Republic of Panama
Superintendency of Banks

AGREEMENT No. 4-2002
(of April 3, 2002)

THE BOARD OF DIRECTORS
In use of its legal powers, and

WHEREAS

In accordance with Article 5 of Decree-Law No. 9 of February 26, 1998, it is the duty of the Superintendency of Banks to watch for the solidity and efficiency of the banking system to be maintained, and to promote favorable conditions for the development of Panama as an international financial center.

That in accordance with Numeral 2 of Article 16 of Decree-Law No. 9 of 1998, it corresponds to this Board of Directors to approve general rules for the identification and supervision of Economic Groups the Banks make a part of.

That in accordance with Numeral 7 of Article 16 of Decree-Law No. 9 of 1998, it corresponds to this Board of Directors to fix, within the administrative scope, the interpretation and reach of the legal or regulatory provisions regarding banking.

That in accordance with Article 40 of Decree-law No. 9 of 1998, the opening of establishments abroad by Panamanian Banks requires the prior authorization of the Superintendence;

That in accordance with Numeral 29 of Article 17 of Decree-Law No. 9 of 1998, it corresponds to the Superintendent to establish cooperation links with the Foreign Supervising Entities to strengthen the control mechanisms, updating the preventive regulations and exchange useful information for the exercise of the supervision function; and

That in work sessions of this Superintendency it has been evidenced the need and the convenience of establishing the criteria for the analysis of the requests for the opening of establishments abroad by Panamanian Banks.

AGREES:

ARTICLE 1. OPENING OF BRANCHES OR SUBSIDIARIES OF PANAMANIAN BANKS IN ANOTHER JURISDICTION. The minimum requirements for the opening of new branches or subsidiaries of Panamanian Banks, as well as for all of the Banks organized as juridical persons in accordance with the Panamanian legislation, as the following:

a) The financial condition of the Bank must show sufficient economic capacity as to sustain an establishment abroad, with a physical presence, an adequate administrative structure and adequate personnel;

b) The financial condition of the applicant must show sufficient economic capacity as to meet the standards on minimum initial capital, capital adequacy, liquidity and other prudential standards required by the host authorities;

c) Business plan wherein it is described the mercantile justification of the operations to be performed by the transbordering establishment, which must not imply a risk of deterioration of the image of the International Financial Center of Panama, or a risk of violation of the Panamanian legal or regulatory provisions;

d) The legislation of the host jurisdiction of the future establishment must permit the supervision consolidated by this Superintendence; and

e) Any other document, information or requirement demanded by the Superintendent.

The Superintendent may limit or condition in the Authorization Resolution the type of operations that may be performed by the respective transbordering establishment as well as establish periodic particular reports on the operations of said establishment.

ARTICLE 2. INDEX OF CAPITAL ADEQUACY APPLICABLE TO THE TRANSBORDERING BANKING ESTABLISHMENT. Without prejudice of the provisions set forth in the foreign legislation and the respective Regulating Entity, the subsidiaries of Panamanian Banks established in foreign jurisdictions shall observe the legal and regulatory provisions applicable in Panama regarding the sufficiency of capital, set forth in Article 45 of Decree-law 9 of 1998 and in Agreement 5-98 of the Superintendency of Banks.

ARTICLE 3. STANDARDS ON PROVISION FOR LOSSES IN ASSETS PORTFOLIO APPLICABLE TO THE TRANSBORDERING BANKING ESTABLISHMENT. Without prejudice of the fulfillment of the provisions set forth in the foreign legislation and the respective Regulating Entity, the subsidiaries of Panamanian Banks established in foreign jurisdictions shall observe the legal and regulatory provisions applicable in Panama regarding the classification of assets and the corresponding provision to mitigate losses in the credit and securities portfolios, established in Agreements 6-2000 and 7-2000 of the Superintendency of Banks.

ARTICLE 4. INTERNATIONAL COOPERATION. It shall not be authorized the opening of branches or subsidiaries by Panamanian Banks in foreign jurisdictions wherein the international cooperation between supervisors is not possible.

By virtue thereof, the Superintendent shall start the proceedings to enter into an Understanding Agreement with the Supervising Entity of the host jurisdiction, to the end of facilitating the cooperation, the exchange of information and the inspection *in situ* of the establishment abroad, by the personnel of the Superintendency of Panama.

ARTICLE 5. ACQUISITION OF FINANCIAL ENTITIES ABROAD. The Panamanian Banks shall require the prior authorization by the Superintendent to acquire shares of any type of financial entities located in a foreign jurisdiction.

The Superintendent shall determine in each case the necessary measures to ensure that said operation is developed within adequate risk levels, in accordance with the provisions set forth in Decree-Law 9 of 1998 and in the Agreements and General Resolutions adopted by the Superintendency.

It is hereby expressly understood that the foreign financial entities the control whereof is acquired by Panamanian Banks shall be submitted to the scope of the supervision consolidated by the Superintendency of Panama.

ARTICLE 6. VALIDITY. The present Agreement shall start in effect counting from its promulgation.

Given in the city of Panama, this third (3rd) day of the month of April of the year two thousand and two (2002).

THE PRESIDENT   THE SECRETARY

Felix B. Maduro   Jorge W. Altamirano-Duque M.

THE ABOVE IS A FAITHFUL TRANSLATION OF THE ORIGINAL DOCUMENT IN SPANISH. Panama, 02 de mayo de 2002. Mireya Delgado Debali, Certified Public Translator, Resolutions No. 209 and 304.