

Rule No. 01–2006¹
(dated January 25, 2006)

“Whereby Numerals 1 and 2 of Article 129 of Decree Law No. 9 of 1998 are developed”

THE BOARD OF DIRECTORS
using its legal authority, and

WHEREAS:

Pursuant to Numeral 2 of Article 5 of Decree Law No. 9 of February 26, 1998, the Superintendency of Banks is responsible for strengthening and fostering auspicious conditions conducive to the development of Panama as an International Financial Center;

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;

Article 129 of Decree Law No. 9 of February 26, 1998 stipulates that the liquidators will procure the alienation and realization of all goods, rights and other assets of the Bank under the most advantageous conditions possible;

Numeral 1 of the mentioned article 129 stipulates that, pertaining to real property or chattels whose value is less than twenty-thousand Balboas (B/.20,000.00), the liquidator may sell them for an amount that cannot be less than that obtained by an appraisal practiced by up to two (2) qualified independent experts;

Numeral 2 of article 129 stipulates that, pertaining to real property or chattels whose value exceeds twenty-thousand Balboas (B/.20,000.00), the liquidator may sell them through a private auction, following the proceedings for foreclosures and judicial sales set forth in the Judicial Code beginning with article 1708 (1732), insofar as applicable;

In work sessions of this Board of Directors with the Superintendent of Banks, the need and convenience became evident of setting a procedure that regulates the sale of bank assets in compulsory liquidation in the most advantageous conditions possible, and the application scope of the proceedings for foreclosures and judicial sales set forth in the Judicial Code beginning with Articles 1708 (1732).

RESOLVES:

Article 1: APPLICATION SCOPE. This Rule applies to the alienation and realization of the banks' goods in compulsory liquidation as pertains to Numerals 1 and 2 of Article 129 of Decree Law No. 9 of February 26, 1998.

¹ This Rule was amended by Rule 4-2006 dated 17 August 2006 and by Rule 7-2008 dated 8 October 2008.

Article 2: THE LIQUIDATOR'S MAIN OBJECTIVE. In the process of selling bank goods in compulsory liquidation, the liquidator's main objective will be to look after the best interests of the depositors and creditors, seeking to liquidate at the highest value the assets that integrate the Liquidation Mass in the best opportunity.

Sales Procedure for Assets Whose Value Is Less Than Twenty Thousand Balboas (B/.20,000.00)

Article 3: APPRAISALS. For the sale of the goods specified in Numeral 1 of Article 129 of Decree Law No. 9 of 1998, the liquidator will need one (1) appraisal practiced by up to two (2) qualified independent experts, performed not more than six (6) months before the date when the good will be sold. In case that the appraisal is practiced by two (2) experts, the former must be agreed upon. The liquidator will determine, according to the circumstances, if the appraisal must be performed by one (1) or two (2) experts.

Article 4²: SUMMONS TO THE SALE OF THE GOODS. Once the corresponding appraisal is done, the liquidator will summon to the public sale of the goods, by publishing an announcement for three (3) consecutive days in a newspaper of national coverage. Furthermore, the liquidator must:

- a. send a copy of the announcement to the Panama Banking Association (PBA), National Private Enterprise Council (CONEP), Chamber of Commerce, Industries and Agriculture of Panama, Panamanian Construction Chamber (CAPAC), Panamanian Association of Corporate Executives (APEDE), Real Estate Brokers Association (ACOBIR), Stock Exchange Brokers Association, Panama Stock Exchanges, and to any other guild or association he deems pertinent; and
- b. disclosing at his discretion this announcement through other media, including electronic media. The announcement must contain, at least, the following:
 1. The list and description of the goods with the greatest clarity and precision possible, as well as the place where they can be inspected and the fact that they will be sold in the place and conditions they are in.
 2. The base price of the sale, which cannot be less than the quick sale value established in the appraisal, pursuant to what Numeral 1 of Article 129 of Decree Law No. 9 of 1998 stipulates.
 3. The location, boundaries and other circumstances and data of the Public Registry if dealing with real estate.
 4. Special requirements for participating, if there are any.
 5. That open public tenders will be accepted from the time the first announcement is published.
 6. The place, the date and time until when open tenders will be received, and that the bidders can improve their tenders until that time.

² Amended by Article 1 of Rule 4-2006 dated 17 August 2006.

7. That the good being sold will be awarded to the best bid received at that date and time.
8. Content of the bid (pursuant to Article 6).
9. Payment modality (pursuant to Article 9).
10. The names and phone numbers of the officers that can absolve consultations and visits from the interested parties.
11. The condition that the liquidator reserves the right to reject any tender that does not adjust to the requirements or whose amount is less than the base price.

