

COURTESY TRANSLATION

May 28, 2004

The Honorable Randal K. Quarles  
Assistant Secretary for International Affairs  
U.S. Department of the Treasury  
Washington, D.C.

Dear Mr. Quarles:

In connection with the Free Trade Agreement between our Governments signed this day (the "Agreement"), I have the honor to confirm that:

The Government of Costa Rica has been discussing and supports the idea of modifying its current banking law to allow foreign banks to carry out banking activities in Costa Rica through local branches, subject to the same regulatory, capital, and supervisory standards applicable to local banks, and will make reasonable efforts to promote such modification.

The Government of Costa Rica has been discussing and supports the idea of modifying its requirement for private banks to hold additional reserves with state banks under Article 59 of Law No. 1644, and will make reasonable efforts to promote such modification.

I trust that this letter provides the information the United States has sought with regard to the possibility of foreign bank branching in Costa Rica, as well as with regard to the possible modification of the additional reserve requirement.

Sincerely,

Alberto Trejos