

SECURITIES AND EXCHANGE COMMISSION

FORM 18-K/A

Annual report for foreign governments and political subdivisions [amend]

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PANAMA REPUBLIC OF

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PANAMA
WASHINGTON DC 20008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 18-K/A

AMENDMENT NO. 1

For Foreign Governments and Political Subdivisions Thereof

**ANNUAL REPORT
of the
REPUBLIC OF PANAMA**

(Name of Registrant)

Date of end of last fiscal year: December 31, 2020

SECURITIES REGISTERED*
(As of the close of the fiscal year)

| Title of Issue | Amounts as to which registration is effective | Names of exchanges on which registered |
|----------------|---|--|
| N/A | N/A | N/A |

**Name and address of person authorized to receive notices
and communications from the Securities and Exchange Commission:**

**Laura Castro
Chargé d' Affaires
Embassy of Panama
2862 McGill Terrace, NW
Washington, D.C. 20008**

**It is requested that copies of notices and communications from the Securities and
Exchange Commission be sent to:**

**Eli Whitney Debevoise II, Esq.
Arnold & Porter Kaye Scholer LLP
601 Massachusetts Avenue, N.W.
Washington, D.C. 20001**

* The Registrant is filing this annual report on a voluntary basis.

REPUBLIC OF PANAMA (THE “REGISTRANT” OR “REPUBLIC”)

Reference is made to the registration statement of the Registrant filed with the Securities and Exchange Commission (the “Commission”) effective as of December 1, 2020 (Registration No. 333-250981) (the “Registration Statement”).

The purpose of this Amendment to the annual report of the Registrant on Form 18-K for the year ended December 31, 2020, as amended, is to file with the Commission (i) the legal opinions included as Exhibits E and F in accordance with the Registrant’s undertaking in the Registration Statement to furnish copies of such legal opinions as may be required (including the opinion of the *Procurador de la Administración*) in connection with any issue of securities under the Registration Statement, (ii) a form of the Registrant’s 3.298% Global Bonds due 2033, included as Exhibit G hereof, (iii) a form of the Registrant’s 4.500% Global Bonds due 2063, included as Exhibit H hereof, (iii) a conformed copy of the Terms Agreement, dated January 11, 2022, by and between the Republic and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, included as Exhibit I hereof, and (iv) the Recent Developments in the Registrant as of January 11, 2022, included as Exhibit J hereof.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to the annual report to be signed on its behalf by the undersigned, thereunto duly authorized, at the City of Panama, Panama, on the 19th day of January, 2022.

REPUBLIC OF PANAMA

By: /s/ Enelda Medrano de González

Name: Enelda Medrano de González

Title: Vice Minister of Economy of the Republic of
Panama

EXHIBIT INDEX

| Exhibit <u>No.</u> | |
|-----------------------|---|
| A: | None |
| B: | None |
| *C: | Copy of the 2020 Annual Budget of the Republic (in Spanish) (Rule 311) (P) |
| *D: | Current Description of the Republic |
| E: | Opinion dated January 19, 2022 of Arnold & Porter Kaye Scholer LLP |
| F: | Opinion dated January 19, 2022 of the <i>Procurador de la Administración</i> |
| G: | Form of 3.298% Global Bonds due 2033 |
| H: | Form of 4.500% Global Bonds due 2063 |
| I: | Terms Agreement, dated January 11, 2022, by and between the Republic and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC |
| J: | Recent Developments in the Registrant as of January 11, 2022 |
| * (P) | Previously Filed Previous paper filing under cover of Form SE pursuant to Rules 306(c) of Regulation S-T |

[Letterhead of Arnold & Porter Kaye Scholer LLP]

January 19, 2022

Ministry of Economy and Finance
Republic of Panama
Via España y Calle 52
Edificio Ogawa, Piso 4
Panama, Republic of Panama

Ladies and Gentlemen:

We have acted as special United States counsel for the Republic of Panama (“Panama”) in connection with (i) the issuance by Panama of U.S.\$1,000,000,000 aggregate principal amount of its 3.298% Global Bonds due 2033 and U.S.\$1,500,000,000 aggregate principal amount of its 4.500% Global Bonds due 2063 (together, the “Global Bonds”) and (ii) the transactions contemplated by the Terms Agreement (the “Terms Agreement”) dated as of January 11, 2022, among Panama and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. We are familiar with the form of the Fiscal Agency Agreement, as amended by Amendment No. 1 thereto, dated as of September 4, 2003, Amendment No. 2 thereto, dated as of February 13, 2015, and Amendment No. 3 thereto, dated as of October 26, 2016, including the forms of Security attached to such agreement (as so amended, the “Fiscal Agency Agreement”), the Underwriting Agreement that forms part of the Terms Agreement, the Terms Agreement and Panama’s Registration Statement on Schedule B filed on November 25, 2020 (Registration No. 333-250981) (the “Registration Statement”), including the Prospectus dated December 1, 2020, and the Prospectus Supplement dated January 11, 2022 constituting a part thereof. We have also reviewed Panama’s Annual Report on Form 18-K for the fiscal year ended December 31, 2020 (the “Annual Report”) filed with the Commission under the Securities Exchange Act of 1934, as amended. The Terms Agreement and the Fiscal Agency Agreement are collectively defined herein as the “Agreements.” Capitalized terms used herein without definition shall have the respective meanings set forth in the Terms Agreement.

In rendering the opinion expressed below, we have examined such certificates of public officials, government documents and records and other certificates and instruments furnished to us, and have made such other investigations, as we have deemed necessary in connection with the opinion set forth herein. Furthermore, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the authority of Panama to enter into the Agreements and cause the issuance of the Global Bonds, and the conformity to authentic originals of all documents submitted to us as copies. As to any document originally prepared in any language other than English and submitted to us in translation, we have assumed the accuracy of the English translation.

This opinion is limited to the federal laws of the United States and the laws of the State of New York, and we do not express any opinion herein concerning the laws of any other jurisdiction. Insofar as the opinion set forth herein relates to matters of the laws of Panama, we have relied upon the opinion of Licenciado Rigoberto González Montenegro, the *Procurador de la Administración* of Panama, a copy of which is being filed as an exhibit to the Annual Report, and our opinion herein is subject to any and all exceptions and reservations set forth therein.

Based upon and subject to the foregoing and assuming the due authorization of the Global Bonds by Panama, we are of the opinion that when the Global Bonds have been duly authorized, issued and executed by Panama and authenticated, delivered and paid for as contemplated by the Agreements, the Prospectus and any amendment and supplement thereto, the Global Bonds will constitute valid and legally binding direct and unconditional obligations of Panama under the laws of the State of New York.

We hereby consent to the filing of this opinion as an exhibit to the Annual Report and to the reference to this firm under the heading "Validity of the Global Bonds" in the Prospectus Supplement referred to above. In giving the foregoing consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Arnold & Porter Kaye Scholer LLP

[Letterhead of the Procurador de la Administración]

January 19, 2022

The Hon. Hector Alexander
Minister of Economy and Finance
Republic of Panama
P.O. Box 2694, Zona 3
Panama, Republic of Panama

Dear Minister:

I, the *Procurador de la Administración* of the Republic of Panama (“Panama”), have reviewed the Republic’s Registration Statement No. 333-250981 on Schedule B (the “Registration Statement”) including the Prospectus dated December 1, 2020, and the Prospectus Supplement dated January 11, 2022, constituting a part thereof, the Fiscal Agency Agreement dated as of September 26, 1997, as amended by Amendment No. 1 thereto, dated as of September 4, 2003, Amendment No. 2 thereto, dated as of February 13, 2015, and Amendment No. 3 thereto, dated as of October 26, 2016, including the forms of Security attached thereto (the “Fiscal Agency Agreement”) and the Underwriting Agreement that forms part of the Terms Agreement (the “Terms Agreement”), dated as of January 11, 2022 among the Republic of Panama (“Panama”) and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC (the “Underwriters”), pursuant to which Panama proposes to offer and sell U.S.\$1,000,000,000 principal amount of its 3.298% Global Bonds due 2033 and U.S.\$1,500,000,000 principal amount of its 4.500% Global Bonds due 2063 (together, the “Global Bonds”).

The issuance of the Global Bonds has been authorized pursuant to Cabinet Decree No. 31, dated December 15, 2021.

It is my opinion that, as of January 19, 2022, the Global Bonds were, and they remain, duly authorized, and when executed and delivered by Panama and authenticated pursuant to the Fiscal Agency Agreement and delivered to and paid for by the Underwriters pursuant to the Terms Agreement, the Prospectus (including, without limitation, the Prospectus Supplement) and any amendment or supplement thereto, the Global Bonds constituted and constitute valid and legally binding, direct and unconditional obligations of Panama under the present laws of Panama.

I hereby consent to the filing of this opinion as an exhibit to the Annual Report of Panama on Form 18-K for the fiscal year ended December 31, 2020, as amended, and to the use of my name under the heading “Validity of the Global Bonds” in the Prospectus Supplement referred to above. In giving the foregoing consent, I do not thereby admit that I am in the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the rules and regulations of the U.S. Securities and Exchange Commission thereunder.

Sincerely,

/s/ Rigoberto Gonzalez Montenegro

Rigoberto Gonzalez Montenegro
Procurador de la Administración
Republic of Panama

REGISTERED GLOBAL SECURITY

CUSIP No. 698299 BR4
ISIN No. US698299BR41
Common Code: 243441234

THIS SECURITY IS A DEFINITIVE REGISTERED GLOBAL SECURITY WITHIN THE MEANING OF THE FISCAL AGENCY AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE FISCAL AGENCY AGREEMENT.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE REPUBLIC OF PANAMA OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE REPUBLIC OF PANAMA

3.298% Global Bonds due 2033

No. []

U.S.\$[]

THE REPUBLIC OF PANAMA (herein called the “Issuer” or the “Republic”), for value received, hereby unconditionally promises to pay to CEDE & CO., or registered assigns, the principal sum of [] (the “Principal Amount”) IN UNITED STATES DOLLARS (U.S.\$[]) on January 19, 2033 (the “Stated Maturity”); and to pay interest on the Principal Amount outstanding from January 19, 2022, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on January 19 and July 19 of each year, commencing July 19, 2022 (each an “Interest Payment Date”), at the rate of 3.298% per annum, until the aggregate Principal Amount is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Fiscal Agency Agreement hereinafter referred to, be paid to the person (the “registered holder”) in whose name this Security is registered at the close of business on January 4 or July 4 (whether or not a business day), as the case may be (each a “Regular Record Date”), next preceding such Interest Payment Date. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the registered holder on such Regular Record Date and may either (i) be paid to the person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on a special record date for the payment of such interest to be fixed by the Issuer, notice whereof shall be given to registered holders of Securities of this Series not less than 10 days prior to such special record date, or (ii) be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this Series may be listed, and upon such notice as may be required by such exchange.

Principal of and any premium on this Security shall be payable against surrender of this Security at the corporate trust office of the Fiscal Agent hereinafter referred to and at the offices of such other Paying Agents as the Issuer shall have appointed pursuant to the Fiscal Agency Agreement. Payment of the principal hereof and of any premium on this Security shall be made against surrender of this Security, and payments of interest and principal on this Security shall be made, in accordance with the foregoing and subject to applicable laws and regulations, by check mailed on or before the due date for such payment to the person entitled thereto at such person’s address appearing on the aforementioned register or, in the case of payments of principal and any premium to such other address as the registered holder may specify upon such surrender; provided, however, that any payments shall be made, in the case of a registered holder of at least U.S.\$1,000,000 aggregate principal amount of Securities, by transfer to an account denominated in U.S. dollars maintained by the payee with a bank if such registered holder so elects by giving notice to the Fiscal Agent, not less than 15 days (or such fewer days as the Fiscal Agent may accept at its discretion) prior to the date of the payments to be obtained, of such election and of the account to which payments are to be made. The Issuer

covenants that until this Security has been delivered to the Fiscal Agent for cancellation, or monies sufficient to pay the principal of and interest on this Security have been made available for payment and either paid or returned to the Issuer as provided herein, it will at all times maintain offices or agencies in The City of New York and (so long as the Securities are listed on the Luxembourg Stock Exchange and such Exchange shall so require) in Luxembourg for the payment of the principal of and interest on the Securities as herein provided.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Fiscal Agent by manual signature, this Security shall not be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Dated: January 19, 2022

REFRENDO: CONTRALORIA GENERAL DE LA REPUBLICA
DE PANAMA

REPUBLIC OF PANAMA

By _____ By _____
Name: _____ Name: _____
Title: _____ Title: _____
Executed in: _____ Executed in: _____

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Fiscal Agency Agreement.

THE BANK OF NEW YORK MELLON
(successor to JPMorgan Chase Bank, N.A.)
as Fiscal Agent

By _____
Name: _____
Title: _____

1. This Security is one of a duly authorized issue of securities of the Issuer (herein called the "Securities"), issued and to be issued in one or more series in accordance with a Fiscal Agency Agreement, dated as of September 26, 1997, as amended by Amendment No. 1 thereto, dated as of September 4, 2003, by Amendment No. 2 thereto, dated as of February 13, 2015, and by Amendment No. 3, thereto, dated as of October 26, 2016, as the same may be further amended from time to time (herein called the "Fiscal Agency Agreement"), between the Issuer and The Bank of New York Mellon (successor to JPMorgan Chase Bank, N.A.), as Fiscal Agent (herein called the "Fiscal Agent", which term includes any successor fiscal agent under the Fiscal Agency Agreement), copies of which Fiscal Agency Agreement are on file and available for inspection at the corporate trust office of the Fiscal Agent in The City of New York and, for so long as the Securities are listed on the Luxembourg Stock Exchange and such Exchange shall so require, at the office of the Paying Agent hereinafter named in Luxembourg. This Security is one of the series designated on the face hereof, which series is initially limited in aggregate principal amount to U.S.\$1,000,000,000 or its equivalent in another currency or composite currency outstanding at any one time (which amount may be increased at the option of the Issuer if in the future it determines that it may wish to sell additional Securities of this Series, subject to Paragraph 15 below). The Securities are Equal Ranking Securities and Aggregated Collective Action Securities under the Fiscal Agency Agreement. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Fiscal Agency Agreement.

The Securities are direct, unsubordinated, unconditional and general obligations of the Issuer and will rank without any preference among themselves. The Securities rank and will rank without any preference among themselves and equally with all other unsecured and unsubordinated Public Indebtedness of the Issuer. It is understood that this provision shall not be construed so as to require the Issuer to make payments under the Securities ratably with payments being made under any other Public Indebtedness. Except as provided in the next succeeding paragraph, the Securities shall be unsecured obligations of the Issuer. The full faith and credit of the Republic of Panama is pledged for the due and punctual payment of all the Securities and for the due and timely payment of all obligations of the Issuer in respect thereof.

The Issuer undertakes that so long as any Securities remain outstanding, it shall not create or permit to subsist any Lien (as defined below) upon the whole or any parts of its assets or revenues to secure any Public External Indebtedness (as defined below) upon the whole or any part of its assets or revenues to secure any Public External Indebtedness (as defined below) of the Issuer, unless, at the same time or prior thereto, the Issuer's obligations under the Securities either (i) are secured equally and ratably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the holders of the Securities (as provided in Paragraph 9 below); provided, however, that the Issuer may create or permit to subsist:

(a) any Lien upon property to secure Public External Indebtedness of the Issuer incurred for the purpose of financing the acquisition of such property and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures only the renewal or extension of the original secured financing;

(b) any Lien existing on such property at the time of its acquisitions to secure Public External Indebtedness of the Issuer and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures only the renewal or extension of the original secured financing;

(c) any Lien in existence on the date of issue of the Securities, including any renewal or extension thereof which secures only the renewal or extension of the original secured financing;

(d) any Lien securing Public External Indebtedness incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project and any renewal or extension of such Lien, provided that (a) the holders of such Public External Indebtedness expressly agree to limit their recourse to the assets and revenues of such project, and all proceeds (including, without limitation, any insurance proceeds), products and all additions, substitutions, replacements and accessions of or to any such assets or revenues, as the principal source of repayment of such Public Indebtedness and (b) the property over which such Lien is granted consists solely of such assets and revenues and proceeds;

(e) any Lien on the properties or revenues of the *Fondo de Ahorro de Panamá* (“FAP”) created by Law No. 38 of 2012 or any Lien on the properties or revenues of the Development Trust Fund assumed by the FAP as successor of the Development Trust Fund, provided that the equivalent in U.S. dollars of the amount secured by such Liens shall not at any time exceed the amount of all contributions to the FAP from (A) the assets of the Development Trust Fund transferred to the FAP, (B) any contribution from the Panama Canal Authority to the National Treasury that is greater than 3.5% of the nominal GDP of the year in effect, starting with the fiscal year 2015; (C) the proceeds from the sale of any stock in Mixed Companies (as defined below); (D) sums bequeathed or donated to the FAP by any person other than the Republic of Panama or any governmental agency or affiliate thereof, and (E) any earnings on properties or revenues received pursuant to clauses (A) to (D), and any renewal or extension of any such Lien which is limited to the original properties or revenues covered thereby; and

(f) Liens in addition to those permitted by clauses (a) through (e) above, and any renewal or extension thereof, provided that the aggregate amount of Public External Indebtedness secured by such additional Liens shall not exceed the equivalent of U.S.\$25,000,000.

For purposes of the Securities:

“Indebtedness” means any payment obligation (whether pursuant to a guarantee or otherwise), including any contingent liability, for borrowed money or arising from bonds, debentures, notes or other similar instruments;

“Lien” means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or preferential arrangement which has the practical effect of constituting a security interest with respect to the payment of any obligations with or from revenues or the proceeds of any asset of any kind whether in effect on the date that the Fiscal Agency Agreement becomes effective or any time thereafter;

“Mixed Companies” means the following companies or their successors: AES Panamá, S.A.; Bahía Las Minas Corp.; Cable & Wireless Panamá, S.A.; Elektra Noreste, S.A.; Empresa de Distribución Eléctrica Chiriquí, S.A.; Empresa de Distribución Eléctrica Metro-Oeste, S.A.; Enel Fortuna, S.A.; Energía y Servicios de Panamá, S.A.; Panamá Ports Company, S.A. and Petroterminal de Panamá, S.A.;

“Public External Indebtedness” means any Public Indebtedness which is not issued pursuant to agreements or evidenced by instruments that submit the resolution of all disputes arising thereunder to the exclusive jurisdiction of the courts of the Republic; and

“Public Indebtedness” means any Indebtedness of, or guaranteed by, the Republic which (i) is publicly offered or privately placed in security markets, (ii) is in the form of, or represented by, bonds, notes or other securities or any guarantees thereof, (iii) is, or was intended at the time of issue to be, quoted, listed or traded on any stock exchange, automated trading system or over-the-counter or other securities market (including, without prejudice to the generality of the foregoing, securities eligible for sale pursuant to Rule 144A under the United States Securities Act of 1933, as amended (or any successor law or regulation of similar effect)) and (iv) has an original maturity of more than one year or is combined with a commitment so that the original maturity of one year or less may be extended at the option of the Republic to a period in excess of one year.

2. The Securities are issuable in fully registered form. Securities are issuable in authorized denominations of U.S.\$200,000 and integral multiple of U.S.\$1,000 in excess thereof.

3. The Issuer shall maintain in The City of New York, an office or agency where Securities may be surrendered for registration of transfer or exchange. The Issuer has initially appointed the corporate trust office of the Fiscal Agent as its agent in The City of New York for such purpose and has agreed to cause to be kept at such office a register in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Securities and registration of transfers of Securities. In addition, the Issuer has appointed the main offices of The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg as an additional agency (a “Transfer Agent”) where Securities may be surrendered for registration of transfer or exchange. The Issuer reserves the right to vary or terminate the appointment of the Fiscal Agent as security registrar or of any Transfer Agent or to appoint additional or other registrars or Transfer Agents or to approve any change in the office through which any security registrar or any Transfer Agent acts, provided that there will at all times be a security registrar in The City of New York, and (so long as the Securities are listed on the Luxembourg Stock Exchange and such Exchange shall so require) a Transfer Agent in Luxembourg.

The transfer of a Security is registrable on the aforementioned register upon surrender of such Security at the corporate trust office of the Fiscal Agent or any Transfer Agent duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Fiscal Agent duly executed by, the registered holder thereof or his attorney duly authorized in writing. Upon such surrender of this Security for registration of transfer, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities, dated the date of authentication thereof, of any authorized denominations and of a like aggregate principal amount.

At the option of the registered holder upon request confirmed in writing, Securities may be exchanged for Securities of any authorized denominations and of a like tenor, form and aggregate principal amount upon surrender of the Securities to be exchanged at the office of any Transfer Agent or at the corporate trust office of the Fiscal Agent. Whenever any Securities are so surrendered for exchange, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver, the Securities which the registered holder making the exchange is entitled to receive. Any registration of transfer or exchange will be effected upon the Transfer Agent or the Fiscal Agent, as the case may be, being satisfied with the documents of title and identity of the person making the request and subject to such reasonable regulations as the Issuer may from time to time agree with the Transfer Agents and the Fiscal Agent.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits, as the Securities surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith, other than an exchange in connection with a partial redemption of a Security not involving any registration of a transfer.

Prior to due presentment of this Security for registration of transfer, the Issuer, the Fiscal Agent and any agent of the Issuer or the Fiscal Agent may treat the person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Issuer nor the Fiscal Agent nor any such agent shall be affected by notice to the contrary.

4. The Issuer shall pay to the Fiscal Agent at its principal office in The City of New York, not later than 10:00 a.m. (New York City time) on the business day in New York prior to each Interest Payment Date, redemption date or Stated Maturity of the Securities, in such amounts sufficient (with any amounts then held by the Fiscal Agent and available for the purpose) to pay the interest on, and the principal of, the Securities due and payable on such Interest Payment Date, redemption date or Stated Maturity, as the case may be. The Fiscal Agent shall apply the amounts so paid to it to the payment of such interest and principal in accordance with the terms of the Securities. Any monies paid by the Issuer to the Fiscal Agent for the payment of the principal of or interest on any Securities and remaining unclaimed at the end of two years after such principal or interest shall have become due and payable (whether at maturity, redemption or otherwise) shall then be repaid to the Issuer upon its written request, and upon such repayment all liability of the Fiscal Agent with respect thereto shall cease, without, however, limiting in any way any obligation the Issuer may have to pay the principal of and interest on this Security as the same shall become due.

In any case where the due date for the payment of the principal of or interest on any Security shall be at any place of payment a day on which banking institutions are authorized or obligated by law or executive order to close, then payment of principal or interest need not be made on such date at such place but may be made on the next succeeding day at such place which is not a day on which banking institutions are authorized or obligated by law or executive order to close, with the same force and effect as if made on the date for such payment, and no interest shall accrue for the period after such date.

5. All payments of principal and interest in respect of the Securities shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by the Republic or any other jurisdiction from which or through which payment is made to the holders of Securities in respect of the Securities or any political subdivision or authority thereof or therein having power to tax ("Taxes"), unless such taxing jurisdiction is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer shall make such withholding, make payment of the amount so withheld to the appropriate governmental authority and forthwith pay such additional amounts ("Additional Amounts") as may be necessary to ensure that the net amounts receivable by each holder of Securities after such withholding or deduction shall equal the payment which would have been receivable by such holder in respect of such Securities in the absence of such withholding or deduction. No such Additional Amounts shall be payable:

(a) in respect of any Security or Coupon held by or on behalf of a holder who is liable for such Taxes by reason of such holder having some connection with the Republic otherwise than merely by the holding of such Security or by the receipt of principal, premium, if any, or interest in respect thereof; or

(b) in respect of any Security held by or on behalf of a holder who is liable for such Taxes by reason of such holder's failure to comply with any reasonable certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Republic, or any political subdivision or taxing authority thereof or therein, of such holder or the holder of any interest in such Security or rights in respect thereof, if compliance is required by the Republic, or any political subdivision or taxing authority thereof or therein, as a precondition to exemption from such deduction or withholding; provided, however, that the limitations on the Issuer's obligations to pay Additional Amounts set forth in this clause (b) shall not apply if such certification, identification, or other reporting requirement would be materially more onerous, in form, in procedure, or in substance of information disclosed by the relevant holders or beneficial owners than comparable information or other reporting requirements imposed under United States tax law, regulation and administrative practice; or

(c) in respect of any Security held by or on behalf of a holder who is liable for such Taxes by reason of the failure of such holder to present such holder's Security for payment (where such presentation is required) within 30 calendar days after the date on which such payment thereof became due and payable or is duly provided for and notice thereof is given to the holder, whichever occurs later, except to the extent that such holder would have been entitled to Additional Amounts in respect of such Taxes on presenting such Security for payment on any date within such 30 calendar days.

The Issuer shall pay all stamp and other duties, if any, which may be imposed by the Republic, the United States or any political subdivision thereof or taxing authority of or in the foregoing with respect to the Fiscal Agency Agreement or the original issuance of this Security.

Except as specifically provided in this Security, the Issuer shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein. Whenever in this Security there is a reference, in any context, to the payment of the principal of or interest on, or in respect of, any Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of Paragraph 5(a) and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

6. In the event any of the following shall occur (each an "Event of Default"):

(a) default in any payment of principal of or premium on any Security of this Series and the continuance of such default for a period of 15 calendar days; or

(b) default in any payment of interest on any Security of this Series and the continuance of such default for a period of 30 calendar days; or

(c) default in the performance of any other obligation under the Securities of this Series and the continuance of such default for a period of 60 calendar days after written notice requiring the same to be remedied shall have been given to the Fiscal Agent by the holder of any Security of this Series; or

(d) acceleration of any aggregate principal amount of Public Indebtedness of the Republic in excess of U.S.\$25,000,000 (or its equivalent in any other currency) by reason of an event of default (however described) resulting from the failure either to make any payment of principal, premium or interest thereunder when due; or

(e) failure to make any payment in respect of Public Indebtedness of the Republic in an aggregate principal amount in excess of U.S.\$25,000,000 (or its equivalent in any other currency) when due (whether at stated maturity, by acceleration or otherwise) (as such date may be extended by any applicable grace period or waiver) and the continuance of such failure for a period of 30 calendar days after written notice requiring the same to be remedied shall have been given to the Fiscal Agent by the holder of any Security of a Series; or

(f) declaration by the Republic of a moratorium with respect to the payment of principal of, or premium or interest on Public External Indebtedness of the Republic which does not expressly exclude the Securities of this Series; or

(g) denial or repudiation by the Republic of its obligations under the Securities of this Series;

then the registered holder of this Security may, at such holder's option so long as an Event of Default is continuing, declare the principal of and any accrued interest on all Securities of this Series to be immediately due and payable by written notice to the Issuer and the Fiscal Agent at its corporate trust office, and unless all defaults shall have been cured by the Issuer prior to receipt of such written notice, such principal and interest shall become and be immediately due and payable; provided, however, that any notice declaring the Securities of this Series due and payable shall become effective only when the Fiscal Agent has received such notice from the holders of not less than 25% in aggregate principal amount of the Securities of this Series then Outstanding. If any Event of Default shall give rise to a declaration which shall be effective and all Events of Default shall cease to continue following such declaration, then such declaration may be rescinded and annulled by the affirmative vote or written consent of the holders of not less than 50% in aggregate principal amount of the Securities of this Series then Outstanding in accordance with the procedures set forth in Paragraph 9 below.

7. Prior to October 19, 2032 (the "Par Call Date"), the Securities of this Series shall be redeemable, in whole or in part, at the option of the Issuer at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of (1) 100% of the principal amount of the Securities being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities being redeemed (excluding the portion of any such interest accrued to the redemption date) discounted to the redemption date (assuming the Securities matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 25 basis points less interest accrued to the date of redemption; plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the Par Call Date, the Securities of this Series shall be redeemable, in whole or in part, at the option of the Issuer at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities being redeemed plus accrued and unpaid interest to the date of redemption;

Notice of any redemption shall be mailed or electronically delivered (or otherwise transmitted in accordance with the depository's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of the Securities to be redeemed with a copy to the Fiscal Agent; provided, however, if the Fiscal Agent is asked to give such notice, it shall be notified in writing of such request at least five (5) days prior to the date of the giving of such notice (unless a shorter notice shall be satisfactory to the Fiscal Agent).

For purposes of the Securities:

“Treasury Rate” means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily)–H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities– Treasury constant maturities– Nominal” (or any successor caption or heading). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to Par Call Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields - one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life - and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Issuer shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer’s actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

In the case of a partial redemption, selection of the Securities for redemption will be made pro rata, by lot or by such other method as the Fiscal Agent in its sole discretion deems appropriate and fair. No Securities of a principal amount of \$200,000 or less will be redeemed in part. If any Securities is to be redeemed in part only, the notice of redemption that relates to the Securities will state the portion of the principal amount of the Securities to be redeemed. A new Security in a principal amount equal to the unredeemed portion of the Security will be issued in the name of the holder of the Security upon surrender for cancellation of the original Security. For so long as the Security are held by DTC (or another depository), the redemption of the Security shall be done in accordance with the policies and procedures of the depository.

Unless the Issuer defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Securities or portions thereof called for redemption.

