

Republic of Panama
Superintendency of Banks

AGREEMENT No. 04-2005
(of January 31 2005)

THE BOARD OF DIRECTORS
In use of its legal powers; and

CONSIDERING THAT:

Pursuant to Article 69 of Decree Law No. 9 of February 26 1998, Banks are forbidden to buy, acquire or lease real assets for themselves, except when the exceptions established in said Article are met;

The above-mentioned Article 69 provides as well that, notwithstanding the above, those Banks that have accepted real assets in security for their credits may in the event of lack of payment acquire said real assets to sell them in the prompt opportunity within the term that may be provided by the Superintendency;

By means of Agreement 1-2000 of February 16 2000, this Board of Directors established the guidelines and criteria for the term of disposal of real assets acquired by the Banks in compensation for pending credits;

By means of Agreement 8-2002 of October 2, 2002, this Board of Directors modified the guidelines and criteria established in connection with the terms of disposal, provisions and imposition of fines;

In work sessions of this Board of Directors with the Superintendency of Banks, it has been evidenced the need and convenience to modify Article 4 of Agreement 1-2000 of February 16, 2000, on Provisions; and

Pursuant to Numeral 7 of Article 16 of Decree Law No. 9 of February 26 of 1998, it corresponds to the Board of Directors to fix within the administrative scope, the interpretation and scope of the legal or regulatory provisions concerning banking.

AGREES:

ARTICLE 1. Article 4 of Agreement 1-2000 of February 26 2000 shall remain as follows:

“ARTICLE 4: PROVISIONS. Once the term of ONE (1) YEAR AND SIX (6) MONTHS established in Article 1 of the present Agreement has elapsed without the real asset having been disposed of, the Bank shall constitute a provision of the book value of said asset.

The provision shall be maintained as long as the asset is kept in the books of the Bank. The Bank shall continue with the pertinent proceedings for the sale of the asset.

PARAGRAPH: Excepted from the provisions set forth in the present Article are those repossessed social interest housing units with a value of up to Sixteen Thousand Balboas (B/.16,000.00). However, the Bank shall maintain the reserves established in the International Standards of Financial Information (NIIF) and the others that are established in the Agreements of the Superintendency of Banks.

To the effect of this paragraph, it is understood by value the total acquisition price of the financed housing.

Once the term of four (4) years and six (6) months has elapsed, the Superintendency of Banks may request the reserves that it may deem prudent in that respect.”

Given in the City of Panama, on the thirty-first (31st) day of the month of January of the year two thousand and five (2005).

BE IT PUBLISHED AND COMPLIED.

THE PRESIDENT

Félix B. Maduro

THE SECRETARY

Jorge W. Altamirano-Duque M.