

TRANSLATION

Republic of Panama *Superintendency of Banks*

RULE No. 002-2011
(of 13 January 2011)

“Whereby Article 10 of Rule No. 4-2008 is amended”

THE BOARD OF DIRECTORS
In use of its legal powers, and

WHEREAS:

Due to the issuance of 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;

According to article 73 of the Banking Law, general license banks and international license banks who are subject to the home supervision of the Superintendency of Banks, must maintain, at all times, a minimum amount of liquid assets equivalent to the percentage of the total gross deposits in Panama or abroad that will be periodically fixed by the Superintendency;

According to the paragraph of article 75 of the Banking Law, the Superintendency is empowered to establish the compulsory proportion of liquid assets that may represent the total liquidity of banks or any bank in particular;

Number 10 of article 75 of the Banking Law establishes that shall be considered for the due calculation of the legal liquidity index, any other assets that the Superintendency may authorize;

Rule No. 4-2008 of 24 July 2008 establishes the provisions for the due compliance with the legal liquidity index;

Article 10 of Rule No. 4-2008 stipulates specifically the debentures that will be considered as liquid assets;

In regards to the recent credit ratings that granted Investment Grade to the Republic of Panama, it was deemed necessary and convenient to review the percentage applicable to the debentures issued by the Government of the Republic of Panama regarding the “Other Liquid Assets” portfolio duly authorized by the Superintendency of Bank as part of the legal liquidity index;

In the working sessions of this Board of Directors, was mentioned the need and convenience of amending article 10 of Rule No. 4-2008 in order to update the compulsory proportion that certain liquid assets may represent within the legal liquidity index.

RULES:

ARTICLE 1. Article 10 of Rule No. 4-2008 of 24 July 2008 is as follows:

“ARTICLE 10. OTHER AUTHORIZED LIQUID ASSETS. Pursuant to number 10 of article 75 of the Banking Law, the following will be deemed as liquid assets, as long as they are exempt of any encumbrance or lien and they are freely transferable:

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1. Debentures of Panamanian Private Law firms, at their market value, that comply with the following conditions:
 - a. They mature in not more than one hundred eighty six (186) days, counted from the liquidity report;
 - b. They are payable in United States Dollars or in any other freely convertible and transferable currency, in the Superintendent's judgment; and
 - c. They are the object of periodic quotations in an organized securities market.
2. Debentures of foreign Private Law firms, at their market value, that comply with the following conditions:
 - a. They have a long-term international risk rating in foreign currency of at least BB+/Bal or short-term of at least B/NP, or their equivalents;
 - b. They are payable in United States Dollars or in any other freely convertible and transferable currency, in the Superintendent's judgment; and
 - c. They are object of periodic quotations in an organized securities market.
3. Debentures of Panamanian Private Law firms, payable in Panama when requested or in a term, guaranteed by Banks established abroad with investment grade, as long as the issuing companies and the guarantor bank are not part of the same Economic Group.
4. Debentures issued by the Government of the Republic of Panama, at their market value, that comply with the following conditions:
 - a. Their maturity is of at least one (1) year;
 - b. They are payable in United States Dollars or in any other freely convertible and transferable currency, in the Superintendent's judgment; and
 - c. They are the object of periodic public quotations in an active trading market.
5. Debentures of Panamanian Public Law entities whose long-term risk rating is no less than the Republic of Panama's risk rating or its equivalents and expressed in United States Dollars or in any other freely convertible and transferable currency, in the Superintendent's judgment. These debentures must be considered at their market value, and they must be the object of periodic public quotations in an active trading market.

PROVISO 1: PERCENTAGE OF OTHER AUTHORIZED LIQUID ASSETS IN THE LEGAL LIQUIDITY INDEX. Up to fifty percent (50%) of the minimum legal liquidity index can consist of the assets described in numbers 1, 2, 3, and 5 of this article.

PROVISO 2: EXCEPTION. The assets described in number 4 of this article, will be exempt of the application of the percentage established in proviso 1 and those will not have limits for their participation in the minimum legal liquidity index portfolio. To these assets will only be applied the exception contained herein, as long as the Republic of Panama maintains an international investment grade rating, otherwise these debentures will be considered in accordance with the provisions of proviso 1 of this article".

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ARTICLE 2. ENACTMENT: This Rule shall come into effect since its promulgation.

Given in the city of Panama, on thirteenth (13th) January, two thousand eleven (2011).

LET IT BE KNOWN, PUBLISHED AND ENFORCED.

THE CHAIRMAN,

THE SECRETARY,

Antonio Dudley A.

Arturo Gerbaud De La Guardia