

TRANSLATION

Republic of Panama *Superintendency of Banks*

RULE No. 006-2010
(Of 9 November 2010)

“Whereby Article 4 of Rule 2-2010 is amended”

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

WHEREAS

Due to the issuance of Law 2 of 22 February 2008, the Executive Branch systematically ordered in the form of a Sole Text the Decree Law 9 of 1998 and all its amendments, which was approved by means of Executive Decree 52 of 30 April 2008, hereinafter referred to as the Banking Law;

In accordance with Number 2 of article 5 of Banking Law, it is the objective of the Superintendency of Banks to strengthen and foster auspicious conditions to the development of the Republic of Panama as an International Financial Center;

The future regulation on capital adequacy and liquidity needs the introduction of a comparable and transparent system on the risk profile of banks, consistent with international standards;

The requirement of credit ratings for the Banks of the System introduces greater transparency and deepens risk assessment culture, resulting in greater security, soundness and stability of the Banking System and will complement the effective banking supervision;

In the working sessions of this Board of Directors, was mentioned the necessity and convenience of amending Article 4 of Rule No. 2-2010 on banks ratings,

RULES:

ARTICLE 1: Article 4 of Rule No. 2 of 2010 of 4 February 2010 is as follows:

“ARTICLE 4: CONTRACTING A CREDIT RATING AGENCY. The Banks, prior the approval of its Board of Directors, shall inform to the Superintendency of Banks, in writing, the name of the Credit Rating Agency that will be contracted, which shall comply with all the requirements set forth in this Rule.

For those banks that choose a domestic credit rating, the contract signed with the Credit Rating Agency will need the previous approval of the Superintendency. Said contract shall have, as minimum, the following items:

1. **Initial Rating:** The contract shall establish that the initial rating will be made within one-hundred eighty (180) days after the closure of the previous fiscal year.
2. **Frequency of Updates:** The contract shall require annual updates within one hundred fifty (150) days after the closure of the previous fiscal year. The information used to prepare the initial rating and the upgrades shall be as close as possible to its issuance date.

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3. **Preliminary Report:** The contract shall establish that the Credit Rating Agency will issue a preliminary report of every assessment made to the bank, which will be provided to the bank for its analysis and observations, for which the bank will have ten (10) business days. In the event the bank does not agree with the assessment made, this nonconformity shall be resolved between the bank and the Credit Rating Agency.
4. **Extraordinary Revisions.** The contract shall establish that in case of extraordinary revisions made by the Credit Rating Agency, the Bank will have two (2) business days to analyze them and provide its observations. During these two (2) business days, upon request of the bank, the Superintendency may know of any discrepancy and meet with the parties in order to reconcile the differences. Extraordinary revisions shall be understood as those who are not considered as initial or update ratings, as defined by numbers 1 and 2 of this article.
5. **Independent Opinion.** The contract shall establish that at the moment the Credit Rating Agency publishes the information, it shall indicate that the rating expresses an independent opinion on the ability of the rated entity to manage risks.
6. **Final Report.** The contract shall provide that the Credit Rating Agency will issue a final report of the rating granted that will be published by the bank with the proviso that the bank has taken the corrective actions ordered by the Superintendency, if any.
7. **Updated Information.** The contract shall provide that the information used for the initial rating or updates shall be as close as possible to the date of the final report.
8. **Information furnished to the Superintendency.** The contract shall provide that, prior to its publication, the credit rating agencies will report to the Superintendency of any relevant fact that might affect the rating of the Bank.

The Superintendency of Banks reserves the right to object any contract when such does not comply with the guidelines set forth in this article.

ARTICLE 2: ENFORCEMENT. This Rule shall come into effect since the date of its enactment.

ARTICLE 3: (TRANSITORY). This Rule shall apply to all new contracts banks sign with credit rating agencies at a later date of the enactment of this rule and to renewals or extensions of existing contracts to date.

Given in the city of Panama, the ninth of November, two thousand and ten (2010).-

THE CHAIRMAN,

THE SECRETARY,

Antonio Dudley A.

Arturo Gerbaud De La Guardia