

Republic of Panama

Superintendency of Banks

BOARD OF DIRECTORS' GENERAL RESOLUTION SBP-GJD-0008-2014

(dated 11 November 2014)

“Which rescinds Board of Directors’ General Resolution SBP-GJD-0002-2014 requiring banks to retain complementary specific provisions for their Colon Free Zone credit portfolios.”

THE BOARD OF DIRECTORS

In use of its 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 28 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 Paragraphs 1 and 2 of Article 5 of the Banking Law, the objectives of the Superintendency of Banks include safeguarding the soundness and efficiency of the banking system and strengthening and fostering favorable conditions for the development of the Republic of Panama as an international financial center;

That pursuant to Paragraph 2 of Article 11 of the Banking Law, approving generally applicable standards for the definition and identification of credits to clients related among themselves or related to banks or to banking groups is one of the technical duties of the Board of Directors;

That according to Paragraph 3 of Article 11 of the Banking Law, approving general criteria for the classification of assets at risk and rules for the provision of reserves against risks is one of the technical duties of the Board of Directors;

That pursuant to Paragraph 5 of Article 11 of the Banking Law, the Board of Directors is responsible for establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters;

That by means of Rule 4-2013 dated 28 May 2013 the Superintendency established provisions on credit risk management and administration inherent to credit portfolio and off-balance sheet operations;

That Article 18 of Rule 4-2013 establishes the loan classification categories for corporate and other loans, as well as for personal loans;

That Article 33 of Rule 4-2013 provides that banks must create reserves to cover credit risk;

That Article 34 of Rule 4-2013 establishes the amount of the specific reserves and their accounting treatment;

That during the Board of Directors’ working sessions it became obvious that it was necessary and advisable to rescind General Resolution SBP-GJD-0002-2014 so that banks could follow Article 34 of Rule 4-2013 dated 28 May 2013, as amended by Rule 8-2014 dated 16 September 2014, in retaining provisions on their loans to the Colon Free Zone.

That notwithstanding the foregoing, the Superintendency will continue monitoring the behavior of the Colon Free Zone credit portfolio and its provisions closely, to determine

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whether it might be necessary in the future to readopt specific measures for that portfolio to meet any special conditions derived from the behavior of some Latin American markets.

RESOLVES:

ARTICLE 1. This Resolution rescinds General Resolution SBP-GJD-0002-2014 that required banks to retain complementary specific provisions for their Colon Free Zone credit portfolios.

ARTICLE 2. This Resolution shall become effective on 1 December 2014.

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

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT

THE CHAIRMAN,

THE SECRETARY,

L.J. Montague Belanger

Luis Alberto La Rocca