

*Republic of Panama*  
*Superintendency of Banks*

**AGREEMENT No. 003-2006**  
(of May 12, 2006)

**"Whereby Article 4 of Agreement 1-2000 of February 16, 2000 is modified"**

**THE BOARD OF DIRECTORS**  
using its legal authority; and

**WHEREAS:**

Pursuant to Article 69 of Decree Law No. 9 of February 26, 1998, Banks are not allowed to buy, acquire or lease real estate for themselves, except when the exceptions stipulated by said Article are met;

Likewise, the mentioned Article 69 states that, in spite of the above, Banks that have accepted real estate to secure their loans, in case of payment default, can acquire said real estate to sell it with timeliness under the terms provided by the Superintendency;

Pursuant to Numeral 7 of Article 16 of Decree Law No. 9 of February 26, 1998, the Board of Directors must set, in the administrative realm, the interpretation and scope of the legal or regulatory provisions in banking matters.

Through Agreement No. 1-2000 of February 16, 2000, this Board of Directors set the guidelines and criteria for the transfer term for real estate acquired by the Banks to clear outstanding loans;

Through Agreement No. 8-2002 of October 2, 2002, this Board of Directors modified the guidelines and criteria set regarding transfer terms, allowances and setting fines;

Through Agreement No. 4-2005 of January 31, two thousand five (2005), this Board of Directors modified Article 4 of Agreement 1-2002 of February 16, 2000;

**Executive Decree No. 35 of April 27, 2006 creates the Supportive Housing Program, intended exclusively for buying new housing, whose sales price does not exceed Seventeen Thousand Five Hundred Balboas (B/. 17,500.00);**

In work sessions of this Board of Directors with the Superintendent of Banks, the need and convenience is evident of modifying Article 4 (Allowances) of Agreement No. 1-2000 of February 16, 2000.

**AGREES:**

**ARTICLE 1.** Article 4 of Agreement 1-2000 of February 16, 2000 will read:

**"ARTICLE 4: ALLOWANCES.** *At the maturity of the ONE (1) YEAR and SIX (6) MONTH term set in Article 1 of this Agreement, if the real estate has not been transferred, the Bank must establish an allowance for the estate's book value.*

*The allowance will remain as long as the estate remains in the Bank's books. The Bank must continue the pertinent proceedings to sell the estate.*

**PARAGRAPH:** *An exception to what this Article provides are those repossessed residences of social interest of up to **Seventeen Thousand Five Hundred Balboas (B/. 17,500.00)**. Nevertheless, the Bank must maintain the reserves stipulated in the International Financial Information Standards (IFIS) and any other reserves stipulated in the Superintendency of Banks' Agreements.*

*For the purposes of this paragraph, value will be understood as the total purchase price of the financed residence.*

*At the maturity of the four (4) year and six (6) month term, the Superintendency of Banks may request the reserves it deems prudent."*

**ARTICLE 2:** This agreement completely rescinds the provisions contained in Agreement No. 4 of January thirty one (31) of two thousand five (2005), published in Official Gazette No. 25, 243 of February 23, 2005.

Given in the City of Panama, on the twelfth (12<sup>th</sup>) day of the month of May, two thousand six (2006).

**TO BE PUBLISHED AND FULFILLED.**

**THE PRESIDENT**

**THE SECRETARY**

Jorge W. Altamirano-Duque M.

Antonio Dudley A.