

# Republic of Panama Superintendency of Banks

**RULE N.º 7-2022  
(Dated 2 August 2022)**

**“Whereby Article 41 (1)(d) of Rule 4-2013 is amended”**

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

## **WHEREAS:**

Pursuant 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, which 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) and (2) 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 the provisions of Article 11 (3) and (5) of the Banking Law, approving the general criteria for the classification of assets at risk and rules for the provision of reserves against risks and establishing and interpreting the scope of the legal provisions and regulations on banking matters are among the technical duties of the Board of Directors;

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

Pursuant to Article 41 of Rule 4-2013 the valuation of the different eligible collaterals as mitigating credit risk were established;

Pursuant to Article 41 (1)(d) of Rule 4-2013 the collateral of mortgages on real property will be subject to the provisions of Article 41 (1) (b), (c), and (d). However, the appraisal [report] must be renewed at least every three (3) years;

During its work sessions, the Board of Directors determined it was necessary and advisable to amend Article 41 (1)(d) of Rule 4-2013.

## **RESOLVES:**

**ARTICLE 1. AMENDMENT.** Article 41 (1)(d) of Rule 4-2013 shall read:

**“ARTICLE 41. VALUATION OF COLLATERAL.** On the date banks conduct the valuation of property given in guarantee as risk mitigator, they must accept the prevailing values as the basis. Banks granting loans must use a strictly conservative criterion (the lowest value shown in the appraisal report) to calculate the liquidation value they would obtain from disposing those assets. Banks must make the valuation according to the type of assets, as described below:

**1. Mortgage on real property.**

- ...
- d. For the purposes of commercial property, the provisions of (b), (c), and (d) shall apply. However, the appraisal [report] must be renewed at least every 5 years.
- ...”

**ARTICLE 2. EFFECTIVE DATE.** The provisions herein shall become effective upon enactment.

Given at Panama City this second (2<sup>nd</sup>) day of August, two thousand twenty-two (2022).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN,**

**THE SECRETARY,**

Rafael Guardia Pérez

Felipe Echandi Lacayo

