AGREEMENT Nº 8-99
(Of December 29, 1999)

THE BOARD OF DIRECTORS,
Exercising its Legal Authority, and

WHEREAS:

That, according to Numeral 32 of Article 17 of Law Decree Nº 9 of February 26 of 1998, it is the duty of the Superintendency of Banks to dictate regulations that Banks must observe so that their operations develop inside the adequate risk levels, including the capacity to establish limits that must be observed by Banks in their operations;

That, according to Articles Nº 1-99 and Nº 2-99 of May 11 of 1999 of the Superintendency of Banks, standards were established for the regulation of the exposition and/or concentration of credit risks derived from granting loans or credit facilities, according to what is stipulated in Articles 63 and 64 of Law Decree Nº 9 of February 26 of 1998;

That the acquisition or investment in certificates of indebtedness also constitutes a source of exposition and/or risk concentration;

That the need and advisability of limiting the exposition and/or concentration of risk product of the investment in certificates of indebtedness issued by Related Parties for Banks with the General License has become evident during the working sessions of this Superintendency; and

That, according to Numeral 7 of Article 16 of Law Decree 9 of February 26 of 1998, it corresponds to the Board of Directors to establish at the administrative level the interpretation and scope of the legal and regulatory dispositions on banking matters,

APPROVES:

ARTICLE 1: APPLICATION LEVEL. The present Agreement will apply to the acquisition by the Banks with General License, on their own account and risk, of certificates of indebtedness issued by any modality, independently of the way they were acquired.

1.1 NOTIONS. For the application of this Agreement the terminology will have the following meaning:

1.1.2 Debt Titles: The following instruments will be considered titles of indebtedness:

a. Bonds, negotiable commercial securities (NCS), obligations
b. Negotiable banking acceptances;
c. Representative titles of mortgage portfolio participation
d Representative titles of mutual fund investment participation; and
e Others determined by the Superintendency.

1.1.3 Related Parties: Will be considered as Related Parties with a Bank in particular:

1.1.3.1. Any of the following natural persons:

a. Director of Officer of the Bank;
b. Shareholder of the bank in a proportion of 5% or more of the outstanding shares;
c. The General Manager of the Bank or another employee of the Bank;
d. The spouse of any of the persons of the foregoing Literals a and c

1.1.3.2. Any of the following juridical persons:

a. A corporation that has a common director or officer with the Bank;
b. A corporation with shareholder in a proportion of 20% or more of the outstanding shares that is at the same time director or officer of the Bank;
c. A corporation of which the Bank itself is shareholder in a proportion higher than 20% of the outstanding shares;
d. A corporation shareholder of the Bank in a proportion higher than 5% or more of the outstanding shares;
e. A corporation principal debtor of the Bank in a loan for which the guarantor or co-debtor is at the same time a director or officer of the bank;
f. A corporation of which the Bank, individually, has the necessary votes to elect by itself the majority of the directors of said corporation, or to name the Legal Representative or General Counsel or the Executive of the highest level of said corporation, or to veto decisions to the contrary on these matters.
The Bank that acts this way will be considered as “comptroller.”
g. The natural person that, individually, has the necessary votes to elect by himself the majority of the directors of said corporation, or to name the Legal Representative or General Counsel or the Executive of the highest level of said corporation, or to veto decisions to the contrary on these matters. This person will be considered as “comptroller.”
h. A corporation that has a common “comptroller” with the Bank.
i. Corporations that have the Bank as common “comptroller.”

1.1.4. Reciprocal Related Parties: Even though the issuer does not have the characteristics of the persons referred to in Numeral 1.1.3 of this Article, a Related Party of another Bank that has acquired from the first Bank, indebtedness titles in conditions of reciprocity of triangulation will also be considered as Related Parties with a Bank.
It is understood that there are conditions of reciprocity between two Banks, when the conditions on amounts, terms, interests and/or guarantees of both investments are equal, or that individually show differences in amount, terms, interests and/or guarantees but that, considered in a consolidated manner with the rest of the affected investment portfolio for that purpose – according to what the inspection shows – reveal to the opinion of the Superintendency of Banks as the purpose of these portfolios only to elude the consolidation of the related parties.

It is understood that there is triangulation when more than two Banks intervene for similar purposes to the reciprocity previously referred to.

