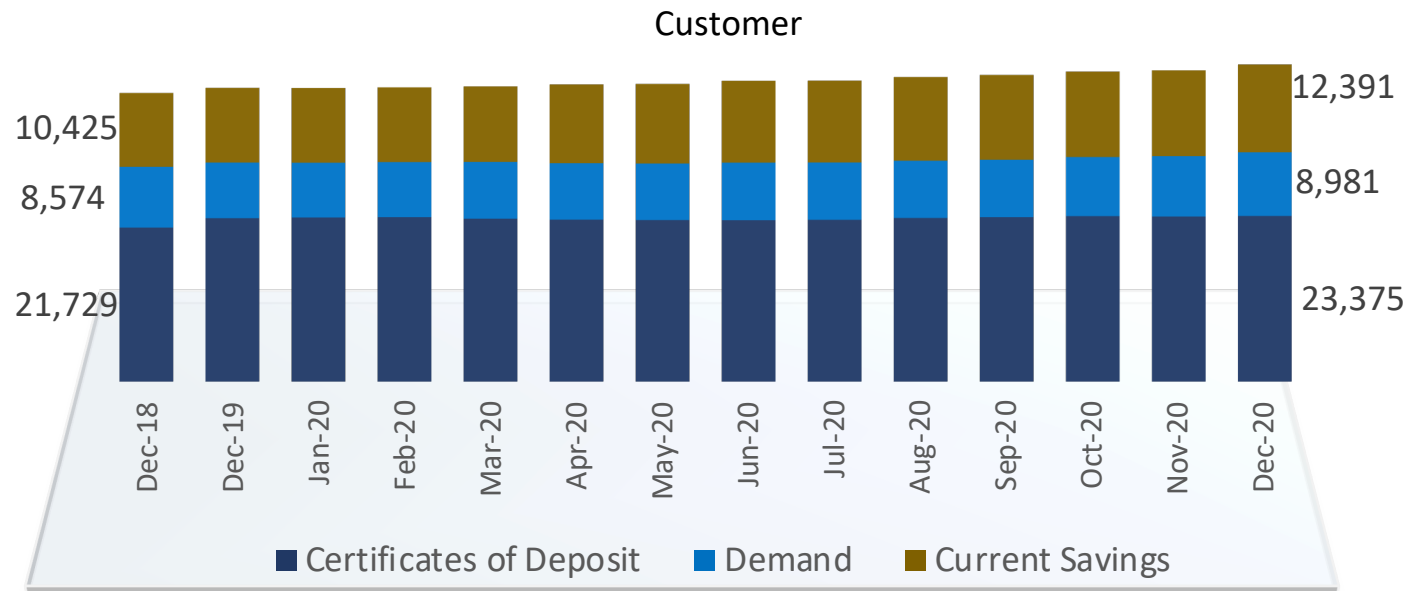
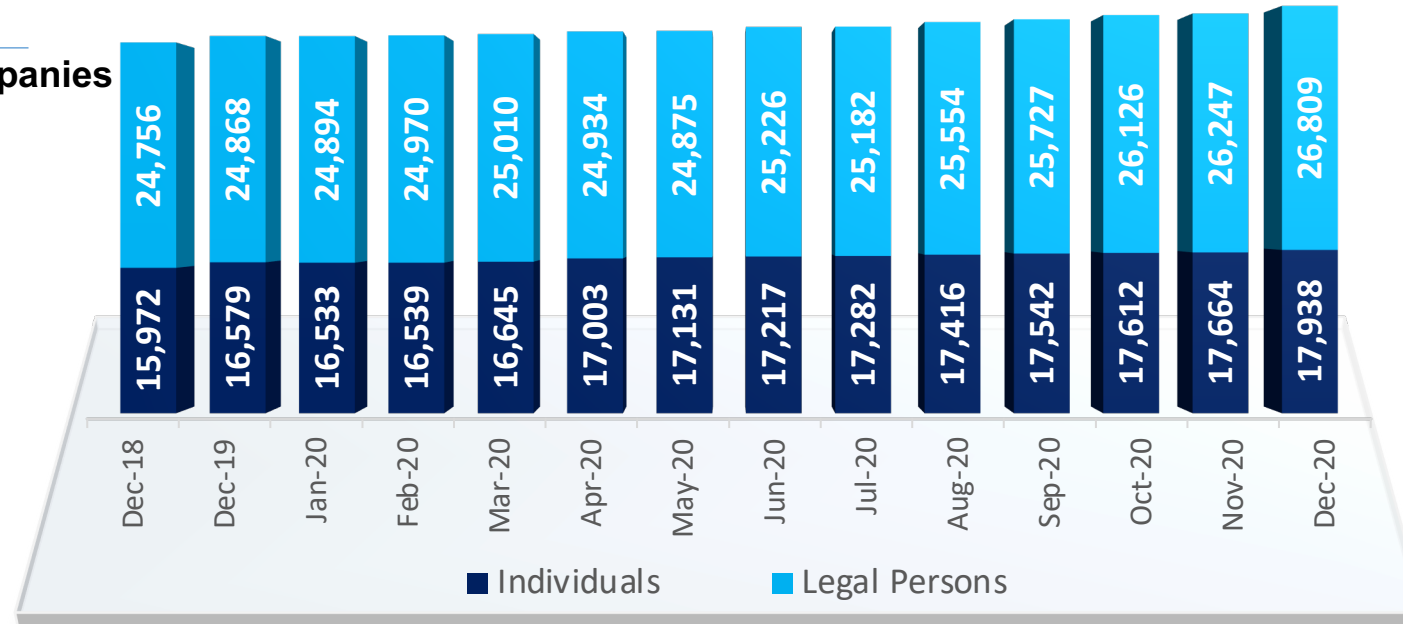
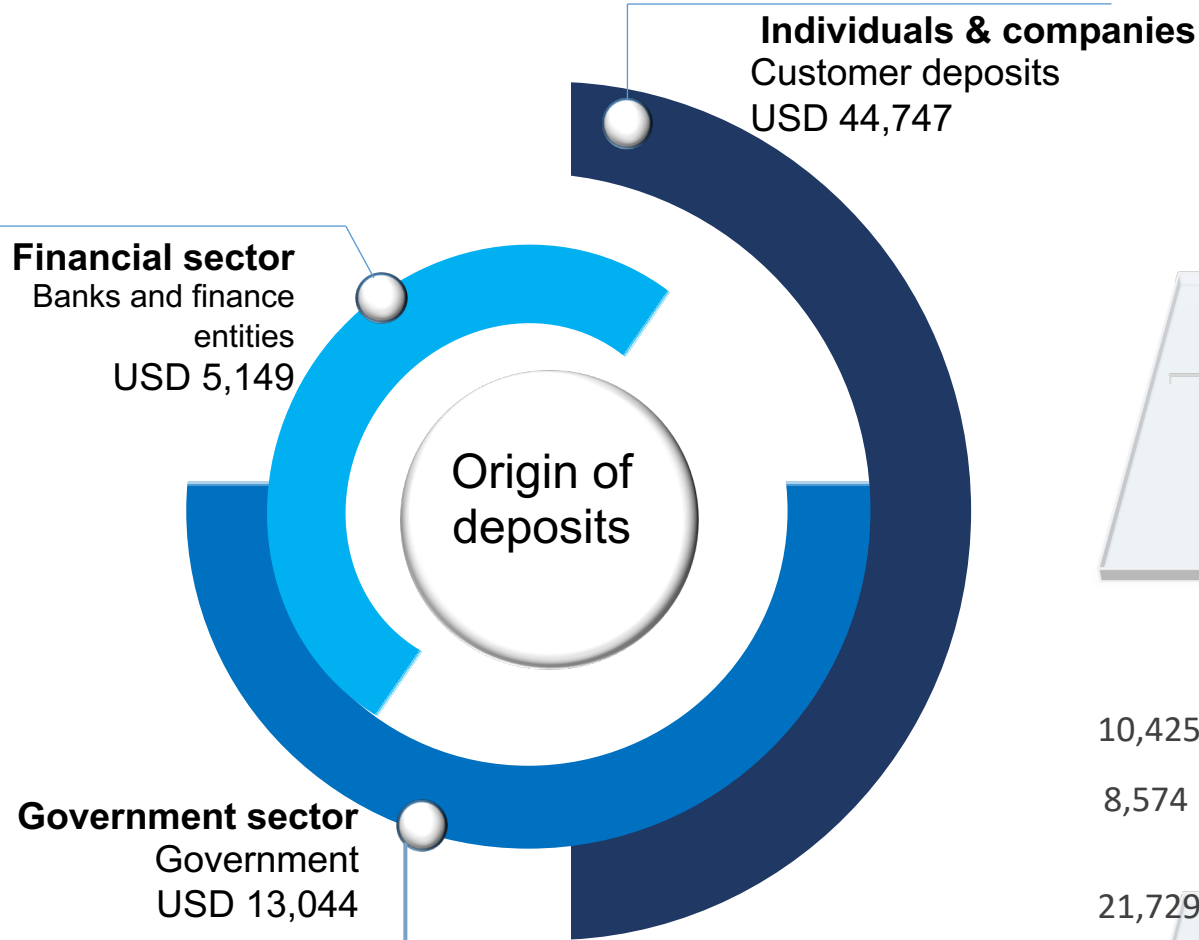


International Banking Center: Deposits Performance and Annual Difference

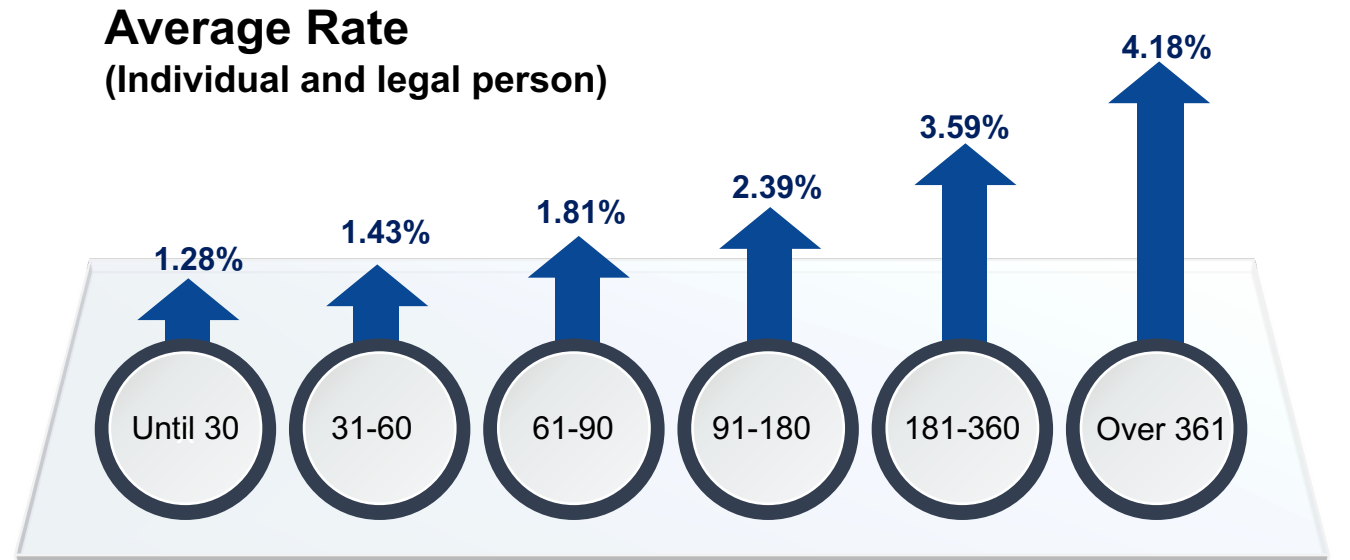
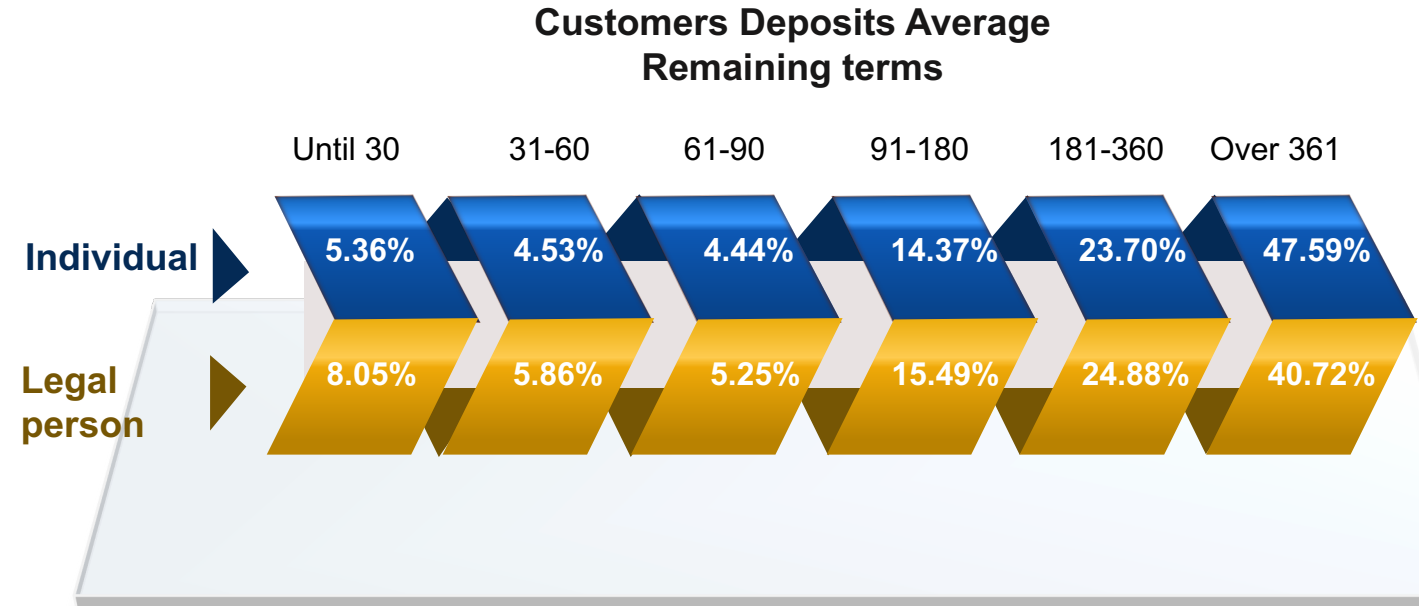
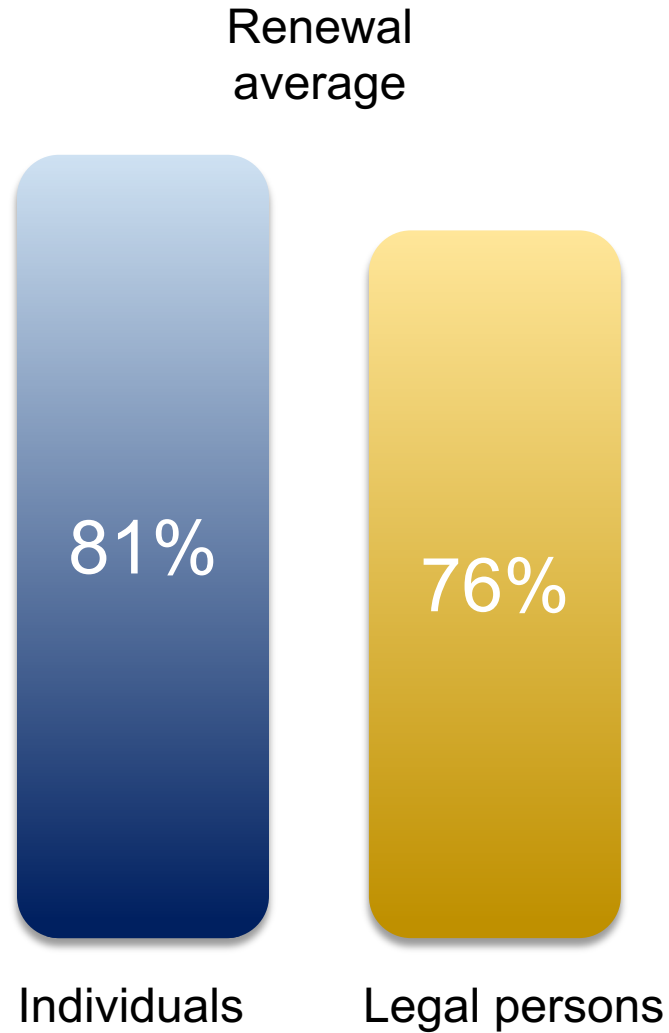