PARAGRAPH 1: the date until which tenders will be received cannot be before eight (8) calendar days from the date of publishing of the last announcement if dealing with chattels, or before fifteen (15) calendar days if dealing with real estate.

PARAGRAPH 2: The public announcement will also be set at the door of the liquidating Bank, as well as in public sites of the place where the goods are located.

PARAGRAPH 3: It is understood that, if for any reason, the date until which tenders will be received is not a working day, the day and hour will be moved to the next working day, without the need for a new announcement, in the same given conditions.

Article 5: EVIDENCE IN FILES. The liquidator will let it be known in the liquidation files the place where the announcements have been set, as well as the name, number and date of the newspapers in which the publications mentioned in the previous article have been observed.

Article 6: SUBMITTAL OF BIDS. The bidders that wish to partake in the public sale must submit their tenders in writing. The bids must contain the following information:

1. The bidder's name and identification.
2. Residence and phone number for personal notices.
3. Mailing address.
4. Identification of the good being bid on.
5. Amount of the bid.
6. Statement from the bidder saying he knows and accepts all terms of the public sale.

In the case of legal persons, the bid must also include:

1. Public Registry certificate or its equivalent with proof of the existence, effect and legal representation of the legal person, and
2. Minutes of the Board of Directors or the directing organization of the legal person authorizing the purchase and giving power of attorney to a natural person, with sufficient authority to represent it.

The bidders may inspect the goods before submitting their tenders, having previously signed a confidentiality Rule. The liquidator will keep a record of the persons that perform said inspection.

Article 7: REALIZATION OF THE SALE. Tenders will be received until the day and time announced in the published announcement, pursuant to article 4 of this Rule.

The liquidator will reject the bids with respect to each good being sold when they are not for the base amount set by the liquidator in the announcement or when they do not comply with the documentation requirements established in article 6 of this Rule.

At any time during the public sale process, any bidder can improve his bid.

Once the formalities stipulated in this Rule are observed, the liquidator will provisionally award the goods to the bidders that have placed the best bid at the date and time of closing stipulated in the announcement. The liquidator will leave written evidence of the adjudication, indicating the date of the public sale, the good offered in sale, the name of the participating bidders, the name of the winning bidder and the amount for which each good was sold.

Article 8: In the case when a good were not sold because of lack of bidders or because the bids submitted did not adjust to what the appraisal of the goods offered stipulates, the latter can be donated by the liquidator through a raffle to a charity entity legally recognized and operating in the Republic of Panama.

Article 9: CANCELLATION OF THE PRICE OF THE AWARDED GOOD. The person awarded a good must pay its price within five (5) working days counted from the provisional adjudication. When dealing with real estate, if the payment is guaranteed by a bank guarantee, security or promissory letter, the document must state that the payment will be effective at the time the corresponding deed of sale is registered in the Public Registry. The trading contract will stipulate as grounds for its own cancellation that said documents were not honored by the issuer.

If once the provisional adjudication is made the person awarded the good does not pay the price offered for the good in the time period given or he desists of the purchase, his bid will be understood to be tainted and the good will be awarded to the next best bidder, and so forth.

Article 10: DEFINITE ADJUDICATION. Within five (5) working days counted from the payment or reception of the bank guarantee, security or promissory letter, the liquidator will award the good definitely and will transfer the property according to the requirements of the Law.

Copy of the adjudication will be placed in a visible place at the branch of the liquidating Bank.

Sales Procedure for Assets Whose Value Is Greater Than Twenty Thousand Balboas (B/.20,000.00)

Article 11: APPRAISALS. For the sale of the goods specified in Numeral 2 of Article 129 of Decree Law No. 9 of 1998, the liquidator will need one or more appraisals practiced by qualified independent experts, performed not more than six (6) months before the date when the good is sold. The liquidator will determine, according to the circumstances, if one or more appraisals are needed.

Article 12³: SUMMONS TO THE SALE OF THE GOODS. Once the corresponding appraisal(s) is/are done, the liquidator will summon to the private auction of the goods being sold, by publishing an announcement for three (3) consecutive days in a newspaper of national coverage.

