

**Republic of Panama  
Superintendency of Banks**

**AGREEMENT No. 10-2000  
(of December 15, 2000)**

**THE BOARD OF DIRECTORS**  
using its legal authority, and

**WHEREAS:**

The Superintendency of Banks is responsible for looking after the maintenance of the soundness and efficiency of the banking system as well as strengthening and fostering auspicious conditions conducive to the development of Panama as an International Financial Center, pursuant to Article 4 of Decree Law No. 9 of February 26, 1998;

The objectives stipulated in the previous paragraph can be achieved through effective internal control systems;

Through Circular No. 031-92 of November 25, 1992 the National Banking Commission recommended that the Banks of the system appoint an officer liable for looking after, inside each Bank's organization, the enforcement of the responsibilities that it has in satisfying the legal requirements;

Through Agreement No. 8-2000 of August 23, 2000 of this Superintendency, standards were set regarding the appointment and functions of the Compliance Officer in General License and International License Banks, and

The need and convenience of modifying the provisions of the aforementioned Agreement No. 8-2000 has been made evident in work sessions of this Superintendency of Banks.

**AGREES:**

**FIRST:** Agreement No. 8-2000 of August 23, 2000 will read:

**“ARTICLE 1. COMPLIANCE PROGRAM.** All Banks must have a compliance program customized to the organization, structure, resources and intricacy of the institution's operations.

For the purposes of this Agreement, compliance program will be understood to be the policies and procedures that guide the Bank's employees in abiding by the legal provisions and internal policies in force.

Each Bank will periodically review the efficacy of its compliance program, so as to identify its deficiencies or needs to modify derived from changes in the laws, regulations or respective policies.

**ARTICLE 2. COMPLIANCE OFFICER.** The Banks will appoint one or more persons at the executive level inside their organization, denominated “Compliance Officer”, who will be liable for looking after the implementation and handling of the compliance program.

The Compliance Officer will not be able to simultaneously execute positions not compatible with his functions pursuant to this Agreement, within the Bank or other companies, whether or not they integrate the Economic Group of which said Bank forms part.

The Board of Directors and the General Management Office of each Bank must ascribe to the Compliance Officer sufficient authority, hierarchy and independence with respect to the other employees of the Bank, to allow him to implement and manage the enforcement program, as well as execute effective remedial measures.

Each Bank will set the administrative structure that supports the Compliance Officer, pursuant to the nature and volume of its activities.

The functions to which this Article refers will include the banking branches and subsidiaries of the Bank established both in Panama and abroad.

**PARAGRAPH 1:** The Compliance Officers of the branches of Foreign Banks with General License or International License can be appointed pursuant to the criteria demanded by their Parent Bank's legislation.

**PARAGRAPH 2:** In spite of what is stipulated in this Agreement, any bank employee can inform the Compliance Officer on irregularities in the observance of the legal and regulatory provisions in force or of the entity's policies or procedures that concern the compliance program of the Bank.

**ARTICLE 3. REQUIREMENTS TO BE AN COMPLIANCE OFFICER.** The bank employees appointed as Compliance Officers pursuant to Article 2 of this Agreement must at least comply with the following requirements:

- a) Five years of work experience in areas akin to banking, including experience in the formulation and execution of policies;
- b) Basic knowledge in the areas of risk analysis, information systems management and auditing, and
- c) Experience in banking operations in general.

**ARTICLE 4. COMMUNICATING WITH THE SUPERINTENDENCY.** The Banks will keep the Superintendency informed on the appointment of Compliance Officers.

Whenever an Compliance Officer is replaced, the résumé of the Compliance Officer that substitutes him must be submitted to the Superintendency.

**ARTICLE 5. INCOMPATIBILITIES.** The following cannot be appointed Compliance Officers:

- a) The directors or executive officers of the Bank;
- b) The holders of more than five percent (5%) of the Bank's stocks;
- c) The persons that have been declared bankrupt or in bankruptcy proceedings;
- d) Persons that have been convicted of any crime against the property or public trust;

- e) Persons that do not meet the minimum requirements to be appointed as Compliance Officers pursuant to this Agreement;
- f) Persons that, in the Superintendency's judgment, do not have the adequate profile to execute the position of Compliance Officer.

**ARTICLE 6. REPORTING TO THE GENERAL MANAGEMENT OFFICE.** The Compliance Officer must submit periodic reports to the Bank's General Manager on the efficacy of the internal control mechanisms related to the compliance program, executed in the Bank.

It is left at the discretion of the Banks to set the periodicity of the reports referred to by this Article, which will not be greater than three (3) months.

**ARTICLE 7. FUNCTIONS OF THE COMPLIANCE OFFICER.** The exercise of the following functions pertains to the Compliance Officer, among others:

- a) Making sure that the prudential, statistical or financial reports requested by the Superintendency are submitted with timeliness pursuant to the banking regime, as well as the forms stipulated for the prevention of the improper use of banking services;
- b) Advising the Bank on making and executing internal policies to prevent banking risks, especially the reputation risk derived from the improper use of banking services;
- c) Organizing the training of personnel and notifying suspicious operations to the Financial Analysis Unit and, in general, all matters related to the prevention of money laundering;
- d) Disclosing to the Bank's personnel all legal and regulatory provisions stipulated by the authorities of Panama, as well as the Bank's internal procedures regarding the Bank's enforcement program;
- e) Preparing the reports related to the prevention of money laundering that the Financial Analysis Unit requests;
- f) Serving as a liaison before the Superintendency of Banks and the Financial Analysis Unit;
- g) Looking after the implementation of measures for the due safekeeping of documents and forms related to the prevention of money laundering for the time period stipulated by the Law;
- h) Other functions the Bank stipulates."

**SECOND:** This Agreement will be in force as of its date.

Given in the City of Panama, on the fifteenth (15<sup>th</sup>) day of the month of December of two thousand (2000).

**THE PRESIDENT**  
Eduardo Ferrer

**THE SECRETARY**  
Felix Maduro