National Banking System: Domestic Deposits (in millions of USD)

December 2020



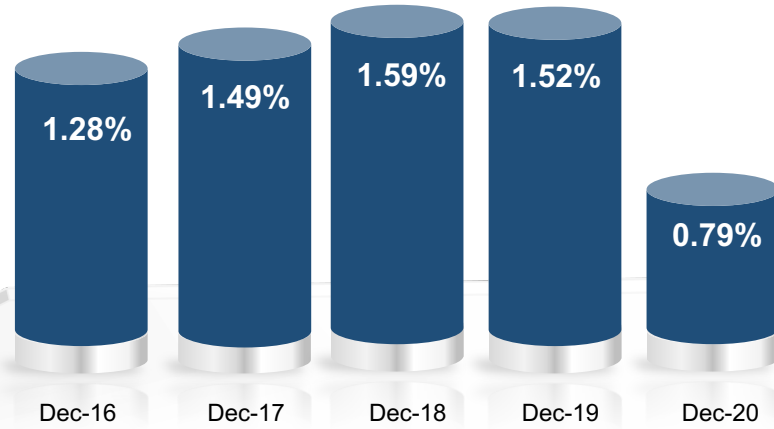
National Banking System: Domestic Deposits (in millions of USD)



Profitability Indicators

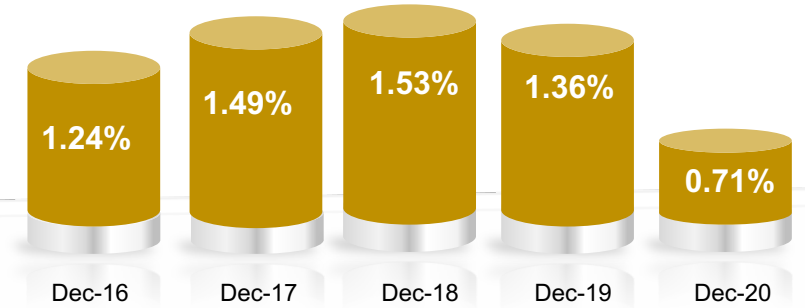
International Banking Center

ROA

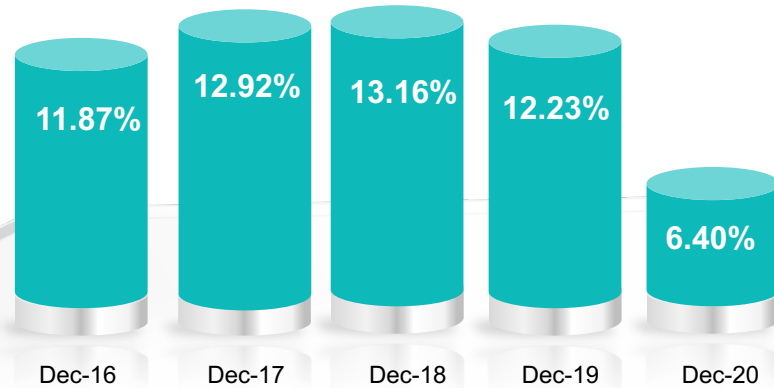


National Banking System

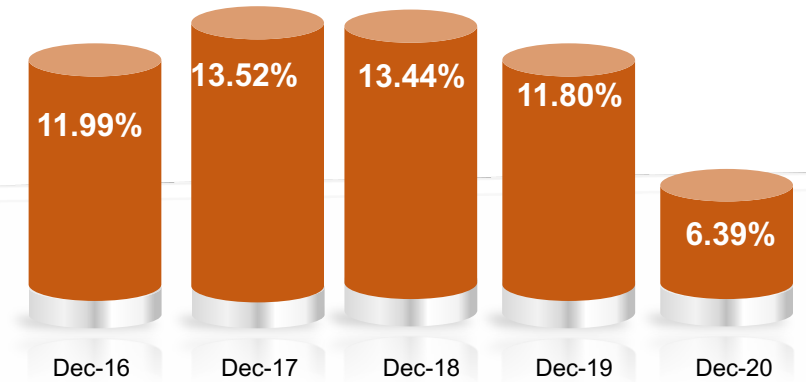
ROA



ROE

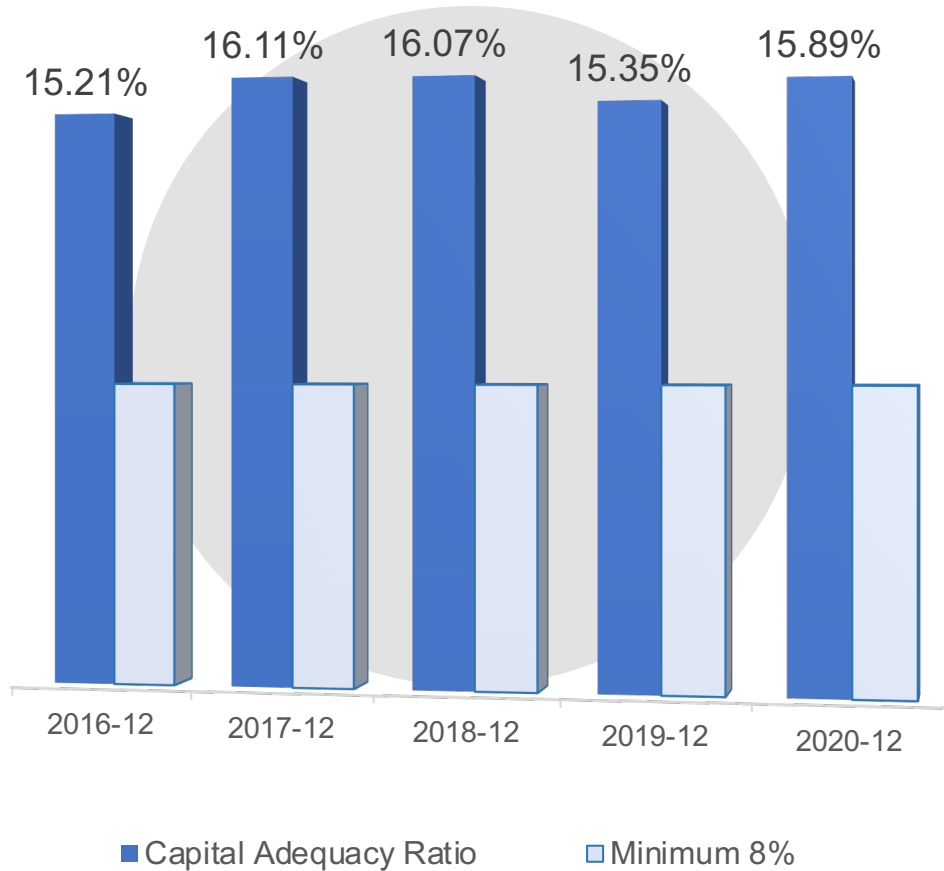


ROE



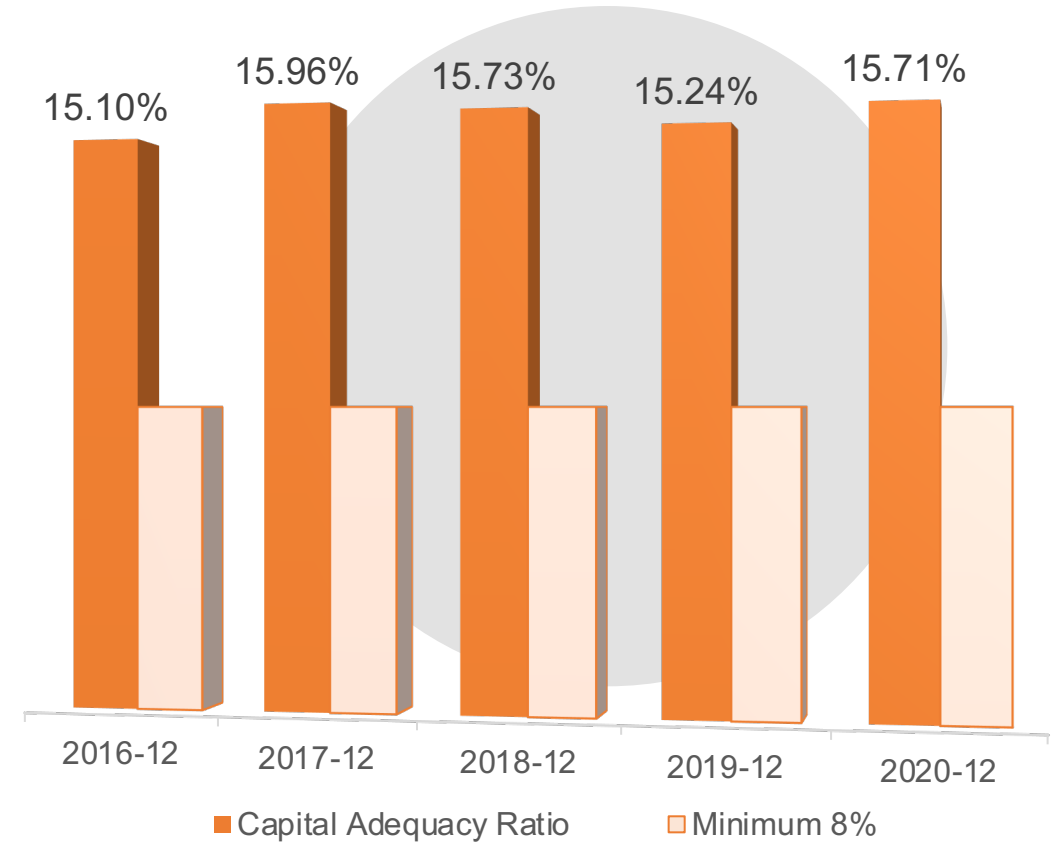
Capital Adequacy Ratio

International Banking Center



As of Dec. 2019 operational and market risks were included

National Banking System



As of Dec. 19 operational and market risks were included

Agenda

03.

