UNITED STATES OF AMERICA

BEFORE

THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

AND

STATE OF FLORIDA

DEPARTMENT OF BANKING AND FINANCE

TALLAHASSEE, FLORIDA

Written Agreement by and among BANCO POPULAR DEL ECUADOR, S.A. Quito, Ecuador BANCO POPULAR DEL ECUADOR, S.A. MIAMI AGENCY Miami, Florida FEDERAL RESERVE BANK OF ATLANTA Atlanta, Georgia THE STATE OF FLORIDA DEPARTMENT OF BANKING AND FINANCE Tallahassee, Florida	Docket Nos. 99-013-WA/RB-FB 99-013-WA/RB-FA

WHEREAS, in recognition of their common goal to maintain the financial soundness of and to ensure compliance with all applicable federal and state laws, rules, and regulations by Banco Popular del Ecuador, S.A., Quito, Ecuador ("Banco Popular") and its agency in Miami, Florida (the "Agency") during the period when the Agency is being voluntarily dissolved and Banco Popular's U.S. activities are being terminated, Banco Popular on its own behalf and on behalf of the Agency, the Federal Reserve Bank of Atlanta (the "Reserve Bank"), and the

Department of Banking and Finance of the State of Florida (the "Department") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, this Agreement is being executed in accordance with the Rules Regarding Delegation of Authority of the Board of Governors of the Federal Reserve System (the "Board of Governors"), specifically 12 CFR 265.11(a) (15), and the Reserve Bank has received the prior approval of the Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board of Governors; and

WHEREAS, on June 4, 1999, the majority of the members of the board of directors of Banco Popular, acting pursuant to due authority, authorize and direct Mr. Nicholas Landes to enter into this Agreement, on behalf of Banco Popular and consented to compliance with each and every provision of this Agreement by Banco Popular and its institution-affiliated parties, and on June 4, 1999, the General Manager of the Agency agreed to the foregoing on behalf of the Agency.

NOW, THEREFORE, before the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without this Agreement constituting an admission of any allegation made or implied by the Board of Governors or the Department, Banco Popular, the Agency, the Reserve Bank and the Department agree as follows:

Orderly Voluntary Liquidation

1. (a) Within 10 days of this Agreement, Banco Popular and the Agency shall jointly submit to the Reserve Bank and the Department a comprehensive, written description of their liquidation and wind-down plan. The plan should, at a minimum, set forth:

(i) A description of how the Agency will marshal and liquidate all of the Agency's known assets, by category of asset, and how it will satisfy the claims of all of its creditors, by category of creditor, and otherwise meet all of the Agency's contractual, tax and other obligations;

(ii) procedures and forms of notices for notifying the Agency's known depositors and other creditors discussing Agency's pending liquidation and dissolution, and procedures for restricting new business activities in light of the planned dissolution of the Agency;

(iii) a description of how the Agency will wind down existing transactions with related parties and affiliates;

(iv) a detailed description of meetings to be held and resolutions to be adopted by Banco Popular and the Agency to adopt the plan, to authorize its implementation, and to authorize the voluntary dissolution of the Agency pursuant to sections 663.06, Florida Statutes and 3c-140.015, Florida Administrative Code, with proposed draft resolutions; and

(v) a detailed projected timetable for each of the actions mentioned in paragraphs 4(a) (i) through (iv) hereof, for certification by the Agency to the Reserve Bank and the Department that the Agency has no further obligations, and for the surrender to the Department of the Agency's license, and a list of milestones for assessing the Agency's and Banco Popular's progress in implementing the plan.

(b) The Reserve Bank and the Department may provide Banco Popular and the Agency with comments on the plan within 10 days of its receipt, and Banco Popular and the Agency shall prepare a revised plan of liquidation, winding up and dissolution responsive to the comments. An acceptable plan shall be re-submitted to the Reserve Bank and the Department within 10 days of receipt of any such comments. Upon acceptance of the plan, Banco Popular and the Agency shall comply fully with it and take all such actions as are necessary to implement the plan in accordance with its terms.

Restricted Transactions

2. (a) Except as otherwise provided by the provisions of this Agreement, the Agency shall not, without the prior review of the Reserve Bank and the Department, directly or indirectly, engage, undertake or, in any manner, participate in any financial transaction with Banco Popular, or with any related party, subsidiary, affiliate, or institution-affiliated party of Banco Popular. Notwithstanding this prior review requirement, the Reserve Bank, the

Department, Banco Popular, and the Agency may agree in writing that certain categories and amounts of financial transactions do not have to be reviewed prior to consummation.

