

Republic of Panama
Superintendency of Banks

Agreement No. 8-2008
(of October 31, 2008)

“Whereby temporary measures are adopted as
consequence of the international financial situation”

THE BOARD OF DIRECTORS
Using its legal authority, and

WHEREAS:

In light of the issuance of Decree Law No. 2 of February 22, 2008, the Executive Branch performed a systematic ordering in form of a single text of Decree Law 9 of 1998 and all its modifications, which was approved by way of Executive Decree No. 52 of April 30, 2008, hereinafter the Banking Law;

Pursuant to Numeral 2 of Article 5 of the Banking Law, the Superintendency of Banks is responsible for strengthening and fostering auspicious conditions conducive to the development of Panama as an international financial center;

Pursuant to the faculty of technical nature that is stipulated in Article 11, literal I, numeral 5 of the Banking Law, the Board of Directors must set, in the administrative realm, the interpretation and scope of the legal or regulatory provisions in banking matters;

As a result of the financial crisis in the international markets, it has become evident that the Superintendency of Banks must adopt certain measures of temporary nature, so as to look after and protect the solvency and liquidity of the Banking System, as well as to keep encouraging public faith in the same.

AGREES:

ARTICLE 1: Until this Superintendency stipulates the contrary, the requirements so that the banks can post their investments as held-to-maturity securities, stipulated by Agreement No. 7-2000, will not apply to sovereign debt obligations of Latin American governments.

ARTICLE 2: For the purposes of what is stipulated by literal “c” of Article 19 of Agreement 7-2000, the Superintendency of Banks, at a bank’s request, may approve that the following instruments in its investment portfolio be transferred from the available-for-sale securities category towards the held-to-maturity securities category:

- a. Obligations issued by the Panamanian State,
- b. Treasury Bills and Notes of the United States of America,
- c. Sovereign Debt Obligations of Latin American Governments.

A bank may request changes of category only regarding those securities that the bank has kept in its balance sheet as of September 12, 2008 and, in case that the Superintendency approves the change, the same will be performed as of this date’s value.

The unrealized gains or losses from said securities will be posted pursuant to the International Financial Information Standards (IFIS) or the United States' Generally Accepted Accounting Principles (US-GAAP).”

ARTICLE 3: For the purposes of Agreement 9-2006, those financial instruments whose category is changed pursuant to the stipulations of the previous article, can only be included at their market value as part of liquid assets.

ARTICLE 4: EFFECT. This Agreement will be in force as of today.

Given in the city of Panama, on the thirty first (31st) day of the month of October, two thousand eight (2008).

THE CHAIRMAN,

THE SECRETARY,

Felix B. Maduro

Jorge W. Altamirano-Duque