

PANAMA at a glance:



Moody's upgrades Panama's ratings to Baa1, stable outlook

Moody's Investors Service ("Moody's") has upgraded the Government of Panama's foreign-currency long-term issuer rating to Baa1 from Baa2. Moody's has also upgraded the foreign-currency long-term senior unsecured debt ratings to Baa1 from Baa2, as well as the foreign-currency long-term senior unsecured shelf ratings to (P)Baa1 from (P)Baa2. The country underwent an evaluation in recent months that required a series of measures, the main one being the creation of a law that criminalized tax evasion, which was approved only days after the meeting.

The stable outlook reflects Moody's expectation that Panama will continue to grow fast, outpacing growth achieved by most Baa-rated peers. The outlook also incorporates Moody's expectations that Panama's fiscal metrics will only register a moderate decline as the government builds a track record under the new fiscal rules.

Source: Moody's Investor Service, Inc. (March 8, 2019).



Ministry of Economy and Finance (Source: Alma Solís, Noticias de Panamá).

The Republic of Panama marks milestone with USD 1.0 Billion placement in local capital market

The Republic of Panama marks a milestone this Wednesday, April 17th, 2019 with the largest issue placement, in its entirety and on the same day, in the Panama Stock Exchange.

The Republic of Panama issued USD 1.0 Billion in Treasury Notes on April 10, 2019, listed in the Panama Stock Exchange, and placed part of the issue through Euroclear Bank's iLink, allowing international investors to access these titles under Panamanian law.

With the execution of this transaction, the Ministry of Economy and Finance (MEF) promotes the development of the Panamanian capital market and diversifies its funding sources, an aspect that has been valued positively, both by international organizations and credit rating agencies, as it mitigates the risk of adverse effects in international markets.

Euroclear Bank is one of the most important global market infrastructures. Part of the Euroclear Group that has more than € 28.6 trillion in assets under custody, operates in more

than 90 countries around the world and handles transactions with 50 types of currencies. With respect to iLink, it is a link that the Central Latinoamericana de Valores (Latin Clear, the local CSD), has with Euroclear Bank since April 2014 for government and quasi-government securities; currently pending the activation of phases 2 and 3, which correspond to corporate debt and stocks, respectively.

Olga Cantillo, Executive VP and CEO of the Panama Stock Exchange states that: "This milestone confirms the commitment of the Ministry of Economy and Finance to enhance the access of the Republic of Panama to the local capital market and for the Panama Stock Exchange, it represents an expansion in the offer of instruments for local and international investors, confirming the importance of having a robust trading platform, such as Nasdaq ME, that supports this type of transaction and thus contributes to positioning Panama as a regional hub for capital markets.

Source: Panama Stock Exchange (April 17, 2019).

Council of the EU formally rejects blacklist that included Panama



European Union (Source: La Prensa).

The 28 countries that make up the European Union (UE) formally rejected the black list drawn up by the Commission, which included

Panama on the grounds that its financial system ran a "high risk" of money laundering.

"The Council can't support the current proposal, which was not established with a transparent and solid process that actively encourages the affected countries to take decisive measures, while respecting the right to be heard," argue the governments of the old continent in a joint statement.

Panama's Ambassador in Belgium and to the European Union, Miguel Verzbolovskis, highlighted "the right decision" of the EU member states. At the same time, he called for dialogue. "By objecting this list, the space for true collaborative work is opened, so that global efforts against money laundering and financing of terrorism are carried out through dialogue and cooperation based on common practices and standards," he said.

Source: Victoria Isabel Cardiel C. - La Prensa (March 7, 2019).

Bolsa de Valores de Panamá (BVP) launches new Nasdaq Matching Engine



(Source: Nasdaq, January 23, 2019).

Nasdaq and Bolsa de Valores de Panamá (BVP) have announced that BVP has successfully gone-live with its new trading system. The system is operating on Nasdaq matching engine technology, allowing BVP to meet their strategic growth plans



and leverage the modular functionality to offer additional services to their members and clients.

"After the implementation work during 2018, we are very pleased and proud to launch our new Nasdaq matching engine trading system," said Olga Cantillo, CEO, Bolsa de Valores de Panamá. "This important investment, crucial for our strategic plan with the aim of positioning ourselves as the regional capital market hub, confirms our commitment to the Panamanian capital market and the development of our country's economy. This achievement has been thanks to the support of Nasdaq, the high sense of commitment and teamwork of our employees and the brokers of our stock exchange, who also supported us with their recommendations, feedback, training and time."

"BVP has shown significant commitment in becoming a central player in positioning Panama as a major capital markets hub in Latin America," said Carlos Patino, Head of Latin America, Market Technology, Nasdaq. "By launching their exchange on Nasdaq's matching engine technology, they will be offering the market a world-class matching engine with capabilities to expand, grow and be a key driver of the Panamanian economy."

Nasdaq's market technology powers more than 250 of the world's market infrastructure organizations and market participants, including broker-dealers, exchanges, clearinghouses, central securities depositories and regulators, in over 50 countries with end-to-end, mission-critical technology solutions.

Source: Nasdaq Media Center (February 23, 2019).

ETESA announces investor roadshow

The Electric Transmission Company, S.A. (ETESA) has announced the beginning of the marketing stage for the potential issuance of international bonds.

"The process starts on April 12 in Panama and will extend for a period of two weeks to the most important financial centers in the world," said Gilberto Ferrari, general manager of ETESA.

"With the international risk ratings already obtained and after several months of arduous preparation, we are ready to market among the most important investors in the United States, Europe and Latin America, the first long-term bond issue of our company", commented Ferrari, who will lead the mission.

ETESA, rated Baal (Stable) by Moody's and BBB (Stable) by Fitch, will hold a series of meetings with fixed-income investors starting Friday, April 12, 2019. The company plans to hold about 20 meetings in which it will present, to at least 60 fixed-income investors (bonds), the characteristics of the company's business model and the issue to be made, which will be at least USD 500 million, with a long-term amortization profile.

Source: ETESA website (April 12, 2019).

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