



Republica de Panamá
SUPERINTENDENCIA DE BANCOS

**AGREEMENT No. 8-2000
(of August 23, 2000)**

As amended by Agreement No. 10-2000 of December 15 of 2000.

THE BOARD OF DIRECTORS
In use of its legal faculties and

WHEREAS

The Superintendence of Banks has among its functions to ensure the solidity and efficiency of the banking system and to promote the propitious conditions for the development of Panama as an international financial center, as stipulated by Article 4 of Decree Law No. 9 of February 26 of 1998;

That the objectives established in the previous paragraph may be achieved through effective internal control systems;

By means of its Circular No. 031-92 of November 25 of 1992, the National Banking Commission recommended to the Banks in the system the designation of an employee responsible for ensuring, within the organization of each Bank, compliance with the duties derived from legal provisions;

By means of its Circular No. 8-98 of July 31 of 1998, this Superintendency reiterated that the provisions adopted by the Republic of Panama to combat money laundering of the proceeds of drug trafficking, mainly established in Cabinet Decree No. 41 of 1990 and the amendments introduced by Law No. 46 of 1995, remain in effect.

AGREES

ARTICLE 1. COMPLIANCE PROGRAM. All Banks shall have a compliance program suitable to the organization, structure, resources and complexity of the institution's operations.

To the effects of this Agreement, a compliance program is understood to refer to the policies and procedures aiming to guide the Bank's employees adherence to legal provisions and internal policies in force.

Each Bank shall periodically review the effectiveness of its compliance program, in order to identify its deficiencies or needs for amendment derived from changes in the respective laws, regulations or policies.

ARTICLE 2. COMPLIANCE OFFICER. The Banks shall designate one or more individuals at the executive level within their organization, named "Compliance Officers", who will be responsible for ensuring the implementation and management of the compliance program.

The Compliance Officer may not execute simultaneously other positions that are incompatible with his/her duties pursuant to this Agreement, either within the Bank or other companies, regardless of whether they integrate or not the Economic Group in which the Bank belongs.

The Board of Directors and the General Manager of each Bank shall ascribe the Compliance Officer with enough authority, hierarchy and independence as perceived by other employees, in order to support the implementation and management of the compliance program, as well as executing effective corrective measures.

Each Bank shall establish the administrative structure to support the Compliance Officer, according to the nature and size of its activities.

The duties referred in this Article comprise the branches and banking subsidiaries of the Bank established both in Panama and abroad.

PARAGRAPH 1: The Compliance Officers of the branches of Foreign Branches with General License or International License may be designated according to the criteria established by the laws of the Main Office.

PARAGRAPH 2: Without prejudice of the provisions of this Agreement, any employee of a Bank may inform the Compliance Officer about irregularities in compliance of legal and regulatory provisions in force, or regarding the policies or procedures of the company, related to the compliance program of the Bank.

ARTICLE 3. CONDITIONS TO BECOME A COMPLIANCE OFFICER. The Bank's employees designated as a Compliance Officer pursuant to Article 2 of this Agreement must conform, at least, to the following conditions:

- a. Five (5) years of working experience in areas related to banking, including experience in the devising and execution of policies;
- b. Basic knowledge of risk analysis, information systems management and audit, and
- c. Experience in banking operations in general.

ARTICLE 4. NOTICE TO THE SUPERINTENDENCY. The Banks shall maintain the Superintendency informed on the designations of Compliance Officers.

Each time a Compliance Officer is replaced, the *curriculum vitae* of the new Compliance Officer shall be submitted to the Superintendency.

ARTICLE 5. INCOMPATIBILITIES. The following may not be designated as the Compliance Officer:

- a. The directors or officers of the Bank;
- b. The owners of more than five percent (5%) of the Bank's stock capital;
- c. Individuals that have been declared bankrupt;
- d. Individuals that have been condemned for any crime against property or public faith;
- e. Individuals not conforming to the minimum conditions to be designated as Compliance Officers, pursuant to this Agreement;
- f. Individuals who, in the opinion of the Superintendency, do not have the appropriate profile to perform the position of Compliance Officer.

ARTICLE 6. REPORTS TO THE GENERAL MANAGER. The Compliance Officer shall submit reports to the Bank's General Manager about the efficiency of the internal control mechanisms related to the compliance program, executed in the Bank.

The period of the reports referred in this Article remain at the Banks discretion, as long as it is no greater than three (3) months.

ARTICLE 7. DUTIES OF THE COMPLIANCE OFFICER. The Compliance Officer is entrusted with the following duties, among others:

- a. To ensure the timely submittal of prudential, statistical or financial reports requested by the Superintendency pursuant to the banking regime, as well as the forms established for the prevention of the unlawful use of banking services;
- b. To advise the Bank on the preparation and execution of internal policies to prevent banking risks, specially the reputation risk derived from the unlawful use of banking services;
- c. To organize the training of the staff and the communication of suspicious transactions to the Financial Analysis Unit and, generally, all matters related to the prevention of capital laundering;
- d. To disclose among the staff all the legal and regulatory provisions established by the Panamanian authorities, as well as the Bank's internal procedures related to the compliance program;
- e. To draft the reports related to the prevention of capital laundering that may be requested by the Financial Analysis Unit;
- f. To act as the link before the Superintendence of Banks and the Financial Analysis Unit;
- g. To ensure the implementation of measures for the proper custody of the documents and forms related to the prevention of capital laundering, for the term established by the Law;
- h. Others that may be stipulated by the Bank.

Signed in Panama City, on December 15 of 2000.

THE PRESIDENT

THE SECRETARY

Eduardo Ferrer

Félix Maduro