8. If any mutilated Security is surrendered to the Fiscal Agent, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver in exchange therefor, a new Security of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If there be delivered to the Issuer and the Fiscal Agent (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of each of them harmless, then, in the absence of notice to the Issuer or the Fiscal Agent that such Security has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Fiscal Agent shall authenticate and deliver in lieu of any such destroyed, lost or stolen Security a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

Upon the issuance of any new Security under this Paragraph 8, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and the expenses of the Fiscal Agent) connected therewith.

Every new Security issued pursuant to this Paragraph 8 in lieu of any destroyed, lost or stolen Security, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone.

Any new Security delivered pursuant to this Paragraph 8 shall be so dated that neither gain nor loss in interest shall result from such exchange.

The provisions of this Paragraph 8 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

9. The Issuer and the Fiscal Agent, may without the consent of any holder of the Securities, agree to a Modification of the Securities of this Series or to the Fiscal Agency Agreement as it relates to the Securities of this Series for the purpose of: (A) adding to the covenants of the Issuer for the benefit of the holders of the Securities of this Series, (B) surrendering any right or power conferred upon the Issuer, (C) securing the Securities of this

Series pursuant to the requirements of the Securities of this Series or otherwise, (D) curing any ambiguity, or curing, correcting or supplementing any defective provision hereof or (E) amending the Fiscal Agency Agreement or the Securities of this Series in any manner which the Issuer and the Fiscal Agent may determine and which shall not adversely affect the interest of any holder of Securities of this Series in any material respect (each such modification, a “Technical Modification”). Any such Technical Modification shall be binding on all holders of the Securities of this Series, and unless the Fiscal Agent otherwise requires, the Issuer shall provide notice of any such Technical Modification to the Fiscal Agent for onward distribution to such holders of the Securities of this Series as soon as practicable thereafter.

Modifications proposed by the Issuer to the terms and conditions of the Securities of this Series, or to the Fiscal Agency Agreement insofar as they affect only the Securities of this Series, that are not Reserve Matter Modifications or Technical Modifications, may be approved by holders of the Securities of this Series (by vote at a meeting of the holders of Securities of this Series or by a written consent of such holders of Securities of this Series), and future compliance therewith may be waived, with the written consent of the Issuer and the affirmative vote (if approved at a meeting of the holders of the Securities of this Series) or consent (if approved by a written action) of holders of more than 50% of the aggregate principal amount of the Outstanding Securities of this Series.

Reserve Matter Modifications proposed by the Issuer may be approved by holders of Securities of this Series (by vote at a meeting of the holders of the Securities of this Series or by a written consent of such holders) in one of three ways (each, a “Modification Method”): (A) by the holders of the Aggregated Collective Action Securities of each Series subject to the proposed Modification (a “Single Series Reserve Matter Modification”), (B) for proposed Cross-Series Modifications (as defined below) that are Uniformly Applicable (as defined below), by the holders of two or more Series of Aggregated Collective Action Securities whose votes or written consents will be aggregated for the purpose of determining whether the approval threshold has been met (a “Cross-Series Modification with Single Aggregated Voting”), and (C) for proposed Cross-Series Modifications that are not Uniformly Applicable, by the holders of two or more Series of Aggregated Collective Action Securities whose votes or written consents (x) taken together, must meet an aggregated approval threshold and (y) taken separately for each Series of Securities covered by that proposed Cross-Series Modification, must meet a separate approval threshold (a “Cross-Series Modification with Two Tier Voting”). The Issuer shall have the discretion to select a Modification Method for a proposed Reserve Matter Modification and to designate which Series of Aggregated Collective Action Securities will be included in the aggregated voting for a proposed Cross-Series Modification; provided, however, that once the Issuer selects a Modification Method and designates the Series of Aggregated Collective Action Securities that will be subject to a proposed Cross-Series Modification, those elections will be final for purposes of that vote or consent solicitation. The Issuer may simultaneously propose two or more Cross-Series Modifications, each affecting different Series of Aggregated Collective Action Securities, or one or more Cross-Series Modifications together with one or more Single Series Modifications.

Modifications may also be approved by holders of the Securities of this Series pursuant to a written action consented to by holders of the requisite percentage of Securities of this Series. If a proposed Modification is to be approved by a written action, the Issuer shall provide the consent solicitation to the Fiscal Agent for onward distribution to the relevant holders of the Securities to the proposed Modification not less than 10, nor more than 30, days prior to the expiration date for the receipt of such consents specified by the Issuer. If the consent solicitation relates to a proposal for a Cross-Series Modification, the solicitation shall include an indication of (x) which Series of Securities will be aggregated for purposes of consenting to that proposal and (y) the Modification Method chosen by the Issuer for the consent regarding that proposal. For consent solicitations relating to Reserve Matter Modifications, the solicitation shall also include any information required to be provided by the Issuer pursuant to Section 11(f)(i)(h) and Section 11(f)(iv) of the Fiscal Agency Agreement.

Any Modification constituting or including a Reserve Matter Modification to the terms and conditions of the Securities of this Series, or to the Fiscal Agency Agreement insofar as it affects the Securities of this Series, may be made, and future compliance therewith may be waived, with the written consent of the Issuer and the affirmative vote or consent of holders of more than 75% of the aggregate principal amount of the Outstanding Securities of this Series.

Any Cross-Series Modification constituting or including a Reserve Matter Modification that is Uniformly Applicable to the terms and conditions of the Securities of this Series and one or more Series of Aggregated Collective Action Securities, or to the Fiscal Agency Agreement insofar as it affects the Securities of this Series and one or more Series of Aggregated Collective Action Securities, may be made, and future compliance therewith may be waived, with the written consent of the Issuer and the affirmative vote or consent of holders of more than 75% of the aggregate principal amount of the Outstanding Series of Aggregated Collective Action Securities affected by the proposed Modification (taken in the aggregate).

Any Cross-Series Modification constituting or including a Reserve Matter Modification to the terms and conditions of the Securities of this Series and one or more Series of Aggregated Collective Action Securities may be made, and future compliance therewith may be waived, with the written consent of the Issuer and: (A) the affirmative vote or consent of holders of more than 66 ²/₃% of the aggregate principal amount of the Outstanding Securities of all the Series of Aggregated Collective Action Securities affected by that proposed Modification (taken in the aggregate), and (B) the affirmative vote or consent of holders of more than 50% of the aggregate principal amount of the Outstanding Aggregated Collective Action Securities of each Series affected by that proposed Modification (taken individually).

It is understood that a Cross-Series Modification constituting or including a Reserve Matter Modification to the terms and conditions of the affected Securities that is not Uniformly Applicable must be effected pursuant to the paragraph immediately preceding this paragraph; a Cross-Series Modification that is Uniformly Applicable may be effected pursuant to the paragraph immediately preceding the preceding paragraph or to the immediately preceding paragraph, at the Issuer's option.

For purposes of Securities of this Series the following terms have the definitions as follows:

“Aggregated Collective Action Securities” means any debt securities of any Series issued after February 13, 2015 that are in their terms explicitly stated to be “Aggregated Collective Action Securities”.

“Cross-Series Modification” means a Modification constituting a Reserve Matter affecting two or more Series of Aggregated Collective Action Securities.

“Modification” means any modification, amendment, supplement or waiver affecting one or more Series of Aggregated Collective Action Securities, including those effected by way of exchange or conversion.

“Outstanding” for purposes of the Fiscal Agency Agreement and the Securities of any Series, any Security of such Series authenticated and delivered pursuant to the Fiscal Agency Agreement shall, as of any date of determination, be deemed to be Outstanding, except: (A) Securities theretofore cancelled by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and not reissued; (B) Securities which have been called for redemption in accordance with their terms or which have become due and payable at maturity or otherwise and with respect to which monies sufficient to pay the principal thereof (and premium, if any) and any interest thereon shall have been paid or duly provided for; or (C) Securities of a Series in lieu of or in substitution for which other Securities of such Series shall have been authenticated and delivered pursuant to the Fiscal Agency Agreement; provided, however, that in determining whether the holders of the requisite principal amount of Outstanding Securities of a Series have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement hereunder, (i) the principal amount of a Security which by its terms provides for an amount other than the stated face amount to be due and payable upon a declaration of acceleration of the maturity thereof or at the stated maturity (a “Variable Principal Security”) that shall be deemed to be Outstanding shall be either (A) the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof or (B) such other amount not in excess of the stated face amount, as may be specified in such Security, (ii) the principal amount of a Security denominated in a foreign currency or currencies shall be the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the principal amount (or, in the case of a Variable Principal Security, the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the amount determined on the date provided in (i) above) of such Security, and (iii) Securities of such Series owned, directly or indirectly, by the Issuer or Public Sector Instrumentalities thereof shall be disregarded and deemed not to be Outstanding, except that in determining whether the Fiscal Agent shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement, only Securities that a Responsible Officer of the Fiscal Agent knows to be so owned shall be so disregarded.

“Public Sector Instrumentality” means any department, ministry or agency of the national government of the Issuer or any corporation, trust, financial institution or other entity owned or controlled by the national government of the Issuer, any political subdivision of the Issuer or any of the foregoing, and “control” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

“Reserve Matter” means any Modification to the terms and conditions of the Securities of this Series or Series of Aggregated Collective Action Securities, or to the Fiscal Agency Agreement insofar as it affects the Securities of this Series or Series of Aggregated Collective Action Securities, that would: (A) change the due date for the payment of the principal of (or premium, if any) or any installment of interest of the Securities of this Series or Series of Aggregated Collective Action Securities, (B) reduce the principal amount of the Securities of this Series or Series of Aggregated Collective Action Securities, the portion of such principal amount that is payable upon acceleration of the maturity of the Securities of this Series or Series of Aggregated Collective Action Securities, the interest rate thereon or the premium payable upon redemption thereof (C) change the coin or currency in which payment with respect to interest, premium or principal in respect of Securities of this Series or Series of Aggregated Collective Action Securities is payable or the place or places in which any such payment is required to be made, (D) shorten the period during which the Issuer is not permitted to redeem the Securities of this Series or Series of Aggregated Collective Action Securities, or permit the Issuer to redeem the Securities of this Series or Series of Aggregated Collective Action Securities, if prior to such action, the Issuer is not permitted to do so, (E) reduce the proportion of the principal amount of the Securities of this Series or Series of Aggregated Collective Action Securities, the vote or consent of the holders of which is necessary to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the Securities of this Series or Series of Aggregated Collective Action Securities or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided hereby or thereby to be made, taken or given, (F) change the obligation of the Issuer to pay additional amounts, if any, pursuant to the Securities of this Series or Series of Aggregated Collective Action Securities, (G) change the governing law provisions of the Securities of this Series or Series of Aggregated Collective Action Securities, (H) change the Issuer’s appointment of an agent for the service of process, the Issuer’s agreement not to raise certain defenses with respect to its sovereign immunity or the Issuer’s agreement to submit to jurisdiction in respect of disputes relating to or arising under the Fiscal Agency Agreement or the Securities of this Series or Series of Aggregated Collective Action Securities, each as set forth in Section 14 of the Fiscal Agency Agreement and in the Securities of this Series or Series of Aggregated Collective Action Securities, (I) except as contemplated in clause (C) of the definition of Technical Modifications, change the ranking of the Securities of this Series or Series of Aggregated Collective Action Securities as set forth in the terms of the Securities of this Series or Series of Aggregated Collective Action Securities, (J) change the definition of “Uniformly Applicable”, “Reserve Matter”, “Reserve Matter Modification” or “Outstanding”, (K) change the method used to calculate any amount payable on the Securities of this Series or Series of Aggregated Collective Action Securities (other than in accordance with the express terms of the Securities of this Series or Series of Aggregated Collective Action Securities and this Fiscal Agency Agreement), or (L) change the identity of the obligor under the Securities of this Series or Series of Aggregated Collective Action Securities.

“Reserve Matter Modification” is any Modification to a Reserve Matter.

“Uniformly Applicable”, in the context of a proposed Cross-Series Modification, means a Modification by which holders of Securities of all Series affected by that Modification are invited to exchange, convert or substitute their Securities on the same terms for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration. It is understood that a Modification will not be considered to be Uniformly Applicable if each exchanging, converting or substituting holder of Securities of any Series affected by that Modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of Securities of any Series affected by that Modification (or, where a menu of instruments or other consideration is offered, each exchanging, converting or substituting holder of Securities of any Series affected by that Modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of Securities of any Series affected by that Modification electing the same option under such menu of instruments).

10. No reference herein to the Fiscal Agency Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

11. If for the purpose of obtaining judgment in any court or from any other tribunal it is necessary to convert a sum due hereunder to the holder of this Security in one currency into another currency (the “judgment currency”), the Issuer and each such holder agree, to the fullest extent that they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such holder could purchase the first currency with such judgment currency in the city which is the principal financial center of the country of issue of the first currency on the date two business days preceding the day on which final judgment is rendered.

The obligation of the Issuer in respect of any sum payable by it to the holder of this Security shall, notwithstanding any judgment in a judgment currency other than that in which such sum is denominated in accordance with the applicable provisions herein (the “security currency”), be discharged only to the extent that on the business day following receipt by such holder of any sum adjudged to be so due in the judgment currency, such holder may in accordance with normal banking procedures purchase the security currency with the judgment currency. If the amount of the security currency so purchased is less than the sum originally due to the holder of this Security in the security currency, the Issuer agrees, as a separate and independent obligation and notwithstanding any such judgment, to indemnify such holder against such loss, and if the amount of the security currency so purchased exceeds the sum originally due to such holder, such holder agrees to remit to the Issuer such excess, provided that such holder shall have no obligation to remit any such excess as long as the Issuer shall have failed to pay such holder any obligations due and payable under this Security, in which case such excess may be applied to such obligations of the Issuer hereunder in accordance with the terms hereof.

12. THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA WITHOUT REGARD TO THOSE PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK, UNITED STATES OF AMERICA; PROVIDED, HOWEVER, THAT AUTHORIZATION AND EXECUTION OF THIS SECURITY BY THE ISSUER SHALL BE GOVERNED BY THE LAWS OF THE REPUBLIC OF PANAMA.

13. The Issuer irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in The City of New York and any court of competent jurisdiction sitting in the Republic of Panama, and any appellate court from any thereof, in any suit, action or proceeding arising out of or relating to the Fiscal Agency Agreement and any Security (a "Related Proceeding") and the Issuer hereby irrevocably agrees that all claims in respect of any Related Proceeding may be heard and determined in such New York State or federal court or any court of competent jurisdiction sitting in the Republic of Panama. The Issuer hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any Related Proceeding and any objection to any Related Proceeding whether on the grounds of venue, residence or domicile. The Issuer hereby agrees that a final judgment in any Related Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or any other manner provided by law.

The Issuer hereby appoints and agrees to maintain the person for the time being and from time to time acting as or discharging the function of Consul General of the Republic of Panama in The City of New York (the "Process Agent"), with an office on the date hereof at 244 W 54th Street, Suite 701, New York, New York, 10019, United States, as its agent to receive on behalf of the Issuer and its property service of copies of the summons and complaint and any other process which may be served in any Related Proceeding in such New York State or federal court sitting in The City of New York. The Issuer hereby agrees that such service may be made by U.S. registered mail or by delivering by hand a copy of such process to the Issuer in care of the Process Agent at the address specified above for the Process Agent (and the Issuer hereby agrees that such service will be effective upon the mailing or delivery by hand of such process to the Office of the Process Agent), and the Issuer hereby authorizes and directs the Process Agent to accept on its behalf such service. The Issuer hereby agrees that failure of the Process Agent to give notice to the Issuer, or failure of the Issuer to receive notice of such service of process, shall not affect in any way the validity of such service on the Process Agent or the Issuer. The Issuer hereby irrevocably consents to the service of any and all process in any Related Proceeding in a New York State or federal court sitting in The City of New York by sending by U.S. registered mail copies of such process to the Issuer at the Ministry of Economy and Finance (and the Issuer hereby agrees that such service will be effective seven days after mailing thereof). The Issuer hereby covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of the Process Agent in full force and effect, and to cause the Process Agent to continue to act as such. In addition, the Issuer hereby agrees that no documents or agreements to which it is a party or to which it or its property is subject will affect the right of any party to serve legal process in any other manner permitted by law or affect the right of any party to bring any suit, action or proceeding against any other party or its property in the courts of any other jurisdiction.

To the extent that the Issuer has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Issuer hereby irrevocably agrees not to claim and will irrevocably waive such immunity in respect of any Related Proceeding, and, without limiting the generality of the foregoing, the Issuer hereby agrees that such waivers shall have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States and are intended to be irrevocable for purposes of such Act. Notwithstanding the foregoing, the execution on or attachment of revenues, assets and property of the Issuer located in the Republic through the courts of the Republic, both prior to and post-judgment, shall be subject to the provisions of Articles 1047, 1048, 1650(#14) and 1939 of the Judicial Code of the Republic of Panama.

Notwithstanding the foregoing, the Issuer does not consent to service of process or waive sovereign immunity with respect to actions brought against it under United States federal securities laws or any securities laws of any states of the United States, and the Issuer's appointment of the Process Agent hereunder does not extend to such actions.

14. To the extent permitted by law, all claims against the Issuer for payment of principal of or premium if any, or interest on, or in respect of, the Securities (including Additional Amounts) shall be prescribed unless made within five years from the date on which such payment first became due.

15. The Issuer may, from time to time, without the consent of the holders of any Security of this Series, create and issue additional Securities having terms and conditions the same as the Securities of this Series, or the same except for the amount of the first payment of interest, which additional Securities may be consolidated and form a single series with the outstanding Securities of this Series; provided that such additional Securities do not have, for purposes of U.S. federal income taxation (regardless of whether any holders of such Securities are subject to the U.S. federal tax laws), a greater amount of original issue discount than the Securities of this Series have as of the date of the issue of such additional Securities.

16. All notices to the holders of definitive Securities of this Series will be given by publishing such notices in a leading newspaper having general circulation in London and New York. All notices to the holders while the Securities of this Series are in book-entry form, will be sent to depositary or its nominee, as a holder thereof, and the depositary will communicate such notices to its participants in accordance with its standard rules. In addition, if and so long as the Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, notices to holders of the Securities will be published in a leading newspaper with general circulation in Luxembourg or by publication on the website of the Luxembourg Stock Exchange at <http://www.bourse.lu>. Notice will be considered given on the date of its first publication.

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REGISTERED GLOBAL SECURITY

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ISIN No. US698299BS24
Common Code: 243441242

THIS SECURITY IS A DEFINITIVE REGISTERED GLOBAL SECURITY WITHIN THE MEANING OF THE FISCAL AGENCY AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE FISCAL AGENCY AGREEMENT.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE REPUBLIC OF PANAMA OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE REPUBLIC OF PANAMA

4.500% Global Bonds due 2063

No. []

U.S.\$[]

THE REPUBLIC OF PANAMA (herein called the “Issuer” or the “Republic”), for value received, hereby unconditionally promises to pay to CEDE & CO., or registered assigns, the principal sum of [] (the “Principal Amount”) IN UNITED STATES DOLLARS (U.S.\$[]) in three consecutive annual installments on January 19 of each year (each, a “Principal Payment Date”), commencing on January 19, 2061 and ending on January 19, 2063 (such final installment, the “Stated Maturity”), the payment to be made on the first Principal Payment Date to equal 1/3 (one third) of the then-current Principal Amount outstanding, the payment to be made on the second Principal Payment Date to equal 1/2 (one half) of the then-current Principal Amount outstanding, and the payment to be made at the Stated Maturity to equal the then-current Principal Amount outstanding; and to pay interest on the Principal Amount outstanding from January 19, 2022, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on January 19 and July 19 of each year, commencing July 19, 2022 (each an “Interest Payment Date”), at the rate of 4.500% per annum, until the aggregate Principal Amount is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Fiscal Agency Agreement hereinafter referred to, be paid to the person (the “registered holder”) in whose name this Security is registered at the close of business on January 4 or July 4 (whether or not a business day), as the case may be (each a “Regular Record Date”), next preceding such Interest Payment Date. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the registered holder on such Regular Record Date and may either (i) be paid to the person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on a special record date for the payment of such interest to be fixed by the Issuer, notice whereof shall be given to registered holders of Securities of this Series not less than 10 days prior to such special record date, or (ii) be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this Series may be listed, and upon such notice as may be required by such exchange.

Principal of and any premium on this Security shall be payable against surrender of this Security at the corporate trust office of the Fiscal Agent hereinafter referred to and at the offices of such other Paying Agents as the Issuer shall have appointed pursuant to the Fiscal Agency Agreement. Payment of the principal hereof and of any premium on this Security shall be made against surrender of this Security, and payments of interest and principal on this Security shall be made, in accordance with the foregoing and subject to applicable laws and regulations, by check mailed on or before the due date for such payment to the person entitled thereto at such person’s address appearing on the aforementioned register or, in the case of payments of principal and any premium to such other address as the registered holder may

specify upon such surrender; provided, however, that any payments shall be made, in the case of a registered holder of at least U.S.\$1,000,000 aggregate principal amount of Securities, by transfer to an account denominated in U.S. dollars maintained by the payee with a bank if such registered holder so elects by giving notice to the Fiscal Agent, not less than 15 days (or such fewer days as the Fiscal Agent may accept at its discretion) prior to the date of the payments to be obtained, of such election and of the account to which payments are to be made. The Issuer covenants that until this Security has been delivered to the Fiscal Agent for cancellation, or monies sufficient to pay the principal of and interest on this Security have been made available for payment and either paid or returned to the Issuer as provided herein, it will at all times maintain offices or agencies in The City of New York and (so long as the Securities are listed on the Luxembourg Stock Exchange and such Exchange shall so require) in Luxembourg for the payment of the principal of and interest on the Securities as herein provided.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Fiscal Agent by manual signature, this Security shall not be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Dated: January 19, 2022

REFRENDO: CONTRALORIA
GENERAL DE LA REPUBLICA
DE PANAMA

REPUBLIC OF PANAMA

By _____
Name:
Title:

By _____
Name:
Title:

Executed in: _____

Executed in: _____

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Fiscal Agency Agreement.

THE BANK OF NEW YORK MELLON
(successor to JPMorgan Chase Bank, N.A.)
as Fiscal Agent

By _____
Name:
Title:

1. This Security is one of a duly authorized issue of securities of the Issuer (herein called the "Securities"), issued and to be issued in one or more series in accordance with a Fiscal Agency Agreement, dated as of September 26, 1997, as amended by Amendment No. 1 thereto, dated as of September 4, 2003, by Amendment No. 2 thereto, dated as of February 13, 2015, and by Amendment No. 3, thereto, dated as of October 26, 2016, as the same may be further amended from time to time (herein called the "Fiscal Agency Agreement"), between the Issuer and The Bank of New York Mellon (successor to JPMorgan Chase Bank, N.A.), as Fiscal Agent (herein called the "Fiscal Agent", which term includes any successor fiscal agent under the Fiscal Agency Agreement), copies of which Fiscal Agency Agreement are on file and available for inspection at the corporate trust office of the Fiscal Agent in The City of New York and, for so long as the Securities are listed on the Luxembourg Stock Exchange and such Exchange shall so require, at the office of the Paying Agent hereinafter named in Luxembourg. This Security is one of the series designated on the face hereof, which series is initially limited in aggregate principal amount to U.S.\$1,500,000,000 or its equivalent in another currency or composite currency outstanding at any one time (which amount may be increased at the option of the Issuer if in the future it determines that it may wish to sell additional Securities of this Series, subject to Paragraph 15 below). The Securities are Equal Ranking Securities and Aggregated Collective Action Securities under the Fiscal Agency Agreement. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Fiscal Agency Agreement.

The Securities are direct, unsubordinated, unconditional and general obligations of the Issuer and will rank without any preference among themselves. The Securities rank and will rank without any preference among themselves and equally with all other unsecured and unsubordinated Public Indebtedness of the Issuer. It is understood that this provision shall not be construed so as to require the Issuer to make payments under the Securities ratably with payments being made under any other Public Indebtedness. Except as provided in the next succeeding paragraph, the Securities shall be unsecured obligations of the Issuer. The full faith and credit of the Republic of Panama is pledged for the due and punctual payment of all the Securities and for the due and timely payment of all obligations of the Issuer in respect thereof.

The Issuer undertakes that so long as any Securities remain outstanding, it shall not create or permit to subsist any Lien (as defined below) upon the whole or any parts of its assets or revenues to secure any Public External Indebtedness (as defined below) upon the whole or any part of its assets or revenues to secure any Public External Indebtedness (as defined below) of the Issuer, unless, at the same time or prior thereto, the Issuer's obligations under the Securities either (i) are secured equally and ratably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the holders of the Securities (as provided in Paragraph 9 below); provided, however, that the Issuer may create or permit to subsist:

(a) any Lien upon property to secure Public External Indebtedness of the Issuer incurred for the purpose of financing the acquisition of such property and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures only the renewal or extension of the original secured financing;

(b) any Lien existing on such property at the time of its acquisitions to secure Public External Indebtedness of the Issuer and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures only the renewal or extension of the original secured financing;

(c) any Lien in existence on the date of issue of the Securities, including any renewal or extension thereof which secures only the renewal or extension of the original secured financing;

(d) any Lien securing Public External Indebtedness incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project and any renewal or extension of such Lien, provided that (a) the holders of such Public External Indebtedness expressly agree to limit their recourse to the assets and revenues of such project, and all proceeds (including, without limitation, any insurance proceeds), products and all additions, substitutions, replacements and accessions of or to any such assets or revenues, as the principal source of repayment of such Public Indebtedness and (b) the property over which such Lien is granted consists solely of such assets and revenues and proceeds;

(e) any Lien on the properties or revenues of the *Fondo de Ahorro de Panamá* (“FAP”) created by Law No. 38 of 2012 or any Lien on the properties or revenues of the Development Trust Fund assumed by the FAP as successor of the Development Trust Fund, provided that the equivalent in U.S. dollars of the amount secured by such Liens shall not at any time exceed the amount of all contributions to the FAP from (A) the assets of the Development Trust Fund transferred to the FAP, (B) any contribution from the Panama Canal Authority to the National Treasury that is greater than 3.5% of the nominal GDP of the year in effect, starting with the fiscal year 2015; (C) the proceeds from the sale of any stock in Mixed Companies (as defined below); (D) sums bequeathed or donated to the FAP by any person other than the Republic of Panama or any governmental agency or affiliate thereof, and (E) any earnings on properties or revenues received pursuant to clauses (A) to (D), and any renewal or extension of any such Lien which is limited to the original properties or revenues covered thereby; and

(f) Liens in addition to those permitted by clauses (a) through (e) above, and any renewal or extension thereof, provided that the aggregate amount of Public External Indebtedness secured by such additional Liens shall not exceed the equivalent of U.S.\$25,000,000.

For purposes of the Securities:

“Indebtedness” means any payment obligation (whether pursuant to a guarantee or otherwise), including any contingent liability, for borrowed money or arising from bonds, debentures, notes or other similar instruments;

“Lien” means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or preferential arrangement which has the practical effect of constituting a security interest with respect to the payment of any obligations with or from revenues or the proceeds of any asset of any kind whether in effect on the date that the Fiscal Agency Agreement becomes effective or any time thereafter;

“Mixed Companies” means the following companies or their successors: AES Panamá, S.A.; Bahía Las Minas Corp.; Cable & Wireless Panamá, S.A.; Elektra Noreste, S.A.; Empresa de Distribución Eléctrica Chiriquí, S.A.; Empresa de Distribución Eléctrica Metro-Oeste, S.A.; Enel Fortuna, S.A.; Energía y Servicios de Panamá, S.A.; Panamá Ports Company, S.A. and Petroterminal de Panamá, S.A.;

“Public External Indebtedness” means any Public Indebtedness which is not issued pursuant to agreements or evidenced by instruments that submit the resolution of all disputes arising thereunder to the exclusive jurisdiction of the courts of the Republic; and

“Public Indebtedness” means any Indebtedness of, or guaranteed by, the Republic which (i) is publicly offered or privately placed in security markets, (ii) is in the form of, or represented by, bonds, notes or other securities or any guarantees thereof, (iii) is, or was intended at the time of issue to be, quoted, listed or traded on any stock exchange, automated trading system or over-the-counter or other securities market (including, without prejudice to the generality of the foregoing, securities eligible for sale pursuant to Rule 144A under the United States Securities Act of 1933, as amended (or any successor law or regulation of similar effect)) and (iv) has an original maturity of more than one year or is combined with a commitment so that the original maturity of one year or less may be extended at the option of the Republic to a period in excess of one year.

2. The Securities are issuable in fully registered form. Securities are issuable in authorized denominations of U.S.\$200,000 and integral multiple of U.S.\$1,000 in excess thereof.

3. The Issuer shall maintain in The City of New York, an office or agency where Securities may be surrendered for registration of transfer or exchange. The Issuer has initially appointed the corporate trust office of the Fiscal Agent as its agent in The City of New York for such purpose and has agreed to cause to be kept at such office a register in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Securities and registration of transfers of Securities. In addition, the Issuer has appointed the main offices of The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg as an additional agency (a “Transfer Agent”) where Securities may be surrendered for registration of transfer or exchange. The Issuer reserves the right to vary or terminate the appointment of the Fiscal Agent as security registrar or of any Transfer Agent or to appoint additional or other registrars or Transfer Agents or to approve any change in the office through which any security registrar or any Transfer Agent acts, provided that there will at all times be a security registrar in The City of New York, and (so long as the Securities are listed on the Luxembourg Stock Exchange and such Exchange shall so require) a Transfer Agent in Luxembourg.

