

Republic of Panama Superintendency of Banks

RULE No. 1-2023
(Dated 14th February 2023)

“Amendment of Article 2 of Rule 3-2016, whereby the rules for determining credit and counterparty risk-weighted assets are established”

THE BOARD OF DIRECTORS
in the exercise of its legal powers and,

WHEREAS:

Upon the issuance of Decree Law 2, dated 22nd February 2008, the Executive Branch re-edited Decree Law 9 of 1998 and all its amendments as a consolidated text, which was approved by means of Executive Decree 52, dated 30th April 2008, hereinafter referred to as the Banking Law,

Under 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,

Under Article 11(3) and (5) of the Banking Law, approving general criteria for the classification of assets at risk and rules for the provision of reserves against risks, and establishing the administrative interpretation and scope of the legal stipulations and regulations on banking matters are technical duties of the Board of Directors,

Under Article 70 of the Banking Law, all general and international license banks under the home supervision of the Superintendency will maintain capital funds equivalent to at least eight percent of the risk-weighted total of all assets and contingent off-balance sheet operations, as well as tier one capital equivalent to no less than four percent of the risk-weighted total of all assets and contingent off-balance sheet operations,

By means of Rule 3-2016, dated 22nd March 2016 and its amendments, the rules for determining credit and counterparty risk-weighted assets are established,

By means of Article 2 of Rule 3-2016, assets will be rated according to the risk-weighted,

Pursuant to the guidelines established by the Basel Committee on Banking Supervision (BCBS), tradable instruments issued by the Bank for International Settlements (BIS) will be rated as 0%,

During its working sessions, the Board of Directors determined it was necessary and advisable to amend Article 2 of Rule 3-2016 to include the Bank for International Settlements (BIS) in category 1 (0%) of risk-weighted assets.

RESOLVES:

ARTICLE 1. Article 2(1.4) and (1.8) of Rule 3-2016 will be read as follows:

“ARTICLE 2. ASSETS RATED BY CATEGORY. In accordance with the provisions of Article 70 of the Banking Law, the risk-weighting of assets will be according to the following categories:

...

1. Category 1 (0%):

1.1. ...

1.2. ...

1.3. ...

1.4. Instruments issued or secured by the International Monetary Fund (IMF), the Bank for international Settlements (BIS), the International Bank for Reconstruction and Development (IBRD), the Agency for International Development (AID), the International Finance Corporation (IFC), the Inter-American Development Bank (IADB), the European Investment Bank (EIB), the Asian Development Bank (ADB), the African Development Bank (AfDB), the International Fund for Agricultural Development (IFAD), the Andean Development Corporation (CAF, for its acronym in Spanish), the European Reconstruction and Development Bank (EBRD), and any other multilateral development organization approved by the Superintendency.

1.5. ...

1.6. ...

1.7. ...

1.8. Loans secured by instruments issued or secured by the International Monetary Fund (IMF), the Bank for International Settlements (BIS), the International Bank for Reconstruction and Development (IBRD), the Agency for International Development (AID), the International Finance Corporation (IFC), the Inter-American Development Bank (IADB), the European Investment Bank (EIB), the Asian Development Bank (ADB), the African Development Bank (AfDB), the International Fund for Agricultural Development (IFAD), the Andean Development Corporation (CAF, for its acronym in Spanish), the European Reconstruction and Development Bank (EBRD), and any other multilateral development organization approved by the Superintendency.

1.9. ...

1.10. ...

1.11. ...”

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

Given in Panama City this fourteenth (14th) day of February, twenty twenty-three (2023).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT.

THE CHAIRMAN,

THE SECRETARY,

Felipe Echandi Lacayo

David Alberto Davarro