



AGREEMENT Nº 3-99
(Of May 11, 1999)

THE BOARD OF DIRECTORS,
Exercising its Legal Authority, and

WHEREAS:

That according to Numeral 2 or Article 16 of Law Decree 9 of February 26 of 1998, it corresponds to this Superintendency to establish Standards for the identification of Economic Bank Groups in Banks with General License;

That according to Articles 17 (Numeral 14) and 54 of Law Decree 9 of 1998 it corresponds to this Superintendency to exercise the complete and consolidated supervision of Banks with General License and Economic Bank Groups; and

That the need and advisability of establishing, at the administrative level, the interpretation and scope of Articles 3 (Numeral 13) 17 (Numeral 14) 54, and 66 of Law Decree 9 of February 26 of 1998, regarding Banks with General License has become evident during the working and consulting sessions of this Superintendency,

APPROVES:

ARTICLE 1: COMPLETE AND CONSOLIDATED SUPERVISION. For the effects of Numeral 2 and 3 of Article 16, of Numeral 14 of Article 17 and of Article 54 of Law Decree 9 of February 26 of 1998, the supervision of the Superintendency will be executed in a complete and consolidated manner on the persons that conform the Economic Bank Group.

ARTICLE 2: ECONOMIC BANK GROUP. The following persons constitute a Bank Group or Economic Bank Group:

1. Corporations that directly or indirectly have the majority of its directors or the majority of its officers in common with the majority of the directors or the majority of the officers of the Bank.
2. A Corporation that directly or indirectly has the majority of its shareholders in common with the majority of the shareholders of the Bank.
3. Corporations of which the Bank is directly or indirectly a shareholder in a proportion higher than 50% of the value of outstanding shares.
4. A corporation shareholder of the Bank, directly or indirectly, in a proportion higher than 50% of the value of the outstanding shares.
5. Corporations of which the Bank, individually, counts with the necessary votes in that corporation to elect, by itself, the majority of the directors of said corporation, or to name the Legal Representative or General Counsel or Executive of the highest level of the corporation, or to veto decisions against on these matters. The Bank acting in this way is considered as "comptroller."

6. Natural person that, individually, counts by itself with the necessary votes to elect the majority of the directors of the Bank, or to assign the Legal Representative or General Counsel or Executive of the highest level of the Bank, or to veto decisions against on these matters. This person will be considered as "comptroller" of the Bank.
7. Corporation that has a common "comptroller" with the Bank.
8. Corporations that have the Bank as common "comptroller."
9. Corporations notified as such by each Bank to the Superintendency by virtue of what is established in Article 54 of Law Decree 9 of February 26 of 1998.

PARAGRAPH: NOTIFICATION OF THE ECONOMIC BANK GROUP. The notifications on the "Economic Bank Group" follow what is established in Article 54 of Law Decree 9 of February 26 of 1998.

ARTICLE 3: CONSOLIDATED REGULATION AND SUPERVISION OF BANK GROUP / GLOBAL INDEX OF CAPITAL ADEQUACY. Without detriment to what is provided in Agreement 5-98 of October 14 of 1998, any Economic Bank Group of a Bank with General License must maintain at all times a Global Index of Capital Adequacy, according to what is established as follows:

1. Global Adequacy Index:

Capital Funds of the Economic Bank Group will not be less than 100% of the total amount of the individual requirements of the Capital Funds required according to each respective norm to each of the corporations of the Group in the case of regulated corporations, or according to Numeral 4 of this Article, in the case of Non-regulated corporations.

Regarding Banks, and any other financial intermediary, the individual requirement will be the minimum capital adequacy (8%).

2. Economic Bank Group of Branches of Foreign Banks with General License

In the case of Economic Bank Group of Branches of Foreign Banks with General License compliance will be made with the minimum Global Index Adequacy that the law requires of its Main Office and will be computed in a consolidated way with the Main Office. To that effect, the Foreign Bank must deliver annually to the Superintendency a Certification of an external auditor of its Main Office in which it is stated that the Economic Bank Group complies in a consolidated way with the capital Global Adequacy Index.

