

Republic of Panama

Superintendency of Banks

GENERAL RESOLUTION SBP-RG-0002-2014

(dated 11 August 2014)

“Whereby the guidelines for inspection reports (Findings and Recommendations Matrix) and subsequent action and tracking by the bank are provided”

THE SUPERINTENDENT OF BANKS,

In use of his legal powers, and

CONSIDERING:

That due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch reedited Decree Law 9 dated 26 February 1998 and all of its amendments as a sole text, and that this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

That pursuant to Paragraph 14 of Article 16 of the Banking Law, establishing prevention programs that provide full cognizance of the financial condition of banks, as well as the verification of the truthfulness of the information banks submit to the Superintendency, is among the technical duties of the Superintendent;

That pursuant to Paragraph 13 of Article 16 of the Banking Law, carrying out the inspections ordered by the Banking Law and the Board of Directors, and those considered necessary or prudent, is among the technical duties of the Superintendent;

That by means of Rule 5-2010 dated 4 October 2010, the Board of Directors of the Superintendency further developed the concept of banking inspections contained in Article 66 of the Banking Law;

That the Superintendency of Banks conducts, among others, the following types of inspections of banks: comprehensive inspections, special inspections for the prevention of money laundering, special risk inspections, special banking security inspections, follow-up inspections on any type of inspection conducted and other special inspections pursuant to law or other reasons;

That by means of Board of Directors' Resolution SBP-JD-0032-2012 dated 3 July 2012, the Superintendency of Banks approved the Uniform Risk-Based Supervision Manual (MUSBER, for its acronym in Spanish), which establishes that as a result of the inspections conducted, the Superintendency will submit a report on the findings, recommendations and non-compliances determined during the inspection of banks;

That during the Superintendency's working sessions, it became obvious that it was necessary and advisable to define deadlines that banks have to submit the progress reports on the “Findings and Recommendations Matrix,” as well as their rebuttals, comments or objections to the report.

RESOLVES:

ARTICLE 1. “FINDINGS AND RECOMMENDATIONS MATRIX”. As a result of bank inspections conducted on banks, the Superintendency issues a report known as the “Findings and Recommendations Matrix” with the findings, recommendations and non-compliances determined in each inspection. This report shall be addressed to the chairman of the bank's board of directors, with a copy to the general manager.

For this purpose, recommendations shall be understood as the proposals for corrective action arising from the findings. They are addressed to the board of directors and top

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management of the bank, who shall be responsible for assigning a deadline for their correction, which will depend on the specifics of the corrective actions. An effective follow-up on the compliance and degree of attention given to the recommendations will be conducted using the “Findings and Recommendations Matrix.”

ARTICLE 2. SUBMITTAL OF REBUTTALS AND/OR COMMENTS. Once the bank receives the “Findings and Recommendations Matrix” report, the bank shall have twenty (20) business days to submit its rebuttals, comments, action plans and proposed deadlines for correcting the findings to the Superintendency.

ARTICLE 3. FOLLOW-UP NOTIFICATION. Once the bank has submitted its rebuttals and/or comments within the prescribed period, the Superintendency will send a written communication stating that it has received the bank’s rebuttals and indicating whether or not it accepts the action plans and proposed deadlines. The Superintendency will also request progress reports on the corrections to the pending requirements of the “Findings and Recommendations Matrix.” The bank shall submit the report on the progress towards correcting the findings pursuant to the provisions of Article 4 herein.

ARTICLE 4. PROGRESS REPORT ON CORRECTING THE FINDINGS IN THE “FINDINGS AND RECOMMENDATIONS MATRIX.” For the purpose of following up on the “Findings and Recommendations Matrix” that resulted from the inspections, banks shall submit a progress report on the actions to correct that Matrix within the first ten (10) business days after the closure of each calendar quarter.

The Superintendency will use the follow-up communication cited in Article 3 to inform the bank of, the quarterly closing date for which the first progress report on correcting the “Findings and Recommendations Matrix” must be submitted.

ARTICLE 5. ENACTMENT. This Resolution shall enter into force upon its promulgation.

Given in the city of Panama on the eleventh (11th) day of August, two thousand fourteen (2014).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE SUPERINTENDENT OF BANKS,

Alberto Diamond R.