



Republica de Panamá
SUPERINTENDENCIA DE BANCOS

**AGREEMENT No. 1-2000
(16th February 2000)**

**THE BOARD OF DIRECTORS
in the exercise of its legal powers, and**

WHEREAS:

Article 69 of Decree Law No. 9 of 1998 prohibits Banks from ... acquiring ... real estate for themselves, save where the exceptions laid down in the said Article apply;

By Agreement No. 3-74 of 14th June 1974 the National Banking Commission laid down a period of six (6) months for the disposal of real estate acquired by Banks in settlement of outstanding loans;

In working sessions of this Superintendency it has become apparent that it is necessary to review the time period for the disposal of such real estate which applies at the present time, and that the said time period must be updated to reflect the current circumstances of the property market; and

In accordance with Article 16 Point 7 of Decree Law No. 9 of 1998 the Board of Directors is responsible for fixing the construction and scope of the provisions pertaining to banking matters within the administrative sphere.

AGREES:

ARTICLE 1: DEADLINE FOR NOTIFICATION OF ADJUDICATION.- Every Bank must notify the Superintendency of the acquisition of real property in settlement of outstanding loans within THREE (3) months of the date of the said acquisition. This time period shall start to run from the date on which the acquisition is registered in the Public Registry.

ARTICLE 2: DEADLINE FOR DISPOSAL OF REAL ESTATE.- Let the time period referred to in Article 69 of Decree Law No. 9 of 1998 for the disposal of real estate acquired in settlement of outstanding loans be fixed at ONE (1) year. The Bank may apply to extend this deadline on ONE (1) occasion only for up to six (6) months and the Superintendency may agree to such an extension after checking the grounds which merit it.

ARTICLE 3: SUBSIDIARIES.- Banks shall inform the Superintendency if the acquisition of the real estate referred to in the previous Article is effected by subsidiaries which are consolidated with it. The Superintendency shall lay down the form of and deadline for such notice.

ARTICLE 4: PROVISION.- If the deadline authorised by Article 2 of this Agreement has expired without the real estate having been disposed of, and without prejudice to any fine which may be imposed pursuant to the next Article, the Bank must make a provision for the book value of the said asset. The provision must be retained for so long as the asset remains on the Bank's books. The Bank shall continue with its efforts to sell the asset at all times.

ARTICLE 5.- FINE FOR DEFAULT.- The failure of the Bank to dispose of the real estate within the time period laid down in Article 2 hereof shall be sanctioned with a fine of between One Thousand Balboas (B./1,000.00) and Five Thousand Balboas (B./5,000.00) per piece of real estate per year.

Without prejudice to the fine imposed in accordance with the previous paragraph, the late or inadequate creation of the provision required in accordance with Article 3 hereof shall be sanctioned with a fine of One Thousand Balboas (B./1,000.00) per month.

ARTICLE 6.- JURISDICTION.- The Superintendent shall be responsible for deciding on applications for extensions of time and on the imposition of the fines authorised pursuant to this Agreement.

ARTICLE 7: REPEAL OF AGREEMENT 3-74.- Let Agreement No. 3-74 of 14th June 1974 of the National Banking Commission be repealed with effect from the date hereof.

ARTICLE 8: COMING INTO FORCE.- This agreement shall come into force with effect from the date hereof.

Issued in Panama City on the sixteenth (16th) day of the month of February 2000.

THE CHAIRMAN

Eduardo Ferrer

THE SECRETARY,

Rogelio Miró