The transfer of a Security is registrable on the aforementioned register upon surrender of such Security at the corporate trust office of the Fiscal Agent or any Transfer Agent duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Fiscal Agent duly executed by, the registered holder thereof or his attorney duly authorized in writing. Upon such surrender of this Security for registration of transfer, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities, dated the date of authentication thereof, of any authorized denominations and of a like aggregate principal amount.

At the option of the registered holder upon request confirmed in writing, Securities may be exchanged for Securities of any authorized denominations and of a like tenor, form and aggregate principal amount upon surrender of the Securities to be exchanged at the office of any Transfer Agent or at the corporate trust office of the Fiscal Agent. Whenever any Securities are so surrendered for exchange, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver, the Securities which the registered holder making the exchange is entitled to receive. Any registration of transfer or exchange will be effected upon the Transfer Agent or the Fiscal Agent, as the case may be, being satisfied with the documents of title and identity of the person making the request and subject to such reasonable regulations as the Issuer may from time to time agree with the Transfer Agents and the Fiscal Agent.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits, as the Securities surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith, other than an exchange in connection with a partial redemption of a Security not involving any registration of a transfer.

Prior to due presentment of this Security for registration of transfer, the Issuer, the Fiscal Agent and any agent of the Issuer or the Fiscal Agent may treat the person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Issuer nor the Fiscal Agent nor any such agent shall be affected by notice to the contrary.

4. The Issuer shall pay to the Fiscal Agent at its principal office in The City of New York, not later than 10:00 a.m. (New York City time) on the business day in New York prior to each Interest Payment Date, redemption date or Principal Payment Date of the Securities, in such amounts sufficient (with any amounts then held by the Fiscal Agent and available for the purpose) to pay the interest on, and the principal of, the Securities due and payable on such Interest Payment Date, redemption date or Principal Payment Date, as the case may be. The Fiscal Agent shall apply the amounts so paid to it to the payment of such interest and principal in accordance with the terms of the Securities. Any monies paid by the Issuer to the Fiscal Agent for the payment of the principal of or interest on any Securities and remaining unclaimed at the end of two years after such principal or interest shall have become due and payable (whether at maturity, redemption or otherwise) shall then be repaid to the Issuer upon its written request, and upon such repayment all liability of the Fiscal Agent with respect thereto shall cease, without, however, limiting in any way any obligation the Issuer may have to pay the principal of and interest on this Security as the same shall become due.

In any case where the due date for the payment of the principal of or interest on any Security shall be at any place of payment a day on which banking institutions are authorized or obligated by law or executive order to close, then payment of principal or interest need not be made on such date at such place but may be made on the next succeeding day at such place which is not a day on which banking institutions are authorized or obligated by law or executive order to close, with the same force and effect as if made on the date for such payment, and no interest shall accrue for the period after such date.

5. All payments of principal and interest in respect of the Securities shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by the Republic or any other jurisdiction from which or through which payment is made to the holders of Securities in respect of the Securities or any political subdivision or authority thereof or therein having power to tax ("Taxes"), unless such taxing jurisdiction is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer shall make such withholding, make payment of the amount so withheld to the appropriate governmental authority and forthwith pay such additional amounts ("Additional Amounts") as may be necessary to ensure that the net amounts receivable by each holder of Securities after such withholding or deduction shall equal the payment which would have been receivable by such holder in respect of such Securities in the absence of such withholding or deduction. No such Additional Amounts shall be payable:

(a) in respect of any Security or Coupon held by or on behalf of a holder who is liable for such Taxes by reason of such holder having some connection with the Republic otherwise than merely by the holding of such Security or by the receipt of principal, premium, if any, or interest in respect thereof; or

(b) in respect of any Security held by or on behalf of a holder who is liable for such Taxes by reason of such holder's failure to comply with any reasonable certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Republic, or any political subdivision or taxing authority thereof or therein, of such holder or the holder of any interest in such Security or rights in respect thereof, if compliance is required by the Republic, or any political subdivision or taxing authority thereof or therein, as a precondition to exemption from such deduction or withholding; provided, however, that the limitations on the Issuer's obligations to pay Additional Amounts set forth in this clause (b) shall not apply if such certification, identification, or other reporting requirement would be materially more onerous, in form, in procedure, or in substance of information disclosed by the relevant holders or beneficial owners than comparable information or other reporting requirements imposed under United States tax law, regulation and administrative practice; or

(c) in respect of any Security held by or on behalf of a holder who is liable for such Taxes by reason of the failure of such holder to present such holder's Security for payment (where such presentation is required) within 30 calendar days after the date on which such payment thereof became due and payable or is duly provided for and notice thereof is given to the holder, whichever occurs later, except to the extent that such holder would have been entitled to Additional Amounts in respect of such Taxes on presenting such Security for payment on any date within such 30 calendar days.

The Issuer shall pay all stamp and other duties, if any, which may be imposed by the Republic, the United States or any political subdivision thereof or taxing authority of or in the foregoing with respect to the Fiscal Agency Agreement or the original issuance of this Security.

Except as specifically provided in this Security, the Issuer shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein. Whenever in this Security there is a reference, in any context, to the payment of the principal of or interest on, or in respect of, any Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of Paragraph 5 and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

6. In the event any of the following shall occur (each an "Event of Default"):

- (a) default in any payment of principal of or premium on any Security of this Series and the continuance of such default for a period of 15 calendar days; or
- (b) default in any payment of interest on any Security of this Series and the continuance of such default for a period of 30 calendar days; or
- (c) default in the performance of any other obligation under the Securities of this Series and the continuance of such default for a period of 60 calendar days after written notice requiring the same to be remedied shall have been given to the Fiscal Agent by the holder of any Security of this Series; or
- (d) acceleration of any aggregate principal amount of Public Indebtedness of the Republic in excess of U.S.\$25,000,000 (or its equivalent in any other currency) by reason of an event of default (however described) resulting from the failure either to make any payment of principal, premium or interest thereunder when due; or
- (e) failure to make any payment in respect of Public Indebtedness of the Republic in an aggregate principal amount in excess of U.S.\$25,000,000 (or its equivalent in any other currency) when due (whether at stated maturity, by acceleration or otherwise) (as such date may be extended by any applicable grace period or waiver) and the continuance of such failure for a period of 30 calendar days after written notice requiring the same to be remedied shall have been given to the Fiscal Agent by the holder of any Security of a Series; or

(f) declaration by the Republic of a moratorium with respect to the payment of principal of, or premium or interest on Public External Indebtedness of the Republic which does not expressly exclude the Securities of this Series; or

(g) denial or repudiation by the Republic of its obligations under the Securities of this Series;

then the registered holder of this Security may, at such holder's option so long as an Event of Default is continuing, declare the principal of and any accrued interest on all Securities of this Series to be immediately due and payable by written notice to the Issuer and the Fiscal Agent at its corporate trust office, and unless all defaults shall have been cured by the Issuer prior to receipt of such written notice, such principal and interest shall become and be immediately due and payable; provided, however, that any notice declaring the Securities of this Series due and payable shall become effective only when the Fiscal Agent has received such notice from the holders of not less than 25% in aggregate principal amount of the Securities of this Series then Outstanding. If any Event of Default shall give rise to a declaration which shall be effective and all Events of Default shall cease to continue following such declaration, then such declaration may be rescinded and annulled by the affirmative vote or written consent of the holders of not less than 50% in aggregate principal amount of the Securities of this Series then Outstanding in accordance with the procedures set forth in Paragraph 9 below.

7. Prior to July 19, 2062 (the "Par Call Date"), the Securities of this Series shall be redeemable, in whole or in part, at the option of the Issuer at any time and from time to time, at a redemption price (expressed as a percentage of principal amount rounded to three decimal places) equal to the greater of (1) 100% of the principal amount of the Securities being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities being redeemed (excluding the portion of any such interest accrued to the redemption date) discounted to the redemption date (assuming the Securities matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 40 basis points less interest accrued to the date of redemption.

On or after the Par Call Date, the Securities of this Series shall be redeemable, in whole or in part, at the option of the Issuer at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities being redeemed plus accrued and unpaid interest to the date of redemption.

Notice of any redemption shall be mailed or electronically delivered (or otherwise transmitted in accordance with the depository's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of the Securities to be redeemed with a copy to the Fiscal Agent; provided, however, if the Fiscal Agent is asked to give such notice, it shall be notified in writing of such request at least five (5) days prior to the date of the giving of such notice (unless a shorter notice shall be satisfactory to the Fiscal Agent).

For purposes of the Securities:

“Treasury Rate” means with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily)–H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities- Treasury constant maturities- Nominal” (or any successor caption or heading). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period (the “Remaining Life”) from the redemption date to the date that reflects the remaining Weighted Average Life of the global bonds (assuming the last amortization payment on the global bonds is made on the Par Call Date) (the “WAL Date”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the WAL Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the WAL Date, as applicable. If there is no United States Treasury security maturing on the WAL Date but there are two or more United States Treasury securities with a maturity date equally distant from the WAL Date, one with a maturity date preceding the WAL Date and one with a maturity date following the WAL Date, the Issuer shall select the United States Treasury security with a maturity date preceding the WAL Date. If there are two or more United States Treasury securities maturing on the WAL Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

“Weighted Average Life” at any date means the number of years obtained by dividing: (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment in respect of the Securities, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such installment payment; by (2) the then outstanding principal amount of the Securities.

The Issuer’s actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

In the case of a partial redemption, selection of the Securities for redemption will be made pro rata, by lot or by such other method as the Fiscal Agent in its sole discretion deems fair and appropriate. No Securities of a principal amount of U.S.\$200,000 or less will be redeemed in part. If any Security is to be redeemed in part only, the notice of redemption that relates to the Security will state the portion of the principal amount of the Security to be redeemed. A new Security in a principal amount equal to the unredeemed portion of the Security will be issued in the name of the holder of the Security upon surrender for cancellation of the original Security. For so long as the Securities are held by DTC (or another depository), the redemption of the Securities shall be done in accordance with the policies and procedures of the depository.

Unless the Issuer defaults in the payment of the redemption price, on and after the redemption date interest will cease to accrue on the Securities or portions thereof called for redemption.

8. If any mutilated Security is surrendered to the Fiscal Agent, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver in exchange therefor, a new Security of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If there be delivered to the Issuer and the Fiscal Agent (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of each of them harmless, then, in the absence of notice to the Issuer or the Fiscal Agent that such Security has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Fiscal Agent shall authenticate and deliver in lieu of any such destroyed, lost or stolen Security a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

Upon the issuance of any new Security under this Paragraph 8, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and the expenses of the Fiscal Agent) connected therewith.

Every new Security issued pursuant to this Paragraph 8 in lieu of any destroyed, lost or stolen Security, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone.

Any new Security delivered pursuant to this Paragraph 8 shall be so dated that neither gain nor loss in interest shall result from such exchange.

The provisions of this Paragraph 8 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

9. The Issuer and the Fiscal Agent, may without the consent of any holder of the Securities, agree to a Modification of the Securities of this Series or to the Fiscal Agency Agreement as it relates to the Securities of this Series for the purpose of: (A) adding to the covenants of the Issuer for the benefit of the holders of the Securities of this Series, (B) surrendering any right or power conferred upon the Issuer, (C) securing the Securities of this Series pursuant to the requirements of the Securities of this Series or otherwise, (D) curing any ambiguity, or curing, correcting or supplementing any defective provision hereof or (E) amending the Fiscal Agency Agreement or the Securities of this Series in any manner which the Issuer and the Fiscal Agent may determine and which shall not adversely affect the interest of any holder of Securities of this Series in any material respect (each such modification, a "Technical Modification"). Any such Technical Modification shall be binding on all holders of the Securities of this Series, and unless the Fiscal Agent otherwise requires, the Issuer shall provide notice of any such Technical Modification to the Fiscal Agent for onward distribution to such holders of the Securities of this Series as soon as practicable thereafter.

Modifications proposed by the Issuer to the terms and conditions of the Securities of this Series, or to the Fiscal Agency Agreement insofar as they affect only the Securities of this Series, that are not Reserve Matter Modifications or Technical Modifications, may be approved by holders of the Securities of this Series (by vote at a meeting of the holders of Securities of this Series or by a written consent of such holders of Securities of this Series), and future compliance therewith may be waived, with the written consent of the Issuer and the affirmative vote (if approved at a meeting of the holders of the Securities of this Series) or consent (if approved by a written action) of holders of more than 50% of the aggregate principal amount of the Outstanding Securities of this Series.

Reserve Matter Modifications proposed by the Issuer may be approved by holders of Securities of this Series (by vote at a meeting of the holders of the Securities of this Series or by a written consent of such holders) in one of three ways (each, a "Modification Method"): (A) by the holders of the Aggregated Collective Action Securities of each Series subject to the proposed Modification (a "Single Series Reserve Matter Modification"), (B) for proposed Cross-Series Modifications (as defined below) that are Uniformly Applicable (as defined below), by the holders of two or more Series of Aggregated Collective Action Securities whose votes or written consents will be aggregated for the purpose of determining whether the approval threshold has been met (a "Cross-Series Modification with Single Aggregated Voting"), and (C) for proposed Cross-Series Modifications that are not Uniformly Applicable, by the holders of two or more Series of Aggregated Collective Action Securities whose votes or written consents (x) taken together, must meet an aggregated approval threshold and (y) taken separately for each Series of Securities covered by that proposed Cross-Series Modification, must meet a separate approval threshold (a "Cross-Series Modification with Two Tier Voting"). The Issuer shall have the discretion to select a Modification Method for a proposed Reserve Matter Modification and to designate which Series of Aggregated Collective Action Securities will be included in the aggregated voting for a proposed Cross-Series Modification; provided, however, that once the Issuer selects a Modification Method and designates the Series of Aggregated Collective Action

Securities that will be subject to a proposed Cross-Series Modification, those elections will be final for purposes of that vote or consent solicitation. The Issuer may simultaneously propose two or more Cross-Series Modifications, each affecting different Series of Aggregated Collective Action Securities, or one or more Cross-Series Modifications together with one or more Single Series Modifications.

Modifications may also be approved by holders of the Securities of this Series pursuant to a written action consented to by holders of the requisite percentage of Securities of this Series. If a proposed Modification is to be approved by a written action, the Issuer shall provide the consent solicitation to the Fiscal Agent for onward distribution to the relevant holders of the Securities to the proposed Modification not less than 10, nor more than 30, days prior to the expiration date for the receipt of such consents specified by the Issuer. If the consent solicitation relates to a proposal for a Cross-Series Modification, the solicitation shall include an indication of (x) which Series of Securities will be aggregated for purposes of consenting to that proposal and (y) the Modification Method chosen by the Issuer for the consent regarding that proposal. For consent solicitations relating to Reserve Matter Modifications, the solicitation shall also include any information required to be provided by the Issuer pursuant to Section 11(f)(i)(h) and Section 11(f)(iv) of the Fiscal Agency Agreement.

Any Modification constituting or including a Reserve Matter Modification to the terms and conditions of the Securities of this Series, or to the Fiscal Agency Agreement insofar as it affects the Securities of this Series, may be made, and future compliance therewith may be waived, with the written consent of the Issuer and the affirmative vote or consent of holders of more than 75% of the aggregate principal amount of the Outstanding Securities of this Series.

Any Cross-Series Modification constituting or including a Reserve Matter Modification that is Uniformly Applicable to the terms and conditions of the Securities of this Series and one or more Series of Aggregated Collective Action Securities, or to the Fiscal Agency Agreement insofar as it affects the Securities of this Series and one or more Series of Aggregated Collective Action Securities, may be made, and future compliance therewith may be waived, with the written consent of the Issuer and the affirmative vote or consent of holders of more than 75% of the aggregate principal amount of the Outstanding Series of Aggregated Collective Action Securities affected by the proposed Modification (taken in the aggregate).

Any Cross-Series Modification constituting or including a Reserve Matter Modification to the terms and conditions of the Securities of this Series and one or more Series of Aggregated Collective Action Securities may be made, and future compliance therewith may be waived, with the written consent of the Issuer and: (A) the affirmative vote or consent of holders of more than 66 2/3% of the aggregate principal amount of the Outstanding Securities of all the Series of Aggregated Collective Action Securities affected by that proposed Modification (taken in the aggregate), and (B) the affirmative vote or consent of holders of more than 50% of the aggregate principal amount of the Outstanding Aggregated Collective Action Securities of each Series affected by that proposed Modification (taken individually).

It is understood that a Cross-Series Modification constituting or including a Reserve Matter Modification to the terms and conditions of the affected Securities that is not Uniformly Applicable must be effected pursuant to the paragraph immediately preceding this paragraph; a Cross-Series Modification that is Uniformly Applicable may be effected pursuant to the paragraph immediately preceding the preceding paragraph or to the immediately preceding paragraph, at the Issuer's option.

For purposes of Securities of this Series the following terms have the definitions as follows:

“Aggregated Collective Action Securities” means any debt securities of any Series issued after February 13, 2015 that are in their terms explicitly stated to be “Aggregated Collective Action Securities”.

“Cross-Series Modification” means a Modification constituting a Reserve Matter affecting two or more Series of Aggregated Collective Action Securities.

“Modification” means any modification, amendment, supplement or waiver affecting one or more Series of Aggregated Collective Action Securities, including those effected by way of exchange or conversion.

“Outstanding” for purposes of the Fiscal Agency Agreement and the Securities of any Series, any Security of such Series authenticated and delivered pursuant to the Fiscal Agency Agreement shall, as of any date of determination, be deemed to be Outstanding, except: (A) Securities theretofore cancelled by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and not reissued; (B) Securities which have been called for redemption in accordance with their terms or which have become due and payable at maturity or otherwise and with respect to which monies sufficient to pay the principal thereof (and premium, if any) and any interest thereon shall have been paid or duly provided for; or (C) Securities of a Series in lieu of or in substitution for which other Securities of such Series shall have been authenticated and delivered pursuant to the Fiscal Agency Agreement; provided, however, that in determining whether the holders of the requisite principal amount of Outstanding Securities of a Series have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement hereunder, (i) the principal amount of a Security which by its terms provides for an amount other than the stated face amount to be due and payable upon a declaration of acceleration of the maturity thereof or at the stated maturity (a “Variable Principal Security”) that shall be deemed to be Outstanding shall be either (A) the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof or (B) such other amount not in excess of the stated face amount, as may be specified in such Security, (ii) the principal amount of a Security denominated in a foreign currency or currencies shall be the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the principal amount (or, in the case of a Variable Principal Security, the U.S. dollar equivalent, determined on the date of original issuance of such Security, of the amount determined on the date provided in (i) above) of such Security, and (iii) Securities of such Series owned, directly or indirectly, by the Issuer or Public Sector Instrumentalities thereof shall be disregarded and deemed not to be Outstanding, except that in determining whether the Fiscal Agent shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement, only Securities that a Responsible Officer of the Fiscal Agent knows to be so owned shall be so disregarded.

“Public Sector Instrumentality” means any department, ministry or agency of the national government of the Issuer or any corporation, trust, financial institution or other entity owned or controlled by the national government of the Issuer, any political subdivision of the Issuer or any of the foregoing, and “control” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

“Reserve Matter” means any Modification to the terms and conditions of the Securities of this Series or Series of Aggregated Collective Action Securities, or to the Fiscal Agency Agreement insofar as it affects the Securities of this Series or Series of Aggregated Collective Action Securities, that would: (A) change the due date for the payment of the principal of (or premium, if any) or any installment of interest of the Securities of this Series or Series of Aggregated Collective Action Securities, (B) reduce the principal amount of the Securities of this Series or Series of Aggregated Collective Action Securities, the portion of such principal amount that is payable upon acceleration of the maturity of the Securities of this Series or Series of Aggregated Collective Action Securities, the interest rate thereon or the premium payable upon redemption thereof (C) change the coin or currency in which payment with respect to interest, premium or principal in respect of Securities of this Series or Series of Aggregated Collective Action Securities is payable or the place or places in which any such payment is required to be made, (D) shorten the period during which the Issuer is not permitted to redeem the Securities of this Series or Series of Aggregated Collective Action Securities, or permit the Issuer to redeem the Securities of this Series or Series of Aggregated Collective Action Securities, if prior to such action, the Issuer is not permitted to do so, (E) reduce the proportion of the principal amount of the Securities of this Series or Series of Aggregated Collective Action Securities, the vote or consent of the holders of which is necessary to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the Securities of this Series or Series of Aggregated Collective Action Securities or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided hereby or thereby to be made, taken or given, (F) change the obligation of the Issuer to pay additional amounts, if any, pursuant to the Securities of this Series or Series of Aggregated Collective Action Securities, (G) change the governing law provisions of the Securities of this Series or Series of Aggregated Collective Action Securities, (H) change the Issuer’s appointment of an agent for the service of process, the Issuer’s agreement not to raise certain defenses with respect to its sovereign immunity or the Issuer’s agreement to submit to jurisdiction in respect of disputes relating to or arising under the Fiscal Agency Agreement or the Securities of this Series or Series of Aggregated Collective Action Securities, each as set forth in Section 14 of the Fiscal Agency Agreement and in the Securities of this Series or Series of Aggregated Collective Action Securities, (I) except as contemplated in clause (C) of the definition of Technical Modifications, change the ranking of the Securities of this Series or Series of Aggregated Collective Action Securities as set forth in the terms of the Securities of this Series or Series of Aggregated Collective Action Securities, (J) change the definition of “Uniformly Applicable”, “Reserve Matter”, “Reserve Matter Modification” or “Outstanding”, (K) change the method used to calculate any amount payable on the Securities of this Series or Series of Aggregated Collective Action Securities (other than in accordance with the express terms of the Securities of this Series or Series of Aggregated Collective Action Securities and this Fiscal Agency Agreement), or (L) change the identity of the obligor under the Securities of this Series or Series of Aggregated Collective Action Securities.

“Reserve Matter Modification” is any Modification to a Reserve Matter.

“Uniformly Applicable”, in the context of a proposed Cross-Series Modification, means a Modification by which holders of Securities of all Series affected by that Modification are invited to exchange, convert or substitute their Securities on the same terms for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration. It is understood that a Modification will not be considered to be Uniformly Applicable if each exchanging, converting or substituting holder of Securities of any Series affected by that Modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of Securities of any Series affected by that Modification (or, where a menu of instruments or other consideration is offered, each exchanging, converting or substituting holder of Securities of any Series affected by that Modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of Securities of any Series affected by that Modification electing the same option under such menu of instruments).

10. No reference herein to the Fiscal Agency Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of (and premium, if any, on) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

11. If for the purpose of obtaining judgment in any court or from any other tribunal it is necessary to convert a sum due hereunder to the holder of this Security in one currency into another currency (the “judgment currency”), the Issuer and each such holder agree, to the fullest extent that they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such holder could purchase the first currency with such judgment currency in the city which is the principal financial center of the country of issue of the first currency on the date two business days preceding the day on which final judgment is rendered.

The obligation of the Issuer in respect of any sum payable by it to the holder of this Security shall, notwithstanding any judgment in a judgment currency other than that in which such sum is denominated in accordance with the applicable provisions herein (the “security currency”), be discharged only to the extent that on the business day following receipt by such holder of any sum adjudged to be so due in the judgment currency, such holder may in accordance with normal banking procedures purchase the security currency with the judgment currency. If the amount of the security currency so purchased is less than the sum originally due to the holder of this Security in the security currency, the Issuer agrees, as a separate and independent obligation and notwithstanding any such judgment, to indemnify such holder against

such loss, and if the amount of the security currency so purchased exceeds the sum originally due to such holder, such holder agrees to remit to the Issuer such excess, provided that such holder shall have no obligation to remit any such excess as long as the Issuer shall have failed to pay such holder any obligations due and payable under this Security, in which case such excess may be applied to such obligations of the Issuer hereunder in accordance with the terms hereof.

12. THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA WITHOUT REGARD TO THOSE PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK, UNITED STATES OF AMERICA; PROVIDED, HOWEVER, THAT AUTHORIZATION AND EXECUTION OF THIS SECURITY BY THE ISSUER SHALL BE GOVERNED BY THE LAWS OF THE REPUBLIC OF PANAMA.

13. The Issuer irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in The City of New York and any court of competent jurisdiction sitting in the Republic of Panama, and any appellate court from any thereof, in any suit, action or proceeding arising out of or relating to the Fiscal Agency Agreement and any Security (a "Related Proceeding") and the Issuer hereby irrevocably agrees that all claims in respect of any Related Proceeding may be heard and determined in such New York State or federal court or any court of competent jurisdiction sitting in the Republic of Panama. The Issuer hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any Related Proceeding and any objection to any Related Proceeding whether on the grounds of venue, residence or domicile. The Issuer hereby agrees that a final judgment in any Related Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or any other manner provided by law.

The Issuer hereby appoints and agrees to maintain the person for the time being and from time to time acting as or discharging the function of Consul General of the Republic of Panama in The City of New York (the "Process Agent"), with an office on the date hereof at 244 W 54th Street, Suite 701, New York, New York, 10019, United States, as its agent to receive on behalf of the Issuer and its property service of copies of the summons and complaint and any other process which may be served in any Related Proceeding in such New York State or federal court sitting in The City of New York. The Issuer hereby agrees that such service may be made by U.S. registered mail or by delivering by hand a copy of such process to the Issuer in care of the Process Agent at the address specified above for the Process Agent (and the Issuer hereby agrees that such service will be effective upon the mailing or delivery by hand of such process to the Office of the Process Agent), and the Issuer hereby authorizes and directs the Process Agent to accept on its behalf such service. The Issuer hereby agrees that failure of the Process Agent to give notice to the Issuer, or failure of the Issuer to receive notice of such service of process, shall not affect in any way the validity of such service on the Process Agent or the Issuer. The Issuer hereby irrevocably consents to the service of any and all process in any Related Proceeding in a New York State or federal court sitting in The City of New York by sending by U.S. registered mail copies of such process to the Issuer at the Ministry of Economy and Finance (and the Issuer hereby agrees that such service will be effective seven days after mailing thereof). The Issuer hereby covenants and agrees that it shall take any and all reasonable action, including the

execution and filing of any and all documents, that may be necessary to continue the designation of the Process Agent in full force and effect, and to cause the Process Agent to continue to act as such. In addition, the Issuer hereby agrees that no documents or agreements to which it is a party or to which it or its property is subject will affect the right of any party to serve legal process in any other manner permitted by law or affect the right of any party to bring any suit, action or proceeding against any other party or its property in the courts of any other jurisdiction.

To the extent that the Issuer has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Issuer hereby irrevocably agrees not to claim and will irrevocably waive such immunity in respect of any Related Proceeding, and, without limiting the generality of the foregoing, the Issuer hereby agrees that such waivers shall have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States and are intended to be irrevocable for purposes of such Act. Notwithstanding the foregoing, the execution on or attachment of revenues, assets and property of the Issuer located in the Republic through the courts of the Republic, both prior to and post-judgment, shall be subject to the provisions of Articles 1047, 1048, 1650(#14) and 1939 of the Judicial Code of the Republic of Panama.

Notwithstanding the foregoing, the Issuer does not consent to service of process or waive sovereign immunity with respect to actions brought against it under United States federal securities laws or any securities laws of any states of the United States, and the Issuer's appointment of the Process Agent hereunder does not extend to such actions.

14. To the extent permitted by law, all claims against the Issuer for payment of principal of or premium if any, or interest on, or in respect of, the Securities (including Additional Amounts) shall be prescribed unless made within five years from the date on which such payment first became due.

15. The Issuer may, from time to time, without the consent of the holders of any Security of this Series, create and issue additional Securities having terms and conditions the same as the Securities of this Series, or the same except for the amount of the first payment of interest, which additional Securities may be consolidated and form a single series with the outstanding Securities of this Series; provided that such additional Securities do not have, for purposes of U.S. federal income taxation (regardless of whether any holders of such Securities are subject to the U.S. federal tax laws), a greater amount of original issue discount than the Securities of this Series have as of the date of the issue of such additional Securities.

