

March 4, 2020  
Circular N° SBP-DR-0037-2020

General Manager

Subject: Report on Future Capital Needs (Article 16 of Rule 1-2015)

Dear General Manager:

We refer to circulars SBP-DR-0072-2016 dated June 16, 2016 and SBP-DR-0133-2016 dated December 9, 2016, which required the hardcopy of the Report on future capital needs according to the business model of each entity within three months following the closure of the relevant fiscal year, with projected information for the next three years, as provided for in Article 16 of Rule 1-2015 that provided the rules for capital adequacy applicable to banks and banking groups.

The provisions of Article 16 of Rule 1-2015 follow the recommendations of the Capital Accords issued by the Basel Committee, particularly the provisions of Pillar II of Basel II. The capital regulatory and supervisory model recommended by the Basel Committee started in Pillar I describing the regulatory capital requirements and recognizing that [the capital itself] is the bank's (or its administration's) property, which is fitted to establish the true capital needs given its business model, its volume of operations and the risks inherent in its activities.

In view of the foregoing, and by virtue of the upcoming submission of the Report on Future Capital Needs for 2020-2022, the Superintendency of Banks, after hearing some inquiries from the market regarding the submittal of the aforementioned report, has deemed it convenient to issue the enclosed guide intended to provide an orientation to regulated parties in the development of its content, thus helping them to strengthen internal processes for the self-assessment of the capital adequacy that they establish.

The abovementioned Report, containing the projections of future capital needs, must be replaced whenever material and significant changes are presented in its conceptualization that move it away from what was originally projected. For such purpose, banks must include in said report the situations and/or indicators (total and/or percentages) of the deviations that they have considered should be subject to change or rethinking of the report previously submitted to the Superintendency. The submittal of the report must be in hardcopy and at least every three years, within the three (3) months following the closure of the relevant fiscal year.

This Circular rescinds circular SBP-DR-0133-2016 dated December 9, 2016.

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Should you have any question or need further information, please do so through our e-mail address:  
[soporte@superbancos.gob.pa](mailto:soporte@superbancos.gob.pa)

We would greatly appreciate your providing the necessary instructions to your staff for compliance with these provisions.

Best regards,

Amauri A. Castillo  
Superintendent

Attachments:

- *Appendix 1 – Guide to prepare the Report on Future Capital Needs*
- *Appendix 2 – Excel template of the Report on Future Capital Needs*

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