

**Republic of Panama**  
**Superintendency of Banks of Panama**

**GENERAL RESOLUTION SBP-RG-0009-2020**  
(dated 20 November 2020)

**“Whereby the parameters and guidelines that will be considered for the submittal of requests for an extension for the write-off of operations referred to in Article 27 (1) of Rule 4-2013 are established”**

**THE SUPERINTENDENT OF BANKS**  
in use of his 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) of the Banking Law, safeguarding the soundness and efficiency of the banking system is an objective of the Superintendency of Banks;

According to the provisions of Article 16 (11) of the Banking Law, supervising the banks in accordance with the Banking Law and the regulations enforcing it, as well as the internationally accepted standards and criteria encompassed by the Panamanian banking legal framework is a technical duty of the Superintendent of Banks;

In accordance with the provisions of Article 16 (24) of the Banking Law, issuing regulations that banks must comply with to ensure their operations take place within acceptable levels of risk, including the establishment of limits and ratios that banks must observe in their operations, within the limits allowed by this Decree Law and complementary legislation, is a technical duty of the Superintendent of Banks;

Rule 4-2013 dated 28 May 2013, and its amendments, establishes the provisions on credit risk management and administration inherent to the loan portfolio and off-balance sheet operations;

By means of Rule 11-2019 Article 27 of Rule 4-2013 is amended establishing that, in the case of write-offs of home mortgage loans and consumer loans with real estate as collateral, each bank shall write off all loans classified as loss within two years from the date they were classified within this category and that this provision may be extended only once for one additional year;

The proviso of Article 27 (1) of Rule 4-2013 provides that the Superintendent will establish the parameters and guidelines that will be considered for the denial of extension through a Resolution;

During its working sessions, the Superintendency determined it necessary and advisable to set the parameters and guidelines that will be considered for the submittal of requests for an extension for the write-off of operations referred to in Article 27 (1) of Rule 4-2013.

**RESOLVES:**

**ARTICLE 1. REQUEST FOR AN EXTENSION FOR THE WRITE-OFF OF OPERATIONS.** Banks must submit requests for an extension for the write-off of home mortgage loans and consumer loans with real estate as collateral classified as loss as provided for in Article 27 (1) of Rule 4-2013, six months in advance of the date that corresponds to conduct the write-off of the loans on which the extension is requested.

Any request for extension submitted before the six (6) –month period stated herein will not be subject to analysis by the Superintendency, since being untimely.

**ARTICLE 2. REQUIREMENTS FOR THE REQUEST FOR AN EXTENSION.** The requests for extension submitted must meet the requirements contained in the Excel file attached hereto, ensuring that the following documents in PDF format are enclosed:

1. Copy of the appraisal sheet where the value of the property is evidenced.
2. Copy of the sheet with the date of the appraisal and the signature of the person in charge.
3. Legal status of the procedure on the date of the request and evidence of it.

**ARTICLE 3. PARAMETERS TO DENY A REQUEST FOR AN EXTENSION FOR THE WRITE-OFF OF OPERATIONS.** In accordance with the provisions of Article 27 (1) of Rule 4-2013, the Superintendent of Banks will deny the requests for extension of one additional year for the write-off of home mortgage loans and consumer loans with real estate as collateral classified as loss, when one or more of the following conditions arise:

1. If the bank submits the request for an extension at the expiration of the two (2) years period referred to in Rule 4-2013.
2. In the event that the bank has not initiated the corresponding legal process at least one (1) year before the expiration of the two (2) years period established in Rule 4-2013. The foregoing, without prejudice to the fact that for specific situations the bank has not been able to start the process, and provided that at the discretion of the Superintendency, the delay by the bank is justified.
3. In the case of loans whose collateral is on land declared unusable (e.g. polluted land, areas vulnerable to flooding, imminent risk, areas lands vulnerable to landslides, servitudes, hidden defects, among others).
4. When the collateral is not registered in the horizontal property system.
5. In the event that other banks have written off properties in the same building or neighborhood due to the impossibility of eviction or sale of foreclosed assets (e.g. high risk areas, unlawfully occupied areas, polluted areas, areas vulnerable to flooding, imminent risk areas, lands vulnerable to landslides, servitudes, hidden defects, areas that represent a risk to appraisers, among others).
6. When the causes that prevent the final award of the property are due to poor operational management (e.g.: deeds containing errors, clauses allowing appeals, among others).
7. Any other condition that the Superintendency deems appropriate.

**ARTICLE 4. ENACTMENT.** This Resolution shall become effective upon its promulgation.

Given in the city of Panama on the twentieth (20<sup>th</sup>) day of November, two thousand twenty (2020).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT,**

**THE SUPERINTENDENT OF BANKS,**

*Digitally signed by [S]  
NAME CASTILLO CHANG,  
AMAURI ARIEL – ID 8-238-386  
Date: 2020.11.26 17:05:19 -05'00'*

Amauri A. Castillo

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**ANNEX**

(1) Date of the request for extension (DD/MM/YYYY)	(2) Bank Code	(3) RUC/ID Card N°	(4) Loan Number	(5) Debtor's Name	(6) Balance to Principal owed to date	(7) Appraiser	(8) Date of Last Appraisal (DD/MM/YYYY)

(9) Appraisal amount (lower value)	(10) Type of collateral	(11) Lot N°	(12) Type of housing	(13) Type of interest rate	(14) Date of last payment to principal (DD/MM/YYYY)	(15) Date of last interest payment (DD/MM/YYYY)	(16) Start date of Legal Actions before courts (DD/MM/YYYY)

(17) Date set for auction (DD/MM/YYYY)	(18) Start date of Recovery process (DD/MM/YYYY)	(19) Date it was classified as loss (DD/MM/YYYY)	(20) Amount of the Specific Provision		(21) Days in arrears to the report date	(22) Legal status of the proceeding
			IFRS	4-2013		

**Field description:**

- (1) The date the extension is being requested
- (2) The code assigned to each bank by the SBP
- (3) Debtor identification number (natural or legal person)
- (4) Number of loan granted
- (5) Debtor(s) Name
- (6) Total amount of loan granted (principal only)
- (7) Company or natural person who conducted the last appraisal
- (8) Date of the last appraisal report (DD/MM/YYYY)
- (9) The collateral amount must correspond to the lowest value contained in the last appraisal report.
- (10) Insert the type of real estate given as collateral: Residential Real Estate, Horizontal Property)
- (11) Real estate Identification number
- (12) When the loan is for a home, insert whether it is a Main Home or a Second Home
- (13) When the loan is for a home, insert whether the interest rate of the loan is "Preferential" or "Non-preferential"
- (14) Date of the last payment to principal (DD/MM/YYYY)
- (15) Date of the last interest payment (DD/MM/YYYY)
- (16) Start date of legal actions (DD/MM/YYYY)
- (17) Date the auction process began (DD/MM/YYYY)
- (18) Date the recovery process began (DD/MM/YYYY)
- (19) Date it was classified as loss (DD/MM/YYYY)
- (20) The amount of the specific provisions established for each operation, either under IFRS or Rule 4-2013
- (21) The days in arrears the loan has with respect to the report date
- (22) Legal status of the proceeding, choose from the list of data the one that applies to the respective loan: Request for auction or public sale; Date for auction or public sale; Suspension of auction or public sale, Others (describe)