

TRANSLATION

Republic of Panama *Superintendency of Banks*

GENERAL RESOLUTION 001-2007

(dated 17 May 2007)

THE SUPERINTENDENT OF BANKS,
in use of his legal powers, and

CONSIDERING:

That according to the highest international standards, and due to key reasons of public interest, it is the main and exclusive responsibility of financial regulators and supervisors to ensure the soundness, stability and efficiency of the institutions they supervise and regulate, a responsibility that Decree Law 9 dated 26 February 1998 assigns specifically to the Superintendency of Banks for banking issues;

That the Superintendency of Banks' position with regard to the submittal of Financial Statements and other information required on their operations by banks established in Panama, as well as the rules that regulate loans and investment classification and provisions, has been expressed clearly and in detail in Rules 4-99 dated 11 May 1999, 6-2000 dated 28 June 2000 and 7-2000 dated 19 July 2000, respectively, and are known and understood by regulated entities and external auditing firms;

That by means of Circular 1-2006 dated 3 January 2006, the Superintendency of Banks categorically reiterated to banks that:

- 1) Audited financial statements and notes that must be submitted by regulated entities must comply, at all times, with the provisions of Rules 6-2000 and 7-2000 on Loan and Investment Classification, respectively; and
- 2) The failure to fully adhere to International Financial Reporting Standards (IFRS) will not be considered noncompliance only when they differ from current regulations;

That the audited Bank Financial Statements received for fiscal year 2006 indicate the necessity to reiterate to banks and external auditing firms that the rules issued by the Superintendency of Banks take precedence over any and all accounting standards of any origin on the prudential supervision and regulation of regulated entities.

RESOLVES:

ARTICLE 1: To reiterate categorically that prudential standards issued by the Superintendency of Banks take precedence over any and all other accounting standards of any origin applied to the banking business. The Superintendency does not consider it noncompliance with Rule 4-99 dated 11 May 1999 when banks apply prudential standards over rules or generally accepted accounting principles..

ARTICLE 2: Rules and other provisions issued by the Superintendency of Banks are of strict and compulsory compliance by banks and external auditing firms hired by banks to audit their Financial Statements.

TRANSLATION

General Resolution 001-2007
Page 2 of 2

ARTICLE 3: To reiterate that all financial assets must be presented with their respective loss reserves in the Financial Statements issued by Banks, as set forth in Rules issued by the Superintendency of banks.

ARTICLE 4: Financial statements submitted to the Superintendency of Banks must reflect full and unremitting compliance with all prudential and technical standards issued by the Superintendency of Banks. Noncompliance with the provisions issued by the Superintendency of Banks will be penalized according to the provisions of Article 137 of Decree Law 9 dated 26 February 1998.

Given in the city of Panama on the seventeenth (17th) day of May, two thousand seven (2007).

Let it be known, published and enforced.

THE SUPERINTENDENT OF BANKS,

Olegario Barrelier