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Republic of Panama Superintendency of Banks

RESOLUTION No. SBP-JD-0046-2011
(dated 27 December 2011)

THE BOARD OF DIRECTORS
in use of his legal powers and,

CONSIDERING:

That by General Resolution S.B. 02-2002 dated 18 July 2002 the Code of Ethics applicable to employees of the Superintendency of Banks, which gathers a set of ethical principles and standards that must be met and complied with by the employees of the Superintendency was implemented and approved;

That after reviewing the principles and values contained in the Code of Ethics, the Human Resources Division of the Superintendency of Banks deemed it necessary to update the Code with the new ethical principles, values and behavior that must govern the actions of all employees working at the Superintendency of Banks, in order to adapt these to the Internal Work Regulations of the Superintendency;

That, as a result, the Superintendent of Banks and the Human Resources Division have submitted an amendment to said Code;

That, the proposal submitted consists in adopting the amendments to the current Code of Ethics so as to allow the inclusion of new behavior that could threaten the ethical behavior of all employees, as well as to establish the necessary mechanisms for maintaining the effectiveness of the provisions contained in the Code of Ethics and Professional Conduct of the Superintendency of Banks;

That pursuant to Article 11, Paragraph I, subparagraph 6 of the Banking Law, it is the duty of the Board of Directors to approve internal labor regulations as well as the Code of Ethics and Professional Conduct and the Internal Work Regulations of the Superintendency of Banks;

That, as a result, and after fully considering the subject, the Board of Directors;

RESOLVES:

To approve the new Code of Ethics and Professional Conduct of the Superintendency of Banks according to the text contained in Appendix 1, which is an integral part of this Resolution.

LEGAL GROUNDS: The Banking Law, Article 11, Paragraph II, Subparagraph 6; Law 6 dated 29 January 2002 and General Resolution S.B. 02-2002 dated 18 July 2002.

Given in the city of Panama, on the twenty-seventh (27th) day of December, two thousand eleven (2011).

LET IT BE KNOWN AND ENFORCED.

The Chairman

The Secretary, a.i.

Arturo Gerbaud

Nicolas Ardito Barletta

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Appendix 1 CODE OF ETHICS AND PROFESSIONAL CONDUCT OF THE SUPERINTENDENCY OF BANKS

Article 1. Definitions. For the proper implementation and interpretation of this Code of Ethics and Professional Conduct, the following words are defined as:

1. Code of Ethics and Professional Conduct: A set of principles and standards that govern and guide the behavior and activities of a specific group, making feasible a regulated ethical behavior with values accepted by all.
2. Ethics: A set of moral standards guiding human behavior.
3. Public Service: Any permanent or temporary activity, paid or *ad-honorem*, performed within the Superintendency of Banks.
4. Public Servant: A person recruited full-time or part-time to perform administrative tasks in the Superintendency of Banks, whether paid or not.
5. Regulated parties: Natural persons or legal entities that by legal mandate are subject to the supervision and regulation of the Superintendency of Banks.
6. Stakeholders: For the effect of applying the rules contained herein, any person or entity that is directly or indirectly supervised or will be supervised by the Superintendency of Banks or is providing or will provide goods or services to the Superintendency as well as the users of the banking system.

Article 2. Scope of Application. All public servants within the Superintendency of Banks shall respect and comply with this Code when performing their job.

Article 3. Personal Commitment. Public servants must accept a personal commitment to knowing and encouraging compliance with this Code, carrying out their duties with the professionalism required by the job they have or by the task which they were assigned. They must observe the institution's resolutions, regulations and general legal provisions, as well as its internal regulations – especially those related to meeting their personal values and performance as public servants.

Article 4. Basic Principles. Public servants are responsible for maintaining the highest standards of ethical conduct compatible with the basic rules listed below and which are applicable to all actions taken by the Superintendency of Banks.

Integrity

Integrity includes the personal qualities of honesty, probity, and sincerity, and an absence of corrupt behavior. Therefore, public servants must avoid any behavior that could negatively affect their image or the image of the Superintendency of Banks.