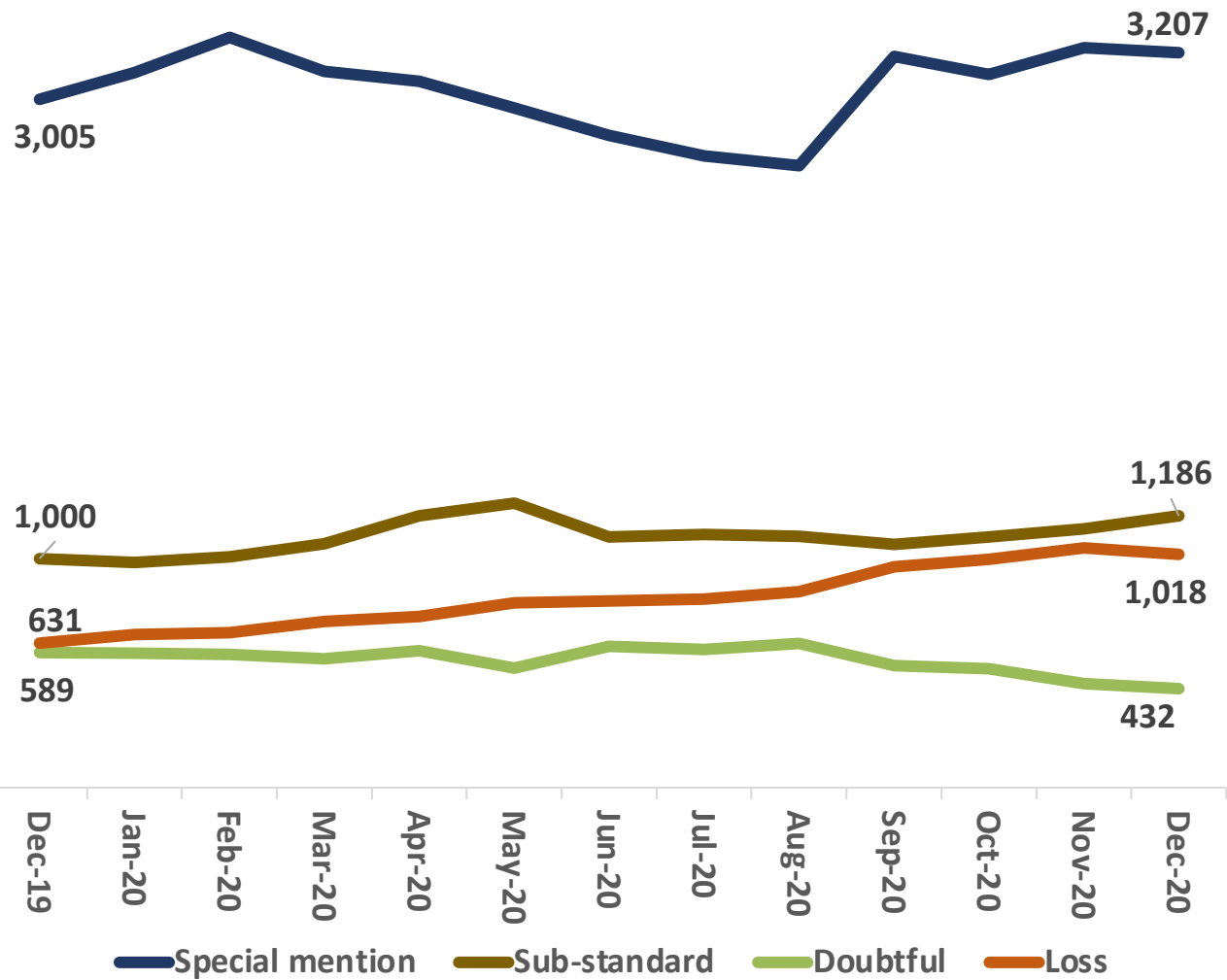
Main macro financial risks and the resilience of the National Banking System

- National Banking System: domestic performance of the negative portfolio
- National Banking System: delinquency of the domestic portfolio (60 and 90 days)
- National Banking System: accounting provision
- Impact of macro-financial risks
- National Banking System:



National Banking System Domestic Performance of the Negative Portfolio

Dec. 2020



Classification of the Domestic Portfolio

Pass
 89% of total portfolio
 USD 48,449 million
 Modified USD 20,009 million

Special mention
 6% of total portfolio
 USD 3,207 million
 Modified USD 2,268 million

Sub-standard
 2% of total portfolio
 USD 1,186 million
 Modified USD 480 million

Doubtful
 1% of total portfolio
 USD 432 million
 Modified USD 89 million

Loss
 2% of total portfolio
 USD 1,018 million
 Modified USD 88 million

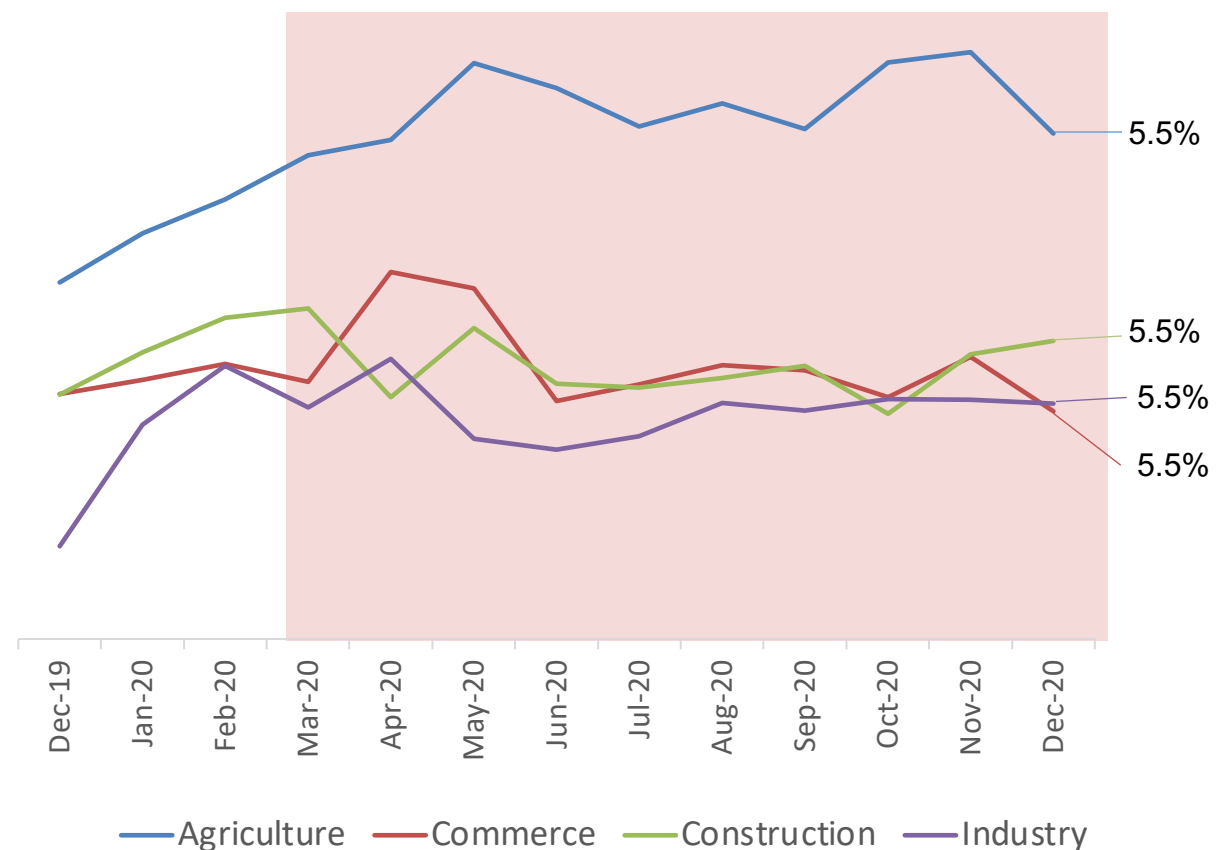
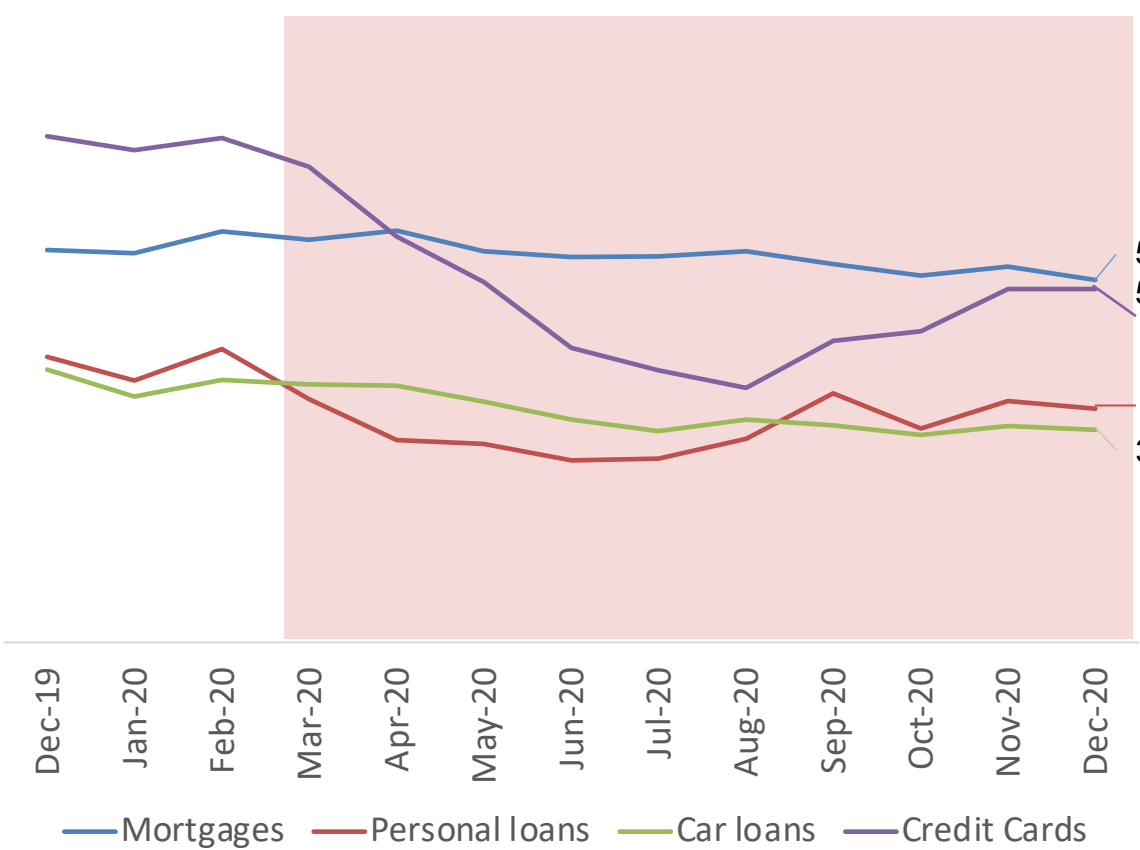


National Banking System: Delinquency of the Domestic Portfolio (60 and 90 days) delinquency rate 4.2%

Retail portfolio **AVG. 4.7%**

COVID-19

Corporate portfolio **AVG. 3.7%**



National Banking System: Delinquency of the Domestic portfolio (60 and 90 days) delinquency rate 4.2%



Comparison regulatory delinquency vs. stressed loan portfolio

National Banking System: Accounting provision

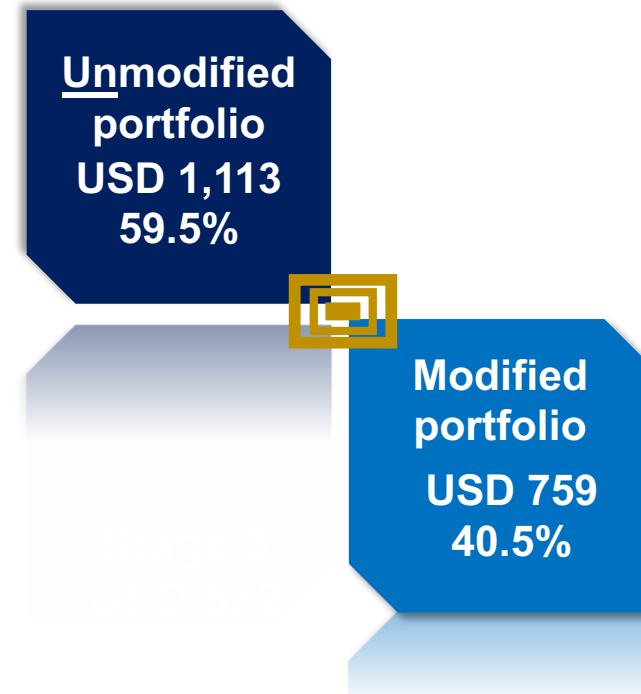
Comparison
Provision by phases

(in millions of USD)