16. All notices to the holders of definitive Securities of this Series will be given by publishing such notices in a leading newspaper having general circulation in London and New York. All notices to the holders while the Securities of this Series are in book-entry form, will be sent to depositary or its nominee, as a holder thereof, and the depositary will communicate such notices to its participants in accordance with its standard rules. In addition, if and so long as the Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, notices to holders of the Securities will be published in a leading newspaper with general circulation in Luxembourg or by publication on the website of the

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REPUBLIC OF PANAMA
(the “Republic”)

U.S.\$1,000,000,000 3.298% Global Bonds due 2033
U.S.\$1,500,000,000 4.500% Global Bonds due 2063

TERMS AGREEMENT

January 11, 2022

To: The Underwriters identified herein

Ladies and Gentlemen:

The undersigned agrees to sell to the Underwriters named in Schedule A hereto, on and subject to the terms and conditions of the Underwriting Agreement (the “Underwriting Agreement”) attached hereto as Schedule D and filed as an exhibit to the Republic’s registration statement under Schedule B of the Securities Act of 1933 (No. 333-250981) (the “Registration Statement”), the following Offered Securities on the following terms:

| | |
|-------------------|---|
| Title: | 3.298% Global Bonds due 2033 (the “2033 bonds”) 4.500% Global Bonds due 2063 (the “2063 bonds” and, together with the 2033 bonds, the “Offered Securities”) |
| Principal Amount: | For the 2033 bonds: U.S.\$1,000,000,000 For the 2063 bonds: U.S.\$1,500,000,000 |
| Issue Price: | For the 2033 bonds: 100.000% of principal amount plus accrued interest, if any, from January 19, 2022 For the 2063 bonds: 99.375% of principal amount plus accrued interest, if any, from January 19, 2022 |

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|----------------------|---|
| Interest: | <p>For the 2033 bonds: 3.298% per annum, from and including January 19, 2022, payable semi-annually on January 19 and July 19 of each year, commencing July 19, 2022, to holders of record on January 4 and July 4, as the case may be.</p> <p>For the 2063 bonds: 4.500% per annum, from and including January 19, 2022, payable semi-annually on January 19 and July 19 of each year, commencing July 19, 2022, to holders of record on January 4 and July 4, as the case may be.</p> |
| Maturity: | <p>For the 2033 bonds: January 19, 2033</p> <p>For the 2063 bonds: January 19, 2063 The Republic will repay the principal of the 2063 bonds in three equal annual installments on January 19 of each year, commencing on January 19, 2061.</p> |
| Optional Redemption: | <p><i>For the 2033 bonds:</i></p> <p>Prior to October 19, 2032 (three months prior to their maturity date) (the “2033 Par Call Date”), the Republic may redeem the 2033 bonds at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:</p> <p>(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the 2033 bonds matured on the 2033 Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points less (b) interest accrued to the date of redemption, and</p> |

(2) 100% of the principal amount of the 2033 bonds to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the 2033 Par Call Date, the Republic may redeem the 2033 bonds, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2033 bonds being redeemed plus accrued and unpaid interest thereon to the redemption date.

The following terms shall have the following meanings:

“Treasury Rate” means, with respect to any redemption date, the yield determined by the Republic, in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Republic after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily)-H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities- Treasury constant maturities- Nominal” (or any successor caption or heading). In determining the Treasury Rate, the Republic shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the 2033 Par Call Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields - one

yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life - and shall interpolate to the 2033 Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, the Republic shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the 2033 Par Call Date, as applicable. If there is no United States Treasury security maturing on the 2033 Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the 2033 Par Call Date, one with a maturity date preceding the 2033 Par Call Date and one with a maturity date following the 2033 Par Call Date, the Republic shall select the United States Treasury security with a maturity date preceding the 2033 Par Call Date. If there are two or more United States Treasury securities maturing on the 2033 Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Republic shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the

bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Republic's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depository's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of the 2033 bonds to be redeemed.

In the case of a partial redemption, selection of the 2033 bonds for redemption will be made pro rata, by lot or by such other method as the Fiscal Agent in its sole discretion deems appropriate and fair. No 2033 bonds of a principal amount of \$200,000 or less will be redeemed in part. If any 2033 bond is to be redeemed in part only, the notice of redemption that relates to the 2033 bond will state the portion of the principal amount of the 2033 bond to be redeemed. A new 2033 bond in a principal amount equal to the unredeemed portion of the 2033 bond will be issued in the name of the holder of the 2033 bond upon surrender for cancellation of the original 2033 bond. For so long as the 2033 bonds are held by DTC (or another depository), the redemption of the 2033 bonds shall be done in accordance with the policies and procedures of the depository.

Unless the Republic defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the 2033 bonds or portions thereof called for redemption.

For the 2063 bonds:

Prior to July 19, 2062 (six months prior to their maturity date) (the “2063 Par Call Date”), the Republic may redeem the 2063 bonds at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the 2063 bonds matured on the 2063 Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points less (b) interest accrued to the date of redemption; and

(2) 100% of the principal amount of the 2063 bonds to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the 2063 Par Call Date, the Republic may redeem the 2063 bonds, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2063 bonds being redeemed, plus accrued and unpaid interest thereon to the redemption date.

The following terms shall have the following meanings:

“Treasury Rate” means with respect to any redemption date, the yield determined by the Republic in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Republic after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)-H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities- Treasury constant maturities- Nominal" (or any successor caption or heading). In determining the Treasury Rate, the Republic shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period (the "Remaining Life") from the redemption date to the date that reflects the remaining Weighted Average Life of the 2063 bonds (assuming the last amortization payment on the 2063 bonds is made on the 2063 Par Call Date) (the "WAL Date"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields - one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life - and shall interpolate to the WAL Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, the Republic shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the WAL Date, as applicable. If there is no United States Treasury security maturing on the WAL Date but there are two or more United States Treasury securities with a maturity date equally distant from the WAL Date, one with a maturity date preceding the WAL Date and one with a maturity date following the WAL Date, the Republic shall select the United States Treasury security with a maturity date preceding the WAL Date. If there are two or more United States Treasury securities maturing on the WAL Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Republic shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

“Weighted Average Life” at any date means the number of years obtained by dividing: (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment in respect of the 2063 bonds, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such installment payment; by (2) the then outstanding principal amount of the 2063 bonds.

The Republic's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depository's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of 2063 bonds to be redeemed.

In the case of a partial redemption, selection of the 2063 bonds for redemption will be made pro rata, by lot or by such other method as the Fiscal Agent in its sole discretion deems fair and appropriate. No 2063 bonds of a principal amount of U.S.\$200,000 or less will be redeemed in part. If any 2063 bond is to be redeemed in part only, the notice of redemption that relates to the 2063 bond will state the portion of the principal amount of the 2063 bond to be redeemed. A new 2063 bond in a principal amount equal to the unredeemed portion of the 2063 bond will be issued in the name of the holder of the 2063 bond upon surrender for cancellation of the original 2063 bond. For so long as the 2063 bonds are held by DTC (or another depository), the redemption of the 2063 bonds shall be done in accordance with the policies and procedures of the depository.

Unless the Republic defaults in the payment of the redemption price, on and after the redemption date interest will cease to accrue on the 2063 bonds or portions thereof called for redemption.

Sinking Fund:

None.

Listing:

Application will be made to list the Offered Securities on the Official List of the Luxembourg Stock Exchange and to have the Offered Securities admitted to trading on the Euro MTF Market.

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| Delayed Delivery Contracts: | None. |
| Gross Proceeds to the Issuer (before deducting underwriting fees and other offering expenses): | For the 2033 bonds: U.S.\$1,000,000,000 For the 2063 bonds: U.S.\$1,490,625,000 |
| Underwriting Discount: | 0.060% of Principal Amount of Offered Securities. |
| Closing: | 8:00 a.m., New York time, on January 19, 2022 at the offices of Arnold & Porter Kaye Scholer LLP, 250 West 55th Street, New York, New York 10019-9710 or such other location as may otherwise be agreed. Payment for the Offered Securities shall be made by the Underwriters in Federal (same-day) funds. |
| Settlement and Trading: | Book-Entry only via DTC. The Offered Securities will trade in DTC' s Same Day Funds Settlement System. Initial settlement and secondary trading may also take place through the facilities of Euroclear or Clearstream. |
| Moody' s Investors Service, Inc. rating: | <i>[Intentionally Omitted]</i> |
| S&P Global Ratings rating: | <i>[Intentionally Omitted]</i> |
| Fitch Ratings, Inc. rating: | <i>[Intentionally Omitted]</i> |
| Fiscal Agent: | The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.) |
| Fiscal Agency Agreement: | Dated September 26, 1997, between the Fiscal Agent referred to above and the Republic of Panama, as amended by Amendment No. 1 thereto, dated as of September 4, 2003, Amendment No. 2 thereto, dated as of February 13, 2015, and Amendment No. 3 thereto, dated as of October 26, 2016. |

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| Representatives: | All references in the Underwriting Agreement to the Representatives, as defined therein, shall be understood to refer to Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. |
| Allocation of Expenses: | <p>The provisions of Section 4(f) of the Underwriting Agreement, relating to certain expenses to be borne by the Republic, will not apply and are replaced by the following arrangements:</p> <p>The Underwriters will be responsible for their own out-of-pocket and travel expenses, their counsels' fees and expenses and will seek no reimbursement for these costs. The Republic will be responsible for its own out-of-pocket and travel expenses including any expenses associated with investor meetings, its counsels' fees and expenses, the costs of printing and distributing the offering documents (including the Registration Statement, Prospectus, any prospectus supplement or supplements and Issuer Free Writing Prospectuses, if any), costs of the fiscal agent and any listing agents for the Offered Securities, the cost of any filing and regulatory fees, and other expenses associated with the offering.</p> |
| Delivery: | Delivery of the Offered Securities to the Underwriters for purposes of Section 3 of the Underwriting Agreement shall be made to each of Citigroup Global Markets Inc. and J.P. Morgan Securities LLC in the amounts set forth in Schedule A hereto. |
| New York Courts: | References to "New York Courts" in the Underwriting Agreement shall refer to any state or Federal court in the Borough of Manhattan, The City of New York, New York. |
| Names and Addresses of the Underwriters: | <p>Citigroup Global Markets Inc. 388 Greenwich Street New York, New York 10013</p> <p>J.P. Morgan Securities LLC 383 Madison Avenue New York, New York 10179</p> |

Additional Representations and
Warranties of the Republic:

(1) For the purposes of this Agreement, the “Time of Sale” means 4:10 p.m. New York City time on January 11, 2022. The basic prospectus relating to the Offered Securities contained in the Registration Statement, in the form in which it has most recently been filed with the Securities and Exchange Commission (the “Commission”) on or prior to the date hereof, is hereinafter called the “Basic Prospectus”. The Basic Prospectus, as amended and supplemented immediately prior to the Time of Sale, is hereinafter called the “Pricing Prospectus”, and the form of final prospectus relating to the Offered Securities filed with the Commission pursuant to the applicable paragraph of Rule 424(b) is hereinafter referred to as the “Prospectus.” The Pricing Prospectus relating to the Offered Securities, considered together with each “issuer free writing prospectus” as defined in Rule 433 under the Act relating to the Offered Securities (“Issuer Free Writing Prospectus”), as of the Time of Sale of the Offered Securities (collectively, the “Time of Sale Information”), does not or will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus with respect to the Offered Securities did not or will not conflict with the information contained in the Registration Statement (as such Registration Statement existed at the time of issuance of such Issuer Free Writing Prospectus); provided, however, that the representations and warranties in this paragraph (1) shall not apply to statements in or omissions from any such document made in reliance upon and in conformity with information furnished in writing to the Republic by the Underwriters expressly for use therein.

(2) (i) At the earliest time after the filing of the Registration Statement (or the most recent post-effective amendment thereto) that the Republic or another offering participant made a bona fide offer (within the meaning of Rule 164(h) (2) under the Act) and (ii) as of the date hereof, the Republic was not and is not an “ineligible issuer” (as defined in Rule 405 under the Act), without taking into account any determination by the Commission pursuant to Rule 405 that it is not necessary that the Republic be considered an “ineligible issuer”.

(3) The Republic will not offer, sell, contract to sell or otherwise dispose of any debt securities of the Republic, guaranteed by the Republic or any agency or enterprise controlled by the Republic that are substantially similar to the Offered Securities, are denominated in U.S. dollars, are to be placed outside the Republic and which have tenors substantially similar to the Offered Securities, during the period beginning the date of the filing of the prospectus supplement and continuing to, and including, the later of (x) completion of the distribution of the Offered Securities and (y) the Closing Date, without prior written consent of the Underwriters.

(4) Panama will use the proceeds from the Offered Securities for general budgetary purposes.

(5) Neither the Republic nor, to the knowledge of the Republic, any agent of the Republic is currently subject to any sanctions administered or enforced by the U.S. Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department, the U.S. Department of Commerce, the U.S. Department of State, or by the United Nations Security Council, the European Union, or Her Majesty’s Treasury, or other relevant sanctions authority (collectively, “Sanctions”). The Republic will not, directly or indirectly, use the proceeds of any sale of the Offered Securities, or lend, contribute or otherwise make available such proceeds to any entity or person, (i) to fund any activities of or business with any person that, at the time of such funding, is the subject of any Sanctions, or is in any country,

Modifications to Representations and Warranties of the Republic:

region or territory, that, at the time of such funding, is the subject of territorial Sanctions or (ii) in any other manner, in each case as would result in a violation by any person (including any person participating in a sale or offering of the Offered Securities, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(1) The second sentence of Section 1 of the Underwriting Agreement is hereby replaced with the following:

“The Registered Securities will be issued under a fiscal agency agreement (the “Fiscal Agency Agreement”), dated as of September 26, 1997, between the Republic and the fiscal agent (the “Fiscal Agent”), The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as amended by Amendment No. 1 thereto, dated as of September 4, 2003, Amendment No. 2 thereto, dated as of February 13, 2015, and Amendment No. 3 thereto, dated as of October 26, 2016, in one or more series, which series may vary as to interest rates, maturities, redemption provisions, selling prices and other terms, with all such terms for any particular series of the Registered Securities being determined at the time of sale.”

(2) The second sentence of Section 2(a) of the Underwriting Agreement is hereby replaced with the following:

“Such registration statements (including all materials incorporated by reference therein and all exhibits thereto), as amended at the time of any Terms Agreement referred to in Section 3, are hereinafter collectively referred to as the “Registration Statement”, and the prospectus included in such Registration Statement, as supplemented as contemplated by Section 3 to reflect the terms of the Offered Securities and the terms of offering thereof, as first filed with the Commission pursuant to and in accordance with Rule 424(b) (“Rule 424(b)”) under the Act, including all material incorporated by reference therein, is hereinafter referred to as the “Prospectus”.”

(3) Section 2(c) of the Underwriting Agreement is hereby replaced with the following:

“(c) Since the respective dates as of which information is given in the Registration Statement, the Prospectus and the Time of Sale Information, there has not been any material adverse change, or any event that would result in a prospective material adverse change, in the financial, economic or fiscal condition of the Republic, otherwise than as set forth in or contemplated in the Prospectus and the Time of Sale Information.”

(4) Section 2(g) of the Underwriting Agreement is hereby replaced with the following:

“(g) All consents, approvals, authorizations, orders, registrations, clearances or qualifications (“Governmental Authorizations”) of or with any court, ministry or governmental agency or other regulatory body (“Governmental Agency”) in the Republic required for the issue and sale of the Offered Securities or the consummation by the Republic of the transactions contemplated by the Terms Agreement (including the provisions of this Agreement), any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities, including without limitation the payment of interest and principal to the holders of the Offered Securities outside the Republic in accordance with the terms thereof, have been obtained and are in full force and effect; and the issue and sale of the Offered Securities and the consummation by the Republic of the transactions contemplated by the Terms Agreement (including this Agreement), any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities will be in compliance with all laws, decrees and regulations of the Republic or of any Governmental Agency in the Republic including, without limitation, (i) any

applicable public net debt to nominal Gross Domestic Product (“GDP”) targets, (ii) the non-financial public sector deficit to nominal GDP target applicable to the fiscal year in which the Offered Securities are offered and purchased, and (iii) other applicable provisions of the Fiscal Responsibility Law N°34 dated June 5, 2008, as amended, and its regulations promulgated thereunder to this date.

(5) Section 2(i) and Section 2(j) of the Underwriting Agreement are hereby replaced with the following:

“(i) Other than as set forth in the Registration Statement, the Time of Sale Information and the Prospectus, there are no legal or governmental actions, suits, arbitrations or proceedings pending to which the Republic is a party which, if determined adversely to the Republic, would individually or in the aggregate have a material adverse effect on the financial, economic or fiscal condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which are otherwise material to the rights of holders of the Offered Securities; and, to the best of the Republic’s knowledge, no such actions, suits, arbitrations or proceedings are threatened which, if determined adversely to the Republic, would individually or in the aggregate have a material adverse effect on the financial, economic or fiscal condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which are otherwise material to the rights of holders of the Offered Securities.

(j) Other than as set forth in the Registration Statement, the Time of Sale Information and the Prospectus, the Republic is not in default in the payment of principal, interest or any other amount owing on any obligation in respect of indebtedness for money borrowed and the Republic has not received any notice of default or acceleration with

respect to any obligation in respect of indebtedness for money borrowed, in each case or in the aggregate, which would have a material adverse effect on the financial, economic or fiscal condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which is otherwise material to the rights of the holders of the Offered Securities; and the issue and sale of the Offered Securities and the compliance by the Republic with all of the provisions of the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement and the Offered Securities and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Constitution of the Republic, as amended to the date of the Terms Agreement, any statutes, laws, decrees or regulations of the Republic or any treaty, convention or agreement to which the Republic is a party or to which any property of the Republic is subject and which default, in each case or in the aggregate, would have a material adverse effect on the financial, fiscal or economic condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which is otherwise material to the rights of the holders of the Offered Securities.”

(6) Section 2(k) of the Underwriting Agreement is hereby replaced with the following:

“(k) To ensure the legality, validity, enforceability, priority or admissibility in evidence in the Republic of the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement, the Offered Securities or any other document or instrument related to the offer and sale of the Offered Securities, it is not necessary that the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement, the Offered Securities or

any other documents or instruments be registered, recorded or filed with any court or other authority in the Republic (other than the translation thereof) or that any documentary, stamp or similar tax, imposition or charge be paid on or in respect of the Terms Agreement, the Fiscal Agency Agreement, the Offered Securities or any document or instrument related to the offer and sale of the Offered Securities; except that documents executed outside of Panama must be authenticated by a consular officer of Panama or pursuant to the 1961 Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents before being submitted as evidence in the courts of Panama or before a government agency in Panama.”

(7) Section 2(m) of the Underwriting Agreement is hereby replaced with the following:

“(m) Neither the Republic nor any person acting on its behalf has taken, directly or indirectly, any action which might reasonably be expected to cause or result in stabilization of the price of any security of the Republic to facilitate the offer and sale of the Offered Securities or the sale or resale of the Offered Securities; provided, however, that no representation or warranty is given by the Republic with respect to any actions of the Underwriters.”

(8) Section 2(p) of the Underwriting Agreement is hereby replaced with the following:

“(p) The Republic is not aware that any of S&P Global Ratings, a division of S&P Global, Inc. (“Standard & Poor’ s”), Moody’ s Investors Service, Inc. (“Moody’ s”) or Fitch Ratings, Inc. (“Fitch”) has made any announcement that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic’ s debt securities; and the Republic has not been informed by any of Standard & Poor’ s, Moody’ s or Fitch that it intends or is contemplating any downgrading in any rating accorded to the Republic’ s debt securities or any announcement that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic’ s debt securities.”

(9) Section 2(q) and Section 2(r) of the Underwriting Agreement are hereby replaced with the following:

“(q) The statements with respect to matters of Panamanian law set forth in the Prospectus and the Time of Sale Information are correct in all material respects.

(r) The Republic will make such arrangements as shall be reasonably necessary to permit settlement to occur in the manner described in the Prospectus and the Time of Sale Information.”

(10) Section 2(h) of the Underwriting Agreement is hereby replaced with the following:

“The Offered Securities constitute and will constitute unsubordinated, unsecured (subject to provisions in the Offered Securities providing for securing such obligations in the event certain other obligations of the Republic are secured), direct, unconditional and general obligations of the Republic. The Offered Securities rank and will rank without any preference among themselves and equally with all other unsecured and unsubordinated Public Indebtedness of the Republic. It is understood that this provision shall not be construed so as to require the Republic to make payments under the Offered Securities ratably with payments being made under any other Public Indebtedness. The full faith and credit of the Republic is pledged for the due and punctual payment of all Offered Securities and for the due and timely payment of all obligations of the Republic in respect thereof. For purposes of this paragraph, “Indebtedness” means any payment obligation (whether pursuant to a guarantee or otherwise), including any contingent liability, for borrowed money or arising from bonds, debentures, notes or other similar instruments, and

“Public Indebtedness” means any Indebtedness of, or guaranteed by, the Republic which (i) is publicly offered or privately placed in security markets, (ii) is in the form of, or represented by, bonds, notes or other securities or any guarantees thereof, (iii) is, or was intended at the time of issue to be, quoted, listed or traded on any stock exchange, automated trading system or over-the-counter or other securities market (including, without prejudice to the generality of the foregoing, securities eligible for sale pursuant to Rule 144A under the United States Securities Act of 1933, as amended (or any successor law or regulation of similar effect)) and (iv) has an original maturity of more than one year or is combined with a commitment so that the original maturity of one year or less may be extended at the option of the Republic to a period in excess of one year.”

(10) Section 2(f) of the Underwriting Agreement is hereby replaced with the following:

“The Fiscal Agency Agreement has been duly authorized, executed and delivered and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors’ rights and to general equity principles; and the Fiscal Agency Agreement (to the extent the provisions thereof are applicable to the Offered Securities) and the Offered Securities conform to the descriptions thereof contained in the Prospectus with respect to the Offered Securities; and the statements made under the captions “Debt Securities” in the Prospectus and “Description of the Global Bonds” in the Prospectus Supplement, insofar as they purport to summarize the terms of the Offered Securities, constitute accurate, complete and fair summaries of such terms.”

Additional Representations, Warranties and Covenants of the Underwriters:

For the purposes of the first sentence of Section 5(a) of the Underwriting Agreement, the Underwriters have severally represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Offered Securities to any retail investor in the European Economic Area (“EEA”). For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
- ii. a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

For the purposes of the first sentence of Section 5(a) of the Underwriting Agreement, the Underwriters have severally represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Offered Securities to any retail investor in the United Kingdom (“UK”). For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- i. a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or
- ii. a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

For the purposes of the first sentence of Section 5(a) of the Underwriting Agreement, the Underwriters have severally represented and agreed that:

- i. they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by them in connection with the issue or sale of the Offered Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Republic; and
- ii. they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Offered Securities in, from or otherwise involving the United Kingdom.

Modifications to Covenants of the Republic:

(1) Section 4(b), Section 4(c) and Section 4(d) of the Underwriting Agreement are hereby replaced with the following:

“(b) The Republic will advise the Underwriters promptly of any proposal to amend or supplement the Registration Statement, the Time of Sale Information or the Prospectus and will not effect such amendment or supplementation without the Underwriters’ consent, which consent may not be unreasonably withheld, and the Republic will also advise the Underwriters promptly of the filing of any such amendment or supplement and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof, any free writing prospectus (as defined in Rule 405 under the Act) and the Prospectus and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) If, at any time when a prospectus relating to the Offered Securities (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required to be delivered under the Act in connection with sales by any Underwriter or any dealer, any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, the Republic promptly will notify the Underwriters of such event and will promptly prepare and file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither any Underwriter's consent to, nor any Underwriter's delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6.

(d) The Republic will furnish to the Representatives copies of the Registration Statement, including all exhibits, the Pricing Prospectus, the Prospectus, any Issuer Free Writing Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Underwriters reasonably request."

(2) The reference in Section 4(f) of the Underwriting Agreement to "National Association of Securities Dealers, Inc." is hereby amended to read: "Financial Industry Regulatory Authority".

Free Writing Prospectuses:

(1) The Republic represents and agrees that it has not made and will not make any offer relating to the Offered Securities that would constitute a "free writing prospectus" as defined in Rule 405 under the Act without your prior written consent and that **Schedule B** hereto is a complete list of any Issuer

Free Writing Prospectuses for which the Republic has hitherto received such consent.

(2) The Republic has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending.

(3) The Republic agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurs as a result of which such Issuer Free Writing Prospectus (i) would conflict with the information in the Registration Statement or the Prospectus or (ii) when taken together with the Prospectus would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Republic will give the Underwriters, or cause the Underwriters to be given, prompt notice thereof, and if the Underwriters so request, will cause to be prepared and furnished without charge to the Underwriters an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; provided, however, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with information furnished in writing to the Republic by the Underwriters expressly for use therein.

Modification to the Conditions to the Obligations of the Underwriters:

Section 6(a) of the Underwriting Agreement is hereby replaced with the following:

“(a) All representations and warranties and other statements of the Republic contained in the Terms Agreement (including the provisions of this Agreement) were at the applicable Time of Sale, are now, and at all times from the date of the Terms Agreement to the Closing Date will be, true and correct in all material respects (except for those representations, warranties and statements which are by their terms subject to materiality, in which case such representations, warranties or statements shall be true and correct in accordance with their terms).”

Additional Conditions to the Obligations
of the Underwriters:

(1) The letters from U.S. counsel to the Underwriters and Panama counsel to the Underwriters, required by Section 6(c) and Section 6(d), respectively, of the Underwriting Agreement, shall contain a statement to the effect that no information has come to such counsel' s attention that causes it to believe that the Time of Sale Information, as of the Time of Sale and the Closing Date, contained or contains an untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(2) The letter from the Procurador de la Administración required by Section 6(e) of the Underwriting Agreement shall contain a statement to the effect that no information has come to such counsel' s attention that causes it to believe that the Time of Sale Information, as of the Time of Sale and the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(3) The letter from U.S. counsel for the Republic, required by Section 6(f) of the Underwriting Agreement, shall contain a statement to the effect that no information has come to such counsel' s attention that causes it to believe that the Time of Sale Information, as of the Time of Sale and the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) The certificate required by Section 6(k) of the Underwriting Agreement shall contain a statement to the effect that as of the Time of Sale and the Closing Date, the Time of Sale Information and any further amendment or supplement thereto made by the Republic did not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading; provided, however, that the foregoing certification shall not apply to any statements in or omissions from the Time of Sale Information or any amendment or supplement thereto made in reliance upon and in conformity with information furnished to the Republic in writing by the Underwriters expressly for use in the Time of Sale Information or any amendment or supplement thereto.

(5) Section 6(j) of the Underwriting Agreement is hereby replaced with the following:

“(j) On or after the date of the Terms Agreement and on or prior to the Closing Date (i) no downgrading shall have occurred in the rating accorded the Republic’ s debt securities by any of Standard & Poor’ s, Moody’ s or Fitch; (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Republic’ s debt securities; (iii) the Republic shall not have been aware that any of Standard & Poor’ s, Moody’ s or Fitch has announced that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic’ s debt securities; and (iv) the Republic shall not have been informed by any of Standard & Poor’ s, Moody’ s or Fitch that it intends or is contemplating any downgrading in any rating accorded to the Republic’ s debt securities or any announcement that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic’ s debt securities.”

Modifications to Indemnification and Contribution:

Section 7(a) of the Underwriting Agreement is hereby replaced with the following:

“(a) The Republic will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Republic will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Republic by any Underwriter through the Representatives, if any, specifically for use therein; it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below.”

Modifications to Notices:

Notices if sent to the Republic are to be sent to Republic of Panama, Director of Public Financing, Directorate of Public Financing, Ministry of Economy and Finance of Panama, Via España y Calle 52, Edificio Ogawa, Piso 4, Panama, Republic of Panama. References to delivery of documents in the Underwriting Agreement to the “Ministry of Planning and Economic Policy” shall instead be to the “Ministry of Economy and Finance”.

Modifications to Annex II:

Paragraph (iii) of Annex II is hereby replaced with the following:

“(iii) No order of General Applicability and no consent, approval, or authorization of, or qualification with, any United States federal or New York State governmental agency or body is required for the issue and sale of the Offered Securities or the performance by the Republic of the transactions contemplated by the Terms Agreement, the Underwriting Agreement or the Fiscal Agency Agreement, except such as have been obtained under the Act and such consents, approvals, authorizations or qualifications as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Offered Securities.”

Recognition of the U.S. Special Resolution Regimes:

(i) In the event that any Underwriter that is a Covered Entity (as defined below) becomes subject to a proceeding under a U.S. Special Resolution Regime (as defined below), the transfer from such Underwriter of this Terms Agreement, and any interest and obligation in or under this Terms Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Terms Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(ii) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate (as defined below) of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Terms Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights (as defined below) could be exercised under the U.S. Special Resolution Regime if this Terms Agreement were governed by the laws of the United States or a state of the United States.

As used in this Terms Agreement:

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

The principal amount of Offered Securities to be purchased by the Underwriters is set forth in **Schedule A** hereto, which is incorporated by reference as if set forth herein.

The provisions of the Underwriting Agreement, as herein amended and modified, are incorporated herein by reference.

In addition, the Republic hereby acknowledges and agrees that (i) the Underwriters are acting solely in the capacity of arm’s length contractual counterparty to the Republic in connection with the purchase and sale of the Offered Securities, including the determination of the offering price and the underwriting discount, and not as financial advisor or fiduciary to, or agents of, the Republic or any other person, (ii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Republic with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether the Underwriters have advised or is currently advising the Republic on other matters) or any other obligation to the Republic except the obligations expressly set forth in this Terms Agreement and the Underwriting Agreement and (iii) the Republic has consulted its own legal and financial advisors to the extent it deemed appropriate and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated herein. The Republic agrees that it will not claim that the Underwriters have rendered advisory services of any nature or in any respect, or owe a fiduciary or similar duty to the Republic, in connection with such transaction or the process leading thereto.

Reference to the “Prospectus”, or to any amendment thereof or supplement thereto, in Section 7 of the Underwriting Agreement shall also be deemed to refer to the Time of Sale Information and any Issuer Free Writing Prospectus.

