

TRANSLATION



SUPERINTENDENCY OF BANKS OF PANAMA

PRESS RELEASE

In recent months, the financial markets in the developed countries have been experiencing a growing imbalance and volatility that have resulted in a serious instability crisis, liquidity restrictions, and the closure of some well-recognized financial institutions.

During the current week, the financial imbalance has grown, causing financial authorities to take corrective actions to solve the financial crisis and the rest of the international supervisory bodies to make a more exhaustive assessment of the financial condition of the banking systems.

The Banking System in Panama has maintained sound and stable bases, especially in areas such as liquidity and capital adequacy. The credit management policies of the System have also remained within a framework of prudent risk management. Corporate and consumer credit management is the core of our banking system, which does not engage in the market of highly sophisticated financial instruments. The rising growth of domestic credit registered in the System has been funded principally by the growing liquidity from domestic savings.

For the past ten (10) years, Panama has oriented its efforts towards ensuring that the banking market enjoys a strong and well-recognized supervision and regulation based on best international practices. The National Government's recent implementation of a new legal framework for banking is a positive step in reaffirming the commitment to maintaining the security and stability of the Banking System.

The volatility observed in the international financial markets has not infected our Banking System. In great measure, this is because of our practically non-existent exposure to the financial instruments that have caused the financial crisis. Even more important is the fact that the exposure of the System to financial institutions that have experienced serious difficulties this week represents less than 0.1% of the total assets for the first half of this year.

Even though the consequences and duration of this situation are hard to foresee, the Superintendency will redouble its efforts to ensure that banks maintain healthy liquidity and solvency levels and due prudence in managing risks, guaranteeing the security, soundness, and stability of our Banking System.

Panama, 17 September 2008