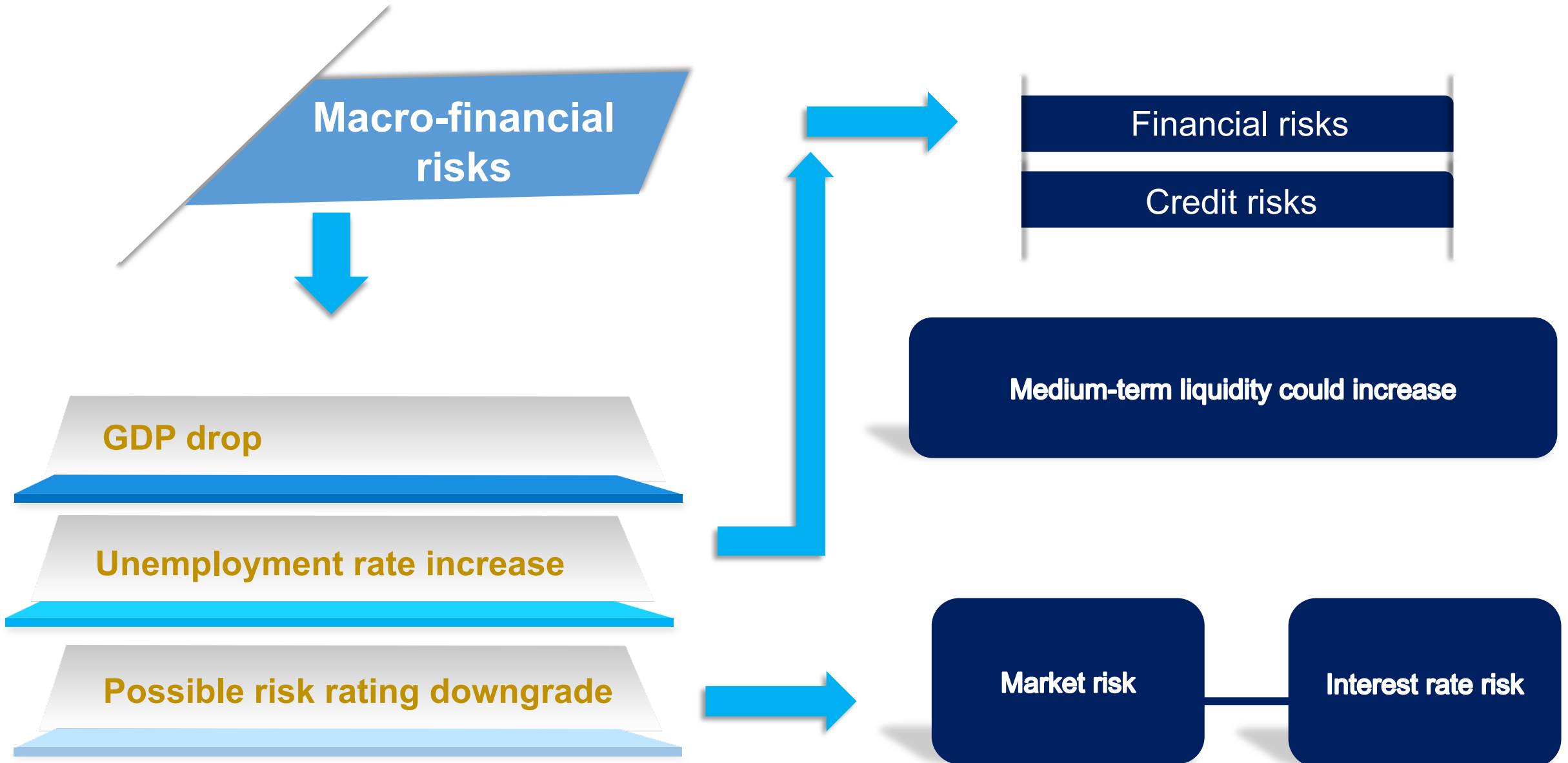


Phase 1 ▲ 88.8%
Phase 2 ▲ 87.8%
Phase 3 ▲ 23.3%

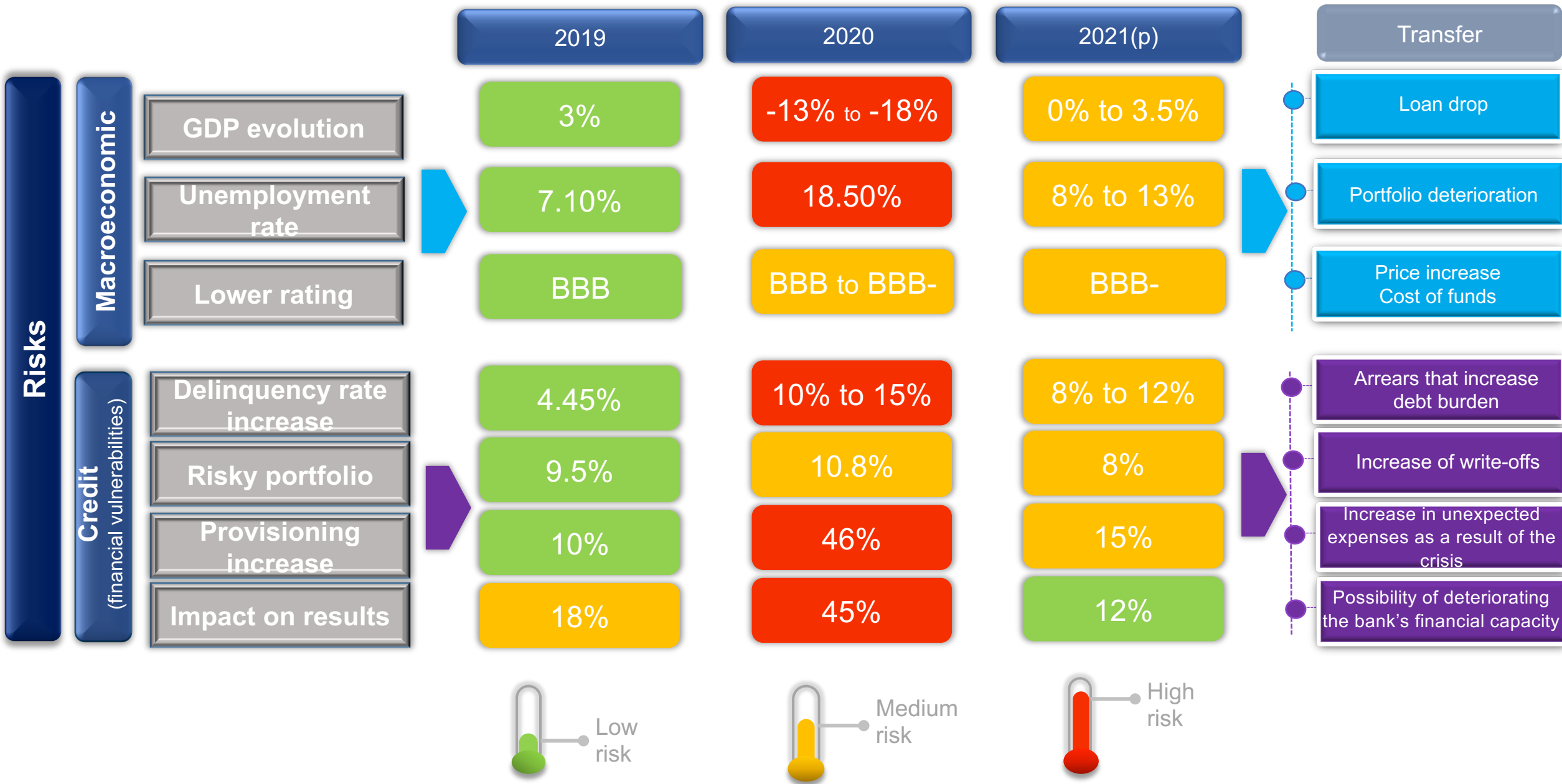
Provision for Modified and
Unmodified portfolio



International Banking Center: Macro-financial Risks



Macro-financial Risk Matrix



National Banking System: Resilience levels (in millions of USD)

Variables used:
Stressed loan portfolio and
GDP drop 17%

Rule
9-2020



March



June



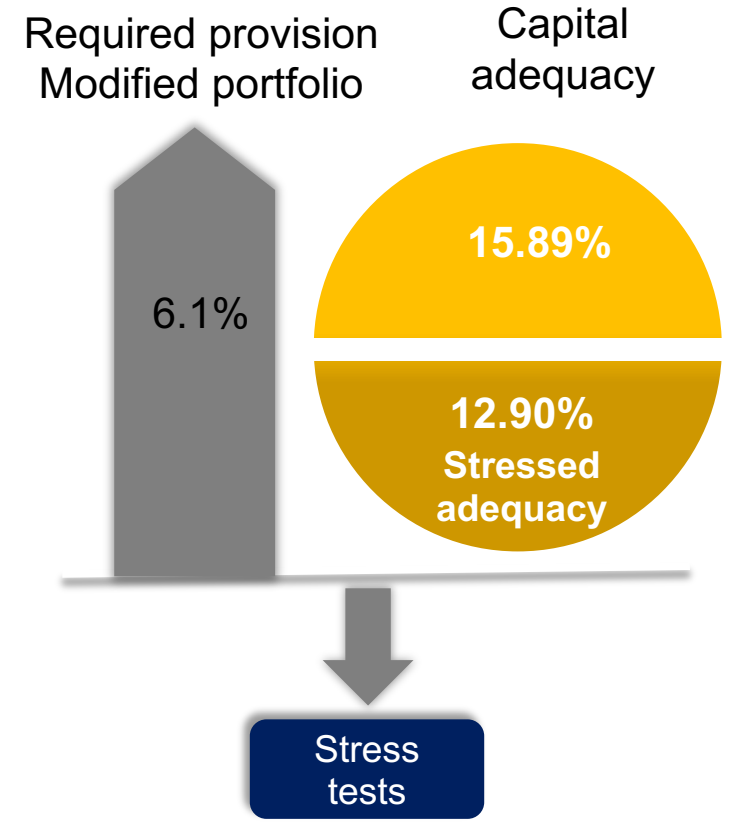
September



December



3% Modified
portfolio provision



Agenda

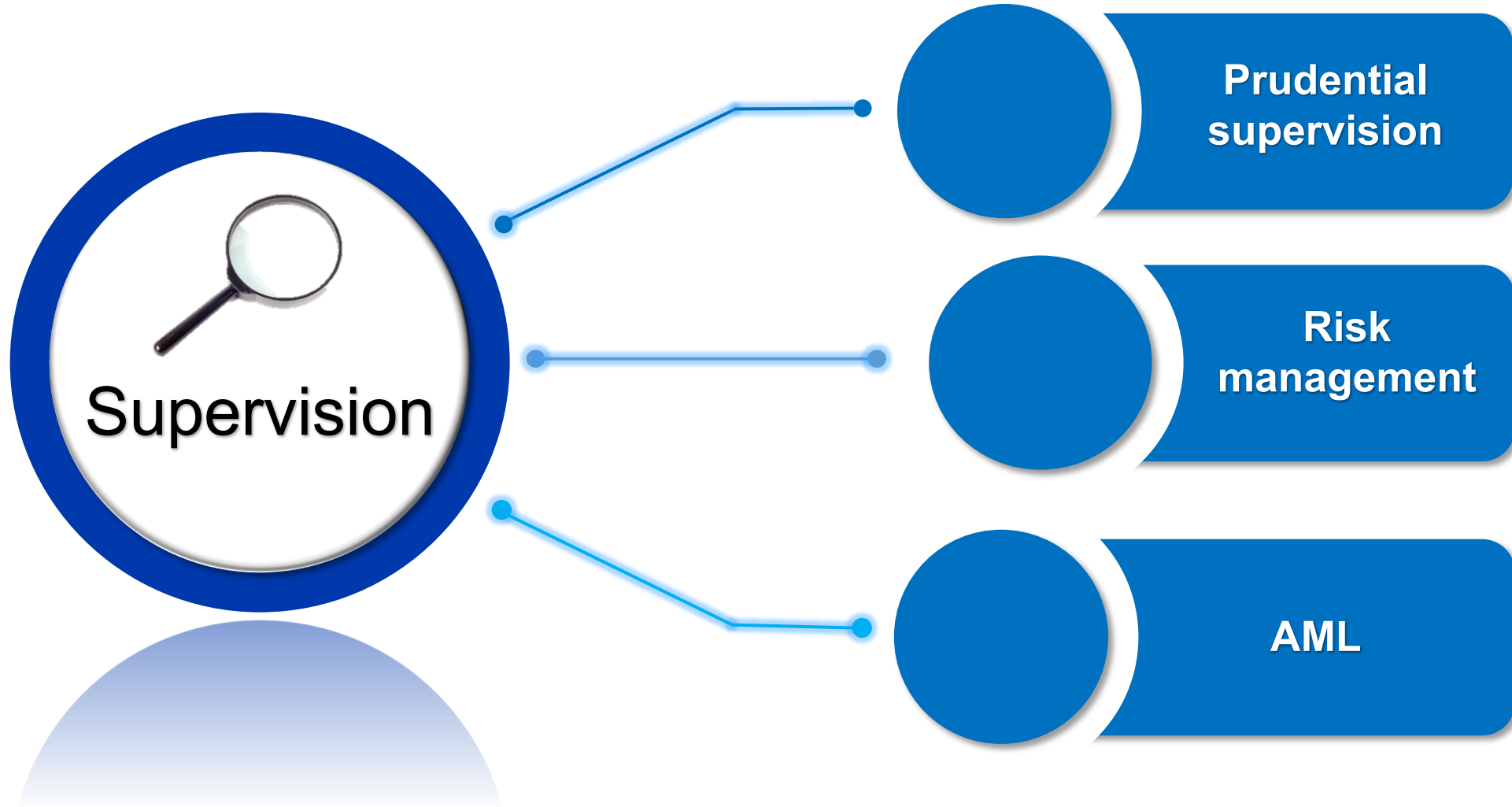
04.

