

**REPUBLIC OF PANAMA  
SUPERINTENDENCY OF BANKS**

**GENERAL RESOLUTION No.1 -2001**  
(dated March 23, 2001)

**THE SUPERINTENDENT OF BANKS**  
empowered by legal faculties, and

**WHEREAS:**

According to Numeral 30 of Article 17 of Decree Law 9 of February 1998, it corresponds to the Superintendent of Banks to evaluate the financial indicators of the Banks and Economy Groups to which the banks belong to, like asset risks and others that the Superintendency deems advisable;

According to Numeral 32 of Article 17 of Decree Law 9 dated February 26, 1998, it corresponds to the Superintendent of Banks to dictate the standards, which, within the range of activities that the Law allows, Banks must observe so that their operations may develop within proper risk levels;

Through General Resolution No. 7-2000 dated September 8, 2000 the Superintendency of Banks established the minimum criteria regarding the proper policies and proper procedures for identification, revision and control of country risk in activities regarding to loans, bank deposits and adequate investments caused by said risks, and

The Superintendency's work sessions have shown the need and advisability of modifying foregoing General Resolution No. 7-2000,

**RESOLVES::**

FIRST ARTICLE: Article 10 of General Resolution No. 7-2000 will read as follows:

**“ARTICLE 10. CRITERIA FOR THE APPLICATION OF THE COUNTRY RISK PROVISION.**

The Bank will determine the country risk according to the provisions established in this General Resolution at the moment of evaluating the loans based on Agreement 6-2000, and in securities investments based on Agreement 7-2000. The Bank will set the proper percentages to establish the provision caused by the country risk in the categories of moderate risks, risk with difficulties and high risk. The Bank's external auditors and the Superintendency of Banks will evaluate this provision later.

The estimate of said provision should bear in mind any factors that increase or mitigate the original country risks, through operations with financial derivatives, obtaining insurance coverage, bi-national financial compensation Agreements, compensatory exchange positions, and the country where the guarantees are located, among others.

It is expressly understood that when a loan, bank deposit or securities investments has a real guarantee located and usable in Panama, the part covered by the guarantees shall be exempt from the provision.

This Superintendency, whenever it deems proper, may request an adjustment to the provision established by the Bank”

SECOND ARTICLE: The present General Resolution shall be in force as of its date.

Issued in the City of Panama on the twenty-third (23) day of the March, Two Thousand and One (2001).

TO BE NOTIFIED AND COMPLIED,  
THE SUPERINTENDENT OF BANKS

Delia Cardenas