Furthermore, the liquidator must:

- a. send a copy of the announcement to the Panama Banking Association (PBA), National Private Enterprise Council (CONEP), Chamber of Commerce, Industries and Agriculture of Panama, Panamanian Construction Chamber (CAPAC), Panamanian Association of Corporate Executives (APEDE), Real Estate Brokers Association (ACOBIR), Stock Exchange Brokers Association, Panama Stock Exchanges, and to any other guild or association he deems pertinent; and
- b. disclosing at his discretion this announcement through other media, including electronic media.

The announcement must contain, at least, the following:

1. The list and description of the goods with the greatest clarity and precision possible, as well as the place where they are located and can be inspected, and the fact that they will be sold in the place and conditions they are in.
2. The base price of the sale.
3. The admissible bid, including the cases of a second and third summons.
4. The date and time until when tenders will be accepted.
5. The date, time and place of the auction.
6. The location, boundaries and other circumstances and data of the Public Registry, if dealing with real estate.
7. Special requirements for participating, if there are any.
8. Content of the bid (Article 14).
9. Payment modality (Article 18).
10. The names and phone numbers of the officers that can absolve consultations and visits from the interested parties.

³ Amended by Article 2 of Rule 4-2006 dated 17 August 2006.

11. The condition that the liquidator reserves the right to reject any tender that does not adjust to the requirements or whose amount is less than the base price of the sale.

PARAGRAPH 1: Private auctions will be held on working days and hours, as the Judicial Code stipulates. The date when the auction is held cannot be before eight (8) working days from the date of publishing of the last announcement if dealing with chattels, or before fifteen (15) calendar days if dealing with real estate.

PARAGRAPH 2: The public announcement will also be set at the door of the liquidating Bank and/or at the door of the site where the private auction should take place, as well as in public sites of the place where the goods are located.

PARAGRAPH 3: It is understood that, if for any reason, the private auction cannot take place on the day set for that purpose, it will be performed on the next working day, without the need for a new announcement, in the same given conditions.

Article 13: EVIDENCE IN FILES. The liquidator will let it be known in the liquidation files the place where the announcements have been set, as well as the name, number and date of the newspapers in which the publications mentioned in the previous article have been observed.

Article 14: SUBMITTAL OF BIDS. The bidders that wish to partake in the private auction must submit their tenders in writing, which will be made of public knowledge. The tender must be accompanied by a Bid Security, which must be comprised of ten percent (10%) of the base price of the good being sold, and it can be constituted by a cashier's check, certified check or bank transfer. The allocated Bid Security will be immediately returned to the bidders not awarded with the good being sold.

The bids must contain the following information:

1. The bidder's name and identification.
2. Residence and phone number for personal notices.
3. Mailing address.
4. Data of the good being bid on.
5. Amount of the bid.
6. Statement from the bidder saying he knows and accepts all terms of the private auction.

In the case of legal persons, the bid must also include:

1. Public Registry certificate or its equivalent with proof of the existence, effect and legal representation of the legal person, and
2. Minutes of the Board of Directors or the directing organization of the legal person authorizing the purchase and giving power of attorney to a natural person, with sufficient authority to represent it.

The bidders may inspect the goods before submitting their tenders, having previously signed a confidentiality Rule. The liquidator will keep a record of the persons that perform said inspection.

Article 15⁴: REALIZATION OF THE PRIVATE AUCTION. The private auction will be performed on the day and time announced in the announcement published pursuant to Article 12 of this Rule, and will be presided by the liquidator, or by whomever the latter designates, who will proceed to close the bidding stage.

The sale's base price will be the quick sale value established in the appraisal, and any bid that covers at least the percentage that the liquidator stipulates on the sale's base price will be admitted, which percentage will never be inferior to 66.67% of the sale's base price. At the time set forth in the announcement, the liquidator will open the period of raising the bids; thus, the bidders can improve their proposals.

This auction will be in the presence of an Authorized Public Notary, who will bear witness of the actions, and the ancillary staff the liquidator designates.

The liquidator will reject the bids with respect to each good being sold when the same are for an amount that does not cover the amount set by the liquidator as the admissible bid in the announcement or when they do not comply with the documentation requirements established in Article 14 of this Rule.

Once the formalities stipulated in this Rule are observed, the liquidator will provisionally award the goods to the bidders that have placed the best bid. The Authorized Public Notary will prepare the minutes of the act, which will portray the date of the private auction, the good offered in sale, the name of the participating bidders, the name of the winning bidder and the amount for which each good was sold. The minutes must be signed by the persons awarded the goods, the liquidator and the Authorized Public Notary. This document will constitute evidence of the provisional adjudication in favor of the persons awarded the goods.