Supervision process

- Prudential supervision
- Risk management supervision
- AML Supervision



Supervision Process



New Prudential Supervision Process for Unexpected Situations

[1]

Development of guidelines for rescheduling inspections

[2]

Phases of the new supervision process for unexpected situations

[3]

Implementation of the TIDSO system for the new supervision process

[4]

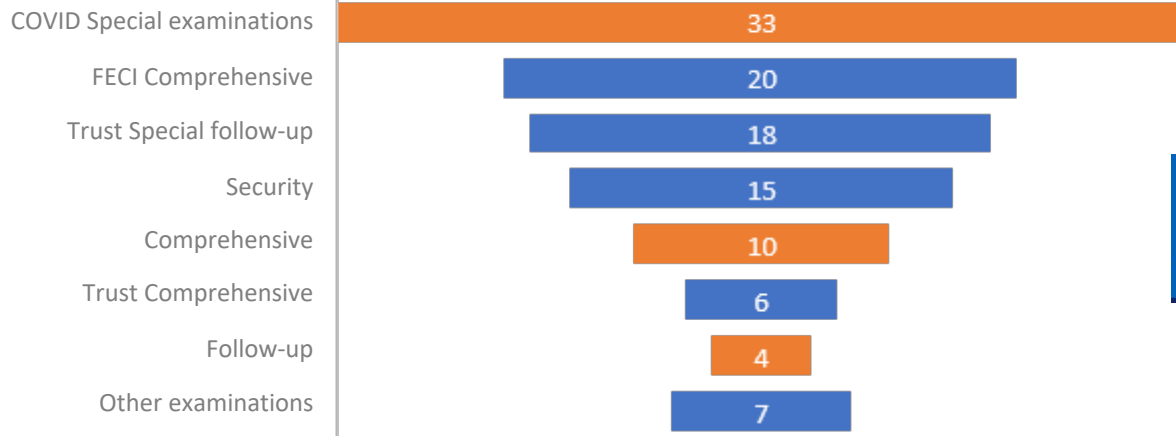
New classifications for special inspections for unexpected situations (high, medium-high, medium-low, low)

[5]

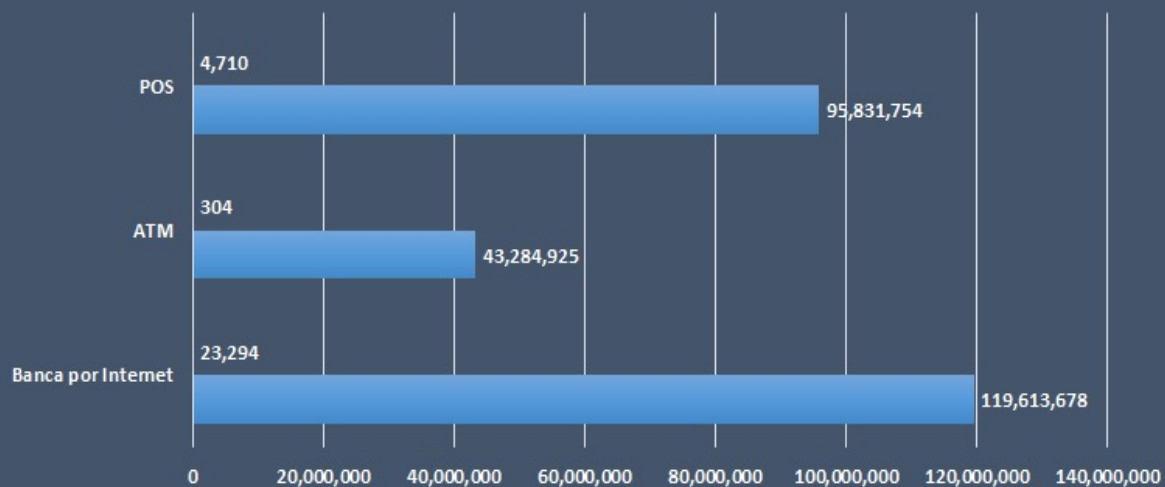
Supervision for 2021



SUPERVISION DIVISION EXAMINATIONS 2020



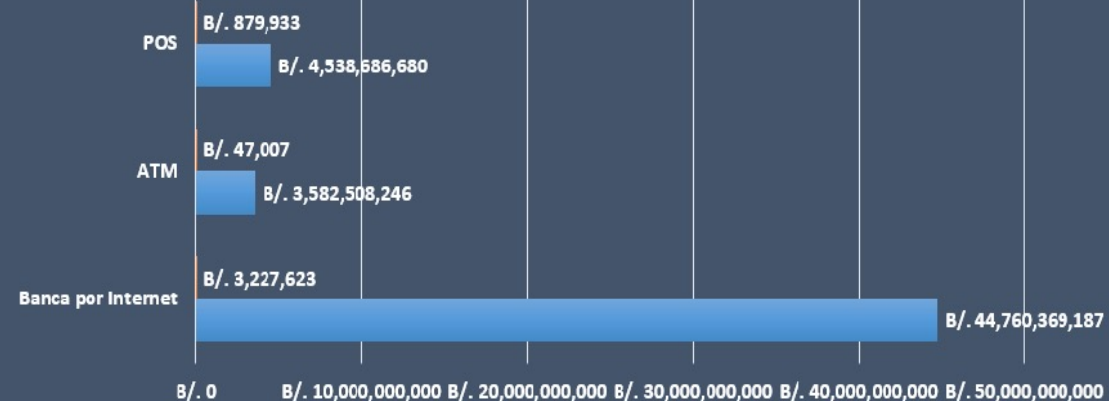
**Fraude por Canales vs Centro Bancario
Enero – Junio 2020 Cantidad Transacciones**



	Banca por Internet	ATM	POS
Fraude	23,294	304	4,710
Centro Bancario	119,613,678	43,284,925	95,831,754

**Fraude por Canales vs Canales del Centro Bancario
Enero – Junio 2020 Transacciones Monetarias en B/. M**

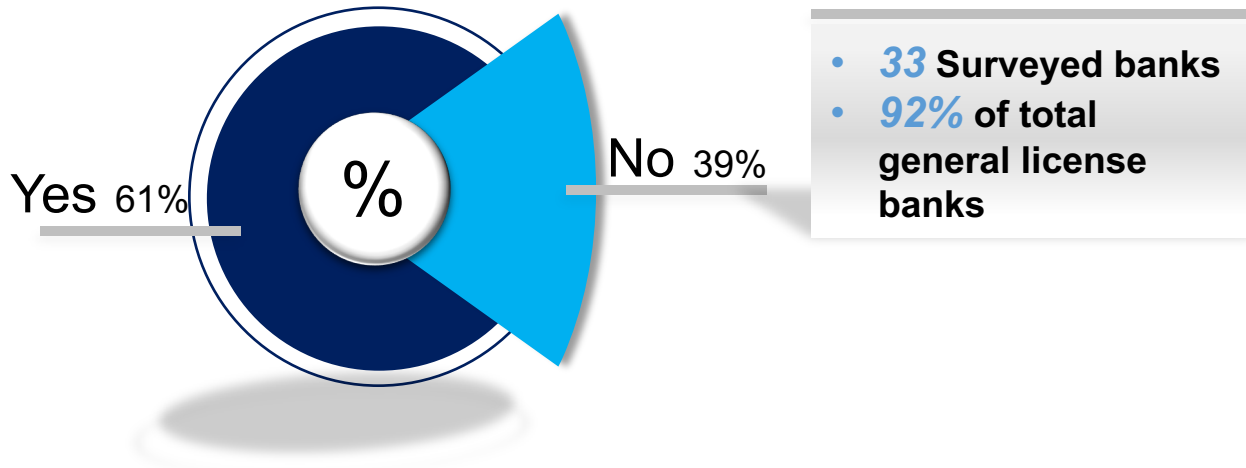
- El fraude por **Banca por Internet** representa el **0.0072%**
- El fraude por **POS** representa el **0.0194%**
- El fraude por **ATM** representa el **0.0013%**



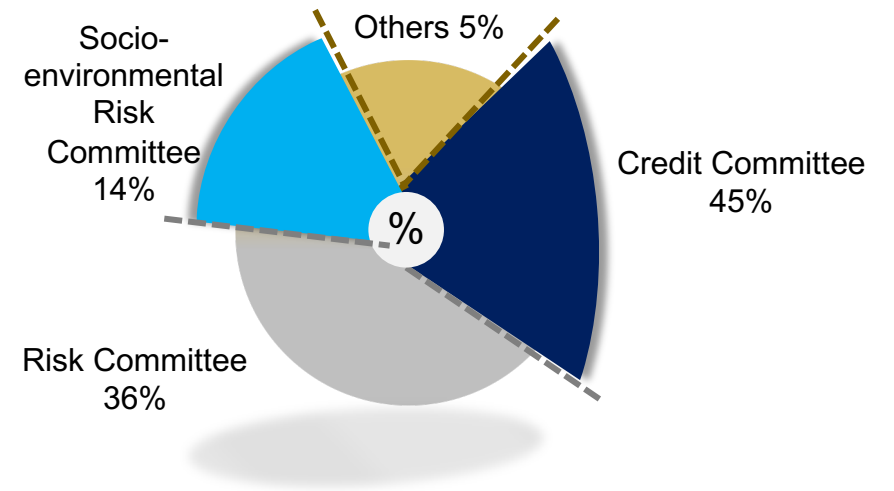
	Banca por Internet	ATM	POS
Fraude	B/. 3,227,623	B/. 47,007	B/. 879,933
Centro Bancario	B/. 44,760,369,187	B/. 3,582,508,246	B/. 4,538,686,680

Survey on the Management of Environmental, Social and Governance (ESG) Risks in the Panamanian Financial System

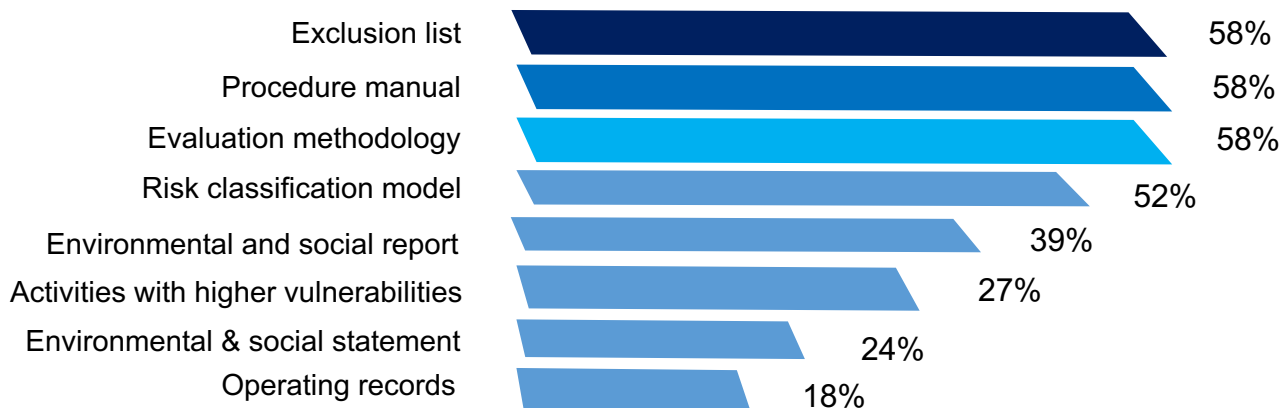
Do you have a social and environmental management system?