Confidentiality

Public servants must maintain the confidentiality of facts and information known through or learned during the performance of their duties. This means anything done or said in confidence or mutual trust between two or more persons and between the institution and the parties with which the institution relates. Confidentiality is both a protection and a commitment for the persons working at the Superintendency of Banks.

Transparency

Means that the public servants must demonstrate clear, open and consistent behavior that raises no doubts or ambiguities, complying at all times with the secrecy and confidentiality required for the performance of their duties.

Fairness

Public servants must apply all laws, rules, and policies established by the Superintendency of Banks coherently and uniformly, ensuring an equitable treatment of members of the institution, regulated parties, and stakeholders, and avoiding abuses when exercising authority.

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Respect

Without exception, public servants will respect every person's dignity and the rights and liberties to which he/she is entitled. Public servants must conduct themselves with respect and decorum when dealing with the general public, regulated parties, stakeholders and coworkers.

Article 5. Conduct within the Superintendency of Banks. The behavior of public servants must be characterized by objectivity and professionalism at all times. They shall not allow personal relationships or considerations to influence their job.

Responsibility

Public servants must comply with their duties at all times. They are still responsible for the tasks delegated to others, exercising appropriate control and oversight on issues concerning them, and the duties established by Internal Work Regulations, the Banking Law and other laws, where applicable.

Respectful treatment to others

Public servants' interpersonal relationships must always be based on due and mutual respect, support and cooperation in order to guarantee a harmonious and positive work environment.

They must not take actions or make statements that could affect relationships within the Superintendency, such as:

- Interfering with or obstructing the job of others;
- Withholding information concerning the performance of their job that might affect interpersonal and/or labor relationships in the institution;
- Deliberately damaging the reputation of other public servants.

Personal finance issues

Public servants are free to manage their personal finances as they see fit, as long as they avoid conflicts between their personal interests and those of the Superintendency. It is forbidden to use privileged information to which they have access or compromise the independence of judgment or action required for the performance of their duties, in the pursuit of personal gain.

In order to preserve independent judgment and the principle of fairness, public servants cannot have relationships or accept situations in which their personal, labor, economic or financial interests could be in conflict with the rights and duties of their position.

Also, the public servants have an obligation to be diligent in complying with the obligations to which they have committed themselves.

Impartiality

Public servants must act objectively and professionally, must not have a hidden agenda when expressing their opinions and personal beliefs, and must not compromise the interests and reputation of the institution when carrying out their official duties.

Loyalty

For the public servant, loyalty implies, not only complying with the tasks and instructions given by his/her superiors, but also support, advice, openness and transparency when dealing with the people around them, placing institutional interests before their own.

Adhering to this principle will allow public servants to avoid conflict of interest issues with other institutions or groups that would affect the performance of their job or hinder their carrying out their duties in accordance with the mission of the Superintendency of Banks. It also means that as employer, the Superintendency should support its employees in consonance with the requirements, interests and prestige of the institution.

Equal treatment

Public servants must not engage in discriminatory actions in their relationship with the public or parties regulated by the Superintendency of Banks. All people must be

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given equal treatment under equal conditions. Equal conditions are understood to be those in which there are no differences except those allowed by existing regulations. This principle also applies to the relationships that public servants have with their coworkers.

Independent Opinion

Public servants must be impartial when speaking and maintain opinions free of conflicts of interest. They should also refrain from any behavior that could affect their independence of judgment when carrying out their duties. They should not be involved in situations, activities or interests incompatible with their functions.

Tolerance

Public servants must accept and face criticism from the public and the media with a tolerance level higher than could reasonably be expected from an ordinary citizen. Tolerance shall be understood as respect for the opinions and ideas of others.

Poise

Public servants must act with practicality and good sense when performing their duties.

Truthfulness

Public servants are required to speak truthfully in their job with individuals, superiors and subordinates, and to contribute to the clarification of the truth.