For purposes of Section 7 of the Underwriting Agreement, paragraph (1) of the representations and warranties of the Republic set forth above under “Additional Representations and Warranties of the Republic,” paragraph (3) of the representations and warranties of the Republic set forth above under “Free Writing Prospectuses” and paragraph (4) under “Additional Conditions to the Obligations of the Underwriters” above, the only information furnished to the Republic by the Underwriters for use in the Prospectus consists of the following information in the Prospectus furnished on behalf of the Underwriters:

- a) the first sentence of the sole paragraph of text under the caption “Risk Factors-- Risk Factors Relating to the Global Bonds-- The price at which the global bonds will trade in the secondary market is uncertain” in the Pricing Prospectus;
- b) the names of the Underwriters on the cover page and in the first paragraph of text under the caption “Underwriting” in the Pricing Prospectus;
- c) the second and sixth paragraphs of text under the caption “Underwriting” in the Pricing Prospectus;
- d) the third through fifth sentences of the first paragraph of text under the caption “Other Relationships” under the caption “Underwriting” in the Pricing Prospectus;
- e) the first sentence of the sole paragraph of text under the caption “Risk Factors-- Risk Factors Relating to the Global Bonds-- The price at which the global bonds will trade in the secondary market is uncertain” in the Prospectus;
- f) the names of the Underwriters on the cover page and in the first paragraph of text under the caption “Underwriting” in the Prospectus;
- g) the second and sixth paragraphs of text under the caption “Underwriting” in the Prospectus; and
- h) the third through fifth sentences of the first paragraph of text under the caption “Other Relationships” under the caption “Underwriting” in the Prospectus.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Republic one of the counterparts hereof, whereupon it will become a binding agreement between the Republic and the Underwriters in accordance with its terms.

Very truly yours,

REFRENDO: CONTRALORIA GENERAL DE LA REPUBLICA DE PANAMA

REPUBLIC OF PANAMA

By: /s/ Gerardo Solís
Name: Gerardo Solís
Title: Contralor General

By: /s/ Enelda Medrano de González
Name: Enelda Medrano de González
Title: Vice Minister of Economy of the Ministry of Economy and Finance

The foregoing Terms Agreement is hereby confirmed and accepted as of the date first above written.

[Signature Page to the Terms Agreement]

CITIGROUP GLOBAL MARKETS INC.

By: /s/ Adam D. Bordner

Name: Adam D. Bordner

Title: Director

J.P. MORGAN SECURITIES LLC

By: /s/ Gregory Rizo-Patron

Name: Gregory Rizo-Patron

Title: Executive Director

[Signature Page to the Terms Agreement]

SCHEDULE A TO THE
TERMS AGREEMENT

| <u>Underwriter</u> | <u>Principal Amount of the 2033 bonds</u> | <u>Principal Amount of the 2063 bonds</u> |
|-------------------------------|---|---|
| Citigroup Global Markets Inc. | U.S.\$500,000,000 | U.S.\$750,000,000 |
| J.P. Morgan Securities LLC | U.S.\$500,000,000 | U.S.\$750,000,000 |
| Total | U.S.\$1,000,000,000 | U.S.\$1,500,000,000 |

Issuer Free Writing Prospectuses for which consent has been
received on or prior to the date of the Terms Agreement

1. Issuer Free Writing Prospectuses as filed with the Commission on January 11, 2022, pursuant to Rule 433, in the form set forth in Schedule C hereto.

Republic of Panama
U.S.\$1,000,000,000 3.298% Global Bonds due 2033
January 11, 2022
Term Sheet

| | |
|--|--|
| Issuer: | Republic of Panama (“Panama”) |
| Transaction: | 3.298% Global Bonds due 2033 (the “2033 bonds”) |
| Distribution: | SEC Registered |
| Ranking: | Unsecured |
| Expected Ratings*: | <i>[Intentionally Omitted]</i> |
| Amount Issued: | U.S.\$1,000,000,000 aggregate principal amount |
| Coupon: | 3.298% (30/360 day count basis) |
| Maturity: | January 19, 2033 |
| Offering Price: | 100.000% of principal amount plus accrued interest, if any, from January 19, 2022 |
| Gross Proceeds to the Issuer (before deducting underwriting fees and other offering expenses): | U.S.\$1,000,000,000 |
| Yield to Maturity: | 3.298% |
| Spread to Benchmark Treasury: | 155 basis points |
| Benchmark Treasury: | 1.375% due November 15, 2031 |
| Benchmark Treasury Price and Yield: | 96-20+; 1.748% |
| Listing and Trading: | Application will be made to list the 2033 bonds on the Official List of the Luxembourg Stock Exchange and to have the 2033 bonds admitted to trading on the Euro MTF Market. |
| Optional Redemption: | Prior to October 19, 2032 (three months prior to their maturity date) (the “2033 Par Call Date”), Panama may redeem the 2033 bonds at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: |

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the 2033 bonds matured on the 2033 Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points less (b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the 2033 bonds to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the 2033 Par Call Date, Panama may redeem the 2033 bonds, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2033 bonds being redeemed plus accrued and unpaid interest thereon to the redemption date.

The following terms shall have the following meanings:

“Treasury Rate” means, with respect to any redemption date, the yield determined by Panama, in accordance with the following two paragraphs.

The Treasury Rate shall be determined by Panama after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily)–H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities- Treasury constant maturities- Nominal” (or any successor caption or

heading). In determining the Treasury Rate, Panama shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the 2033 Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields - one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life - and shall interpolate to the 2033 Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, Panama shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the 2033 Par Call Date, as applicable. If there is no United States Treasury security maturing on the 2033 Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the 2033 Par Call Date, one with a maturity date preceding the 2033 Par Call Date and one with a maturity date following the 2033 Par Call Date, Panama shall select the United States Treasury security with a maturity date preceding the 2033 Par Call Date. If there are two or

more United States Treasury securities maturing on the 2033 Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, Panama shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

Panama's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depository's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of the 2033 bonds to be redeemed.

In the case of a partial redemption, selection of the 2033 bonds for redemption will be made pro rata, by lot or by such other method as the Fiscal Agent in its sole discretion deems appropriate and fair. No 2033 bonds of a principal amount of \$200,000 or less will be redeemed in part. If any 2033 bond is to be redeemed in part only, the notice of redemption that relates to the 2033 bond will state the portion of the principal amount of the 2033 bond to be redeemed. A new 2033 bond in a principal amount equal to the unredeemed portion of the 2033 bond will be issued in the name of the holder of the 2033 bond upon surrender for cancellation of the original 2033 bond. For so long as the 2033 bonds are held by DTC (or another depository), the redemption of the 2033 bonds shall be done in accordance with the policies and procedures of the depository.

| | |
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| | Unless Panama defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the 2033 bonds or portions thereof called for redemption. |
| Use of Proceeds: | Panama will use the proceeds from the 2033 bonds for general budgetary purposes. |
| Governing Law: | State of New York |
| Underwriting Fee: | 0.060% |
| Form: | Book-Entry Only, registered in the name of Cede & Co., as the nominee of DTC |
| Denominations: | U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. |
| Interest Payment Dates: | January 19 and July 19 |
| First Coupon Payment Date: | July 19, 2022 |
| Settlement Date: | January 19, 2022 (T+5) |
| CUSIP/ISIN: | 698299 BR4 / US698299BR41 |

Under the terms and subject to the conditions contained in an Underwriting Agreement incorporated by reference in the Terms Agreement, dated January 11, 2022, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC as the underwriters have severally agreed to purchase and the Republic of Panama has agreed to sell to the underwriters, the principal amount of the 2033 bonds indicated below:

Underwriters:

| | |
|-------------------------------|----------------------------|
| Citigroup Global Markets Inc. | U.S.\$500,000,000 |
| J.P. Morgan Securities LLC | U.S.\$500,000,000 |
| Total | U.S.\$1,000,000,000 |

* Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Each securities rating should be evaluated independent of each other securities rating.

A preliminary prospectus supplement of the Republic of Panama accompanies the free-writing prospectus and is available from the SEC's website at <https://www.sec.gov/Archives/edgar/data/0000076027/000119312522006356/d265567d424b3.htm>

The issuer has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the Securities and Exchange Commission for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling, toll-free, Citigroup Global Markets Inc. at +1 (800) 831-9146 or J.P. Morgan Securities LLC at +1 (212) 834-6326.

Any disclaimer or other notice that may appear below is not applicable to this communication and should be disregarded. Such disclaimer or other notice was automatically generated as a result of this communication being sent via Bloomberg or another email system.

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Republic of Panama

U.S.\$1,500,000,000 4.500% Global Bonds due 2063

January 11, 2022

Term Sheet

| | |
|--|--|
| Issuer: | Republic of Panama (“Panama”) |
| Transaction: | 4.500% Global Bonds due 2063 (the “2063 bonds”) |
| Distribution: | SEC Registered |
| Ranking: | Unsecured |
| Expected Ratings*: | [<i>Intentionally Omitted</i>] |
| Amount Issued: | U.S.\$1,500,000,000 aggregate principal amount |
| Coupon: | 4.500% (30/360 day count basis) |
| Maturity: | January 19, 2063 Panama will repay the principal of the 2063 bonds in three equal annual installments on January 19 of each year, commencing on January 19, 2061. |
| Offering Price: | 99.375% of principal amount plus accrued interest, if any, from January 19, 2022 |
| Gross Proceeds to the Issuer (before deducting underwriting fees and other offering expenses): | U.S.\$1,490,625,000 |
| Yield to Maturity: | 4.534% |
| Spread to Benchmark Treasury: | 245 basis points |
| Benchmark Treasury: | 2.000% due August 15, 2051 |
| Benchmark Treasury Price and Yield: | 98-04+; 2.084% |
| Listing and Trading: | Application will be made to list the 2063 bonds on the Official List of the Luxembourg Stock Exchange and to have the 2063 bonds admitted to trading on the Euro MTF Market. |

Optional Redemption:

Prior to July 19, 2062 (six months prior to their maturity date) (the “2063 Par Call Date”), Panama may redeem the 2063 bonds at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the 2063 bonds matured on the 2063 Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points less (b) interest accrued to the date of redemption; and

(2) 100% of the principal amount of the 2063 bonds to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the 2063 Par Call Date, Panama may redeem the 2063 bonds, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2063 bonds being redeemed, plus accrued and unpaid interest thereon to the redemption date.

The following terms shall have the following meanings:

“Treasury Rate” means with respect to any redemption date, the yield determined by Panama in accordance with the following two paragraphs.

The Treasury Rate shall be determined by Panama after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates

(Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities- Treasury constant maturities- Nominal" (or any successor caption or heading). In determining the Treasury Rate, Panama shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period (the "Remaining Life") from the redemption date to the date that reflects the remaining Weighted Average Life of the global bonds (assuming the last amortization payment on the global bonds is made on the 2063 Par Call Date) (the "WAL Date"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields - one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life - and shall interpolate to the WAL Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, Panama shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the WAL Date, as applicable. If there is no United States Treasury security maturing on the WAL Date but there are two or more United States Treasury securities with a maturity date equally distant from the WAL Date, one with a maturity date preceding the WAL Date and one with a maturity date

following the WAL Date, Panama shall select the United States Treasury security with a maturity date preceding the WAL Date. If there are two or more United States Treasury securities maturing on the WAL Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, Panama shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

“Weighted Average Life” at any date means the number of years obtained by dividing: (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment in respect of the 2063 bonds, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such installment payment; by (2) the then outstanding principal amount of the 2063 bonds.

Panama’s actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depository’s procedures) at least 10 days but not more than 60 days before the redemption date to each holder of 2063 bonds to be redeemed.

In the case of a partial redemption, selection of the 2063 bonds for redemption will be made pro rata, by lot or by such other method as the Fiscal Agent in its sole discretion deems fair and appropriate. No 2063 bonds of a principal amount of U.S.\$200,000 or less will be redeemed in part. If

any 2063 bond is to be redeemed in part only, the notice of redemption that relates to the 2063 bond will state the portion of the principal amount of the 2063 bond to be redeemed. A new 2063 bond in a principal amount equal to the unredeemed portion of the 2063 bond will be issued in the name of the holder of the 2063 bond upon surrender for cancellation of the original 2063 bond. For so long as the 2063 bonds are held by DTC (or another depository), the redemption of the 2063 bonds shall be done in accordance with the policies and procedures of the depository.

Unless Panama defaults in the payment of the redemption price, on and after the redemption date interest will cease to accrue on the 2063 bonds or portions thereof called for redemption.

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|----------------------------|--|
| Use of Proceeds: | Panama will use the proceeds from the 2063 bonds for general budgetary purposes. |
| Governing Law: | State of New York |
| Underwriting Fee: | 0.060% |
| Form: | Book-Entry Only, registered in the name of Cede & Co., as the nominee of DTC |
| Denominations: | U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. |
| Interest Payment Dates: | January 19 and July 19 |
| First Coupon Payment Date: | July 19, 2022 |
| Settlement Date: | January 19, 2022 (T+5) |
| CUSIP/ISIN: | 698299 BS2 / US698299BS24 |

Under the terms and subject to the conditions contained in an Underwriting Agreement incorporated by reference in the Terms Agreement, dated January 11, 2022, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC as the underwriters have severally agreed to purchase and the Republic of Panama has agreed to sell to the underwriters, the principal amount of the 2063 bonds indicated below:

Underwriters:

| | |
|-------------------------------|----------------------------|
| Citigroup Global Markets Inc. | U.S.\$750,000,000 |
| J.P. Morgan Securities LLC | U.S.\$750,000,000 |
| Total | U.S.\$1,500,000,000 |

* Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Each securities rating should be evaluated independent of each other securities rating.

A preliminary prospectus supplement of the Republic of Panama accompanies the free-writing prospectus and is available from the SEC' s website at <https://www.sec.gov/Archives/edgar/data/0000076027/000119312522006356/d265567d424b3.htm>

The issuer has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the Securities and Exchange Commission for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling, toll-free, Citigroup Global Markets Inc. at +1 (800) 831-9146 or J.P. Morgan Securities LLC at +1 (212) 834-6326.

Any disclaimer or other notice that may appear below is not applicable to this communication and should be disregarded. Such disclaimer or other notice was automatically generated as a result of this communication being sent via Bloomberg or another email system.

SCHEDULE D TO THE
TERMS AGREEMENT

REPUBLIC OF PANAMA
UNDERWRITING AGREEMENT

Dear Sirs:

1. Introductory. The Republic of Panama (the “Republic”) proposes to issue and sell from time to time certain of its unsecured debt securities registered under the registration statement referred to in Section 2(a) (“Registered Securities”). The Registered Securities will be issued under a fiscal agency agreement (the “Fiscal Agency Agreement”), dated as of September 26, 1997, between the Republic and the fiscal agent (the “Fiscal Agent”), The Chase Manhattan Bank, in one or more series, which series may vary as to interest rates, maturities, redemption provisions, selling prices and other terms, with all such terms for any particular series of the Registered Securities being determined at the time of sale. Particular series of the Registered Securities will be sold pursuant to a Terms Agreement referred to in Section 3, for resale in accordance with terms of the offering determined at the time of sale.

The Registered Securities involved in any such offering are hereinafter referred to as the “Offered Securities”. The firm or firms which agree to purchase the Offered Securities are hereinafter referred to as the “Underwriters” of such securities, and the representative or representatives of the Underwriters, if any, specified in a Terms Agreement referred to in Section 3 are hereinafter referred to as the “Representatives”; provided, however, that, if the Terms Agreement does not specify any representative of the Underwriters, the term “Representatives”, as used in this Agreement (other than in Sections 2(b), 7 and 14 and the second sentence of Section 3) shall mean the Underwriters.

2. Representations and Warranties of the Republic. The Republic, as of the date of each Terms Agreement referred to in Section 3, represents and warrants to, and agrees with, each Underwriter that:

(a) The Republic meets the requirements for use of Schedule B under the Securities Act of 1933, as amended (the “Act”), and has filed with the Commission registration statement(s) on Schedule B relating to the Registered Securities; such registration statements and any post-effective

amendment thereto, each in the form heretofore delivered to you or your counsel, have been declared effective by the Commission in such form; no other document with respect to such registration statements as amended, or document incorporated by reference therein, has been filed with the Commission after the date hereof (other than prospectuses filed pursuant to Rule 424(b) of the rules and regulations of the Commission under the Act, each in the form heretofore delivered to you or your counsel); and no stop order suspending the effectiveness of such registration statements has been issued and no proceeding for that purpose has been initiated or threatened by the Commission. Such registration statements, as amended at the time of any Terms Agreement referred to in Section 3, are hereinafter collectively referred to as the "Registration Statement", and the prospectus included in such Registration Statement, as supplemented as contemplated by Section 3 to reflect the terms of the Offered Securities and the terms of offering thereof, as first filed with the Commission pursuant to and in accordance with Rule 424(b) ("Rule 424(b)") under the Act, including all material incorporated by reference therein, is hereinafter referred to as the "Prospectus".

(b) On the effective date of the Registration Statement relating to the Registered Securities, such Registration Statement conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission ("Rules and Regulations") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and on the date of each Terms Agreement referred to in Section 3 the Registration Statement and the Prospectus will conform, in all material respects, to the requirements of the Act and the Rules and Regulations thereunder, and neither of such documents includes or will include any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to the Republic by any Underwriter through the Representatives, if any, specifically for use therein, it being understood and agreed that the only such information is that described in the applicable Terms Agreement.

(c) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change, or any event that would reasonably be expected to result in a prospective material adverse change, in the financial, economic or fiscal condition of the Republic, otherwise than as set forth in or contemplated in the Prospectus.

(d) The execution and delivery of the Terms Agreement (including the provisions of this Agreement) and any Delayed Delivery Contracts (as defined below) and all other documents to be executed or delivered by the Republic hereunder have been duly authorized and have been or will be duly executed and delivered by the Republic, and the Terms Agreement and any Delayed Delivery Contracts constitute the valid and binding agreements of the Republic.

(e) The Registered Securities have been duly authorized, and, when Offered Securities are issued and delivered pursuant to this Agreement and the Terms Agreement with respect to such Offered Securities, such Offered Securities will have been duly executed, authenticated, issued, paid for and delivered against payment therefor in accordance with the Fiscal Agency Agreement and will constitute valid and legally binding obligations of the Republic entitled to the benefits provided by the Fiscal Agency Agreement;

(f) The Fiscal Agency Agreement has been duly authorized, executed and delivered and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Fiscal Agency Agreement (to the extent the provisions thereof are applicable to the Offered Securities) and the Offered Securities conform to the descriptions thereof contained in the Prospectus with respect to the Offered Securities; and the statements made under the captions "Description of the Debt Securities" in the Prospectus and "Description of the Offered Securities" in the Prospectus Supplement, insofar as they purport to summarize the terms of the Offered Securities, constitute accurate, complete and fair summaries of such terms.

(g) All consents, approvals, authorizations, orders, registrations, clearances or qualifications ("Governmental Authorizations") of or with any court, ministry or governmental agency or other regulatory body ("Governmental Agency") in the Republic required for the issue and sale of the Offered Securities or the consummation by the Republic of the transactions contemplated by the Terms Agreement (including the provisions of this Agreement), any Delayed Delivery Contracts, the Fiscal

Agency Agreement or the Offered Securities, including without limitation the payment of interest and principal to the holders of the Offered Securities outside the Republic in accordance with the terms thereof, have been obtained and are in full force and effect; and the issue and sale of the Offered Securities and the consummation by the Republic of the transactions contemplated by the Terms Agreement (including this Agreement), any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities will be in compliance with all laws, decrees and regulations of the Republic or of any Governmental Agency in the Republic.

(h) The full faith and credit of the Republic has been pledged for the due and punctual payment of amounts due in respect of the Offered Securities; the Offered Securities will rank pari passu in right of payment with all other indebtedness issued in accordance with the Fiscal Agency Agreement and with all other unsecured and unsubordinated Indebtedness of the Republic. For purposes of this paragraph, "Indebtedness" means any payment obligation of the Republic (whether pursuant to a guarantee or otherwise), including any contingent liability, for borrowed money or arising from bonds, debentures, notes or similar instruments.

(i) Other than as set forth in the Prospectus, there are no legal or governmental actions, suits, arbitrations or proceedings pending to which the Republic is a party which, if determined adversely to the Republic, would individually or in the aggregate have a material adverse effect on the financial, economic or fiscal condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which are otherwise material to the rights of holders of the Offered Securities; and, to the best of the Republic's knowledge, no such actions, suits, arbitrations or proceedings are threatened which, if determined adversely to the Republic, would individually or in the aggregate have a material adverse effect on the financial, economic or fiscal condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which are otherwise material to the rights of holders of the Offered Securities.

(j) Other than as set forth in the Prospectus, the Republic is not in default in the payment of principal, interest or any other amount owing on any obligation in respect of indebtedness for money borrowed and the Republic has not received any notice of default or acceleration with respect

to any obligation in respect of indebtedness for money borrowed, in each case or in the aggregate, which would have a material adverse effect on the financial, economic or fiscal condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which is otherwise material to the rights of the holders of the Offered Securities; and the issue and sale of the Offered Securities and the compliance by the Republic with all of the provisions of the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement and the Offered Securities and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the Constitution of the Republic, as amended to the date of the Terms Agreement, any statutes, laws, decrees or regulations of the Republic or any treaty, convention or agreement to which the Republic is a party or to which any property of the Republic is subject and which default, in each case or in the aggregate, would have a material adverse effect on the financial, fiscal or economic condition of the Republic or its ability to perform its obligations under the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement or the Offered Securities or which is otherwise material to the rights of the holders of the Offered Securities.

(k) To ensure the legality, validity, enforceability, priority or admissibility in evidence in the Republic of the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement, the Offered Securities or any other document or instrument related to the offer and sale of the Offered Securities, it is not necessary that the Terms Agreement, any Delayed Delivery Contracts, the Fiscal Agency Agreement, the Offered Securities or any other documents or instruments be registered, recorded or filed with any court or other authority in the Republic (other than the translation thereof) or that any documentary, stamp or similar tax, imposition or charge be paid on or in respect of the Terms Agreement, the Fiscal Agency Agreement, the Offered Securities or any document or instrument related to the offer and sale of the Offered Securities.

(l) There is no tax, levy, deduction, charge or withholding imposed by the Republic or any political subdivision thereof either (i) on or by virtue of the execution, delivery or enforcement of the Terms Agreement, the Fiscal Agency Agreement or the Offered Securities or (ii) on any payment to be made by the Republic hereunder or under the Offered Securities.

(m) Neither the Republic nor any person acting on its behalf has taken, directly or indirectly, any action which might reasonably be expected to cause or result in stabilization of the price of any security of the Republic to facilitate the offer and sale of the Offered Securities or the sale or resale of the Offered Securities; provided, however, that no representation or warranty is given by the Republic with respect to any actions of the Underwriters.

(n) The Terms Agreement, any Delayed Delivery Contract, the Fiscal Agency Agreement and the Offered Securities are in proper legal form under the laws of the Republic for the enforcement thereof against the Republic under the laws of the Republic.

(o) No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Underwriters to the Republic or any political subdivision or taxing authority thereof or therein in connection with (i) the issuance, sale and delivery by the Republic to or for the respective accounts of the Underwriters of the Offered Securities issued and sold pursuant to the Terms Agreement or any Delayed Delivery Contract or (ii) the sale and delivery outside the Republic by the Underwriters of the Offered Securities acquired or purchased pursuant to the offer and sale of the Offered Securities to the initial purchasers thereof.

(p) The Republic is not aware that either S&P Global Ratings (“Standard & Poor’ s”) or Moody’ s Investors Service, Inc. (“Moody’ s”) has made any announcement that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic’ s debt securities; and the Republic has not been informed by either Standard & Poor’ s or Moody’ s that it intends or is contemplating any downgrading in any rating accorded to the Republic’ s debt securities or any announcement that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic’ s debt securities.

(q) The statements with respect to matters of Panamanian law set forth in the Prospectus are correct in all material respects.

(r) The Republic will make such arrangements reasonably necessary to permit settlement to occur in the manner described in the Prospectus.

(s) The Republic shall make generally available to its securityholders as soon as practicable, a statement in the English language of the revenues and expenditures of the Republic covering the first full fiscal year of the Republic commencing after the date of the Terms Agreement which will satisfy Section 11(a) of the Act and the rules and regulations of the Commission thereunder.

3. Purchase and Offering of Offered Securities. The obligation of the Underwriters to purchase the Offered Securities will be evidenced by an agreement or exchange of other written communications (the “Terms Agreement”) at the time the Republic determines to sell the Offered Securities. The Terms Agreement will incorporate by reference the provisions of this Agreement, except as otherwise provided therein, and will specify the firm or firms which will be Underwriters, the names of any Representatives, the principal amount to be purchased by each Underwriter, the purchase price to be paid by the Underwriters and the terms of the Offered Securities not already specified in the Fiscal Agency Agreement, including, but not limited to, interest rate, maturity, any redemption provisions and any sinking fund requirements and whether any of the Offered Securities may be sold to institutional investors pursuant to Delayed Delivery Contracts. The Terms Agreement will also specify the time and date of delivery and payment (such time and date, or such other time not later than seven full business days after the time specified in the Terms Agreement by the Underwriter first named in the Terms Agreement (the “Lead Underwriter”) and the Republic agrees as the time for payment and delivery, being herein and in the Terms Agreement referred to as the “Closing Date”), the place of delivery and payment and any details of the terms of the offering that should be reflected in the prospectus supplement relating to the offering of the Offered Securities. The obligations of the Underwriters to purchase the Offered Securities will be several and not joint. It is understood that the Underwriters propose to offer the Offered Securities for sale as set forth in the Prospectus.

If the Terms Agreement provides for sales of Offered Securities pursuant to delayed delivery contracts, the Republic authorizes the Underwriters to solicit offers to purchase Offered Securities pursuant to delayed delivery contracts substantially in the form of Exhibit I hereto (“Delayed Delivery Contracts”) with such changes therein as the Republic may authorize or approve. Delayed Delivery Contracts are to be with institutional investors, including commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions. On the Closing Date the Republic will pay, as compensation, to the Representatives for the accounts of the Underwriters, the fee set forth in such Terms Agreement in respect of the principal amount of Offered Securities to be sold pursuant to Delayed Delivery Contracts (“Contract Securities”). The Underwriters will not have any responsibility in respect of the validity or the performance of Delayed Delivery Contracts. If the Republic executes and delivers Delayed Delivery Contracts, the Contract Securities will be deducted from the

Offered Securities to be purchased by the several Underwriters and the aggregate principal amount of Offered Securities to be purchased by each Underwriter will be reduced pro rata in proportion to the principal amount of Offered Securities set forth opposite each Underwriter's name in such Terms Agreement, except to the extent that the Lead Underwriter determines that such reduction shall be otherwise than pro rata and so advise the Republic. The Republic will advise the Lead Underwriter not later than the business day prior to the Closing Date of the principal amount of Contract Securities.

The Offered Securities delivered to the Underwriters on the Closing Date will be in definitive fully registered form, in such denominations and registered in such names as the Lead Underwriter requests.

If the Terms Agreement specifies "Book-Entry Only" settlement or otherwise states that the provisions of this paragraph shall apply, the Republic will deliver against payment of the purchase price the Offered Securities in the form of one or more permanent global Securities in definitive form (the "Global Securities") deposited with the Fiscal Agent as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent Global Securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Prospectus. Payment for the Offered Securities shall be made by the Underwriters (if the Terms Agreement specifies that the Offered Securities will not trade in DTC's Same Day Funds Settlement System) by certified or official bank check or checks in New York Clearing House (next-day) funds or (if the Terms Agreement specifies that the Offered Securities will trade in DTC's Same Day Funds Settlement System) in Federal (same-day) funds by official check or checks or wire transfer to an account in New York previously designated to the Lead Underwriter by the Republic at a bank acceptable to the Lead Underwriter, in each case drawn to the order of the Republic of Panama at the place of payment specified in the Terms Agreement on the Closing Date, against delivery to the Fiscal Agent, as custodian for DTC, of the Global Securities representing all the Offered Securities.

4. Certain Agreements of the Republic. The Republic agrees with the several Underwriters that it will furnish to counsel for the Underwriters one copy of the registration statement relating to the Registered Securities, including all exhibits, in the form in which it became effective and of all amendments thereto and that, in connection with each offering of Offered Securities:

(a) The Republic will file the Prospectus with the Commission pursuant to and in accordance with Rule 424(b) (2) (or, if applicable and if consented to by the Lead Underwriter, which consent may not be unreasonably withheld, subparagraph (5)) not later than the Commission's close of business on the second business day following the execution and delivery of the Terms Agreement.

(b) The Republic will advise the Lead Underwriter promptly of any proposal to amend or supplement the Registration Statement or the Prospectus and will not effect such amendment or supplementation without the Lead Underwriter's consent, which consent may not be unreasonably withheld, and the Republic will also advise the Lead Underwriter promptly of the filing of any such amendment or supplement and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer, any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, the Republic promptly will notify the Lead Underwriter of such event and will promptly prepare and file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Lead Underwriter's consent to, nor the Underwriters, delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6.

(d) The Republic will furnish to the Representatives copies of the Registration Statement, each including all exhibits, any related preliminary prospectus, any related preliminary prospectus supplement, the Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Lead Underwriter reasonably requests.

(e) The Republic will arrange for the qualification of the Offered Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Lead Underwriter designates and will continue such qualification in effect so long as required for the distribution thereof; provided, however, that in connection therewith, the Republic shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any such jurisdiction.