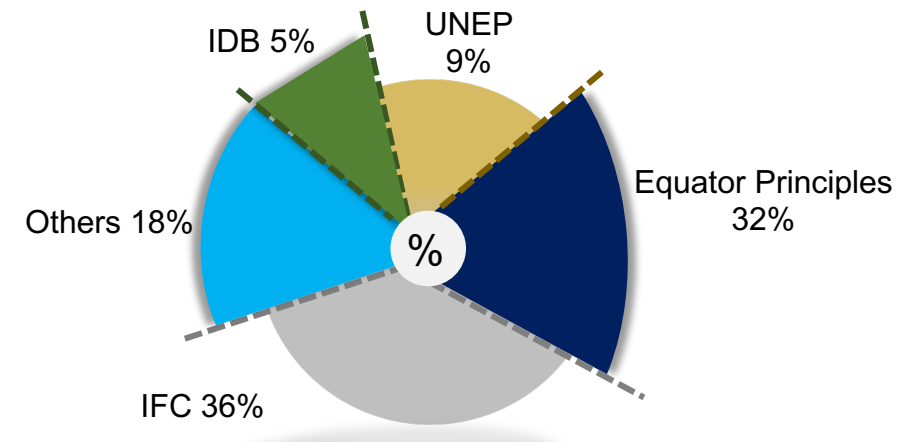
Who is responsible for conducting the ESG risk management in the bank



Progress in the minimum components for the appropriate ESG risk management



Methods for the evaluation of the social and environmental risk management

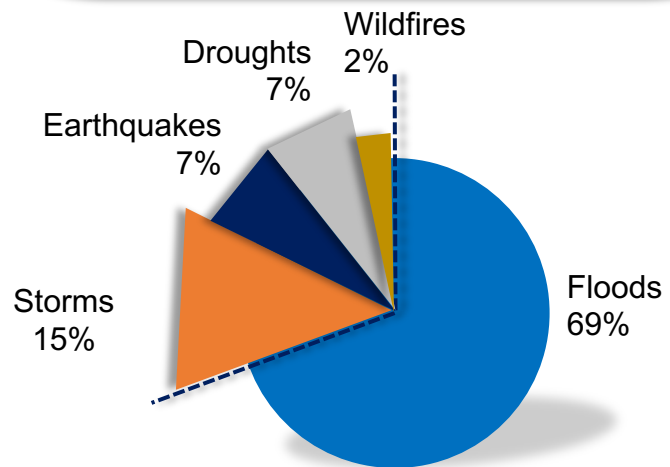


Impact of ETA and IOTA: Vulnerabilities of the Republic of Panama in the face of physical risks due to climate change

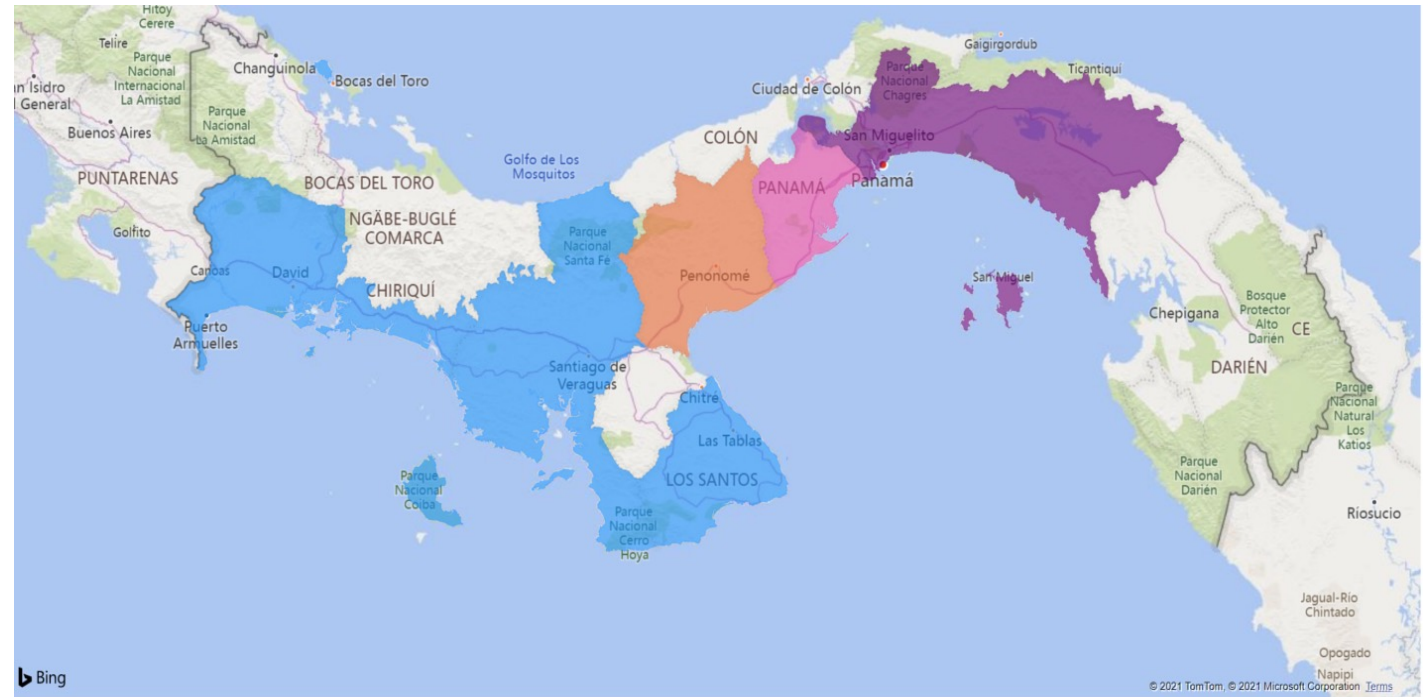
Summary

Total banks with exposure to flood risk: 10
Banks that reported impacts: 6
Total loans impacted: 1,302
Total impact (exposure): USD 91 MM
Provisioning: USD 3.6 MM

Distribution of natural disasters in Panama (1900 – 2020)

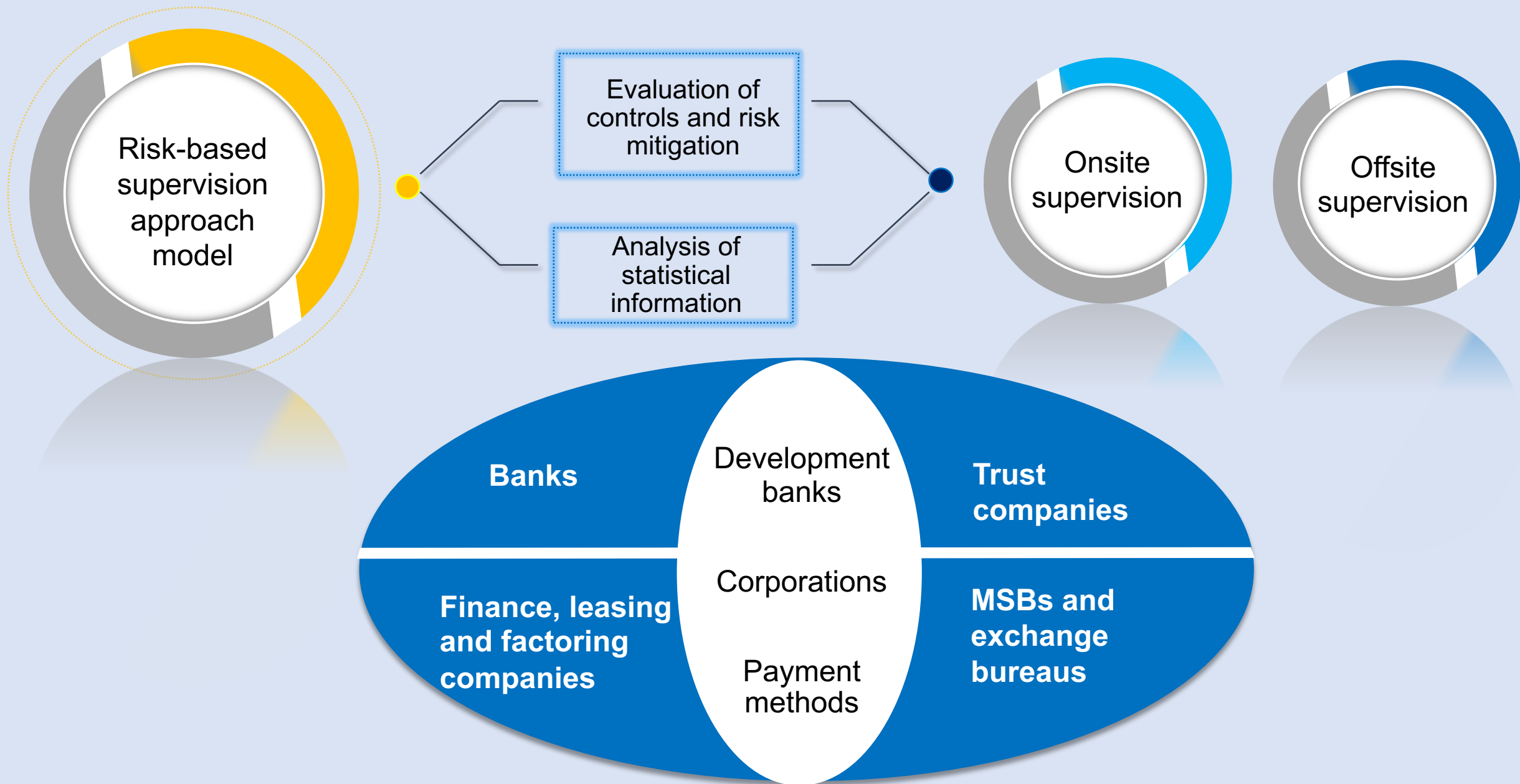


Activities with greater impact per province (Hurricanes ETA and IOTA)



● Agriculture ● Commerce ● Livestock ● Industry ● Personal loan ● Car loan ● Services ● Residential mortgage

AML/CFT/WMD Supervision Process



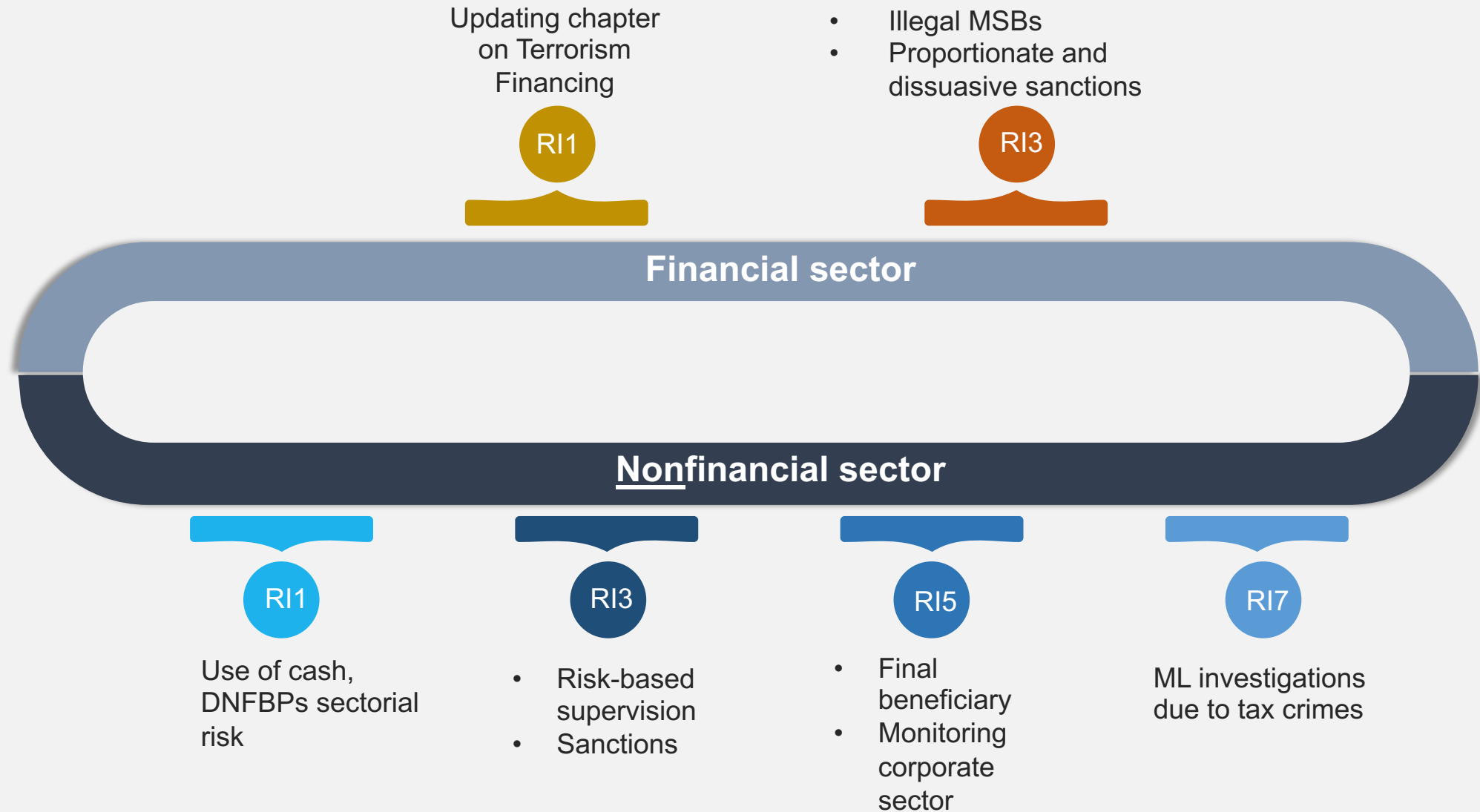
Agenda

05.