1.1.5 Presumed Related Party: An issuer whose relation with the Bank meets one or several of the following conditions is considered presumptively as Related Party with a

Bank, even though the issuer does not directly reveal the characteristics of the persons referred to in Numeral 1.1.3 of this Article:

a. That the indicators of the financial condition of the issuer do not correspond to the minimum requirements usually required by the Bank to decide on the acquisition of indebtedness titles from another person on similar conditions of amount, term and guarantees;
b. That the Bank maintains a credit balance on the issuer for an amount higher than the double of the capital funds paid by said issuer, in his condition as main debtor or guarantor;
c. That the issuer maintains more than 50% of his committed assets in guarantee in favor of the Bank, or invested in titles issued by the Bank;
d. The other conditions referred to in Numerals 2 and 3 of Paragraph 3 or Article 1 of Agreement Nº 2-99 of May 11 of 1999, when the acquisition of the titles of the debt has been outside the Stock Market.

6. Banks. For the exclusive effects of this Agreement, the notion of Bank as the entity object of the application of debt titles investment limits and as entity holder of capital that serves as the basis for the application of these limits it will be also understood in relation with subsidiaries property of the Bank that consolidate with it. By virtue of, the basis of Capital Funds for the application of the limits established in this Agreement will follow the principles of consolidation of the International Accounting Standards or the Generally Accepted Accounting Principles in the United States of America (US-GAAP). It is understood, however, that:

a. The primary capital as well as the secondary capital are accepted as capital funds of the Bank and of each one of its subsidiaries, according to what is established in Numeral 12 of Article 3 of Law Decree 9 of 1998.
b. In the case of insurance companies, reserves that do not have an equity nature will not be included as part of the capital funds.

ARTICLE 2. RELATED PARTIES INVESTMENT LIMITS.

SIMPLE. To establish at Five per cent (5%) the Capital Funds of the Bank, the investment limit on debt titles issued by only ONE (1) Related Party.

PARAGRAPH 1: RELATED PARTIES INVESTMENT LIMITS.

RECIPROCITY. The limit established in this Article will equally apply to investment in indebtedness is titles of Reciprocal Related Parties.

PARAGRAPH 2: RELATED PARTIES INVESTMENT LIMITS.

PRESUMED: The limit established in this Article will equally apply to investment in indebtedness titles of Presumed Related Parties. The presumption of Related Party admits proof to the contrary.

ARTICLE 3. EXCEPTIONS. The following exception to the application of the limit established in the foregoing Article are recognized:

3.1 When the investment is duly guaranteed through collateral deposit in the same bank, up to the amount of the guarantee;

3.2 When the investment relapses on indebtedness titles issued by the Panamanian State or Foreign Estates, or are guaranteed by them;

3.3. When the indebtedness titles are acquired in the Stock Market, in which case the established investment limit according to Article 2 will be of ten percent (10%) of the Capital Funds of the Bank; and

3.4 When the issue is guaranteed with other real guarantees different from deposit collaterals referred to in Numeral 3.1 of this Article. In that case, in place of five percent (5%), the applicable limit will be of ten percent (10%) of the Capital Funds of the Bank.

ARTICLE 4. RELATED PARTIES INVESTMENT LIMITS.

GLOBAL: For the enforcement of the investment limits established according to Article 2, the investments of the Bank and the other subsidiaries consolidating with it will be taken into account.

ARTICLE 5. RELATED PARTIES INVESTMENT LIMITS.

ACCUMULATED. The total amount of all the investments of the Bank and of the subsidiaries that consolidate with it on indebtedness titles of Related Parties cannot exceed in any event seventy five percent (75%) of the Capital Funds of the Bank.

The percentage referred to in the foregoing paragraph will remain at fifty percent (50%) as of the third year of effect of this agreement, and at twenty five percent (25%) as of the sixth year.

ARTICLE 6: DIRECT OR INDIRECT MODALITY. The application of the established limit according to Articles 2, 4 and 5 of this Agreement will equally proceed even though the acquisitions of indebtedness titles is not done directly to the person qualified as Related Party, but through one or several corporations or other persons, but that have as real beneficiary of the issue the qualified person, to the opinion of the Superintendency.

ARTICLE 7. DEADLINE TO ADJUST TO THE LIMITS OF THESE

REGULATIONS: The deadlines established in Articles 10 and 11 of Agreement Nº 5-98 of October 14 of 1998 remain effect.

ARTICLE 8: VALIDITY. Without detriment of the deadline specified in the previous Article, this Agreement will be in effect as of the first (1) of February of the year 2000.

Issued in the City of Panama, on the twenty-ninth (29) day of the month of December of nineteen hundred and nine (1999).

NOTIFY AND EXECUTE

THE PRESIDENT
Rogelio Miro

THE SECRETARY
Eduardo Ferrer