Article 16⁵: SECOND SUMMONS. If the person who made the bid for the percentage stipulated by the liquidator pursuant to the previous article does not appear in the first summons, a new date will be set, by a public announcement pursuant to what Article 12 of this Rule stipulates, wherein any bid that covers at least the new percentage that the liquidator stipulates for this second summons on the sale's base price will be admitted, which percentage will never be inferior to 50% of the sale's base price.

The liquidator will reject the bids with respect to each good being sold when the same are for an amount that does not cover the amount set by the liquidator as the

⁴ Amended by Article 1 of Rule 7-2008 dated 8 October 2008.

⁵ Amended by Article 2 of Rule 7-2008 dated 8 October 2008.

admissible bid in the announcement or when they do not comply with the documentation requirements established in Article 14 of this Rule.

PARAGRAPH: If whoever makes a bid that covers at least the new percentage that the liquidator sets for this second summons does not appear during the following fifteen (15) calendar days, the liquidator will be authorized to procure the direct sale of the good or goods, at a price not inferior to 50% of the sale's base price.

The sale's base price cannot be less than the quick sale value established in the appraisal.

Article 17⁶: THIRD SUMMONS. If the good was not sold by the procedure set in the preceding article during the following fifteen (15) calendar days, a new date will be set, by a public announcement pursuant to what Article 12 of this Rule stipulates, wherein bids will be accepted for any amount.

The liquidator will reject the bids regarding each good in sale when they do not comply with the documentation requirements stipulated in Article 14 of this Rule.

PARAGRAPH: Previously securing a Notary Certification, which states that no admissible tender has been offered pursuant to Articles 15, 16 and 17 of this Rule, the liquidator can dispose of the good by a direct sale to anyone who makes a tender.

Article 18: CANCELLATION OF THE PRICE OF THE AWARDED GOOD. The person awarded a good must pay its price within five (5) working days counted from the provisional adjudication, or on the date agreed with the Liquidator, ascribing the Bid Security as part of the payment. When dealing with real estate, if the payment is guaranteed by a bank guarantee, security or promissory letter, the document must state that the payment will be effective at the time the corresponding deed of sale is registered in the Public Registry. The trading contract will stipulate as grounds for its own cancellation that said documents were not honored by the issuer.

Article 19: TAINTED ADJUDICATION. If in any of the auction summonses (first, second or third), the person provisionally awarded the good does not pay the price offered for the good in the time period given or he desists of the purchase, the liquidator will declare the provisional adjudication tainted and revoked, and will proceed to allocate the security of said bid to the Liquidation Mass. Afterwards the liquidator will proceed to repeat said stage of the sales process.

Article 20: DEFINITE ADJUDICATION. Within five (5) working days counted from the payment or reception of the bank guarantee, security or promissory letter, the

⁶ Amended by Article 3 of Rule 7-2008 dated 8 October 2008.

liquidator will award the good definitely and will transfer the property according to the requirements of the Law.

Copy of the adjudication will be placed in a visible place at the branch of the liquidating Bank.

Article 21: DESERTED AUCTION. The liquidator will declare the auction deserted with respect to each good being sold when no valid tender is submitted on the date set or the ones submitted do not comply with the requirements set forth in the announcement, or when they do not comply with the documentation and other requirements established in this Rule.

Sales Procedure for Stock Exchange Securities

Article 22⁷: STOCK EXCHANGE SECURITIES. Those securities or instruments traded in stock exchanges or other organized markets will be sold through said media at market value. If the good is not sold in a term of thirty (30) days it will be tendered again for successive periods of fifteen (15) days each time, decreasing the previous price up to ten percent (10%), until attaining its sale. If once the price reduction processes are exhausted said instruments or securities are still not sold, the latter will be donated through a raffle to a charity entity legally recognized and operating in the Republic of Panama.

For those securities or instruments traded in stock exchanges or other organized markets, their market value will be certified by an authorized security broker or agent, who will thus play the role of the expert to which the Law refers.

The rest of the securities or instruments must be sold following the procedures stipulated in this Rule. In these cases, the appraisal will be practiced by an authorized security broker or agent.

When dealing with securities or instruments issued by persons who are in payment discontinuance, insolvency or other similar circumstances, duly documented, the liquidator can sell them by a direct sale to anyone who makes a tender.

Article 23: EFFECT. This Rule will be in force from the time it is proclaimed.

Given in the City of Panama, on the twenty fifth (25) day of the month of January of two thousand six (2006).

⁷ Amended by Article 6 of Rule 4-2006 dated 17 August 2006.