Other topics of interest

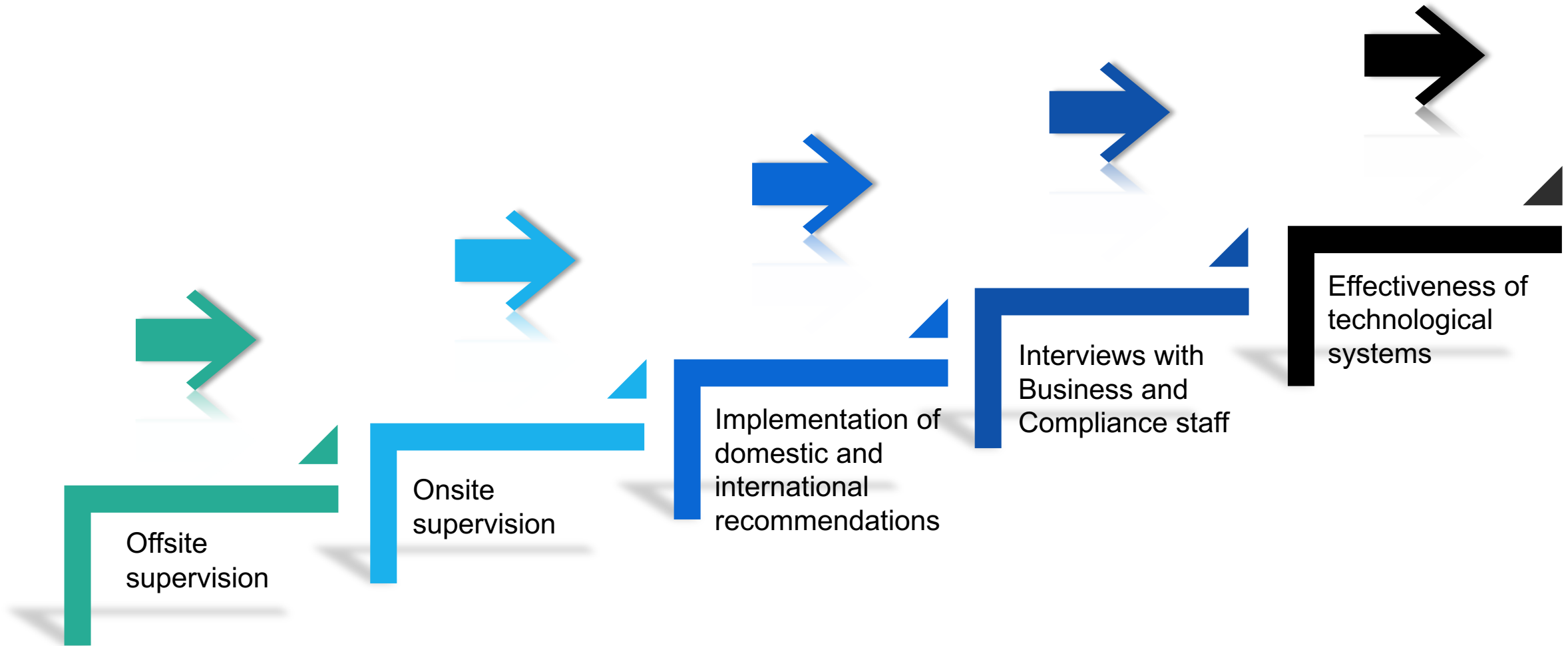
- FATF Action Plan
- Regulatory Roadmap
- Modernization of the financial system
- LIBOR rate
- Liquidity fund
- Innovation and digital transformation
- Bank resolution
- Survey on the quality of the supervision process
- Financial education
- Customer protection
- Public Relations
- Legal matters

Grey-listing of Panama

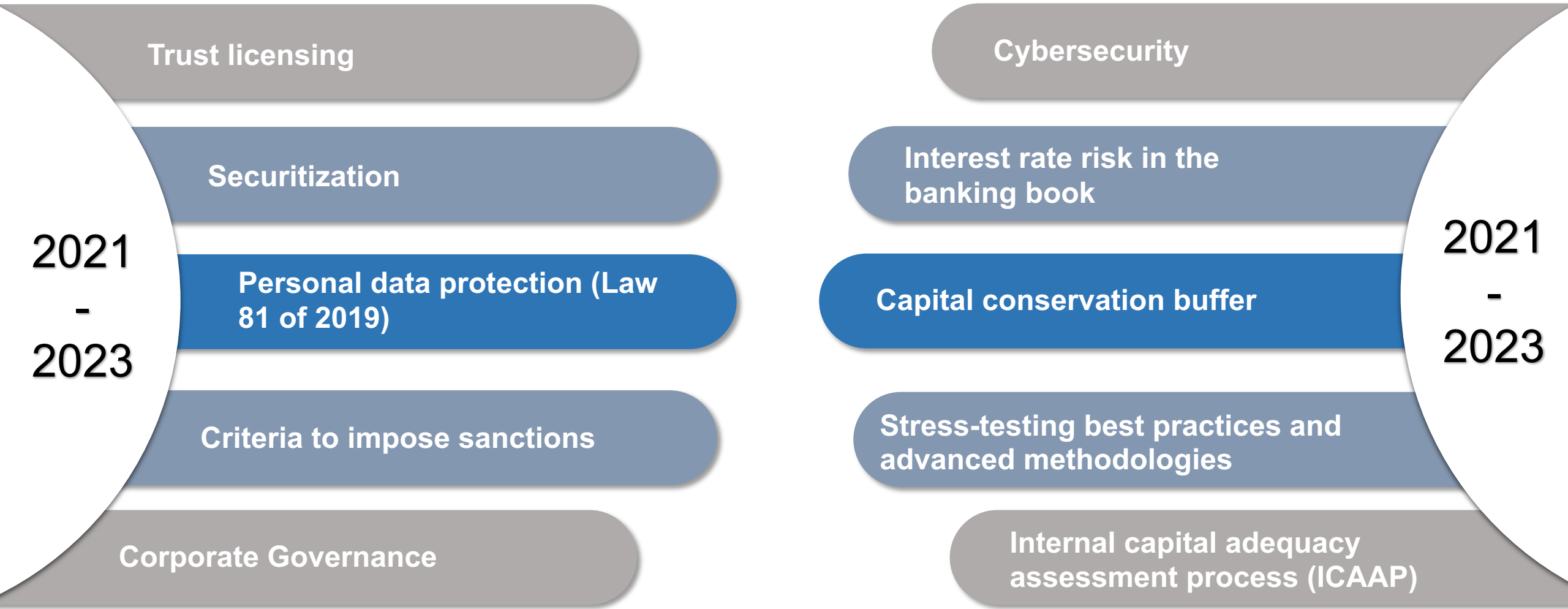


TF Supervision Process

Remote Onsite Examinations

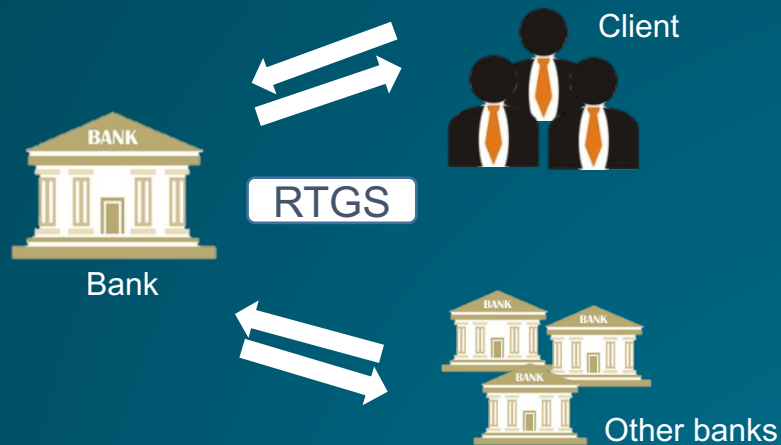


2021-2023 Regulations



Modernization of the Financial System

RTGS (Real-Time Gross Settlement)

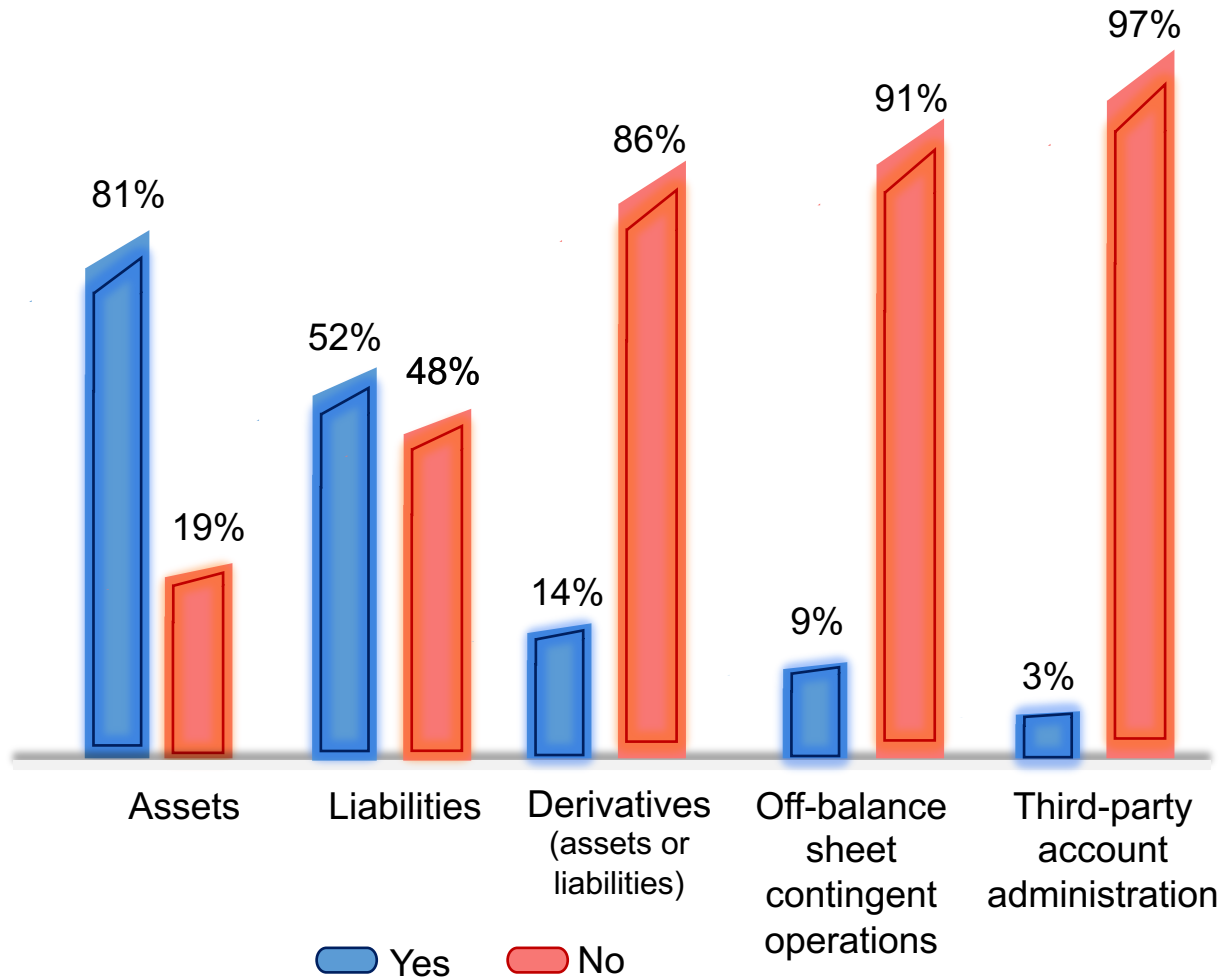


- Increase the efficiency and security of the payment system.
- Increase of banking services

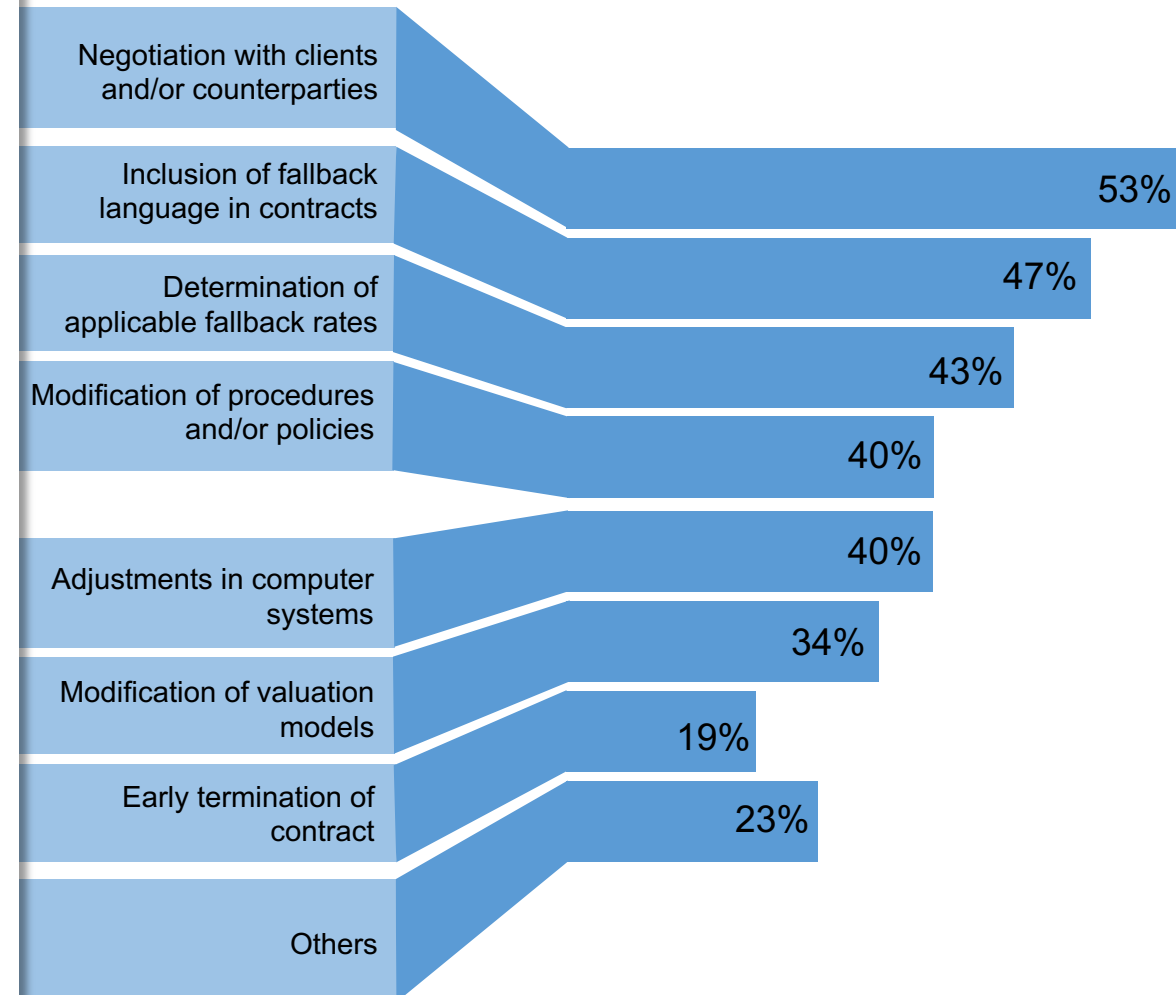
- It will allow to lay the foundations for the modernization of the payment system.
- It will provide an opportunity for new players in the financial sector.
- There will be clear rules for fintech companies offering payment platforms.