(f) Unless otherwise specified in the Terms Agreement, the Republic will pay all expenses incident to the performance of its obligations under the Terms Agreement (including the provisions of this Agreement), including the cost of printing the documents (including the Registration Statement and Prospectus) and will reimburse the Underwriters (if and to the extent incurred by them) for any filing fees and other expenses (including reasonable fees and disbursements of counsel) incurred by them in connection with qualification of the Registered Securities for sale and determination of their eligibility for investment under the laws of such jurisdictions as the Lead Underwriter may designate and the printing of memoranda relating thereto, for any fees charged by investment rating agencies for the rating of the Offered Securities, for any applicable filing fee, if any, of the National Association of Securities Dealers, Inc. relating to the Registered Securities, for any travel expenses of the Republic's officers and employees and any other expenses of the Republic in connection with attending or hosting meetings with prospective purchasers of Registered Securities and for expenses incurred in distributing the Prospectus, any preliminary prospectuses, any preliminary prospectus supplements or any other amendments or supplements to the Prospectus to the Underwriters. Except as agreed in the Terms Agreement, the Republic will reimburse the Underwriters for their expenses incurred in connection with meetings with prospective purchasers.

(g) The Republic will indemnify and hold harmless the Underwriters against any documentary, stamp or similar issue tax, including any interest and penalties, on the creation, issue and sale of the Offered Securities and on the execution and delivery of the Terms Agreement (including the provisions of this Agreement). All payments to be made by the Republic hereunder or thereunder shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever unless the Republic is compelled by law to deduct or withhold such taxes, duties or charges. In that event, the Republic shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made.

(h) Except as agreed in the Terms Agreement, during the period beginning from the date hereof and continuing to and including the completion of the distribution as notified to the Republic by the Lead Underwriter (notification to be given as promptly as practicable) the Republic will not offer, sell, contract to sell or otherwise dispose of any debt securities of the Republic, guaranteed by the Republic or of any agency or enterprise controlled by the Republic that are substantially similar to the Offered Securities, are denominated in U.S. dollars, are to be placed outside the Republic and which have tenors substantially similar to the Offered Securities, without the prior written consent of the Lead Underwriter.

5. General Selling and Other Restrictions.

(a) Each Underwriter severally represents to and agrees with the Republic that it has not offered, sold or delivered and it will not offer, sell or deliver, directly or indirectly, any of the Offered Securities or distribute the Prospectus, any preliminary prospectus or any other material relating to the Offered Securities, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and which will not impose any obligations on the Republic except as contained in this Agreement. In addition, each Underwriter severally agrees with the Republic to comply with such additional or substitute restrictions on offers and sales of the Offered Securities as may be set forth in the Terms Agreement and to cause each member of the selling group to agree to comply with the restrictions on offers and sales of the Offered Securities set forth in this Section 5 and, if applicable, the Terms Agreement.

(b) Each Underwriter severally represents to and agrees with the Republic to deliver to counsel for the Underwriters for the benefit of the Republic, as soon as practicable following the initial distribution of the Offered Securities (but in no event later than 40 days after the Closing Date), confidential facsimiles enumerating the amount of Offered Securities sold by each of them in the initial distribution in the United States together with an estimate of the number of Offered Securities reasonably expected to be sold within the United States within 40 days of the Closing Date; provided, however, that the Underwriters shall bear no responsibility for any discrepancy between each such estimated amount and the actual amount of Offered Securities sold within the United States in such time period.

6. Conditions of the Obligations of the Underwriter. The obligations of the several Underwriters to purchase and pay for the Offered Securities will be subject to the accuracy of the representations and warranties on the part of the Republic herein on and as of the date of the Terms Agreement and the Closing Date, to the accuracy of the statements of the Republic and its officers made pursuant to the provisions hereof, to the performance by the Republic of its obligations hereunder and to the following additional conditions precedent:

(a) All representations and warranties and other statements of the Republic contained in the Terms Agreement (including the provisions of this Agreement) are now, and at all times from the date of the Terms Agreement to the Closing Date will be, true and correct in all material respects (except for those representations, warranties and statements which are by their terms subject to materiality, in which case such representations, warranties or statements shall be true and correct in accordance with their terms).

(b) The Prospectus as amended or supplemented with respect to the Offered Securities shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 4(a) hereof; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for the purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction.

(c) On the Closing Date, your United States counsel shall have furnished to you such written opinion or opinions, dated the Closing Date, with respect to the validity of the Fiscal Agency Agreement and the Offered Securities, the Registration Statement, the Prospectus and such other related matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters. In rendering their opinions, your United States counsel may rely as to all matters of Panamanian law upon the opinions referred to in paragraphs (d) and (e) of this Section 6.

(d) On the Closing Date, your Panamanian counsel shall have furnished to you such written opinion or opinions, dated the Closing Date, with respect to the validity of the Terms Agreement, the Fiscal Agency Agreement and the Offered Securities, the Registration Statement, the Prospectus and such other related matters as you may reasonably request,

and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters. In rendering such opinion, such counsel may rely as to all matters of United States Federal and New York State law upon the opinion referred to in paragraph (c) of this Section 6.

(e) On the Closing Date, the Procurador(a) de la Administración (Attorney General) or in his or her absence, a duly authorized attorney of the Procuraduría de la Administración, shall have furnished to you his or her written opinion, dated the date of delivery thereof, in form and substance satisfactory to you, addressing the matters set forth in Annex I attached hereto. In rendering such opinion, such counsel may state that his or her opinion is limited to matters of Panamanian law and may rely as to all matters of United States Federal and New York law upon the opinion referred to in paragraph (f) of this Section 6.

(f) On the Closing Date, United States counsel for the Republic shall have furnished to you their written opinion, dated the Closing Date, in form and substance satisfactory to you, addressing the matters set forth in Annex II attached hereto. In rendering such opinion, such counsel may state that their opinion is limited to the Federal laws of the United States and the laws of the State of New York and may rely as to all matters of Panamanian law upon the opinion referred to in paragraph (e) of this Section 6.

(g) The Republic shall have furnished to you, on the Closing Date, a certificate in English, dated the Closing Date, of the Minister or Vice Minister of Economy and Finance, in which such official shall state that, to the best of his or her knowledge after reasonable investigation: (i) the representations and warranties of the Republic in this Agreement are true and correct in all material respects with the same effect as though such representations and warranties had been made at and as of the respective date of such certificate (other than such representations and warranties which are made as of a specified date), (ii) the Republic has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the respective date of such certificate and (iii) no proceeding has been initiated, or to the best of his or her knowledge threatened, to restrain or enjoin the issuance or delivery of the Offered Securities or in any manner to question the laws, proceedings, directives, resolutions, approvals, consents or orders under which the Offered Securities will be issued or to question the validity of the Offered Securities and none of said laws, proceedings, directives, resolutions, approvals, consents or orders has been repealed, revoked or rescinded in whole or in relevant part.

(h) Since the date of the Terms Agreement there shall not have been any material adverse change, or any prospective material adverse change, in or affecting the financial, economic, fiscal or political condition of the Republic or in Panamanian taxation affecting the Offered Securities, otherwise than as set forth in or contemplated in the Prospectus (as amended or supplemented), the effect of which, in any such case, is in your judgment such as to make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Offered Securities on the terms and in the manner contemplated by the Prospectus (as amended or supplemented).

(i) Subsequent to the execution and delivery of the Terms Agreement and on or prior to the Closing Date there shall not have occurred any of the following: (A) a suspension or material limitation in trading in securities generally on any of the New York Stock Exchange, the London Stock Exchange or the Luxembourg Stock Exchange; (B) trading of any securities of or guaranteed by the Republic shall have been formally suspended or limited on any international exchange; (C) a general moratorium on commercial banking activities in New York, London or the Republic declared by either United States or New York State authorities or authorities of London or the Republic, respectively; (D) the outbreak or escalation of hostilities involving the United States or the Republic or the declaration by the United States or the Republic of a national emergency or war; (E) the filing of any action or institution of any proceeding by any person or entity against the Republic or any of its property if the effect of any such event specified in clauses (A), (B), (C), (D) or (E) in your judgment makes it impracticable or inadvisable to proceed with the offer, sale or delivery of the Offered Securities on the terms and in the manner contemplated by the Prospectus (as amended or supplemented); or (F) the occurrence of any material adverse change in the existing financial, political or economic conditions in the United States, the Republic or elsewhere which in your sole judgment would materially and adversely affect the international financial markets or the market for the Offered Securities.

(j) On or after the date of the Terms Agreement and on or prior to the Closing Date (i) no downgrading shall have occurred in the rating accorded the Republic's debt securities by Standard & Poor's or Moody's; (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Republic's debt securities; (iii) the Republic shall not have been

aware that either Standard & Poor' s or Moody' s has announced that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic' s debt securities; and (iv) the Republic shall not have been informed by Standard & Poor' s or Moody' s that it intends or is contemplating any downgrading in any rating accorded to the Republic' s debt securities or any announcement that it will have under surveillance or review, with possible negative implications, its rating of any of the Republic' s debt securities.

(k) The Minister of Economy and Finance or the Vice Minister of Economy or the Vice Minister of Finance shall have furnished to you on the Closing Date, a certificate in English, dated the date of delivery, to the effect that as of its effective date, the Registration Statement and any further amendment thereto made by the Republic did not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading; that, as of its date, the Prospectus and any further amendment or supplement thereto made by the Republic did not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; that all statistical information in the Registration Statement and the Prospectus and any further amendment or supplement thereto is presented on a basis consistent with public official documents of the Republic; and that, as of the respective date of such certificate neither the Registration Statement nor the Prospectus or any further amendment or supplement thereto made by the Republic contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the foregoing certification shall not apply to the statements in or omissions from the Registration Statement or the Prospectus or any amendment or supplement thereto made in reliance upon and in conformity with information furnished to the Republic in writing by you expressly for use in the Registration Statement or the Prospectus or any amendment or supplement thereto.

(l) The Republic shall have furnished to you on the Closing Date such further information, certificates and documents as you may reasonably request.

7. Indemnification and Contribution.

(a) The Republic will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Republic will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Republic by any Underwriter through the Representatives, if any, specifically for use therein; it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below; and provided, further, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased the Offered Securities concerned, to the extent that a prospectus relating to such Offered Securities was required to be delivered by such Underwriter under the Act in connection with such purchase and any such loss, claim, damage or liability of such Underwriter results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sale of such Offered Securities to such person a copy of the Prospectus if the Republic had previously furnished copies thereof to such Underwriters.

(b) Each Underwriter will severally and not jointly indemnify and hold harmless the Republic against any losses, claims, damages or liabilities to which the Republic may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any

related preliminary prospectus or preliminary prospectus supplement or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Republic by or on behalf of such Underwriter through the Representatives, if any, specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Republic in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; it being understood and agreed that the only such information furnished by or on behalf of any Underwriter consists of the information described as such in the Terms Agreement.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party in writing will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that an indemnifying party shall not, in connection with any one such action or separate but substantially similar actions arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all indemnified parties, except to the extent that local counsel, in addition to its regular counsel, is required in order to effectively defend against such action. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Republic on the one hand and the Underwriters on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Republic on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Republic on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses for which the Republic is responsible under the relevant Terms Agreement) received by the Republic bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Republic or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent

misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Republic under this Section shall be in addition to any liability which the Republic may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act and to each officer, employee or agent of any Underwriter; and the obligations of the Underwriters under this Section shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each official of the Republic who has signed the Registration Statement.

8. Default of Underwriters. If any Underwriter or Underwriters default in their obligations to purchase Offered Securities under the Terms Agreement and the aggregate principal amount of the Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total principal amount of the Offered Securities that the Underwriters are obligated to purchase, the Lead Underwriter may make arrangements satisfactory to the Republic for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by the Closing Date, the nondefaulting Underwriters shall be obligated severally, in proportion to their respective commitments under the Terms Agreement (including the provisions of this Agreement), to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase. If any Underwriter or Underwriters so default and the aggregate principal amount of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total principal amount of the Offered Securities and arrangements satisfactory to the Lead Underwriter and the Republic for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, the Terms Agreement (including the provisions of this Agreement) will terminate without liability on the part of any non-defaulting Underwriter or the Republic, except as provided in Section 9. As used in the Terms Agreement (including the provisions of this Agreement), the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default. The respective commitments of the several Underwriters for the purposes of this Section shall be determined without regard to reduction in the respective Underwriters' obligations to purchase the principal amounts of the Offered Securities set forth opposite their names in the Terms Agreement as a result of Delayed Delivery Contracts entered into by the Republic.

9. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Republic or its officials and of the several Underwriters set forth in or made pursuant to the Terms Agreement (including the provisions of this Agreement) will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Republic or any of their respective representatives, officers, officials or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the Terms Agreement is terminated pursuant to Section 8 or if for any reason the purchase of the Offered Securities by the Underwriters is not consummated, the Republic shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4 (as it may be modified by the applicable Terms Agreement) and the respective obligations of the Republic and the Underwriters pursuant to Section 7 shall remain in effect. Except as agreed in the Terms Agreement, if the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of the Terms Agreement pursuant to Section 8 or the occurrence of any event specified in clause (A), (B) or (C) of Section 6(i), the Republic will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities.

10. Notices. All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to them at their address furnished to the Republic in writing for the purpose of communications hereunder or, if sent to the Republic, will be mailed, delivered or telegraphed and confirmed to it at the Republic of Panama, Director of Public Credit, Dirección de Crédito Público, Ministerio de Planificación y Política Económica, Vía España y Calle 52, Edificio Ogawa, Panama 3, Panama (507) 507-7202.

11. Successors. The Terms Agreement (including the provisions of this Agreement) will inure to the benefit of and be binding upon the Republic and such Underwriters as are identified in the Terms Agreement and their respective successors and the officers and directors and controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder.

12. Jurisdiction; Service of Process; Etc.

(a) The Republic irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in The City of New York and any court sitting in the Republic of the Republic, and any appellate court from any thereof, in any suit, action or proceeding arising out of or relating to this Agreement (a "Related Proceeding") and hereby irrevocably agrees that all claims in respect of any Related Proceeding may be heard and determined in such New York State or federal court or any court sitting in the Republic of the Republic as the person bringing such Related Proceeding may elect in its sole discretion (the "Specified Courts"). The Republic also agrees that any judgment obtained in any of the Specified Courts arising out of any Related Proceeding may be enforced or executed in any other court of competent jurisdiction whatsoever, and any judgment obtained in any such other court as a result of such enforcement or execution may be enforced or executed in any such other court of competent jurisdiction (all courts other than Specified Courts being herein called "Other Courts"), by means of a suit on the judgment or in any other manner provided by law. The Republic hereby irrevocably submits to the exclusive jurisdiction of each of the Specified Courts for the purpose of any Related Proceeding and, solely for the purpose of enforcing or executing any judgment referred to in the preceding sentence (a "Related Judgment"), of each Specified Court and each Other Court. The Agreement made by the

Republic with respect to jurisdiction is made solely with respect to Related Proceedings and the enforcement or execution of Related Judgments and under no circumstances shall it be interpreted as a general agreement by the Republic with respect to proceedings unrelated to the Terms Agreement (including the provisions of this Agreement). The Republic hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any Related Proceeding and any objection to any Related Proceeding whether on the grounds of venue, residence or domicile.

(b) The Republic hereby appoints and agrees to maintain the person for the time being and from time to time acting as or discharging (i) the function of Consul General of the Republic in The City of New York with an office on the date hereof at 1212 Avenue of the Americas, 10th floor, New York, New York 10036, United States, as its agent (the "Authorized Agent") to receive on behalf of the Republic and its property service of copies of the summons and complaint and any other process which may be served in any Related Proceeding in such New York State or federal court sitting in The City of New York. The Republic hereby agrees that such service may be made by registered mail or by delivering by hand a copy of such process to the Republic in care of the Authorized Agent at the address specified above for the Authorized Agent (and the Republic hereby agrees that such service will be effective upon the mailing or delivery by hand of such process to the office of the Authorized Agent), and the Republic hereby authorizes and directs the Authorized Agent to accept on its behalf such service. The Republic hereby agrees that failure of the Authorized Agent to give notice to the Republic, or failure of the Republic to receive notice of such service of process, shall not affect in any way the validity of such service on the Authorized Agent or the Republic. The Republic hereby irrevocably consents to the service of any and all process in any Related Proceeding by sending by registered mail copies of such process to the Republic at the Ministry of Planning and Economic Policy (and the Republic hereby agrees that such service will be effective seven days after mailing thereof). The Republic hereby covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of the Authorized Agent in full force and effect, and to cause the Authorized Agent to continue to act as such. In addition, the Republic hereby agrees that no documents or agreements to which it is a party or to which it or its property is subject shall affect the right of any party to serve legal process in any other manner permitted by law or affect the right of any party to bring any suit, action or proceeding against any other party or its property in the courts of any other jurisdiction.

(c) To the extent that the Republic has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Republic hereby irrevocably agrees not to claim and will irrevocably waive such immunity in respect of any Related Proceeding, and, without limiting the generality of the foregoing, the Republic hereby agrees that such waivers shall have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States and are intended to be irrevocable for purposes of such Act. Notwithstanding the foregoing, the execution on or attachment of revenues, assets and property of the Republic located in the Republic through the courts of the Republic, both prior to and post-judgment, shall be subject to the provisions of Articles 1047, 1048, 1650 and 1939 of the Judicial Code of the Republic of Panama.

(d) Notwithstanding the foregoing, the Republic does not consent to service of process or waive sovereign immunity with respect to actions brought against it under United States federal securities laws or any securities laws of any States of the United States, and the Republic's appointment of the Authorized Agent hereunder does not extend to such actions. In addition, the Republic agrees that it will not bring any suit, action or proceeding arising out of or related to the Terms Agreement against any Underwriter in the Republic and that any such suit, action or proceeding against any Underwriter shall be brought only in a State or federal court in The City of New York, New York; provided that, if any Underwriter brings any suit, action or proceeding arising out of or related to the Terms Agreement against the Republic in any court in the Republic of Panama (other than any proceeding solely to object to the exercise of jurisdiction by any such court), the foregoing agreement of the Republic shall not extend to any counterclaim or other claims the Republic may have against the Underwriters. The Underwriters irrevocably submit to the exclusive jurisdiction of any State or federal court in The City of New York in any such suit, action or proceeding.

13. English Documents. All documents to be delivered under or pursuant to any provision of the Terms Agreement (including the provisions of this Agreement) by the Republic shall be in the English language or accompanied by a certified English translation but the English language version shall be the prevailing version in the event of inconsistency between the English language version and any other language version.

14. Representation of Underwriters. Any Representatives will act for the several Underwriters in connection with the financing described in the Terms Agreement, and any action under such Terms Agreement (including the provisions of this Agreement) taken by the Representatives jointly or by the Lead Underwriter will be binding upon all the Underwriters.

15. Counterparts. The Terms Agreement (including the provisions of this Agreement) may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

16. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

Capitalized terms used in this Annex I and not defined herein shall have the meanings ascribed thereto in the Underwriting Agreement to which this Annex I is appended.

OPINION OF THE PROCURADOR(A) DE LA ADMINISTRACIÓN

(i) The Terms Agreement (including the provisions of the Underwriting Agreement) has been duly authorized, executed and delivered by the Republic and constitutes the valid and legally binding agreement of the Republic.

(ii) The Offered Securities have been duly authorized, issued, executed, and when authenticated and delivered against payment therefor, will constitute the valid and legally binding obligations of the Republic enforceable in accordance with their terms and entitled to the benefits of the Fiscal Agency Agreement subject, as to enforcement, to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(iii) The Fiscal Agency Agreement has been duly authorized, executed and delivered by the Republic and, assuming due authorization, execution and delivery thereof by the Fiscal Agent, constitutes the valid and legally binding obligation of the Republic enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(iv) Neither the execution, delivery or performance of the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement or the Offered Securities, nor compliance with the terms and provisions thereof, including performance of each of the obligations contained therein and required thereby (A) to the best of such counsel' s knowledge after due inquiry, will conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, loan agreement or other agreement or instrument for borrowed money known to such counsel to which the Republic is a party, (B) will conflict with, violate or result in a breach of, the Constitution of the Republic as amended to the date hereof, or any statutes, laws, decrees or regulations of the Republic, (C) to the best of such counsel' s knowledge after due inquiry, will conflict with or result in a breach of any of the terms, conditions or provisions of any treaty, convention or agreement to which the Republic is a party or constitute a default thereunder or (D) will result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the revenues or assets of the Republic under any such treaty, convention, agreement or instrument, which, in the case of Clause (A), (B), (C) or (D) could have a material adverse effect on the financial, economic or fiscal condition of the Republic or affect the validity or enforceability of the Offered Securities.

(v) The Registration Statement and the Prospectus and their filing with the Commission have been duly authorized by and on behalf of the Republic, and the Registration Statement has been duly executed by and on behalf of the Republic; the Ambassador of Panama to the United States has been duly appointed the Authorized Representative of the Republic in connection with the Registration Statement; the information in the Registration Statement and the Prospectus as amended or supplemented stated on the authority of public officials of the Republic has been stated in their official capacities thereunto duly authorized by the Republic.

(vi) All Panamanian Governmental Authorizations of or with any Panamanian Government Agency required by the Republic for the execution and delivery of the Terms Agreement (including the provisions of the Underwriting Agreement) and the Fiscal Agency Agreement and for the execution, issuance, sale and delivery of the Offered Securities, and the consummation by the Republic of the transactions contemplated by the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement and the Offered Securities (which shall be specified in such opinion) have been obtained and are in full force and effect.

(vii) Under the laws of the Republic, neither the Republic nor any of its property has any immunity from the jurisdiction of any Panamanian court or from the execution of any judgment in the Republic or from enforcement therein of any judgment by any court or other tribunal on the grounds of sovereignty or otherwise, except that the execution on, or attachment of, revenues, assets and property of the Republic located in the Republic through the courts of the Republic, both prior to and post-judgment, shall be subject to the provisions of Articles 1047, 1048, 1650 and 1939 of the Judicial Code of the Republic of Panama.

(viii) (A) The agreement of the Republic and the parties thereto that the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement and the Offered Securities shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America would be recognized and effective in the courts of the Republic in any action or proceeding involving the Republic arising out of or relating to the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement or the Offered Securities. (B) (i) The submission of the Republic pursuant to Section 12 of the Underwriting Agreement, Section 14 of the Fiscal Agency Agreement and Paragraph 13 of the Offered Securities to the non-exclusive jurisdiction of any New York State or Federal court sitting in The City of New York, New York and any court sitting in the Republic for the purposes set forth in such Sections and Paragraph and the appointment of the Authorized Agent (as defined in the Underwriting Agreement, in the Fiscal Agency Agreement and in the Offered

Securities) as its authorized agent for the purposes described in Section 12 of the Underwriting Agreement, in Section 14 of the Fiscal Agency Agreement and in Paragraph 13 of the Offered Securities are each valid and legally binding on the Republic. (C) Service of process effected in the manner set forth in Section 12 of the Underwriting Agreement, in Section 14 of the Fiscal Agency Agreement and in Paragraph 13 of the Offered Securities will be effective, insofar as Panamanian law is concerned, to confer valid personal jurisdiction over the Republic to the extent of any action referred to therein.

(ix) To ensure the legality, validity, enforceability or admissibility in evidence of the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement or any other document or instrument related to the Offered Securities, it is not necessary that the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement, the Offered Securities or any other such document or instrument be filed, registered or recorded with, or executed or notarized before, any court or other authority in the Republic (other than the translation and publication thereof), or that any registration charge or stamp or similar tax be paid on or in respect of the Terms Agreement, the Fiscal Agency Agreement, the Offered Securities, or any other such document or instrument.

(x) There is no tax, levy, deduction, charge or withholding imposed by the Republic or any political subdivision thereof either (A) on or by virtue of the execution, delivery, performance, recognition or enforcement of this Terms Agreement, the Fiscal Agency Agreement or the Offered Securities or (B) on any payment to be made by the Republic thereunder or under the Offered Securities.

(xi) The statements in the Prospectus Supplement under the caption "Taxation – Panamanian Taxation" fairly summarize the provisions of Panamanian tax law described therein.

(xii) Other than as set forth in the Prospectus, to the best of such counsel' s knowledge after due inquiry, there are no legal or governmental proceedings or arbitrations pending to which the Republic is a party which, if determined adversely to the Republic, would, individually or in the aggregate, have a material adverse effect on the Republic' s financial, economic or fiscal condition or its ability to perform its obligations under the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement or the Offered Securities; and, to the best of such counsel' s knowledge after due inquiry, no such proceedings are threatened.

(xiii) The Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement and the Offered Securities are in proper legal form under the laws of the Republic for the enforcement thereof against the Republic under the law of Panama.

(xiv) No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding, or other taxes are payable by you or on your behalf as Underwriters to the Republic or to any political subdivision or taxing authority thereof or therein by reason of your being Underwriters in connection with (A) the issuance, sale and delivery by the Republic to or for the respective accounts of the Underwriters of the Offered Securities issued and sold to the initial purchasers in the manner contemplated by the Terms Agreement.

In addition to the foregoing, such counsel will confirm that the Registration Statement and the Prospectus have been prepared by appropriate representatives of the Republic and its instrumentalities, including representatives of the Ministry of Planning and Economic Policy, and representatives of the Procuraduría de la Administración (“PDA”) have participated in discussions regarding the Registration Statement and the Prospectus with such representatives, U.S. counsel for Panama, the representatives of the Underwriters and its U.S. counsel. PDA has been apprised of and has reviewed the disclosure requirements under applicable United States securities laws and regulations and has reviewed the Registration Statement and the Prospectus. Based on such discussions and review, and without independent investigation or verification of the correctness or completeness of the information included in the Registration Statement and the Prospectus, such counsel will advise the Underwriters, on behalf of PDA, that, subject to the limitations described below, nothing has come to PDA’s attention which has caused it to believe that, as of its effective date, the Registration Statement and the Prospectus and any further amendments or supplements thereto made by the Republic prior to the date of this opinion contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of the date of the Terms Agreement, the Prospectus or any further amendment or supplement thereto contained an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or that, as of the date of the opinion, the Registration Statement or the Prospectus or any further amendment or supplement made by the Republic prior to the date of the opinion contains an untrue statement of material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Such counsel may state that the PDA is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Prospectus (except to the extent expressly set forth in clause (xi) above), that such counsel makes no representation that PDA has independently verified the accuracy, completeness or fairness of such statements (except as aforesaid) and that such counsel does not express any opinion or belief as to the financial or statistical data contained in the Registration Statement or the Prospectus.

Capitalized terms used in this Annex II and not defined herein shall have the meanings ascribed thereto in the Underwriting Agreement to which this Annex II is appended.

OPINION OF U.S. COUNSEL TO THE REPUBLIC

(i) Assuming that the Fiscal Agency Agreement has been duly authorized, executed and delivered by the Republic and by the Fiscal Agent, the Fiscal Agency Agreement constitutes a valid and legally binding agreement of the Republic, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability affecting creditors' rights and to general equity principles.

(ii) Assuming that the Offered Securities have been duly authorized, executed, issued and delivered under Panamanian law and authenticated by the Fiscal Agent, such Offered Securities constitute valid and legally binding obligations of the Republic entitled to the benefits provided by the Fiscal Agency Agreement and enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability affecting creditors' rights and to general equity principles.

(iii) No consent, approval, authorization or order of, or qualification with, any United States Federal or New York State governmental agency or body is required for the issue and sale of the Offered Securities or the performance by the Republic of the transactions contemplated by the Terms Agreement (including the provisions of the Underwriting Agreement), the Fiscal Agency Agreement or the Offered Securities, except such as have been obtained under the Act and such consents, approvals, authorizations or qualifications as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Offered Securities.

(iv) Under the laws of the State of New York, assuming the Republic has duly authorized, executed and delivered the Terms Agreement under Panamanian law, (A) the submission of the Republic pursuant to Section 12 of the Underwriting Agreement, Section 14 of the Fiscal Agency Agreement and Paragraph 13 of the Offered Securities to the non-

exclusive jurisdiction of any New York State or federal court sitting in The City of New York and any court sitting in Panama for the purposes set forth in such Paragraphs and Section and (B) the appointment of the Authorized Agent (as defined in the Underwriting Agreement) as its authorized agent for the purposes described in Section 12 of the Underwriting Agreement, Section 14 of the Fiscal Agency Agreement and Paragraph 13 of the Offered Securities are each valid and legally binding on the Republic; any service of process effected on such agent in the manner set forth in Section 12 of the Underwriting Agreement, Section 14 of the Fiscal Agency Agreement and Paragraph 13 of the Offered Securities will be effective to confer valid personal jurisdiction over the Republic to the extent of any action referred to therein, subject to the limitations of the Foreign Sovereign Immunities Act of 1976, as amended.

(v) The statements set forth in the Prospectus Supplement under the caption “Taxation–U.S. Taxation” insofar as such statements purport to describe the principal U.S. federal income tax consequences of a purchase of the Offered Securities, constitute fair summaries of such consequences.

(vi) The Registration Statement is effective under the Act and, to the best of such counsel’ s knowledge, no stop order with respect thereto has been issued, or proceeding for that purpose instituted or threatened by the Commission.

(vii) The statements set forth in the Prospectus under the caption “Description of the Debt Securities” and in the Prospectus Supplement under the caption “Description of the Offered Securities”, insofar as they purport to constitute a summary of certain provisions of the Offered Securities and the Fiscal Agency Agreement, provide a fair summary of such provisions.

