SUPERINTENDENCY OF BANKS OF PANAMA

PRESS RELEASE

As the institution responsible for ensuring that banks use Good Corporate Governance as a means of promoting healthy, sound banking practices that achieve an efficient decision-making process, the Superintendency of Banks is very concerned about the ruling of 28 October 2004, whereby the Supreme Court of Justice nullified Article Four of NSC Resolution 244-01 dated 28 June 2001, in which the National Securities Commission, as the Securities Market Regulator in Panama, penalized a director, officer and shareholder of a securities underwriter for submitting false information about an underwritten company to the National Securities Commission.

It is incomprehensible that a Regulator cannot penalize directors, officers or shareholders under their jurisdiction for submitting false information, especially when the information is used by the general public to acquire securities in a given company, believing that the financial condition of the company published in those financial reports are factual.

A Regulator is bound by the mandate of its own Law to penalize violators of existing regulations. This punishment is imposed not only to preserve the integrity of the norms governing the issue, but to send a message to other regulated parties to refrain from similar infractions or frace the full weight of the Law. At the same time, this sends the message to the general public, both foreign and domestic, that in our country, these practices are severely punished.

In connection with the above, the Superintendency of Banks publicly manifests its concern over this precedent, because being unable to penalize a regulated party for submitting inaccurate financial information weakens the regulatory function of the National Securities Commission. This conflicts directly with the efforts of the Regulatory Bodies to preserve the integrity of the Panamanian Financial System.

Panama, 21 December 2004.

Delia Cárdenas
Superintendent