International Banking Center: LIBOR Transition Process

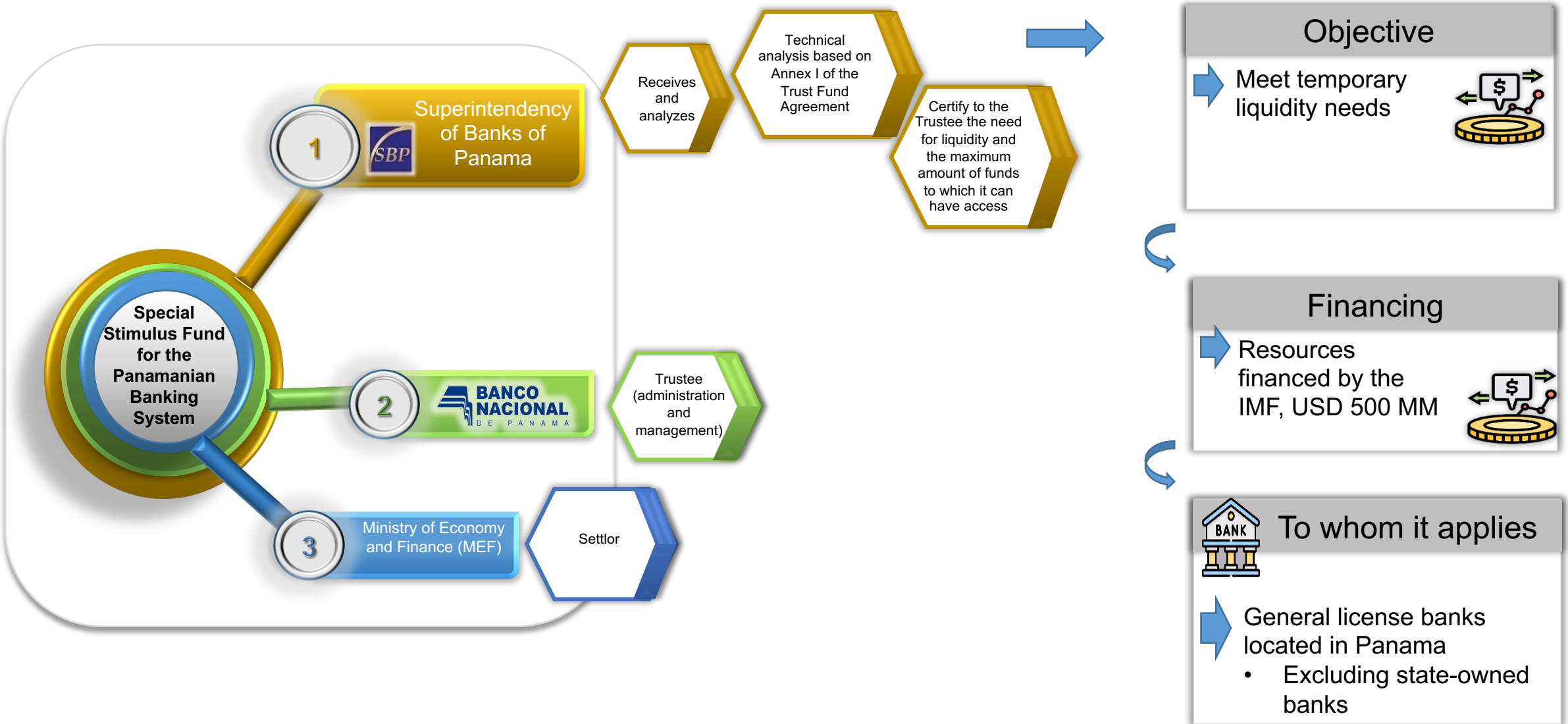
Banks with exposures to LIBOR operations, according to balance sheet accounts

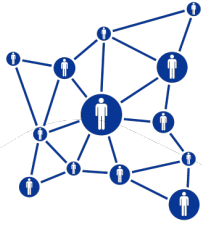


IBC exposure to LIBOR operations



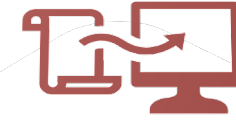
Liquidity Fund





Resilience, business continuity and telecommuting

Innovation and Digital Transformation



Digitization of the offsite and onsite supervision process

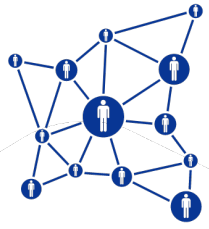


Data Analytics



Digital transformation of the institution

Innovation and digital transformation



Resilience, business continuity and telecommuting

- COVID-19



Innovation and digital transformation



- Implementation of data analysis tools in technical areas

- Dynamic statistics on the web

The image shows a screenshot of the SBP website's statistics page, titled "ESTADÍSTICAS DEL CENTRO BANCARIO INTERNACIONAL DE PANAMÁ". The page features a line graph showing an upward trend and a bar chart titled "Inversiones por tipo de banca" for the period 2020-04. A video overlay on the right side of the screenshot shows a meeting with participants Karella Asprilla, Amari Castillo, and Hiler Cigarrota. The SBP logo and the hashtag "#QuédateEnCasa" are visible in the top left corner of the website. The website URL "www.superbancos.gob.pa" is displayed at the bottom, along with social media icons for Facebook, YouTube, Twitter, and LinkedIn.

SBP
Superintendencia
de Bancos de Panamá
#QuédateEnCasa

ESTADÍSTICAS DEL CENTRO BANCARIO INTERNACIONAL DE PANAMÁ

SBP presenta nuevo y dinámico formato de estadísticas financieras

Inversiones por tipo de banca
2020-04
Eje sobre la columna para ver el desglose

© 2020 Superintendencia de Bancos de Panamá

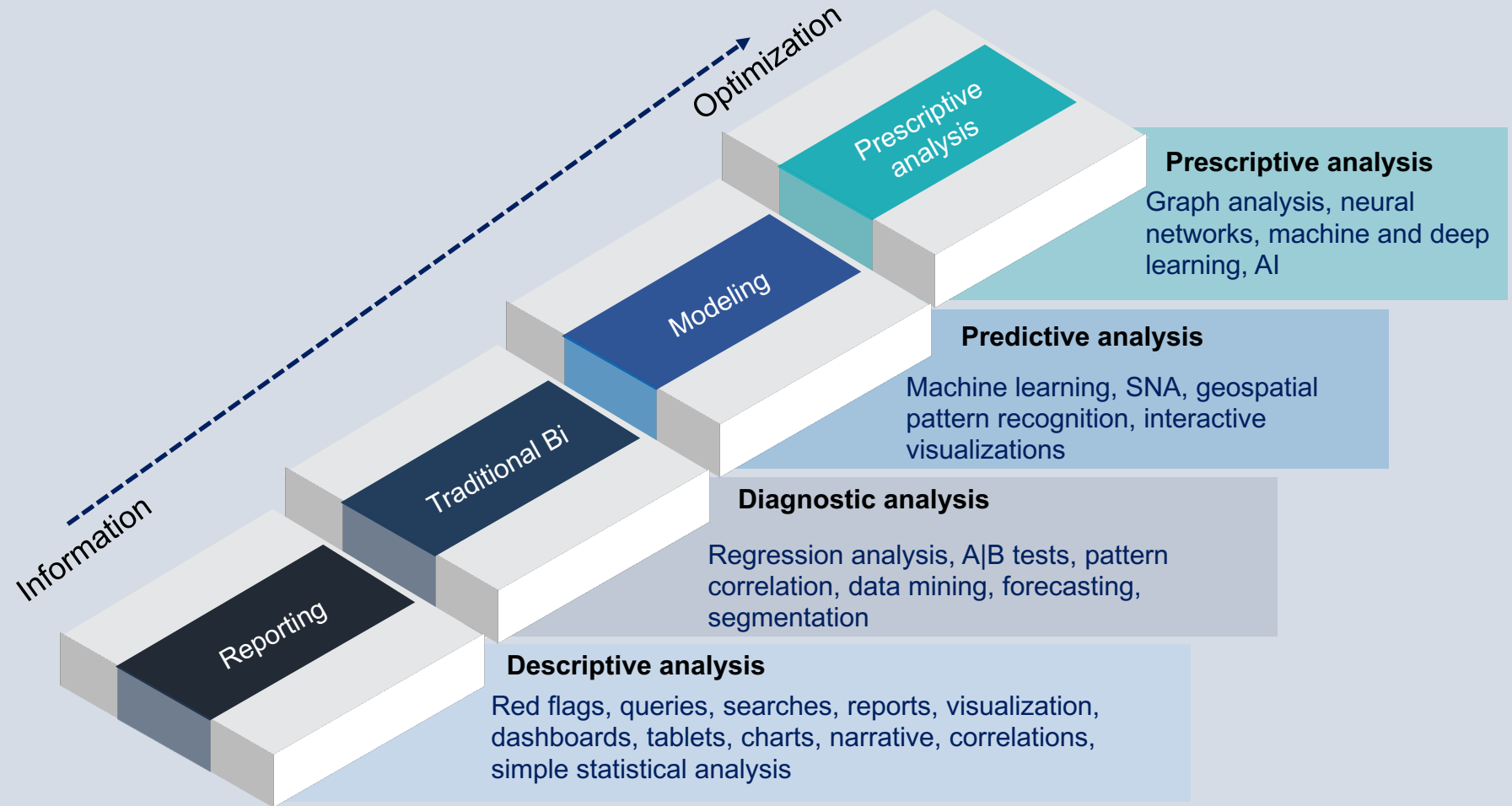
www.superbancos.gob.pa

f YouTube Twitter in

Innovation and digital transformation



- Implementation of data analysis tools in technical areas
- Dynamic statistics on the web



Innovación y transformación digital

SBP
Superintendencia
de Bancos de Panamá

TIDSO

Transferencia de Información Digital
de los Sujetos Obligados

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[POLÍTICAS Y PROCEDIMIENTOS 2](#)

[POLÍTICAS Y PROCEDIMIENTOS 3](#)

[POLÍTICAS Y PROCEDIMIENTOS 4](#)

[DIVISIONES](#) [PERIODOS](#)



Digitization of the offsite
and onsite supervision
process

- Supervision tool of the supervised entities self-assessment questionnaire
- (TIDSO) Tool for the electronic exchange of documents and reports used by the Supervision Division, the Prevention and Control of Illicit Operations Division and the Trust Supervision Department

Innovación y transformación digital



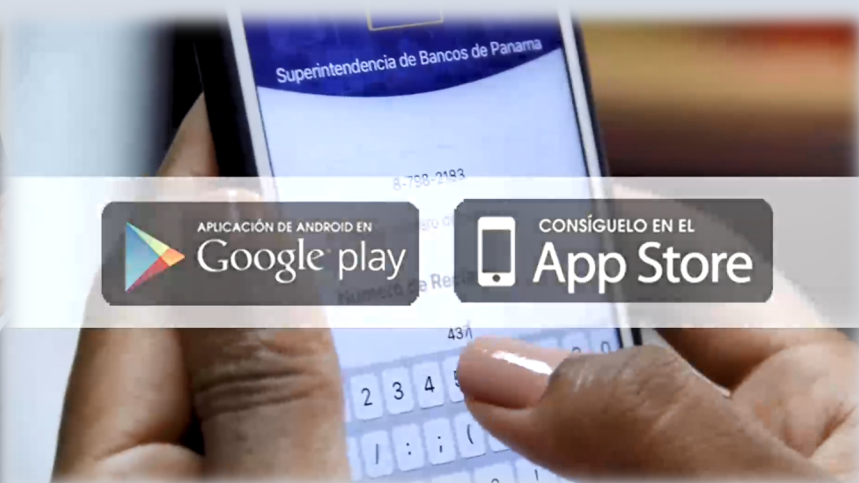
Superintendencia de Bancos de Panamá

#QuédateEnCasa

Superintendencia de Bancos implementa firma electrónica

El Superintendente, Amauri A. Castillo formalizó este lunes 1 de junio de 2020, la implementación de su firma electrónica, como parte de la estrategia de transformación digital de la SBP.

www.superbancos.gob.pa



NÚMERO DE CONTROL: 202101004

ASUNTO: DOCUMENTO DE ESTADISTICAS ANUALES

REMITENTE: OTROS

ENVIADO POR: CARLOS CEDEÑO

TEMA: CORRESPONDENCIA GENERAL

ÁREA ENCARGADA: TECNOLOGIA DE INFORMACION



- App and portal for monitoring procedures through QR codes
- Electronic signature
- Correspondence System (SICO)
- Review of the Customer Service Process and system for shortening times



Superintendencia
de Bancos de Panamá

Thank you!
#NoBajesLaGuardia



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