

AGREEMENT BY AND BETWEEN

BANCO DE LA REPUBLICA ORIENTAL DEL URUGUAY

BANCO DE LA REPUBLICA ORIENTAL DEL URUGUAY

NEW YORK FEDERAL BRANCH

AND

THE OFFICE OF THE COMPTROLLER OF THE CURRENCY

Banco de la Republica Oriental del Uruguay (“Bank”), Banco de la Republica Oriental del Uruguay New York, (“Branch”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank and Branch, and, toward that end, wish the Branch to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

In consideration of the above premises, and because of the economic and financial difficulties occurring in Uruguay and the potential impact of these events on the Uruguayan banking industry and Banco de la Republica Oriental del Uruguay, it is agreed, between the Bank and the Branch, by and through its authorized representatives, and the Comptroller, through his authorized representative, that the Branch shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). *See* 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Branch has agreed to submit to the Assistant Deputy Comptroller (the “Comptroller’s Designated Representative”) pursuant to this Agreement shall be forwarded to:

William P. Reinhardt
Assistant Deputy Comptroller
NY Metro Field Office
1114 Avenue of the Americas, Suite 3900
New York, NY 10036

ARTICLE II – DUE TO HEAD OFFICE AND AFFILIATES

The Branch shall at all times remain in a net due to position with the Bank and its Affiliates, as defined herein.

ARTICLE III – LIQUIDITY

(1) Effective immediately, on a weekly basis, the Branch shall calculate the ratio of its Liquid Assets to Aggregate Amount of Third Party Liabilities, as defined herein (hereinafter referred to as the “Liquidity Ratio”), and shall submit this calculation to the Comptroller’s

Designated Representative no later than close of business the following Monday, that reflects the position as of the close of business the preceding Friday.

(2) Effective immediately, the Branch shall maintain a Liquidity Ratio of one hundred per cent (100%).

(3) The Branch shall provide a copy of the Branch's Statement of Condition to the Comptroller's Designated Representative as of the close of business each month no later than one week after the end of the preceding month.

ARTICLE IV - DEFINED TERMS

(1) The term "Affiliate" shall be defined as set forth in 12 U.S.C. § 371c(b)(1).

(2) The term "Aggregate Amount of Third Party Liabilities" of the Branch shall be defined as any liabilities agreed to by the Branch with persons that are neither subsidiaries, Related Parties, Affiliates nor Institution-Affiliated Parties of the Branch or Bank. This term shall also include bankers' acceptances, standby or commercial letters of credit and any other legally binding contingent liabilities, but exclude accrued expenses and amounts due and other liabilities, to the Bank and any other branch, office, agency, subsidiary or Affiliate of the Bank or the Branch. Checks or other obligations issued by the Bank or any of its subsidiaries, Affiliates, Related Parties, or Institution-Affiliated Parties, which have been issued outside of the United States and may be presented to the Branch for payment, are also excluded.

(3) The term "Institution-Affiliated Party" shall be defined as set forth in 12 U.S.C. §§ 1813(u) and 1818(b).

(4) The term "Liquid Assets" shall include only (a) cash and due from banks that are not subsidiaries, Affiliates, Related Parties and Institution-Affiliated Parties and are not subject to

exchange restrictions; (b) U.S. Treasury, U.S. agency securities, and other bonds and debentures, payable in the United States in U.S. dollars, at market value; (c) securities rated by Standard and Poor's or Moody's rating services and payable in the U.S. in U.S. dollars, which are available for sale (at market value) or, with the written approval of the Comptroller, payable in funds freely convertible into United States funds; (d) any funds in the CED account in excess of the regulatory requirements under 12 C.F.R. § 28.15; and (e) federal funds sold, provided that these assets also meet the definition of Eligible Assets. Liquid Assets shall not include any assets pledged as security in any financial transaction with the Branch, the Bank or any subsidiary, Affiliate, Related Party, or Institution-Affiliated Party of the Branch or Bank.

(5) The term "Eligible Assets," shall consist of currency, bonds, notes, debentures, drafts, bills of exchange or other evidence of indebtedness, including loan participation agreements or certificates, and other obligations payable in the United States in United States funds, or, with the written approval of the Comptroller, funds freely convertible into United States funds in an amount prescribed by the Comptroller. Eligible Assets include any funds in the CED in excess of the regulatory requirements under 12 C.F.R. § 28.15. Eligible Assets shall exclude (a) all amounts due from the head office of the Bank or any branch, office, agency, subsidiary or Affiliate of the Bank or the Branch; (b) 100% of any asset classified substandard, doubtful, loss or value impaired by a regulatory agency or by the Bank or the Branch in its audit or loan review system; (c) any asset that the Comptroller determines is not sufficiently supported by credit information; (d) any asset pledged to meet the CED requirement at 12 C.F.R. § 28.15 to the extent needed to meet the minimum CED requirement; (e) any other asset pledged as security in any financial transaction with the Branch, Bank, or any branch, office, agency, subsidiary, Affiliate, or Institution-Affiliated Party of the Bank or Branch; and (f) any other asset or class of

assets based on a case-by-case assessment of the risks associated with the asset or assets deemed inappropriate by the Comptroller.

(6) The term “Related Party” shall be defined as (a) any person holding a one per cent (1%) or more ownership interest in the Bank and all of the Bank's known subsidiaries and associated companies operating in Uruguay and in other countries; and (b) any person, or group of persons acting in concert, that controls, is controlled by, or is under common control with Bank.

ARTICLE V – GENERAL PROVISIONS

(1) Although the Branch has agreed to submit certain programs and reports to the Comptroller’s Designated Representative for review or approval, the Branch has the ultimate responsibility for proper and sound management of the Branch.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Branch, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Comptroller’s Designated Representative for good cause upon written application by the Branch.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Branch expressly acknowledges that neither the Branch nor the OCC has any intention to enter into a contract. The Branch also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC’s exercise of its supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or arrangements, or negotiations between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his/her hand on behalf of the Comptroller.

/s/ William P. Reinhardt

8/14/02

William P. Reinhardt
Assistant Deputy Comptroller

Date

IN TESTIMONY WHEREOF, the undersigned, as the Branch's and the Bank's authorized representatives, have hereunto set their hands on behalf of the Branch and the Bank.

Signed

August 29, 2002

Carlos Otheguy
General Manager
New York Branch

Date

Signed

September 10, 2002

Daniel G. Cairo Vila
President
Banco Republica Oriental Uruguay

Date