



Republica de Panamá
SUPERINTENDENCIA DE BANCOS

AGREEMENT Nº 4-98
(Of October 7, 1998)

THE BOARD OF DIRECTORS,
Exercising its Legal Authority, and

WHEREAS:

That Law Decree 9 of 1998 establishes the principle of banking supervision on a complete and consolidated basis at the charge of the Superintendency of Banks, in a frame of converging modernization with the supervision criteria generally accepted at the international level;

That according to the consolidated supervision it corresponds to the Superintendency of Banks of the Republic of Panama to exercise, from Panama, the supervision of the branches and subsidiaries of Panamanian banks abroad, and to the Foreign Superintendency to exercise, from abroad, the supervision on the branches and subsidiaries of foreign banks in Panama.

That Article 31 of said Law Decree 9 of 1998 stipulates that the Superintendency of Banks of the Republic of Panama "...will reach agreements and understandings with the Foreign Supervisory Entities that will allow consolidated supervision... and that it will insure that the relations between them will be limited to strict banking purposes and will be based the strict purpose of banking supervision..."

That the need to adopt criteria that will serve as reference for the Superintendent of Banks to celebrate agreements or understandings with Foreign Supervisory Entities has become evident during the working sessions of this Board of Directors;

That according to what is established in Numeral 8 of Article 16 of Law Decree 9 of 1998, it corresponds to the Board of Directors to establish the regulations according to which the prescribed inspections should be carried out according to Law Decree 9 of 1998;

That according to what is established in Article 13 of Law Decree 9 of 1998, the Legal Representation of the Superintendency of Banks corresponds to the Superintendent of Banks.

APPROVES:

FIRST ARTICLE

Approve, for the ends of the consolidated supervision provided in Chapter II of Title III of Law Decree 9 of 1998, the following:

MASTER AGREEMENT FOR THE CELEBRATION AND EXECUTION OF AGREEMENTS OF UNDERSTANDINGS WITH FOREIGN SUPERVISING ENTITIES

ARTICLE 1. (OBJECT)

The object of these agreements or understandings is to allow the Superintendency of Banks of Panama and the Foreign Supervising Entity to - reciprocally - provide information that permit both of them to exercise the consolidated supervision of the banks under their jurisdiction.

The financial reports object of periodical reciprocal release will be expressly acknowledged in the agreement or understanding.

ARTICLE 2: (INITIATIVE AND REPRESENTATION)

The Superintendent of Banks has the initiative and the legal representation to propose, promote, celebrate and sign agreements of understandings.

ARTICLE 3: (PRINCIPLES):

These agreements of understandings will comply with the following principles:

1. Reciprocity Principle

The load of the obligations and the area of rights are the same for both the Panamanian and the foreign superintendency.

2. Pertinence Principle

The required information obtained under the subscribed agreement of understanding can only be used for banking supervision purposes, and this excludes taking advantage for tax criminal, administrative and, of course, political investigation purposes.

The investigation of actions that constitute offenses in other jurisdictions must be channeled through the corresponding Panamanian authorities.

3. National Treatment Principle

The area of foreign supervision cannot exceed, at any time, the own area of supervision and authority accorded to the Superintendency of Banks of Panama

4. Confidentiality principle

The revision of documents or inspection on the part of the Foreign Supervising Entity cannot accede the identity of depositors, and, at in any case, the information obtained by foreign Superintendencies cannot be revealed to any other person or authority.

ARTICLE 4: (PROCEDURE)

These agreements of understandings will expressly indicate the procedure for WHEREAS Foreign Supervising Entity requests.

These requests will describe the information required, offering the explanations that back the relevancy and pertinence of this information.

Once the relevancy and pertinence of the information has been satisfactorily evaluated for consolidated supervision purposes, the Superintendency of Banks of Panama will comply as requested.

Otherwise, the Superintendency of Banks of Panama will inform the Foreign Supervising Entity about its objections.

ARTICLE 5. (IN-SITU INSPECTIONS):

The in-situ inspection practice in the host country by the Foreign Supervising Entity will be carried out under the reciprocity understanding.

When these are carried out by Banks established in Panama, the officials of the Superintendency of Banks of Panama will coordinate the action or visit and will accompany the foreign officers during the action or visit.

Copies of the Foreign Supervising Entity reports will be delivered to the Superintendency of Banks of Panama, within two (2) months after their completion.

ARTICLE 6. (NOTIFICATION):

The Superintendent of Banks will keep the Board of Directors of the Superintendency of Banks of Panama informed on negotiations, results and execution of these agreements or understandings.

SECOND ARTICLE:

This Agreement will be in effect as of its date.

Issued in the City of Panama on the seventh (7) day of the month of October nineteen hundred ninety eight (1998).

NOTIFY AND EXECUTE

THE PRESIDENT

Joseph Fidanque

THE SECRETARY

Rogelio Miro