The Superintendency can, if it considers that there is enough merit, request the Bank and the Foreign Supervisory Entity the additional information that will permit it to corroborate that the Economic Bank Group, in effect, complies with the referred Global Adequacy Index.

3. Economic Bank Group of Branches and Subsidiaries of Panamanian Banks with General License.

In the case of Economic Bank Group of Branches and Subsidiaries of Panamanian Banks with General License compliance will be made with the

Global Index of Capital Adequacy in a consolidated way, including bank branches and subsidiaries of the Bank that consolidates with it.

4. Non-regulated Corporations of the Group

In the case of corporations of the Group that are not the object of regulations in regards to minimum or adequate capital, or, that when there is no minimum amount of paid or adequate capital required by legal or regulatory dispositions, one will take, exclusively for the effects of calculating the Global Index of Adequacy, as a minimum required capital for each one of the corporations:

50% of its pondered assets in relation to its risks. The evaluation will follow regulations established in Agreement N° 5-98.	case of corporations of financial lease, factoring, firms credit card operators or general storage warehouses.
capital equal to, or of more than 50% of the total liabilities of said corporation	the event of corporations dedicated to business, industries or non-financial services, mines, energies that are consolidated with the Bank.

In the event of deficiencies in the Global Index of Capital Adequacy, the Bank integrating the Economic Bank Group must adopt the corrective measures issued by the Superintendency, in the form, content and term that decided and according to what in this respect is authorized by Law Decree 9 of February 26 of 1998, expressly including the requirement for additional capitalization.

ARTICLE 4: DEADLINE FOR THE ECONOMIC BANK GROUP TO ADJUST TO THE GLOBAL INDEX OF CAPITAL ADEQUACY.

The Economic Bank Groups of which a Bank with General License is part that at the date of enforcement of this Agreement do not comply with the Global Index of Adequacy of 100% will have a ONE (1) year period to do so.

ARTICLE 5: VALIDITY. Without detriment of the deadline specified in the previous Article, this Agreement will be in effect as of its publication.

Issued in the City of Panama, on the eleventh (11) day of the month of May of nineteen hundred and ninety-nine (1999).

NOTIFY AND EXECUTE

THE PRESIDENT
Joseph Fidanque

THE SECRETARY (acting)
Eduardo Ferrer
:mddec

ANNEX
PROCEDURE FOR THE DETERMINATION OF THE
GLOBAL INDEX OF ADEQUACY OF THE
ECONOMIC BANK GROUP (EXAMPLE)

1. INDIVIDUAL REQUIREMENTS OF CAPITAL FUNDS FOR EACH MEMBER OF THE GROUP	In US\$ or US\$
1.1 Bank (Required adequate capital, according to Agreement N° 5-98 and Annex)	
1.2. Financial Firm "X" ((Required adequate capital, according to Agreement N° 5-98 and Annex)	
1.3. Leasing Firm "Y" (8% of its evaluated assets based on risks	
1.4 Industrial Firm "Z" (50% of its total indebtedness, banking and non-banking)	
1.5 Commercial Firm "A" (50% of its total indebtedness, banking and non-banking)	
1.6 Commercial Firm "B" (50% of its total indebtedness, banking and non-banking)	
2. TOTAL CAPITAL FUNDS REQUIRED	
3. AVAILABLE CAPITAL FUNDS	
3.1. Bank	
3.2. Financial Firm "X"	
3.3. Leasing Firm "Y"	
3.4. Industrial Firm "Z"	
3.5. Commercial Firm "A"	
3.6. Commercial Firm "B"	
4. TOTAL CAPITAL FUNDS AVAILABLE	
5. GLOBAL INDEX OF ADEQUACY (2÷4)	(minimum 1)