Prudence

Public servants must act prudently when carrying out their duties, reflecting on and considering the effects that their words and actions may produce, for the purposes of behaving correctly under all circumstances.

Justice

Public servants must always be willing to comply with their duties, always providing what is correct in their relations with the State, the general public and coworkers.

Dignity and Decorum

Public servants must observe dignified and decorous behavior, and act with restraint and moderation. This decorum applies to the way they dress, which must reflect the seriousness of their position.

Article 6. Proper exercise of office. The proper exercise of office involves compliance with this Code and the duties to encourage its observance by subordinates.

Public servants should not use their position, authority, influence or perception of influence to obtain or procure improper benefits or advantages for themselves or others.

Article 7. Conflict of interests. A conflict of interest is a situation in which due to his/her activity, a person is in a position to take personal advantage or provide an advantage to a third party by manipulating decisions under specific circumstances¹.

In order to preserve the integrity and fairness principles, public servants must refrain from maintaining, encouraging or entering into relationships or accepting situations where their personal, work, economic or financial interests could be in conflict in the performance of the duties and obligations of their post, such as:

- a) Running, managing, advising, sponsoring, representing or providing services, whether paid or *ad-honorem*, to persons operating or developing concessions or privileges or whose are suppliers to Public Administration.
- b) Maintaining pending lawsuits with Stakeholders.
- c) Where the public servant has issued a prior opinion as an expert or witness on the specific subject.

¹ Code of Good Corporate Governance Practices for the Financial Entities of Latin America. FELABAN, 2009

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- d) Appointing relatives, only that sole basis, to provide their services to the Superintendency of Banks.
- e) Holding more than % of the shares in entities regulated by the Superintendency of Banks.
- f) Negotiating or accepting a job offer from a person or private entity currently subject to proceedings involving verification, authorization, practical supervision, inspection or sanctions until these have been concluded. In order to safeguard the required independence of behavior, public servants shall immediately inform their immediate supervisor when they accept any offer of employment made by any stakeholder. Under these circumstances and during the fifteen-day notification period prior to ceasing employment with the Superintendency of Banks, the person referred to above may be assigned duties that do not provide access to procedures or activities that could compromise their impartiality.
- g) Acting through an intermediary to get a benefit from the Superintendency of Banks.
- h) Participating in any proceeding in which the public servant has a kinship within the second degree of consanguinity or first degree of affinity with any stakeholder, officer of banking or trust entities, advisor or legal representative or top executive involved.
- i) Accepting or maintaining favorable terms or conditions from regulated entities or entities related to the Superintendency of Banks that are different from those established by the market.
- j) Making or sponsoring administrative proceedings or processes for third parties, whether or not directly under the public servant's responsibility nor enter into contracts for them with Public Administration when they have functional links to the public servant's responsibilities.
- k) Any other circumstance that could compromise the decisions or actions of an employee of the Superintendency of Banks.

Article 8. Obligation to recuse. Public servants should recuse themselves from carrying out duties in cases where there is a conflict of interests. They also have an express obligation of reporting any conflict of interest occurring during the performance of their duties to their supervisor, in writing and in a timely manner.

Article 9. Accumulation of positions. Public servants having a full-time position in the Superintendency must not carry out any other paid public position nationally, provincially or locally. The position of professor is excepted, as long as it does not interfere with the public servant's work schedule. This restriction is made subject to any exceptions established and regulated by special legislation.

Article 10. Acquisitions and Procurement. The acquisition and procurement of supplies and external services must be made pursuant to the procedures established to that end, avoiding any undue influence that may affect the impartiality and objectivity of decision-making. Public servants engaged in procurement activities at the Superintendency must inform to their immediate superior of any situation in which a conflict of interest may arise with the person or company contracted or to be contracted to provide goods and services or when any of the public servant's relatives are about to be contracted by the Superintendency to provide services.

Article 11. Respect in the workplace. The Superintendency of Banks will not allow sexual harassment, bullying, acts of intimidation or discrimination of any kind or form.

