

**REPUBLIC OF PANAMA
SUPERINTENDENCY OF BANKS**

July 27, 2004
CIRCULAR No. 035-2004

General Manager

Ref.: Securities as Substitution for loans

Dear Sir:

We hereby inform you that the Superintendency of Banks deems that the "Securities as Substitution for Loans" does not meet the requirements so as to be considered in the categories specified in Agreement 7-2000 dated July 19, 2000 (Classification of Investment Portfolio), therefore, they should be reported as part of the credit portfolio so that they can be classified and duly registered according to Article 6-2000 dated June 28,2000 (Classification of Loans Portfolio).

We would appreciate it if the General Manager would issue the pertinent instructions to the personnel under his responsibility for the compliance with the present memorandum.

Sincerely,

Delia Cardenas
Superintendent