



Republica de Panamá  
SUPERINTENDENCIA DE BANCOS

## **AGREEMENT N° 6-99**

(Of July 14, 1999)

**THE BOARD OF DIRECTORS,**  
Exercising its Legal Authority, and

### **WHEREAS:**

That Agreement N° 6-98 of October 14 of 1998 of this Superintendency establishes the basis for the application of the capital adequacy requirement of Banks with International License;

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

That the advisability of incorporating compliance criteria of capital adequacy requirements for Banks with International License has become evident during the working sessions of the Board of Directors with the Superintendency of Banks.

### **APPROVES:**

**ARTICLE 1:** Numeral 2 of Article 4 of Agreement N° 6-98 of October 14 of 1998 will read as follows:

#### **ARTICLE 4 (CAPITAL ADEQUACY):**

##### **2. Branches and subsidiaries of Foreign Banks with International License:**

The Branches and Subsidiaries of Foreign Banks with Foreign License that consolidate with them, will comply with the minimum adequacy index required by the regulations of the Main Office and will be computed in a consolidated way with the Head Office. To that effect, the Foreign Bank must annually present to the Superintendency:

- a. A certificate from the external auditor of the Main Office that states that the Bank complies in a consolidated way with the capital adequacy requirements, or that, at its discretion,
- b. A certificate of the Foreign Supervising Entity of the country of origin of the Main Office stating that the Bank complies in a consolidated way with the capital adequacy requirements.

The Superintendency can, if it finds merit, request the Bank and the Foreign Supervising Entity the additional information that permits to corroborate that the Bank, in effect, complies with the referred adequacy index.

The foregoing is without detriment of the faculty of the Superintendency to require, when it considers it prudent, compliance with the adequacy and evaluation indexes established according to Law Decree 9 of 1998. “

**ARTICLE 2:** Incorporate Article 4A to Agreement N° 6-98 of October 14, 1998, as follows:

**“ARTICLE 4A: (NOTION OF BANK AND CONSOLIDATION):** For the exclusive effects of the present Agreement, the notion of Bank as an entity subject to compliance to the capital adequacy requirement and as titled entity of the Capital Funds, that serve as a base for calculating of the Capital Adequacy Index, it will be understood also regarding the subsidiaries property of the Bank and that consolidate with it. Therefore, the basis of capital funds will follow the consolidation principles of the International Accounting Standards. It is understood, however, that:

- a. The primary capital as well as the secondary capital is 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 3:** The present Agreement will be in force as of its date.

Issued in the City of Panama, on the fourteenth (14) day of the month of July of nineteen hundred and ninety-nine (1999).

**NOTIFY AND EXECUTE**

**THE PRESIDENT**  
Rogelio Miro

**THE SECRETARY**

Eduardo Ferrer