Harassment, bullying or discrimination include epithets, invective, negative stereotypes, threats, hostile acts or the exhibition of written or graphic material that denigrates or shows hostility or aversion to any person or group because of their race, the color of their skin, sex, sexual preference, religion, age, background, disabilities, political opinion or socioeconomic level, among others.

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Any repeated behavior made by one or several persons and addressed specifically against another person or persons with the purpose or effect of denigrating the moral integrity of the person so affected or degrading his/her work environment shall be classified as bullying.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct of a sexual nature where submission to such conduct is imposed as a condition of employment or as the basis for decisions affecting employment, or when such conduct creates an intimidating, hostile or offensive environment. It can include a wide range of both subtle and explicit behaviors.

The conduct described above comprises physical behavior and unwanted verbal or gestures, and can involve individuals of the same or opposite sex.

Article 12. Policy on accepting gifts or favors. Public servants are responsible for rejecting any gift, present, service, hospitality, advantage or any other economic benefit offered because of their position or the performance of their duties. No public servant may ask for, request or accept gifts from parties regulated or related to the Superintendency of Banks or from natural persons or legal entities as a condition for obtaining an action from or a negotiation or contractual or financial relationship with the Superintendency.

The following items are not contained in the provision above:

- a) Items of little intrinsic value intended for presentations, such as plaques, certificates or trophies.
- b) Gifts or *ad-honorem* awards such as those presented for public or community services, as well as gifts or benefits granted by governments, international organizations and non-profit organizations in which the gifts must be accepted for reasons of culture and/or protocol.

Even in these cases, if the gift is expensive it shall not be considered personal property but shall be placed at the disposal of the Superintendency of Banks.

- c) Gifts or benefits worth up to fifty balboas (B/.50.00) that could be considered as attention courtesy due to a special occasion and in the framework of institutional relations, and not considered a means of affecting the decisions or actions of the public servant. Gifts exceeding this amount must be rejected.
- d) Travel and accommodation expenses covered by governments, institutions or non-profit organizations to present lectures or participate in courses, conferences or academic and/or cultural activities, as long as they are not incompatible with their duties and are duly authorized.
- e) Hospitality associated with work or representational requirements, such as business lunches or dinners that are not habitual or recurrent.

Article 13. Administrative Secrecy. The information obtained by public servants of the Superintendency of Banks during the performance of their duties will be subject to strict secrecy and shall not be disclosed or provided to any person or authority except for competent authorities in a criminal process, pursuant to current legal provisions.

Article 14. Classified and Privileged Information and Restricted Access. Public servants are bound to observe strict secrecy of the confidential, privileged and restricted access information obtained observing the provisions set forth in existing regulations and refraining from disclosing the information to third parties, except for competent authorities in a judicial process, pursuant to current legal provisions.

Article 15. Use of Information. Public servants must not use information known to them because of their duties or position but not intended for the general public, for personal gain or the benefit of third parties. Public servants may use public information.

Public servants must not be party to the dissemination of false, biased or otherwise inadequate information to the general public.

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Article 16. Relationship with the media. Public servants must refrain from giving interviews or providing information that is not at the disposal of the public, unless they are duly authorized and act in accordance with the Communication Handbook.

Article 17. Giving Lectures or publishing books. Public servants shall request prior authorization of their Director to publish books or give lectures, of any type, if the topic to be discussed is related to the mission or duties of the Superintendency of Banks. They must also inform to their immediate superior when publishing or giving lectures unrelated to the duties of the institution.

Article 18. Proper use of the Superintendency's property. Public servants must protect and preserve the Superintendency's property as well as those articles and goods that were provided to them by the institution. They must not allow the use of any property of the Superintendency of Banks for private purposes or for a use different from the ones for which the property was intended.

Protocol activities in which public servants must participate that take place outside the office or after regular business hours are not considered private purposes.

