

June 6, 2012
Circular No. SBP-DR-0060-2012

General Manager

Subject: Appointment of Independent Director

Dear General Manager:

We would like to remind you that by means of Rule 5-2001 dated 20 September 2011 the Superintendency updated the provisions on Corporate Governance:

As a consequence, Article 11 of Rule 5-2011 provides the following:

“ARTICLE 11. THE BOARD OF DIRECTORS. The Board of Directors of the bank shall be integrated by at least seven (7) persons, who shall possess the knowledge or experience relevant to the operations and/or the risks inherent to banking activities. Most of the directors shall be individuals: (a) that do not participate in the daily administrative management of the bank and (b) whose condition as a director would not present any material, business or ethical conflicts or conflicts of interest. The minority members of the Board of Directors may include the general manager, chief operating officer, chief financial officer or their equivalent, none of whom shall chair the Board. At least two members of the board of directors must be independent directors.

Directors on a specific committee of the Board of Directors shall possess specialized knowledge or experience in the relevant area.

The Board of Directors shall meet at least once (1) every three months and the subject matter discussed during these meetings must be fully detailed in the Minutes of the organization.

In those Board of Directors meetings in which bank officers participate as members of the Board, in addition to the required quorum, the bank officers shall not constitute a majority of the members of the board present.

TRANSITORY PROVISIO. Banks will have until July 1st, 2012 to incorporate the first independent director to their Board of Directors and until July 1st, 2013 to incorporate the second independent director.” (Emphasis added)

It follows that, within the scope of application of Article 1 of Rule 5-2011, banks must appoint their first independent director no later than July 1st, 2012, pursuant to the provisions of Paragraph d of Article 2 of Rule 5-2011.

Therefore, the Superintendency requires banks to inform if of the name and general data of the director that will be acting as independent director within their Board of Directors. This notification must be submitted to the undersigned, in writing, no later than July 15, 2012.

We take advantage of this opportunity to inform you that the Superintendency is modifying the structure of the Bank General Information Atom (AT05) so that the information referred to in this Circular can be submitted through the ITBANK System. We will advise you when the modification is completed.

We would greatly appreciate you providing your staff with the necessary instructions for compliance with the provisions of this Circular.

Best regards,

Alberto Diamond R.
Superintendent

TRANSLATION

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