

# Republic of Panama

## Superintendency of Banks

### Agreement No. 1-2003

(of March 12, 2003)

#### THE BOARD OF DIRECTORS

In exercise of its legal faculties, and

#### WHEREAS:

Pursuant to Number 32 of Article 17 of Decree Law 9 of February 26, 1998, this Superintendency is responsible for issuing regulatory provisions for compliance by Banks to ensure their operations are managed within adequate levels of risk, and is vested with the authority to establish compulsory limits to be observed by Banks in their operations;

Pursuant to Superintendency of Banks Agreement No. 2-99 of May 11, 1999, regulatory provisions were enacted to regulate credit risk exposure and/or concentration resulting from loans and credit granted to Linked Parties, pursuant to Article 64 of Decree Law No. 9 of February 26, 1998;

Pursuant to Superintendency of Banks Agreement No. 8-99 of December 20, 1999, regulatory provisions were enacted for the regulation of risk exposure and/or concentration derived from the acquisition of or investment in debt titles from Linked Parties.

Pursuant to Superintendency of Banks Agreement No. 10-99 of December 29, 1999, regulatory provisions were enacted for the regulation of general risk exposure and/or concentration resulting from the aforementioned types of operation involving Linked Parties.

Pursuant to Superintendency of Banks Agreement No. 4-2001 of September 5, 2001, measures were adopted to optimize the Corporate Management of Banks.

Pursuant to Number 7 of Article 16 of Decree Law 9 of February 26, 1998, the Board of Directors is responsible for determining the interpretation and scope of legal and regulatory banking provisions in the administrative realm;

Pursuant to the Basic Principles for an Effective Banking Supervision, it is advisable that Banks grant credits or credit facilities to Linked Parties based on prudent and adequate controls; and

In the course of joint work sessions of this Board of Directors with the Superintendent of Banks, there became evident the convenience of adopting measures to decrease the risk exposure and/or concentration derived from loans and credits and investments in debt titles granted to Linked Parties by General License Banks.

#### AGREES:

**ARTICLE 1:** General License Banks shall establish, within their credit policies, the amounts or levels of credit facilities granted to Linked Parties and/or investment in debt titles pledged by said Linked Parties which require approval by the Board of Directors, the Credit Committee or the Bank's Management, respectively.

**ARTICLE 2:** Banks shall make the credit policies described in the aforementioned Article available to the Superintendency of Banks for review upon request.

**ARTICLE 3:** Loans granted to Linked Parties by Microfinance Banks shall be approved by their Board of Directors.

**ARTICLE 4:** This Agreement shall become effective upon its promulgation.

Given in the city of Panama, on the twelfth (12th) day of the month of March two thousand three (2003).

**COMMUNICATE, PUBLISH AND ENFORCE:**

**THE PRESIDENT**

Jorge W. Altamirano-Duque M.

**THE SECRETARY**

Joseph Fidanque, Jr.