

Republic of Panama
Superintendency of Banks of Panama

RULE No. 2-2025
(March 11, 2025)

“By means of which Article 3 of Ruel No. 3-2016 is amended, which establishes rules for the determination of risk-weighted assets for credit and counterparty risk.”

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

WHEREAS:

Pursuant to the enactment of Decree Law No. 2 dated February 22, 2008, the Executive Branch prepared a Consolidated Text of Decree Law No. 9 dated February 26, 1998, and all its amendments, approved by Executive Decree No. 52 of April 30, 2008, hereinafter referred to as the Banking Law.

In accordance with the provisions of paragraphs 1 and 2 of Article 5 of the Banking Law, the objectives of the Superintendency of Banks are to ensure the soundness and efficiency of the banking system; as well as to strengthen and promote favorable conditions for the development of the Republic of Panama as an international financial center.

Pursuant to sections 3 and 5 of Article 11 of the Banking Law, the technical powers of the Board of Directors include approving the general criteria for classifying risky assets and the guidelines for establishing reserves for risk coverage, as well as determining, within the administrative sphere, the interpretation and scope of legal or regulatory provisions on banking matters.

According to Article 70 of the Banking Law, every general license and international license bank whose original supervisor is the Superintendency must maintain capital funds equivalent to at least eight percent of its total assets and off-balance sheet operations representing contingencies, weighted according to its risks, as well as primary capital equivalent to no less than four percent of its assets and off-balance sheet operations that represent a contingency, weighted according to its risks;

Rule No. 3-2016 of March 22, 2016, and its amendments, establish the standards for determining risk-weighted credit assets and counterparty risk.

Article 3 of Rule No. 3-2016 establishes the international risk ratings of those risk rating agencies that banks must use as a reference for credit ratings.

During working sessions of this Board of Directors, the need and convenience of amending Article 3 of Rule No. 3-2016 has been identified, in order to include the international risk rating used by the rating agency, Kroll Bond Rating Agency, as a new reference for credit ratings for the purposes of Rule No. 3-2016.

RESOLVES:

ARTICLE 1. Article 3 of Rule No. 3-2016 of March 22, 2016, reads as follows:

"ARTICLE 3. INTERNATIONAL RISK RATING. For the purposes of this Rule, international risk ratings using the nomenclature used by the rating agency Standard & Poor's shall be used as references.

Credit ratings issued by Standard & Poor's, Fitch, Moody's, and Kroll Bond Rating Agency (KBRA), shall be used as reference, as well as the ratings of in accordance with the provisions of the following table.

S&P	Fitch	Moody's	Kroll Bond Rating Agency	Type
AAA	AAA	Aaa	AAA	Long Term
AA+	AA+	Aa1	AA+	
AA	AA	Aa2	AA	
AA-	AA-	Aa3	AA-	
A+	A+	A1	A+	
A	A	A2	A	
A-	A-	A3	A-	
BBB+	BBB+	Baa1	BBB+	
BBB	BBB	Baa2	BBB	
BBB-	BBB-	Baa3	BBB-	
BB+	BB+	Ba1	BB+	
BB	BB	Ba2	BB	
BB-	BB-	Ba3	BB-	
B+	B+	B1	B+	
B	B	B2	B	
B-	B-	B3	B-	
CCC+	CCC+	Caa1	CCC+	
CCC	CCC	Caa2	CCC	
CCC-	CCC-	Caa3	CCC-	
CC	CC	Ca	CC	
C	C		C	
RD, D	RD, SD, D	C	D	Short Term
A-1+	F1+	P-1	K1+	
A-2	F2	P-2	K2	
A-3	F3	P-3	K3	
B	B	NP	B	
C	C	NP	C	
D	D	NP	D	
Not rated	Not rated	Not rated	Not rated	

For the purposes of this Rule, when two or more international ratings are issued and different risk ratings are presented, the most conservative rating shall apply."

ARTICLE 2. VALIDITY. The provisions of this Rule shall enter into force upon its promulgation.

Issued in Panama City on the eleventh (11th) day of March of the year two thousand twenty-five (2025).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT.

THE CHAIRPERSON,

(signed)
Rafael Guardia

THE SECRETARY,

(signed)
Adriana Raquel Carles