In addition, United States counsel to Panama shall have furnished to the Underwriters a letter confirming that as United States counsel to Panama, such counsel reviewed the Registration Statement and the Prospectus, as then amended or supplemented, participated in discussions with representatives of the Underwriters and those of the Republic and its Panamanian counsel, and advised the Republic as to the requirements of the Act and the applicable rules and regulations thereunder; confirming that on the basis of the information that such counsel gained in the course of the performance of such services, considered in the light of their understanding of the applicable law and the experience they have gained through their practice under the Act, in their opinion, the Registration Statement, and the Prospectus, as then amended or supplemented, as of the effective date of the Registration Statement, appeared on their face to be appropriately responsive in all material respects to the requirements of the Act and the applicable rules and regulations of the Commission thereunder; nothing that came to such counsel’ s attention in the course of such review has caused such counsel to believe that the Registration Statement, as then amended or supplemented, as of such effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the

statements therein not misleading or that the Prospectus, as of its date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and nothing that has come to such counsel's attention in the course of the limited procedures described in such letter has caused them to believe that the Prospectus, as then amended or supplemented, as of the date and time of delivery of such letter, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such counsel may state that they do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, or the Prospectus except to the extent of the opinion separately rendered by such counsel with respect to statements made under the captions "Description of the Debt Securities" in the Prospectus as then amended or supplemented and in the Prospectus Supplement under the captions "Description of the Offered Securities" and "Taxation—U.S. Taxation"; that such counsel do not express any opinion or belief as to the financial statements and related schedules or other financial or statistical data; that such counsel do not express an opinion or belief as to the laws of the Republic or as to information supplied by or on behalf of the Underwriters in writing expressly for use therein; and that their letter is furnished as United States counsel for Panama to you and is solely for the benefit of the Underwriters.

RECENT DEVELOPMENTS IN THE REPUBLIC AS OF JANUARY 11, 2022

The information included in this Exhibit J supplements the information about the Republic of Panama (the "Republic" or "Panama") contained in Panama's annual report for the year ended December 31, 2020, on Form 18-K filed with the Commission on September 30, 2021. To the extent the information in this Exhibit J is inconsistent with the information contained in such annual report, the information in this Exhibit J replaces such information. Initially capitalized terms used in this section have the respective meanings assigned to those terms in such annual report.

Recent Government Actions*COVID-19 Containment Measures*

On September 21, 2021, the Minister of Health reported that, due to the decrease in COVID-19 cases and deaths, the curfew would be lifted as of September 27, 2021 in the capital of Panama and in most of the provinces of the Republic.

On September 29, 2021, Executive Decree No. 852 was published, allowing facilities hosting large events (such as weddings, birthdays, conferences, concerts and sports events) to return to 100% capacity if all attendees (i) have been fully vaccinated for at least 14 days, and (ii) present proof of such vaccination by showing their vaccination card or QR code issued by the National Authority for Government Innovation.

On December 3, 2021, to prevent the spread of the COVID-19 Omicron variant, the Government temporarily suspended entry into Panama by non-nationals and non-residents who have stayed in or traveled through African countries such as South Africa, Botswana, Eswatini, Lesotho, Mozambique, Namibia, Zimbabwe and Malawi, in the prior 14 days. Panamanian citizens or residents entering Panama from these countries must present a negative COVID-19 test taken within 72 hours prior to entry and must take a second COVID-19 test 72 hours after entry.

On December 28, 2021, the Ministry of Health established a 10-day quarantine requirement for those who test positive for COVID-19 and a five-day quarantine requirement for those who have had close contact with an infected person.

On December 28, 2021, the Ministry of Health reported that 26 cases of the Omicron variant had been detected within Panama. As of January 2, 2022, 55 cases of the Omicron variant had been detected within Panama,

As of December 29, 2021, the Ministry of Health reported a cumulative total of 489,695 COVID-19 cases and 7,421 deaths since the beginning of the COVID-19 pandemic. Of the total cases, 7,858 were active cases, and 1,354 were newly reported cases as of December 29, 2021.

COVID-19 vaccines

Between September 21, 2021, and December 28, 2021, Panama received 2,537,730 doses of the Pfizer COVID-19 vaccine, including 198,900 delivered through the Covax mechanism, and the remainder through Panama's bilateral agreement with Pfizer.

On November 24, 2021, COVID-19 booster doses began to be applied to people over 18 years of age who had completed their initial vaccinations at least six months prior. On December 22, 2021, the Government reduced the required time period between completion of initial vaccinations and booster doses to three months and approved the application of booster doses to people 16 years of age and older.

In 2021, Panama's health authorities applied a total of 6,297,894 doses of COVID-19 vaccines. Of this total, 3,124,910 were first doses, 2,812,163 were second doses, 353,419 were booster doses, and 7,402 were third doses for immunosuppressed patients. Of the population over 12 years old, 90.5% have received one dose and 81.4% have received two doses of a COVID-19 vaccine.

On January 2, 2022, Panama received 60,000 doses of pediatric COVID-19 vaccines from Pfizer for children between 5 and 11 years old.

Other Government Actions

On September 28, 2021, the General Manager of Aeropuerto Internacional de Tocumen, S.A. (“AITSA”), Raffoul Arab, confirmed that AITSA terminated its contract with the company Construtora Norberto Odebrecht, S.A. (“CNO”) for the execution of the Airport Expansion Program due to CNO’s breach of its contractual obligations. CNO was required to complete work by September 30, 2021, but did not meet that deadline.

On September 30, 2021, the Cabinet Council approved a three-month extension for the subsidies on electricity rates established during the COVID-19 pandemic.

On September 30, 2021, the banking moratorium established during the COVID-19 pandemic ended. An estimated 70% of banking clients made arrangements with their banks during the moratorium to increase the flexibility of their loan terms.

On October 5, 2021, the European Union affirmed Panama’s presence on the “black list” of non-cooperative jurisdictions for tax purposes due to the fact that Panama (i) has not yet achieved a rating of at least “largely compliant” from the Global Forum on Transparency and Exchange of Information for Tax Purposes with respect to the exchange of information on request, and (ii) has a foreign-source income exemption regime.

On October 13, 2021, the Cabinet Council issued Resolution No. 114, which authorizes an additional credit to the Government’s 2021 budget in an amount of U.S.\$169,098,760, to be allocated among various public sector entities.

On October 13, 2021, President Cortizo signed Bill No. 153, which establishes a regulatory framework for the controlled access and use of cannabis and its derivatives for medicinal, therapeutic, scientific, research and veterinary purposes in Panama. The framework includes controls over the production, import and export of cannabis; the creation of a registry of persons authorized to have access to cannabis; and the authority of the Ministry of Health to oversee medical research.

On October 15, 2021, Law No. 241 was published in the Official Gazette. Law No. 241 of 2021 modifies Law No. 23 of 2017 and Law No. 9 of 1994, regarding the payment of a seniority premium to public servants, by specifying that (i) the seniority premium will be paid at the rate of one week’s salary for each year worked, (ii) the seniority premium does not apply to public servants chosen by popular election, ministers, vice ministers, directors and subdirectors of autonomous entities and managers of entities in which the State has majority equity ownership, and (iii) the seniority premium is not subject to judicial seizure or social security deductions.

On November 11, 2021, President Cortizo signed Bill No. 624, which includes the recommendations of the Financial Action Task Force on Money Laundering to reinforce the legal framework against money laundering, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction.

On November 17, 2021, President Cortizo signed Bill No. 88, which extends the preferential interest rate regime for new mortgage loans issued in connection with social interest housing until August 1, 2024.

On December 31, 2021, the Government approved U.S.\$74 million in subsidies on electricity rates for the first half of 2022.

On December 31, 2021, the Government published Executive Decree No. 74, which sets new nationwide minimum hourly wages, effective January 16, 2022. Wages were raised within the economic sectors that showed positive growth from 2019 to 2021, without considering growth in 2020, due to the atypical economic effects caused by the COVID-19 pandemic. Minimum hourly wages increased by 1.5% in the agriculture, livestock and fisheries sector; by 1.0% in the mining and quarrying sector; by 2.0% in the social, financial and private health services sector; by 1.0% in the construction sector; and by 2.0% in the electricity, gas and water supply sector. Additionally, in accordance with the previous agreement between the Union of Workers of the Banana Industry, Agriculture and Related Companies, the Industrial Union of Workers of Independent Banana Producers and the Government, minimum wages for workers in the banana industry increased by 13%.

In 2021, Panama received a notice of investment dispute from Petaquilla Minerals, Ltd., a Canadian mining company that claims, inter alia, that its Panamanian subsidiary's concession to exploit a gold mine in Panama was expropriated without compensation in violation of the Canada-Panama bilateral investment treaty. The parties are currently in a six-month negotiation period which runs to June 2022 with respect to the matter and no request for arbitration has been filed. During the period from April 2015 to June 2021, Panama also received notices of investment dispute from shareholders of Petaquilla Minerals, Ltd. from Spain and Germany, alleging expropriation of their indirect investment in the Petaquilla gold mine. To date no request for arbitration has been filed related to these notices.

Political Developments

On February 20, 2020, Jorge Alberto Rosas, former member of the National Assembly, was arrested and charged with money laundering in connection with ongoing Odebrecht corruption investigations. On March 5, 2020, a judge ordered Mr. Rosas to remain in preventive detention without the possibility of bail. After Mr. Rosas' legal counsel filed a writ of *habeas corpus*, on April 2, 2020, the Supreme Court of Justice held that Mr. Rosas could comply with his preventive detention under house arrest during the pendency of the investigation.

The Anti-Corruption Prosecutor's Office initiated an investigation against the Government due to alleged irregularities and suspected embezzlement in connection with the purchase of 100 ventilators at a cost of U.S.\$5.2 million to be used for patients affected by COVID 19. On April 25, 2020, the Government announced the cancellation of the purchase of respirators.

On October 6, 2020, the Baltasar Garzón International Foundation for Human Rights and Universal Jurisdiction (Fibgar) reported that it had filed a lawsuit against former President Ricardo Martinelli in Spain for alleged money laundering and corruption in connection with the current investigation into bribes in the aggregate amount of U.S.\$82.7 million allegedly paid by Fomento de Construcciones y Contratas ("FCC") in exchange for contracts in Panama. On December 16, 2021, the National Court of Spain summoned Mr. Martinelli to testify in relation to his possible participation in the corruption scheme with FCC, as part of the Court's investigation into the allegations.

On September 21, 2021, the plenary session of the National Assembly ratified the appointment of Jorge Luis Lara Tejada as director and president of the board of directors of Metro de Panamá, S.A. for a period of seven years.

On September 21, 2021, the plenary session of the National Assembly ratified the appointment of Elena Moreno de Puy, Rafael Karl Brown Rangel and Anel Jesús Miranda Batista as magistrates to the Administrative Tax Court for a period of five years.

On September 30, 2021, the U.S. Office of Foreign Assets Control removed four Panamanian companies linked to Abdul Waked from its list of Specially Designated Nationals due to their dissolution. The dissolved companies were Soho Panamá, S.A., Waked Internacional Panamá, S.A., Abif Investment, S.A. and Grupo La Riviera Panamá, S.A.

On October 6, 2021, President Cortizo appointed Miriam Yadira Cheng Rosas as magistrate of the First Civil Chamber, and María Cristina Chen Stanziola as magistrate of the Third Administrative and Labor Chamber of the Supreme Court of Justice. Ms. Cheng Rosas was appointed to replace Hernán De León, and Ms. Chen Stanziola replaced Luis Ramón Fábrega, whose term expired on December 31, 2021.

On November 9, 2021, former President Ricardo Martinelli was acquitted by the Trial Court of the First Judicial Circuit. The former president had been accused of the crimes of interception of telecommunications, and monitoring, persecution and surveillance without judicial authorization.

On November 15, 2021, Luis Enrique Martinelli Linares, son of former President Ricardo Martinelli, was extradited from Guatemala to New York. The U.S. District Attorney for the Eastern District of New York seeks to prosecute Luis Enrique Martinelli Linares and his brother Ricardo Alberto Martinelli Linares for money laundering and concealment of information, for allegedly receiving millions of dollars in bribes from Brazilian construction company Odebrecht in exchange for helping the company win contracts for the construction of public infrastructure works. On December 2, 2021, Luis Enrique Martinelli Linares pleaded guilty to money laundering. On December 10, 2021, Ricardo Alberto Martinelli Linares was extradited from Guatemala to the United States. On December 14, 2021, Ricardo Alberto Martinelli Linares pleaded guilty to money laundering and bribery.

On November 17, 2021, Attorney General Javier Caraballo Salazar reported that the Anti-Corruption Prosecutor's Office had apprehended four individuals charged with embezzlement and violation of public seals in connection with the running of the National Charity Lottery: the former head of delivery of chances and tickets of the Lottery, Yamilka Camarena; the former provisional director of the Lottery, Alejandra Bonilla; the former head of operations of the Lottery, Franklin De Gracia; and a private individual, Miguel Ángel Peña. The judge overseeing the case ordered preventive detention for Ms. Camarena and Ms. Bonilla and periodic reporting for Mr. De Gracia and Mr. Peña.

On November 22, 2021, the Public Ministry admitted a complaint filed by the former Minister of Education, Lucy Molinar, requesting the investigation of five prosecutors: Tania Sterling, Special Anti-Corruption Prosecutor; Ruth Morcillo, Senior Prosecutor against Organized Crime; Adecio Mojica, Anti-Corruption Prosecutor; Zuleyka Moore, Senior Coordinating Prosecutor of the Panama West Regional Prosecutor's Office; and Nathaniel Murgas, Senior Prosecutor in the Office for Crimes of Illicit Association. The complaint also named Kenia Porcell, former Attorney General of the Nation; Eric Estrada, head of the Institutional Protection Service; Rolando López, former secretary of the National Security Council; and Jacinto Gómez, also formerly at the National Security Council. The complaint, based in part on testimony from Abraham Williams, a former employee of the *Programa de Ayuda Nacional* (National Aid Program) who served as a protected witness during investigations into irregular purchases by the National Aid Program, accused the named parties of the crimes of corruption, abuse of authority, violation of the duties of public servants, and false testimony. Mr. Williams testified that several prosecutors tried to coerce him into mentioning the names of high officials within the Martinelli government as part of his declarations in connection with the National Aid Program investigation.

On December 23, 2021, the Anti-Corruption Prosecutor's Office obtained a conviction of former director of the National Aid Program (PAN) Giacomo Tamburelli Lettieri for the crime of embezzlement, related to the irregular purchase of musical instruments through the PAN. Tamburelli was sentenced to 4 years in prison.

The Economy

During the third quarter of 2021, estimated GDP growth was 25.5%, compared to a 23.1% contraction for the same period in 2020, in part due to the elimination of certain restrictions that had been established to contain the COVID-19 pandemic and the gradual recovery of the economy in response. Inflation, as measured by the average CPI with base year 2013, was 1.5% in the eleven-month period ended November 30, 2021.

The commerce, hotels and restaurants sector grew by 34.6% in the third quarter of 2021 compared to the same period in 2020, representing 21.3% of GDP during the third quarter of 2021. Growth in the commerce, hotels and restaurants sector was primarily due to an increase in sales of fuel, food, and beverages and also due to an increase in the income of restaurants which were partially or totally closed during the third quarter of 2020. The financial intermediation sector contracted by 1.6% during the third quarter of 2021, compared to the same period in 2020, and represented a contribution of 7.2% of GDP during the second quarter of 2021. The contraction in the financial intermediation sector was attributable mainly to lower performance of the banking sector.

The transportation, storage and communications sector increased by an estimated 18.6% during the third quarter of 2021, compared to the same period in 2020, reflecting a contribution of 14.1% of GDP, primarily due to an increase in operations of the Panama Canal, ports, air transport, land transport and telecommunications.

The construction sector increased by 101.5% during the third quarter of 2021, compared to the same period in 2020, primarily due to the reactivation of public civil engineering works and construction of buildings, reflecting a contribution of 9.6% of GDP. The manufacturing sector increased by 12.5% during the third quarter of 2021 compared to the same period in 2020, representing a contribution of 4.0% of GDP during the third quarter of 2021. The increase in the manufacturing sector was primarily due to an increase in the production of meat and meat products.

The agricultural sector grew by 4.3% during the third quarter of 2021 compared to the same period in 2020, representing 2.8% of GDP during the third quarter of 2021. Growth in the agricultural sector was primarily due to an increase in the production of rice and corn. The fisheries sector contracted by 26.1% during the third quarter of 2021 compared to the same period in 2020, representing 0.4% of GDP during the third quarter of 2021. The contraction in the fisheries sector was primarily due to a decrease in the exports of frozen and fresh fish. Mining activities increased by 131.2% during the third quarter of 2021, compared to the same period in 2020, reflecting a contribution of 7.9% of GDP, primarily due to the increase in exports of copper minerals and concentrates to various international markets.

The National Assembly approved Panama's 2022 budget on October 29, 2021. The 2022 budget contemplates total expenditures of U.S.\$25.3 billion, with budget estimates based on an anticipated nominal GDP of U.S.\$62.4 billion (5.0% real growth from 2021) and an anticipated consolidated non-financial public sector deficit of approximately U.S.\$2.5 billion (approximately 4.0% of preliminary nominal GDP) for 2022. Article 10 of the Social Fiscal Responsibility Law, as amended by Law No. 38 of 2012, Law No. 51 of 2018, Law No. 102 of 2019 and Law 185 of 2020, establishes a ceiling for the fiscal deficit adjusted balance of the non-financial public sector of 9-10.5% of nominal GDP projected in the budget for the 2020 fiscal year, 7-7.5% of nominal GDP projected in the budget for the 2021 fiscal year, 4% of nominal GDP projected in the budget for the 2022 fiscal year, 3% of nominal GDP projected in the budget for the fiscal year 2023, 2% of nominal GDP projected in the budget for the fiscal year 2024 and 1.5% of nominal GDP projected in the budget for the fiscal year 2025 and subsequent years. The 2022 budget allocates public recurrent and capital expenditures as follows: 45.8% to social services; 15.7% to financial services; 13.2% to general services; 6.2% to infrastructure development; 2.8% to development and promotion of production; 0.8% to environment and technology; and 15.5% to other services.

The Central Government's preliminary current savings for the eleven-month period ended November 30, 2021 registered a deficit of U.S.\$2,562.0 million (4.0% of nominal GDP) compared to a deficit of U.S.\$2,788.2 million for the same period in 2020 (5.2% of nominal GDP). The Central Government's overall deficit increased to U.S.\$5,532.0 million in the eleven-month period ended November 30, 2021 (8.7% of nominal GDP) compared to a deficit of U.S.\$5,499.4 million for the same period in 2020 (10.2% of nominal GDP). The preliminary fiscal deficit of the non-financial public sector for eleven-month period ended November 30, 2021 was approximately U.S.\$4,810.1 million (7.6% of nominal GDP).

The preliminary fiscal deficit of U.S.\$4,810.1 million of the non-financial public sector for the eleven-month period ended November 30, 2021 represented a decrease of U.S.\$732.7 million from the deficit of U.S.\$5,542.8 million registered for the same period of 2020. Total non-financial public sector expenditures for the eleven-month period ended November 30, 2021 were U.S.\$13,869.1 million, an increase of U.S.\$817.2 (6.3%) from U.S.\$13,051.9 million for the same period of 2020. Total revenue for the eleven-month period ended on November 30, 2021 was U.S.\$9,059.0 million, an increase of U.S.\$1,549.9 million (20.6%) from U.S.\$7,509.1 million for the same period of 2020.

On the expenditure side, non-financial public sector capital expenses totaled U.S.\$3,011.8 million for the eleven-month period ended November 30, 2021, an increase of U.S.\$198.5 million compared to U.S.\$2,813.3 million during the same period of 2020. Non-financial public sector current expenses during the eleven-month period ended November 30, 2021 amounted to U.S.\$10,857.3 million, a U.S.\$618.7 million (6.0%) increase from U.S.\$10,238.6 million during the same period of 2020. On the revenue side, tax revenue during the eleven-month period ended November 30, 2021 was U.S.\$3,950.8 million, an increase of U.S.\$575.9 million (17.1%) from U.S.\$3,374.9 million for the same period of 2020, while non-tax revenue was U.S.\$1,517.3 million, an increase of U.S.\$328.1 million (27.6%) from U.S.\$1,189.2 million for the same period in 2020. Capital revenue during the eleven-month period ended November 30, 2021 was U.S.\$10.4 million.

Structure of the Panamanian Economy

Principal Sectors of the Economy

Service Sector. The Panamanian economy is based primarily on the service sector, which represented an estimated 73.4% of GDP during the third quarter of 2021. Services include real estate; transportation, storage and communications; commerce, restaurants and hotels; financial intermediation; public administration; the Panama Canal; the CFZ; and public utilities. While the commerce sector, real estate sector and transportation sector represent significant percentages of real GDP (estimated to be 21.3%, 12.6% and 14.1%, respectively, of real GDP during the third quarter of 2021), the Panamanian economy is distinguished by the economic benefits generated by the Panama Canal and the CFZ.

Commerce. Commerce—which includes wholesale and retail activities as well as restaurants and hotels—is the largest component of the service sector and represented an estimated 21.3% of real GDP during the third quarter of 2021. During the third quarter of 2021, commerce activities increased 34.6% compared with the same period of 2020, due to the continued recovery of economic activities from the impact of COVID-19 in 2020. During the third quarter of 2021, the restaurants and hotels sector increased 96.9% over the same quarter in 2020.

Transportation, Storage and Communications. The transportation, storage and communications sector, which includes ports, airports, railways and telecommunications and is the second largest component of the service sector, has been an important component of the Panamanian economy in recent years. It represented an estimated 14.1% of real GDP in chained volume measure during the third quarter of 2021.

Real Estate. The third largest component of the service sector is real estate, which consists of rental income and the imputed rental value of real estate that is occupied but not rented. Real estate represented an estimated 12.6% of GDP in chained volume measure during the third quarter of 2021.

Financial Services. The financial services sector represented an estimated 7.2% of GDP in chained volume measure during the third quarter of 2021. An important component of the sector's contribution to GDP is attributable to the banking sector, which, as of October 31, 2021, consisted of two state-owned banks (*Banco Nacional de Panama* ("BNP") and *Caja de Ahorros*) and 66 private banks. The banking sector includes general license banks, international license banks, and foreign banks with representative offices. As of October 31, 2021, banking sector assets and deposits totaled approximately U.S.\$131.3 billion and U.S.\$96.7 billion, respectively.

Colón Free Zone. Total imports to the CFZ totaled approximately U.S.\$2.0 billion during the second quarter of 2021, an increase of 28.1% compared with the same period of 2020. Total re-exports during the second quarter of 2021 totaled approximately U.S.\$2.2 billion, an increase of 62.4% compared with the same period of 2020. During the second quarter of 2021, CFZ value added (implied by the value of re-exports minus the value of imports) increased to an estimated U.S.\$206.9 million, compared to a value of U.S.\$(197.9 million) in the same period of 2020.

Panama Canal. In the Panama Canal Authority's 2021 fiscal year, canal transits decreased to 13,342 transits from 13,369 transits during the 2020 fiscal year, while cargo tonnage increased to 287.5 million long tons during the 2021 fiscal year from 255.7 million long tons during the 2020 fiscal year. According to the Panama Canal Authority ("PCA"), toll revenues for fiscal year 2021 reached U.S.\$2,968.2 million, an increase of 11.4% compared to U.S.\$2,663.3 million in fiscal year 2020, representing 5.1% of Panama's estimated GDP for 2021 measured in nominal dollars.

Industrial Sector. After the service sector, the next largest segment of the economy consists of the industrial activities of manufacturing and construction, collectively representing an estimated 13.7% of GDP in chained volume measure during the third quarter of 2021.

Manufacturing represented an estimated 4.1% of GDP in chained volume measure during the third quarter of 2021. Manufacturing is principally geared to the production of processed foods and beverages and, to a lesser extent, clothing, chemical products and construction materials for the domestic market.

Construction activity represented an estimated 9.6% of GDP during the third quarter of 2021 and increased by 101.5% compared with the same period of 2020, due to both the execution of private residential projects and public investment in infrastructure and low-income housing.

Agriculture, Fisheries and Mining Sector. The agriculture, fisheries and mining sector accounted for an estimated 11.0% of real GDP during the third quarter of 2021. Principal agricultural products include bananas, fish, shrimp, sugar, coffee, meat, dairy products, tropical fruits, rice, corn and beans. The value of agricultural and fisheries production during the third quarter of 2021 is estimated to have decreased by 0.4% compared to the same period in 2020, due to a decrease in the export of fresh and frozen fish. The value of the mining sector during the third quarter of 2021 is estimated to have increased by 131.2% compared to the same period in 2020, due mainly to the *Cobre Panama* project, which produced approximately 251,000 tons of copper concentrate and generated gross revenue of U.S.\$2,515 million during the nine-month period ended September 30, 2021.

Role of the Government in the Economy

General Government current expenditures (including the Central Government, *Caja de Seguro Social* and consolidated agencies, but excluding state-owned institutions and interest payments) totaled approximately U.S.\$9.4 billion as of November 30, 2021.

The following table sets forth summary financial information on principal public sector businesses for the first nine-month period ended September 30, 2021:

Selected State-Owned Enterprises (1) 2021 Financial Statistics (2) (In millions of dollars)

| | <u>Total Assets</u> | <u>Capital and Reserves</u> | <u>Gross Revenues</u> | <u>Net Income</u> | <u>Dividends Paid to the Government</u> |
|---|-------------------------|-------------------------------------|---------------------------|-----------------------|---|
| Banco Nacional de Panamá (“BNP”) (banking) | \$14,989.4 | 1,059.1 | 254.2 | 101.5 | 5.4 |
| Empresa Nacional de Autopista (“ENA”) (highway) | \$1,004.3 | 252.1 | 96.4 | 4.4 | 0.0 |
| Empresa de Transmisión Eléctrica (“ETESA”) (electricity transmission) | \$1,061.4 | 367.9 | 99.3 | 13.0 | 0.0 |
| Aeropuerto Internacional de Tocumen (“AITSA”) (airport) | \$2,288.9 | 406.6 | 87.6 | (121.4) | 0.0 |
| Metro de Panamá (railway) | \$4,753.9 | 3,738.2 | 23.5 | (100.9) | 0.0 |
| Caja de Ahorros (banking) | \$4,820.4 | 389.7 | 168.1 | 20.1 | 0.0 |

Note: Totals may differ due to rounding.

- (1) All enterprises are 100% owned by the National Government.
(2) As of September 30, 2021.

Source: BNP, ENA, ETESA, AITSA, Metro de Panamá and Superintendencia de Bancos.

In June 2012, the Government created the *Fondo de Ahorro de Panamá* (“FAP”) pursuant to Law No. 38 of 2012. The FAP’s third quarter report shows total assets of the fund as U.S.\$1.5 billion and U.S.\$1.4 billion as of September 30, 2021 and September 30, 2020, respectively.

Electric Power

Pursuant to Panamanian law, the transmission company, *Empresa de Transmisión Eléctrica, S.A.* (“ETESA”), remains 100% state-owned.

ETESA is authorized by the *Autoridad Nacional de los Servicios Públicos* (“ASEP”) to provide high tension electric energy transmission service to the general public under a concession contract that is valid until 2025 and that can be extended by ETESA. ETESA offers use of the transmission network with open access and regulated fees. ETESA’s electric transmission system consists of transmission lines of 230 kV and 115 kV. As of 2021, the total length of the 230 kV lines was 2,745.1 km in double circuit lines and 93.9 km in simple circuit lines, while the total length of the 115 kV lines was 272.3 km in double circuit lines and 37.8 km in simple circuit lines.

Panama currently has high electricity rates (an estimated average of 18.13 cents per kilowatt hour for the second half of 2021), and demand for electricity in the first ten months of 2021 increased at an estimated average rate of 6.2% compared with the same period of 2020.

Telecommunications

During the first nine months of 2021, Cable & Wireless (Panamá) S.A. experienced a 3.0% increase in revenue compared to the same period in 2020, mainly due to increased revenue related to long-term business-to-business projects, mobile services and residential services.

The ASEP estimates that as of December 31, 2021, the telecommunications market in Panama comprised approximately 223 operating companies and 733 companies authorized to operate telecommunication concessions. In 2021, there were an estimated 790,486 telephone lines in the country with an estimated line penetration rate of 18.2 lines per 100 inhabitants. In 2021, there were an estimated 6.0 million active cellular telephone lines.

Water

The national water and sewage utility is the *Instituto de Acueductos y Alcantarillados Nacionales* (“IDAAN”), which serves approximately 98.0% of the population for which it is responsible (which constitutes 83.0% of the total population) through its 54 water purification plants, two filtration galleries, 188 pumping stations, and 610 underground sources. Inefficiency in IDAAN’s operations and management, combined with leakage, has led to an estimated unaccounted-for water rate of 39.0%. Unlike INTEL, S.A. (telecommunications) and *Instituto de Recursos Hidráulicos y de Electrificación* (electricity generation, transmission and distribution), which had generally paid dividends to the Government on an annual basis prior to privatization and required no Government funding, IDAAN has required periodic transfer payments from the Government to meet its operating and capital expenses.

