

Republic of Panama
Superintendency of Banks

Agreement No. 9-2003
(of November 25, 2003)

THE BOARD OF DIRECTORS
In exercise of its legal faculties, and

WHEREAS:

Pursuant to Superintendency Agreement No. 6-98 of October 14, 1998 whereby regulations are established for capital adaptation by International License Banks;

Pursuant to Agreement 6-99 of July 14, 1999, modifications were made to the aforementioned Agreement 6-98;

Pursuant to Number 7 of Article 16 of Decree Law No. 9 of February 26, 1998, the Board of Directors of the Superintendency of Banks is responsible for determining the interpretation and scope of legal and regulatory banking provisions in the administrative realm; and

That in the course of joint work sessions of this Board of Directors and the Superintendency of Banks, there became evident the convenience of adding criteria for compliance with capital adaptation requirements for International License Banks.

AGREES:

Article 1: Article 4 of Agreement 6-98 of October 14, 1998 shall read as follows:

“ARTICLE 4 (CAPITAL ADAPTATION):

1. Adaptation Index :

Capital Funds of International License Banks shall not be lower than 8% of their assets weighted according to their risks. For risks, assets shall be considered net as of their respective provisions or reserves and weighted pursuant to Articles 5 and 6 of this Agreement.

2. Foreign Bank Branches and Subsidiaries with International License:

Banking branches and subsidiaries consolidating with Foreign Banks possessing an International License, shall comply with the minimum adaptation index required by their Home Office and shall be computed in a consolidated manner with its Home Office. For those effects, the Foreign Bank shall submit the following to the Superintendency annually:

- a. An external auditor certification from its Home Office certifying that the Banks complies with consolidated capital adaptation requirements; or, at its discretion,
- b. A certification from a Foreign Supervisory Entity from the country of origin of the Home Office, certifying that the Bank complies with consolidated capital adaptation requirements.

If deemed necessary, the Superintendency may request additional information from the Bank and the Foreign Supervising Entity to verify that the Bank complies with the referenced adaptation index.

The foregoing is required without prejudice to the Superintendency's authority to request, if deemed prudent, **the submission of guarantees and endorsements deemed convenient.**

3. Branches and Subsidiaries of Panamanian Banks with International Licenses:

Panamanian Banks with International Licenses shall comply with the consolidated capital adaptation index, to include merged Branches and Subsidiaries.

4. Panamanian Banks with International License which are subsidiaries and consolidate with a foreign controlled corporation:

Panamanian Subsidiary Banks with International License which consolidate with a foreign controlled corporation duly supervised by a Foreign Supervisory Entity, shall comply with the minimum adaptation index required by the legislation of said Foreign Supervisory Entity overseeing the corporation controlling the Panamanian Bank, and shall be computed as consolidated with the foreign controlled corporation. For these effects, the Bank shall submit annually to the Superintendence:

- a. An external auditor certification of the foreign controlled corporation certifying that the Bank complies with consolidated capital adaptation requirements; or, at its discretion,
- b. A certification from the Foreign Supervisory Entity from the country of origin of the controlling corporation, certifying that the Bank complies with consolidated capital adaptation requirements.

If deemed necessary, the Superintendence may request additional information from the Bank and the Foreign Supervising Entity to verify that the Bank complies with the referenced adaptation index.

The foregoing is required without prejudice of the Superintendence's authority to require, if considered prudent, the submission of guarantees and endorsements deemed convenient.

Article 2: This agreement shall become effective upon its promulgation.

Given in the city of Panama, on the twenty fifth (25th) day of the month of November two thousand three (2003).

COMMUNICATE, PUBLISH AND ENFORCE:

THE PRESIDENT

THE SECRETARY

EDUARDO FERRER

FELIX B. MADURO