

TRANSLATION

Republic of Panama *Superintendency of Banks*

RULE No. 005-2010
(of 4 October 2010)

“Whereby the term “Bank Examinations” of article 66 of Banking Law is further developed”

The Board of Directors of the Superintendency of Banks
In use of its legal powers, and

WHEREAS:

Due to the issuance of Decree Law 2 of 22 February 2008, the Executive Branch systematically ordered in the form of a Sole Text the Decree Law 9 of 1998 and all its amendments, which was approved by means of Executive Decree 52 of 30 April 2008, hereinafter referred to as the Banking Law;

In accordance with article 11, letter I, number 5, the Board of Directors is empowered to establish, within the administrative sphere, the interpretation and reach of the legal provisions or regulations on banking matters;

Article 66 of Banking Law establishes that the Superintendency of Banks will, at least every two years, conduct an examination of each bank to determine its financial situation and, if in the normal course of business, it has complied with the provisions of the Banking Law; and the total costs of the examinations, as well as incidental expenses, will be paid for by the bank;

In the working sessions of this Board of Directors, was mentioned the necessity and convenience of establishing the administrative sphere, the scope and interpretation of “bank examination” as mentioned within the Banking Law.

RULES:

ARTICLE 1: DEFINITION OF BANK EXAMINATION. For the purposes stated in article 66 of Banking Law, it will be understood as bank examinations the set of actions undertaken by the Superintendency of Banks, aimed at overseeing the operations carried out by the banks, their banking group and their non-banking and non-financial affiliates, by which the Superintendency verifies their financial situation and compliance with current regulations.

It is provided that bank examinations include, besides the on-site inspection to banks conducted by the Superintendency at least every two (2) years, the local or cross-border off-site supervision and continuous monitoring to the activities performed by the former through permanent surveillance and analysis, studies, reports and general advices provided by the technical and administrative staff of the Superintendency, under the provisions of Banking Law and rules implementing it.

ARTICLE 2: THE COST OF BANK EXAMINATION. As it is set forth in the previous article, it shall be considered as costs of the bank examination, the fixed and variable expenses which must be covered by the Superintendency of Banks for the ongoing monitoring of regulated parties for the benefit of the banking center and its depositors, in order to avoid risks that may affect both the banks and the system.

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ARTICLE 3: ESTABLISHING COSTS OF BANK EXAMINATION. The Superintendent of Banks shall quantify the annual cost required for the examination to the regulated parties under its supervision, and will allocate among them and taking into consideration – among other elements – the amount of their assets, the volume and sophistication of their operations, their geographical location, and their corporate governance structure.

ARTICLE 4: This Rule shall take effect upon its promulgation.

Given in the city of Panama on the fourth (4th) of October, two thousand ten (2010).

LET IT BE KNOWN, PUBLISHED AND ENFORCED.

THE PRESIDENT,

THE SECRETARY,

Antonio Dudley A.

Arturo Gerbaud de la Guardia