Air Transportation

During the ten-month period ended October 31, 2021, AITSA handled a total of 6.9 million passengers, an increase of 86.6% compared to the same period of 2020. During 2021, AITSA’s new Terminal 2 expanded from three to nine gates. Additional gates, boarding bridges, commercial areas, baggage handling areas, customs and immigration areas, and agriculture and livestock quarantine centers within Terminal 2 are expected to become fully operational during the first half of 2022.

Ports

During the ten-month period ended October 31, 2021, the Manzanillo International Terminal (“MIT”) handled approximately 2.4 million TEUs of cargo and containers, compared to approximately 2.2 million TEUs in the same period of 2020. During the ten-month period ended October 31, 2021, the container port in Colón handled approximately 821,473 TEUs of cargo and containers. During the ten-month period ended October 31, 2021, the container terminal at Port of Balboa handled approximately 2.0 million TEUs of cargo and containers. During the ten-month period ended October 31, 2021, the container terminal at the Port of Cristobal handled approximately 882,033 TEUs of cargo and containers.

Banking

Collectively, BNP and *Caja de Ahorros* had approximately 13.3% of deposits and 12.4% of assets in the national banking system as of September 30, 2021. See “Financial System—Public Sector Banking Institutions” for more information on BNP and *Caja de Ahorros*. As of January 4, 2021, the Government had not announced any plans to privatize these financial institutions.

Panama Canal

During the PCA' s 2021 fiscal year ending on September 30, 2021, Canal transits decreased slightly to 13,342 from 13,369 in fiscal year 2020, while cargo tonnage in fiscal year 2021 increased to 287.5 million long tons from 255.8 million long tons in fiscal year 2020. According to the PCA, toll revenues for fiscal year 2021 reached U.S.\$2,968.0 million, an increase of 11.5% compared to U.S.\$2,663.0 million in fiscal year 2020.

On average, from the Canal' s fiscal year 2017 to the fiscal year 2021, transits through the Canal increased by 0.4% annually and cargo tonnage increased by 7.3% annually. Factors such as the development of alternative land routes and the increasing size of vessels that can transit through the Canal have contributed to the decrease in the number of vessels required to transport cargo between 2017 and 2021. On average, from fiscal year 2017 to fiscal year 2021, toll revenues have increased by 9.1% annually, primarily due to an increase in toll rates. During fiscal year 2021, the PCA had a surplus of approximately U.S.\$2,136.0 million, an increase of 25% compared to U.S.\$1,710.1 million in 2020.

The following table sets forth the Canal' s statistical and financial information for fiscal years 2017 through 2021 (each ended on September 30):

TABLE NO. 8
Panama Canal Principal Statistics

| <u>Fiscal Year</u> | <u>Number of Transits</u> | <u>Tolls (millions of U.S. dollars)</u> | <u>Long Tons of Cargo (millions)</u> |
|--------------------|---------------------------|---|--------------------------------------|
| 2017 | 13,548 | \$2,238.0 | \$241.0 |
| 2018 | 13,795 | \$2,485.0 | \$255.1 |
| 2019 | 13,785 | \$2,593.0 | \$253.0 |
| 2020 | 13,369 | \$2,663.0 | \$255.8 |
| 2021 | 13,342 | \$2,968.0 | \$287.5 |

Source: Panama Canal Authority.

The Central Government receives both dividends and a portion of PCA revenues from tolls and services. For the 2021 fiscal year, the PCA paid to the Central Government U.S.\$2,080.6 million in dividends, an increase of 14.1% compared to U.S.\$1,824.1 million for the 2020 fiscal year. For the 2020 fiscal year, the PCA paid to the Central Government U.S.\$1,824.1 million in dividends, an increase of 2.1% compared to U.S.\$1,786.4 million for the 2019 fiscal year. For the 2019 fiscal year, the PCA paid to the Central Government U.S.\$1,786.4 million in dividends, an increase of 4.9% compared to U.S.\$1,702.8 million in dividends that the PCA paid to the Central Government for the 2018 fiscal year. For the 2018 fiscal year, the PCA paid to the Central Government U.S.\$1,702.8 million of dividends, an increase of 3.2% compared to U.S.\$1,650.4 million of dividends that the PCA paid to the Central Government for the 2017 fiscal year. For the 2017 fiscal year, the PCA paid to the Central Government U.S.\$1,650.4 million of dividends, an increase of 62.9% compared to U.S.\$1,013.1 million of dividends that the PCA paid to the Central Government for the 2016 fiscal year.

For the 2021 fiscal year, the PCA paid to the Central Government U.S.\$592.8 million from tolls and services, an increase of 9.2% compared to the U.S.\$542.7 million for the 2020 fiscal year. For the 2020 fiscal year, the PCA paid to the Central Government U.S.\$542.7 million from tolls and services, an increase of 1.5% compared to the U.S.\$534.5 million for the 2019 fiscal year. For the 2019 fiscal year, the PCA paid to the Central Government U.S.\$534.5 million from tolls and services, an increase of 6.1% compared to U.S.\$503.7 million for the 2018 fiscal year. For the 2018 fiscal year, the PCA paid to the Central Government U.S.\$503.7 million from tolls and services, an increase of 10.3% compared to U.S.\$456.6 million for the 2017 fiscal year. For the 2017 fiscal year, the PCA paid to the Central Government U.S.\$456.6 million from tolls and services, an increase of 19.4% compared to U.S.\$382.3 million for the 2016 fiscal year.

On September 30, 2021, the National Assembly approved the PCA's budget for fiscal year 2022, which estimates revenues of U.S.\$4,215.4 million and dividends to the Central Government of U.S.\$1,880.1 million.

On September 2, 2021, the PCA published a proposal to modify the toll structure for passenger ships transiting through the Canal beginning in February 2022. The proposal eliminated toll charges based on a per berth basis and established toll charges based on each passenger ship's Universal Vessel Tonnage System of the Panama Canal ("CP/SUAB") capacity. Panama's Cabinet Council approved the modifications to the Panama Canal's toll structure on December 17, 2021.

On September 22, 2021, the Panama Canal and more than 150 maritime organizations signed a call for action from the industry asking world leaders to commit to decarbonize international maritime transport by 2050, to support zero-emission shipping projects through national actions, and to create and implement policies that make zero-emission shipping the default option by 2030.

On October 28, 2021, the Panama Canal announced that vessels with a record combined total capacity of 516.7 million tons CP/SUAB transited through the Canal during its 2021 fiscal year, an increase of 8.7% compared to fiscal year 2020 and 10.0% compared to fiscal year 2019, the last fiscal year before the COVID-19 pandemic.

On November 18, 2021, the Panama Canal signed a contract with the United States Army Corps of Engineers for consulting and technical advisory services related to the Canal's Water Projects Program, through which it aims to implement a water management system to supply optimal quantities of water to the Canal and the surrounding population.

On December 3, 2021, the PCA announced that the Gatún and Alajuela reservoirs had reached their maximum operational water levels and therefore called on the residents of the surrounding communities to put into practice the previously tested flood safety protocols.

The Panama Canal Expansion Project

On November 25, 2020, GUPCSA filed with the United States District Court for the Southern District of Florida a motion to vacate the ICC tribunal's award with respect to arbitration No. 2 concerning the basalt and concrete formula. The PCA submitted a motion in opposition and a cross-motion to confirm and enforce the award in February 2021. On November 18, 2021, the District Court issued an order denying GUPCSA's motion to vacate and granting the PCA's motion to confirm and enforce the arbitral award. On December 17, 2021, GUPCSA filed a notice of appeal as to the District Court's order.

On October 15, 2021, GUPCSA presented a consolidated claim for payment of U.S.\$3,586 million from the PCA in connection with arbitration No. 4 concerning the Perturbations. The payment is detailed as the sum of U.S.\$2,435 million owed to GUPC; U.S.\$615.2 million owed to Sacyr; U.S.\$469.5 million owed to Webuild (formerly Impregilo S.p.A.); and U.S.\$67.1 million owed to Jan De Nul n.v. The PCA's response is due by September 2022.

The Colón Free Zone

For the nine-month period ended September 30, 2021, Panama's non-CFZ merchandise exports were preliminarily estimated at U.S.\$2.6 billion, an increase from U.S.\$1.3 billion for the same period in 2020.

For the six-month period ended June 30, 2021, Panama's non-CFZ merchandise imports were preliminarily estimated at U.S.\$5.1 billion, an increase from U.S.\$4.0 billion for the same period of 2020.

On September 29, 2021, the Administration of the CFZ and the Association of Users of the CFZ met for the third time with the National Assembly Subcommittee on Commerce and Economic Affairs to review and analyze Bill No. 620, which modifies Law No. 8 of 2016, which regulates the operation of the Colón Free Zone. Among its proposed changes, Bill No. 620 (i) adds to the functions of the CFZ' s board of directors, enabling the board to authorize judicial and extrajudicial settlements and investments or contracts with values of over \$750,000; (ii) proposes certain tax benefits for companies operating within the CFZ, including exempting any transfers of securities to companies in the CFZ from income tax and exempting any commercial and industrial improvements within the CFZ from property tax; (iii) attempts to diversify the CFZ by adding to its permitted activities: services related to cinematography, manufacture and reconversion of products, and scientific research and development; (iv) permits eligible CFZ companies to access the benefits of the Special Regime for the Establishment and Operation of Multinational Companies for the Provision of Manufacturing Services (EMMA); and (v) aligns the CFZ' s employment regime with those offered by other special economic zones within Panama, such as the Área Panamá Pacífico.

Employment and Labor

Labor Force

As of June 2021, Panama' s labor force was preliminarily estimated at 1.9 million people, which represented approximately 59.8% of the total working age population, a decrease from 2.0 million people as of September 2020.

As of June 2021, the service segment (principally consisting of real estate, commerce and tourism, public administration, the Panama Canal, banking, the CFZ and public utilities), employed 71.6% of the employed labor force, compared to the primary sector (consisting of agriculture, mining and fisheries), which employed 9.8% of the employed labor force, and the industrial sector (principally consisting of manufacturing and construction), which employed 18.6% of the employed labor force. As of September 2020, the service segment employed 67.5% of the employed labor force, compared to 14.1% in the primary sector and 18.4% in the industrial sector.

As of June 2021, the unemployment rate was 14.5%, a decrease compared to an unemployment rate of 18.5% in September 2020. The following table sets forth certain labor force and unemployment statistics between 2017 and 2021:

TABLE NO. 9

Labor Force and Employment

| | 2017(4) | 2018(4) | 2019(4) | 2020(5) | 2021(6) |
|---------------------------|---------|---------|---------|---------|---------|
| Total Population(1) | 4,098.1 | 4,158.8 | 4,218.8 | 4,278.5 | 4,337.4 |
| Working-Age Population(1) | 2,973.3 | 3,038.4 | 3,105.8 | 3,181.0 | 3,240.0 |
| Labor Force | | | | | |
| Employed(1) | 1,785.8 | 1,868.6 | 1,920.6 | 1,631.7 | 1,655.1 |
| Unemployed(1) | 116.6 | 118.3 | 146.1 | 371.6 | 281.6 |
| Total | 1,902.5 | 1,986.9 | 2,066.7 | 2,003.3 | 1,936.8 |

(annual percentage change)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------|--------|-------|--------|----------|----------|
| Total Population | 1.5 % | 1.5 % | 1.4 % | 1.4 % | 1.4 % |
| Working-Age Population | 2.2 % | 2.2 % | 2.2 % | 2.4 % | 1.9 % |
| Labor Force | | | | | |
| Employed | 0.9 % | 4.6 % | 2.8 % | (15.0 %) | 1.4 % |
| Unemployed | 13.3 % | 1.5 % | 23.5 % | 154.3 % | (24.2 %) |
| Total | 1.5 % | 4.4 % | 4.0 % | (3.1 %) | (3.3 %) |

| | <u>2017(4)</u> | <u>2018(4)</u> | <u>2019(4)</u> (in percent) | <u>2020(5)</u> | <u>2021(6)</u> |
|-----------------------|----------------|----------------|--------------------------------|----------------|----------------|
| Labor Force: | | | | | |
| Participation Rate(2) | 64.0 % | 65.4 % | 66.5 % | 63.0 % | 59.8 % |
| Employment Rate(3) | 94.0 | 94.0 | 92.9 | 81.5 | 85.5 |
| Unemployment Rate | 6.1 | 6.0 | 7.1 | 18.5 | 14.5 |

(1) In thousands

(2) Total labor force as percentage of working-age population.

(3) Employed labor force as percentage of total labor force.

(4) From 2017 to 2019, the data is recorded as of August of each year.

(5) For the year 2020, the data is recorded as of September, due to COVID-19 restrictions.

(6) For the year 2021, the data is recorded as of June, due to COVID-19 restrictions.

Source: Office of the Comptroller General.

Salaries and Wages

On December 31, 2021, the Government published Executive Decree No. 74, which sets new nationwide minimum hourly wages, effective January 16, 2022. Wages were raised within the economic sectors that showed positive growth from 2019 to 2021, without considering growth in 2020, due to the atypical economic effects caused by the COVID-19 pandemic. Minimum hourly wages increased by 1.5% in the agriculture, livestock and fisheries sector; by 1.0% in the mining and quarrying sector; by 2.0% in the social, financial and private health services sector; by 1.0% in the construction sector; and by 2.0% in the electricity, gas and water supply sector. Additionally, in accordance with the previous agreement between the Union of Workers of the Banana Industry, Agriculture and Related Companies, the Industrial Union of Workers of Independent Banana Producers and the Government, minimum wages for workers in the banana industry increased by 13%.

Social Security System (SIACAP)

Since its inception in July 2000 through November 30, 2021, SIACAP had administered approximately U.S.\$1.8 billion in contributions and revenues, a 5.8% increase from the U.S.\$1.7 billion in aggregate contributions and revenues administered as of November 30, 2020.

As of November 30, 2021, SIACAP had 532,644 participants, a 6.2% increase from 501,571 participants as of November 30, 2020. As of November 30, 2021, SIACAP carried a balance of U.S.\$833.4 million in contributions from its participants, a 3.2% increase from U.S.\$807.2 million in contributions as of November 30, 2020.

Social Security Fund (CSS)

The fourth phase of the CSS National Dialogue began on October 11, 2021 with the evaluation of proposals from the Third Thematic Commission on Economic Benefits. The topics discussed included the health, pensions and disability (IVM) program, professional risks, economic benefits, and medicine supply.

Financial System

During the third quarter of 2021, the financial services sector represented an estimated 7.2% of GDP in chained volume measure.

The Banking Sector

As of September 30, 2021, two state-owned banks, 40 private sector general license banks, 16 international license banks and 10 representative offices constituted the banking sector. Of the 40 private sector general license banks, 13 were incorporated in Panama and the rest abroad.

As of September 30, 2021, measured by assets, the largest bank based in Panama was *Banco General, S.A.*, with U.S.\$17.1 billion in assets, and the second largest bank based in Panama was BNP with U.S.\$15.0 billion in assets. Two of the other largest banks, based on assets, are *Banistmo, S.A.* and BAC International Bank Inc. The largest international license banks, based on assets, are *Bancolombia (Panama), S.A.*, ASB Bank Corp. and *Banco de Bogotá S.A.*

As of September 30, 2021, total assets of the banking sector were approximately U.S.\$131.2 billion, 0.6% more than approximately U.S.\$130.4 billion as of September 30, 2020. As of September 30, 2021, deposits in the banking sector were approximately U.S.\$96.7 billion, approximately 2.9% higher than approximately U.S.\$94.0 billion as of September 30, 2020.

Banking Law

On November 11, 2021, Law No. 254 was published in the Official Gazette. Law No. 254 amends the legislation on international tax transparency and the prevention of money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction, including by updating (i) the composition and decision-making process of the National Commission against Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction, and (ii) the duties of the Financial Analysis Unit for the Prevention of the Crimes of Money Laundering and Terrorist Financing, to include the sharing of its analyses with the Public Ministry, the Ministry of Economy and Finance, and other governmental entities, when it suspects wrongdoing.

Public Sector Banking Institutions

Banco Nacional de Panamá. BNP offers a wide range of commercial banking services through its 91 branches and 314 ATMs throughout Panama. In accordance with the law that governs BNP, the Republic of Panama is responsible for the liabilities of BNP. BNP is the largest public sector banking institution in Panama in terms of domestic credit, local deposits and savings deposits. BNP's total assets, as of September 30, 2021, were U.S.\$15.0 billion, its bank deposits were U.S.\$6.9 billion, and its net loans were U.S.\$4.9 billion, of which U.S.\$854.1 million were made to the public sector and U.S.\$4.2 billion were made to the private sector.

As of September 30, 2021, BNP's capital and reserves represented 15.3% of its bank deposits and 7.1% of its total assets. BNP generated gross income of U.S.\$254.2 million during the nine-month period ended September 30, 2021.

As of September 30, 2021, BNP's foreign assets were U.S.\$6.6 billion, a decrease of 16.0% compared to U.S.\$7.9 billion as of December 31, 2020.

Caja de Ahorros. Caja de Ahorros, the state-owned savings bank, has 61 branches and 310 ATMs throughout Panama. Caja de Ahorros is primarily a mortgage lender specializing in financing medium-income customers. Due to its liquidity position in recent years, however, Caja de Ahorros has begun to promote personal loans. Total assets of Caja de Ahorros as of October 31, 2021, amounted to U.S.\$4.8 billion (a 1.4% increase from December 31, 2020) and total deposits amounted to U.S.\$3.8 billion (a 1.1% increase from December 2020). Total net loans held by Caja de Ahorros, as of October 31, 2021, amounted to U.S.\$3.4 billion (a 7.1% increase from December 31, 2020). Caja de Ahorros had net income of U.S.\$21.9 million for the ten-month period ended October 31, 2021, compared to net income of U.S.\$16.6 million for the same period in 2020. In accordance with the law that governs Caja de Ahorros, the Republic of Panama is responsible for the liabilities of Caja de Ahorros.

Other Public Sector Institutions. The Panamanian public financial sector includes two other significant institutions that are not part of the banking sector. They are the agricultural development bank, *Banco de Desarrollo Agropecuario* ("BDA"), and the national mortgage bank, *Banco Hipotecario Nacional* ("BHN"). Panama created BDA to provide a source of financing for agricultural development. As of November 30, 2021, preliminary figures indicate that BDA had U.S.\$219.9 million in net loans on its books. As of November 30, 2021, the total assets of BDA amounted to U.S.\$406.7 million. BDA had a net loss of U.S.\$7.0 million as of for the first eleven months of 2021. BHN was established in 1973 to provide a source of financing for national housing projects and to foster the development of savings associations. As of September 30, 2021, BHN's net loan portfolio amounted to U.S.\$92.0 million and its total assets amounted to U.S.\$341.8 million. BHN had a net loss of U.S.\$3.1 million for the first nine months of 2021.

Other Financial System Components

Stock Exchange. In 1990, a private stock exchange, *La Bolsa de Valores de Panamá*, was created. While it has had considerable growth, with aggregate trades increasing from U.S.\$30.6 million in 1991 to U.S.\$8.7 billion for the eleven-month period ended November 30, 2021, *La Bolsa de Valores de Panamá* remains a small portion of the financial services sector. Equity trades represented 5.1% of trading volume during the eleven-month period ended November 30, 2021. During the eleven-month period ended November 30, 2021, local secondary market transactions (which include both equity and debt trades) in Panama totaled U.S.\$2,178.0 million.

In June 2021, *La Bolsa de Valores de Panamá* changed its name to *La Bolsa Latinoamericana de Valores*, also known as Latinex. This change is part of the exchange's strategy of expanding horizons and becoming an international stock market hub.

Interest Rates. During the ten-month period ended October 31, 2021, the average interest rate paid by Panamanian banks for one-year deposits was 2.58%, while the interest rate for personal credit transactions averaged 8.64%. In general terms, the differential between borrowing and lending interest rates for Panamanian banks was 6.06% during the ten-month period ended October 31, 2021.

Insurance. In 1984, Panama adopted legislation intended to foster offshore insurance activity. In July 1996, the National Assembly passed a law establishing a new insurance regulatory structure. As of September 30, 2021, there were 23 insurance companies and 3,235 insurance brokerages. The 3,235 insurance brokerages consisted of 2,794 individual brokers, 396 brokerage companies and 45 temporary permissions. The total registered assets of the insurance companies, as of June 30, 2021, equaled U.S.\$3.5 billion.

Foreign Trade and Balance of Payments

Composition of Foreign Trade

In the ten-month period ended October 31, 2021, Panama's exports of goods (FOB), excluding the CFZ, recorded a preliminary total of U.S.\$2,816.4 million, an increase of 94.2% compared to U.S.\$1,450.5 million in the same period of 2020, mainly due to increased exports of copper ores and concentrates. The increase in exports of copper ores and concentrates was due mainly to the Cobre Panama project. The concession contract for the mine is held by Minera Panamá, S.A., a Panamanian company whose majority owner is First Quantum Minerals, Ltd.

In the ten-month period ended October 31, 2021, Panama's imports of goods (CIF), excluding the CFZ, recorded a preliminary total of U.S.\$9,275.7 million, an increase of 42.2% compared to U.S.\$6,521.6 million in the same period of 2020, in part due to higher imports of consumer goods, specifically fuel and lubricants.

For the ten-month period ended October 31, 2021, exports of copper ores and concentrates recorded a preliminary total of U.S.\$2,193.1 million, a 144.2% increase from U.S.\$898.1 million in the same period of 2020, primarily due to growth in export volumes from increased demand.

For the ten-month period ended October 31, 2021, banana and pineapple exports recorded a preliminary total of U.S.\$129.2 million, a 2.5% increase from U.S.\$126.1 million in the same period of 2020, primarily due to higher exports of bananas.

For the ten-month period ended October 31, 2021, shrimp exports recorded a preliminary total of U.S.\$22.4 million, a 60.9% increase from U.S.\$13.9 million in the same period of 2020, primarily due to higher sales in the United States.

For the ten-month period ended October 31, 2021, exports of fish and fish fillet (fresh and frozen) recorded a preliminary total of U.S.\$45.0 million, a 6.0% decrease from U.S.\$47.9 million in the same period of 2020, due to a decrease in the catch of fish and other marine species.

The United States has historically been Panama's most important trading partner. During the nine-month period ended September 30, 2021, trade with the United States represented 3.9% and 26.0% of total goods exported and imported, respectively. In 2020, trade with the United States represented 6.1% and 25.6% of total goods exported and imported, respectively. In 2019, trade with the United States represented 6.5% and 25.4% of total goods exported and imported, respectively. In 2018, trade with the United States represented 16.9% and 24.8% of total goods exported and imported, respectively. In 2017, trade with the United States represented 18.3% and 24.2% of total goods exported and imported, respectively.

During the nine-month period ended September 30, 2021, Panama's largest trading partners for exports were China, Japan, and Spain, with exports amounting to U.S.\$827.2 million, U.S.\$342.9 million, and U.S.\$259.5 million, respectively.

During the nine-month period ended September 30, 2021, Panama's largest trading partners for imports were the United States, China and Mexico, with imports amounting to U.S.\$2,121.1 million, U.S.\$921.3 million and U.S.\$412.9 million, respectively. During this same period, imports from the CFZ totaled U.S.\$578.8 million.

Foreign Direct Investment

Panama's foreign direct investment ("FDI") during the six-month period ended June 30, 2021 was U.S.\$1,355.4 million, a decrease of U.S.\$195.1 million or 12.6% from U.S.\$1,550.5 million in the same period of 2020. Reinvested earnings were the source of 95.1% of FDI during the six-month period ended June 30, 2021, as a result of the recovery process from the COVID-19 pandemic. During the six-month period ended June 30, 2021, purchases of shares of domestic companies by non-resident investors accounted for 16.0% and other capital accounted for (11.12)% of FDI. Of gross FDI, U.S.\$35.1 million came from capital invested in the CFZ during the six-month period ended June 30, 2021, an increase of U.S.\$58.8 million compared to the same period in 2020.

Balance of Payments

During the six-month period ended June 30, 2021, Panama registered an estimated overall deficit of U.S.\$475.1 million, compared to an overall surplus of U.S.\$2,462.8 million in the same period of 2020, mainly due to an increase in import of goods.

During the six-month period ended June 30, 2021, the current account balance recorded a deficit of U.S.\$413.9 million, a decrease of 187.5% compared to a current account surplus of U.S.\$472.8 million for the same period of 2020. This was primarily due to a decrease in the balance of goods, services and rent to U.S.\$(606.8) million for the six-month period ended June 30, 2021, compared to U.S.\$403.5 million during the same period of 2020.

During the six-month period ended June 30, 2021, the capital and financial account balance recorded a surplus of U.S.\$1,070.4 million, a decrease of 52.9% compared to a capital and financial account surplus of U.S.\$2,270.5 million for the same period of 2020.

Public Finance

Central Government Budget

The National Assembly approved Panama's 2022 budget on October 29, 2021. The 2022 budget contemplates total expenditures of U.S.\$25.3 billion, with budget estimates based on an anticipated nominal GDP of U.S.\$62.4 billion (5.0% real growth from 2021) and an anticipated consolidated non-financial public sector deficit of approximately U.S.\$2.5 billion (approximately 4.0% of preliminary nominal GDP) for 2022. The 2021 budget allocates public recurrent and capital expenditures as follows: 45.8% to social services; 15.7% to financial services; 13.2% to general services; 6.2% to infrastructure development; 2.8% to development and promotion of production; 0.8% to environment and technology; and 15.5% to other services.

As of November 30, 2021, Panama's non-financial public sector balance registered a deficit of approximately U.S.\$4,810.1 million (7.6% of nominal GDP), a decrease of 13.2% compared to a deficit of approximately U.S.\$5,542.8 million as of November 30, 2020 (10.3% of nominal GDP), in part due to a 17.0% increase in current revenues.

As of November 30 2021, the Central Government's overall balance registered a deficit of approximately U.S.\$5,532.0 million (8.7% of nominal GDP), an increase of 0.6% compared to a deficit of approximately U.S.\$5,499.4 million (10.2% of nominal GDP) as of November 30, 2020, in part due to a 9.2% increase in current expenses. For the eleven-month period ended November 30, 2021, the Central Government's current revenues totaled U.S.\$5,478.6 million, an increase of U.S.\$903.2 million, or 19.7% over the current revenues of U.S.\$4,575.4 million during the eleven-month period ended November 30, 2020, primarily due to an increased amount of taxes received by the Central Government.

Central Government tax revenues for the eleven-month period ended November 30, 2021 were U.S.\$3,950.8 million, an increase of 17.1% from U.S.\$3,374.9 million of tax revenues for the eleven-month period ended November 30, 2020, primarily due to the reactivation of the economy and the General Directorate of Taxation's efforts to recover overdue taxes from taxpayers. Approximately 54.2% of tax revenues as of November 30, 2021, were from direct taxes, compared to 55.9% of tax revenues as of November 30, 2020. Direct tax revenues for the eleven-month period ended November 30, 2021 were U.S.\$2,143.0 million, an 13.6% increase from U.S.\$1,886.6 million for the eleven-month period ended November 30, 2020, primarily due to an increase in income tax.

Revenues and Expenditures

The Central Government's total revenues for the eleven-month period ended November 30, 2021 were U.S.\$5,478.6 million, a 19.7% increase compared to U.S.\$4,576.4 million for the eleven-month period ended November 30, 2020, primarily due to the reactivation of the economy and a resultant increase in the amount of taxes received by the Central Government. During the eleven-month period ended November 30, 2021, capital expenditures by the Central Government were U.S.\$2,970.0 million, a 9.5% increase compared to U.S.\$2,712.2 million for the same period in 2020. During the eleven-month period ended November 30, 2021, current savings registered a deficit of U.S.\$2,562.0 million, approximately 4.0% of preliminary 2021 GDP and a 8.1% decrease compared to a deficit of U.S.\$2,788.2 million during the eleven-month period ended November 30, 2020.

The non-financial public sector, which includes the Central Government, decentralized agencies (including CSS and principal universities) and non-financial public enterprises, had total revenues of U.S.\$9,059.0 million during the eleven-month period ended November 30, 2021, a 20.6% increase compared to U.S.\$7,509.1 million during the eleven-month period ended November 30, 2020, mainly due to an increase in the Central Government's current revenues. The non-financial public sector current savings registered a deficit of U.S.\$1,786.9 million during the eleven-month period ended November 30, 2021, a 33.7% decrease compared to a deficit of U.S.\$2,696.4 million during the eleven-month period ended November 30, 2020, primarily due to the Central Government's increased revenues.

International Reserves

As of September 30, 2021, BNP's foreign assets amounted to U.S.\$6.6 billion, a decrease of 16.0% compared to U.S.\$7.9 billion as of December 31, 2020, primarily due to a decrease in the balances of deposit accounts and investment accounts.

Public Debt

As of November 30, 2021, total public debt reached U.S.\$40,385.5 million, an increase from U.S.\$36,085.8 million as of November 30, 2020. As of November 30, 2021, internal public debt accounted for 19.4% of total debt (a decrease from 19.7% as of November 30, 2020), while external public debt accounted for 80.6% of total debt (an increase from 80.3% as of November 30, 2020). The average maturity of the debt portfolio as of November 30, 2021 was 14.7 years, with an average duration of 9.7 years. The average maturity of the debt portfolio as of November 30, 2020 was 14.3 years, with an average duration of 9.3 years. During the eleven-month period ended November 30, 2021, local secondary market transactions in treasury securities reached U.S.\$955.4 million, a decrease from U.S.\$1,162.3 million during the same period of 2020.