

## Republic of Panama Superintendency of Banks

**RULE N°. 10-2019**  
(dated 24 September 2019)

**“By means of which Article 8-A is added to Rule 6-2009 whereby the standards are stipulated for Risk Concentration Limits of Economic Groups and Related Parties”**

**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 paragraphs 1 and 2 of Article 5 of the Banking Law, safeguarding the soundness and efficiency of the banking system and strengthening and fostering favorable conditions for the development of the Republic of Panama as an International Financial Center are objectives of the Superintendency of Banks;

Pursuant to paragraph 2 of Article 11 of the Banking Law, establishing the accounting requirements related to the financial information banks must provide is a technical duty of the Board of Directors;

According to paragraph 5 of Article 11 of the Banking Law, establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters is among the technical duties of the Board of Directors;

Article 95 of the Banking Law provides that banks and their holding companies are prohibited from directly or indirectly granting loans, credits or other guarantees to, or contracting any other obligation in favor of, a person or legal entity, including others that form an economic group with that person or legal entity, when the individual or aggregate amount of the obligations would at any time exceed twenty-five percent of the capital funds of the bank;

Article 7 of Rule 6-2009 dated 24 June 2009, “Whereby the standards are stipulated for Risk Concentration Limits of Economic Groups and Related Parties,” establishes that the concentration limit on a single person, individually or jointly, is twenty-five percent (25%) of the capital stock stipulated by Article 95 of the Banking Law. The measurement of the limit set will be based on the consolidated capital stock;

By means of Article 8 of Rule 6-2009 dated 24 June 2009, exceptions are recognized in the application of the concentration limit on a single person, as prescribed in Article 7 of the aforementioned Rule;

Pursuant to Rule 5-2013 dated 13 August 2013, Article 1 of Rule 6-2009 dated 24 June 2009 was amended in order to expand the scope of application of the aforementioned Rule;

By means of Rule 5-2016 dated 13 May 2016, Article 8 of Rule 6-2009 was amended in order to grant the Superintendent the power to authorize temporary exceptions for the application of the concentration limit on a single person for loans granted to companies whose capital stock is wholly-owned by the Panamanian State;

During its working sessions, the Board of Directors determined it necessary and advisable to amend Rule 6-2009 for the purpose of establishing exceptions for bank holding companies for the application of concentration limits on a single person.

**RESOLVES:**

**ARTICLE 1.** Article 8-A is added to Rule 6-2009 as follows:

**“ARTICLE 8-A. EXCEPTIONS FOR BANK HOLDING COMPANIES.** The following exception for the application of the limit established in Article 7 herein to bank holding companies for whom the Superintendency of Banks of Panama is the home supervisor is recognized: when the loan is granted on sovereign debt exposures of the country where the banking group has its main business headquarters.”

**ARTICLE 2. ENACTMENT.** This Rule shall enter into force upon its promulgation.

Given in the city of Panama on the twenty-fourth (24<sup>th</sup>) day of September, two thousand nineteen (2019).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN, a.i.**

**THE SECRETARY, a.i.**

Nicolas Ardito Barletta

Luis Alberto La Rocca