

CERTIFIED TRANSLATION

Republic of Panama Superintendency of Banks

November 12, 2002

CIRCULAR No. 044-2002

Mr. General Manager
In Your Office.

General Manager, Sir:

The purpose hereof is a publication appearing in the Section of Opinion of the newspaper La Prensa, of November 11, 2002, under the title **Free Banking, future of the Argentinian Financial System** by **Martin E. Krause**, a copy whereof is enclosed, where it is announced that the Foundation Freedom in alliance with Martes Financiero (Financial Tuesday) and PANABANK has invited said gentleman to render, next Thursday, November 14, in the CITYCLUB, a lecture named **"The Argentinean Crisis: Lessons for Panama"**.

The present does not intend to promote the above-mentioned lecture, but to call the attention to bankers from the Center to secure that the conclusions resulting from it are considered, discussed and recorded in the media in their correct dimension, preventing that by means of sensationalist analyses distorted information is carried from the Center to the population.

In the past, some publications have tried to present to the public positions matching Argentina, Uruguay and Panama, without success, showing a clear ignorance of the functioning of the Center and of the great professional capacity of the bankers making part thereof. It is clear that the countries must know and learn of the Argentinean experience. However, not intending to boast, it should be underlined and proclaimed how the banking business is conducted in Panama.

The International Banking System, after having been closed for nine and one half weeks, by reason of the political crisis of the eighties, emerges and sustains itself, without having suffered any systemic crisis, with comparative advantages that remain identified throughout the above-referred publication: open and free banking, with no minimum reserve requirements, with a stable currency, with a dollar-set economy, with no exchange problems, with two solid and reliable state-owned banks, with a strong credibility of Panamanians in the banking system, with the rights of users being looked after, with strong liquidity and adequate capitalization, under an effective supervision, with no deposit insurance or existence of last resource lender.

On the last two noted conditions, it is enclosed a document prepared by Licentiate Miguel Lee with the technical support of officers of the Institution, grounding its position before the qualifying Agencies and the IFI's that the same have not been necessary in the historic financial evolution of the International Banking Center or effective in the countries maintaining it as is the case that is being discussed by us herein.

Finally, and with all our respect, it is held the opinion that although Panama has a system that is totally different from the Argentinean, the experiences should be shared

in order to prevent the same errors from being committed or repeated by means of an exercise that must be conducted in a transparent manner with equal correspondence.

Yours truly,

Delia Cárdenas
Superintendent

THE ABOVE IS A FAITHFUL TRANSLATION OF THE ORIGINAL DOCUMENT IN SPANISH PRESENTED TO ME. Panama, June 2, 2003. Mireya Delgado Debali, Certified Public Translator, Resolutions No. 209 and 304.