Article 19. Improper use of work hours. Public servants must spend official hours in a responsible effort to perform their duties, doing their job efficiently and effectively and ensuring that subordinates do the same. They must not encourage, demand or request these employees to use official hours to perform activities other than the duties connected with their positions.

Article 20. Misconduct. Obligation to denounce. Public servants must immediately denounce to a superior or the Ethics Committee, any acts they become aware of during the performance of their duties that could, in their judgment, damage the Superintendency of Banks or which gives rise to the suspicion of criminal misconduct or a violation of any of the provisions of this Code.

Article 21. Informant's Protection. The public servant denouncing a behavior that in his/her judgment is improper will do so confidentially, giving his/her name. The Superintendency of Banks is committed to not disclosing the source of the denunciation to anyone outside the investigation unless the informant has incurred intentionally in false testimony.

The public servant who retaliates against another employee because he/she reported misconduct or a violation of the Code of Ethics and Professional Conduct will be subject to the disciplinary sanctions set out in the Internal Work Regulations.

Article 22. Ethics Committee. The Ethics Committee shall be responsible for interpreting the Code, its application and oversight of its compliance.

It will consist of 3 principal members appointed by the Superintendent. They may come from different divisions within the Superintendency, but one of the three must be an employee of the Human Resources Division. Additionally, three members will be appointed as substitutes.

The requirements to become a member of the Ethics Committee are:

- Having a prestigious career in the Superintendency of Banks, having no disciplinary sanctions and having served responsibly in his/her position.
- Holding a position not lower than Head of Department.
- Having full knowledge of the current rules and regulations of the Superintendency of Banks.
- Guiding his/her actions in accordance with the principles established by this Code, maintaining strict confidentiality regarding matters that concern to the Committee.

Article 23. Duties and Powers of the Ethics Committee. The Ethics Committee shall act independently, based on information provided by a duly identified person or upon the request of a duly identified public servant.

The duties of the Committee shall be as follows:

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1. Accepting and resolving inquiries and requests concerning the interpretation of the Code; receiving allegations of misconduct and the interpretation, application, and proper compliance with the provisions of this Code.
2. Determining if there has been a violation to this Code or any misconduct.
3. Recommending corrective action.
4. Recommending disciplinary actions to be applied by the applicable authority, without prejudice to the application of other sanctions set forth in Internal Personnel Rules and current laws.
5. Proposing amendments to the Code necessitated by the interpretation of present provisions of the code or the addition of new legal standards, to the Board of Directors through the Superintendent.
6. If deemed necessary and with due discretion, summoning an employee versed in the subject requiring investigation, in order to preserve evidence and avoid damages, losses or conflict.
7. Informing the Audit Committee if deemed advisable.

The duties of the members of the Ethics Committee cannot be delegated. The employee member of the committee is responsible for being available to those coworkers that wish to express their concerns confidentially and must discuss these situations impartially with the Committee, so that the public servant will feel free to use the existing institutional channels to solve conflicts and express his/her concerns about situations that could be contentious. When dealing with an ethical situation related to any of the members of the committee or of his/her division, the member should recuse himself/herself and call on his/her substitute, as long it is duly justified.

Article 24. Promotion of Ethical Principles. The Human Resources Division will coordinate and promote the dissemination and practice of ethical principles within the institution.

Article 25. Noncompliance with the Norms of Conduct. The due observance of the norms of conduct contained herein will be considered part of the obligations assumed by the public servants of the Superintendency of Banks when hired and when they enter into contractual agreements. Violations will be punished pursuant to articles 184, 186, and 191 of the Decree Law (the Banking Law) and Internal Work Regulations when applicable, without prejudice to the administrative and criminal accountabilities that may derive from such noncompliance.

Because of its special relevance to the duties performed by the public servants of the Superintendency of Banks, explicit reference is made herein to any criminal liability arising from the failure to safeguard documents and the use of classified information (Articles 4 and 8 of Law 42 dated 2 October 2000; Article 166 and following, and Articles 335 and 337 of the Criminal Code of Panama).

Article 26. This Resolution shall become effective upon its approval.