(b) The Agency shall continue to determine, for each of its existing and new customers, the customer's relationship, if any, with Banco Popular, or with any related party, subsidiary, affiliate, or institution-affiliated party of Banco Popular, and shall continue to maintain a current list of all customers that have an association of any nature with Banco Popular for subsequent supervisory review by the Reserve Bank and the Department.

(c) For the purposes of this Agreement, the terms:

(i) "Financial transaction" shall include (A) the payment of any service or management fee; (B) the transfer, contribution, purchase or sale of any asset; (C) the extension of credit, including any overdrafts on a daylight as well as overnight basis; (D) the direct or indirect payment, guarantee, or confirmation of any obligation; and (E) the placement of any deposit.

(ii) "Extension of credit" shall be defined as set forth in section 215.3 of Regulation O of the Board of Governors (12 CFR 215.3).

(iii) "Related party" shall include (A) any person holding an ownership interest in excess of 25 percent in Banco Popular or of any of Banco Popular's subsidiaries and associated companies operating in Ecuador and in other places; and (B) any person, or group of persons acting in concert, that controls, is controlled by, or is under common control with Banco Popular, but shall not include the government of Ecuador or any agencies or instrumentalities thereof.

(iv) "Control" shall be defined as the power, directly or indirectly, to (A) vote 25 percent or more of the voting shares of a company; (B) elect a majority of the directors of a company; or (C) as determined by the Reserve Bank and the Department, otherwise exercise a controlling influence over the management and policies of a company.

(v) "Person" shall mean a corporation, unincorporated association, partnership, trust, or any other entity or individual.

(vi) "Affiliate" shall be defined as set forth in 12 U.S.C. 371c(b)(1).

(vii) "Institution-affiliated party" shall be defined as set forth in sections 3(u) and 8(b) (3) and (4) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1813(u) and 1818(b) (3) and (4)).

Review of Internal Controls and Related Party Transactions

3. (a) Within 60 days of this Agreement, Banco Popular and the Agency shall conduct and complete a written review of the adequacy of internal controls and operations of the Agency, and shall submit a written description of the findings of the review to the Reserve Bank and the Department. Banco Popular and the Agency shall engage a qualified independent public accountant acceptable to the Reserve Bank and the Department to conduct the review.

(b) Banco Popular and the Agency shall submit, within 10 days of this Agreement, the scope of the review, in the form of an engagement letter that is acceptable to the Reserve Bank and the Department, to the Reserve Bank and the Department for approval prior to the commencement of the engagement. The engagement letter should acknowledge that all substantive information, including work papers, programs and procedures related to the review would be provided to the Reserve Bank and the Department upon request.

(c) The review shall be concentrated within the areas specifically criticized during the examination of the Agency conducted by the Reserve Bank commencing on April 5, 1999, specifically the oversight and monitoring of related party transactions. The review shall, at a minimum, address and adequately explain (i) the flow of, and purpose for, the transactions between the Agency and Banco Popular and its related parties and affiliates that are described in the Report of Examination of the Agency, and (ii) the effects of the transactions on Banco Popular's financial records and Ecuadorian regulatory reporting requirements.

Asset Maintenance

4. (a) The Agency shall continue to maintain, on a daily basis, the ratio of its eligible assets to total third party liabilities at a minimum of 110 percent (the "Asset Maintenance Ratio"). The Asset Maintenance Ratio shall be calculated in accordance with this Agreement, the definitions contained in the laws, rules, and regulations of the State of Florida, and as specified in Attachment A.

(b) Unless otherwise agreed to in writing by the Reserve Bank and the Department, on a daily basis from the date of this Agreement (i) the Agency shall compute its daily assets and liabilities subject to the Asset Maintenance Ratio on the form of Attachment B-1, and shall submit its calculations to the Reserve Bank and the Department, and (ii) Banco Popular shall certify in writing to the Reserve Bank and the Department that the Agency is in compliance with the required Asset Maintenance Ratio.

(c) For the purpose of calculating total eligible assets under this Agreement, the Agency shall adjust the value of its eligible assets by the estimated aggregate amount of loss in the assets as determined by the Agency's management. In this connection, the Agency's estimated aggregate amount of loss at a minimum should be equal to the total of the disallowances applied to the four categories of classified assets as defined in paragraph 2(d) of Attachment A.

Liquidity

5. (a) The Agency shall maintain the ratio of its liquid assets to total third party liabilities at a minimum of 100 percent (the "Liquidity Ratio"). For the purposes of this Agreement, the term "liquid assets" shall include only unencumbered and unpledged:

(i) Cash and due from non-Ecuadorian banks and their subsidiaries, affiliates, related parties, and institution-affiliated parties;

(ii) U.S. government securities and other bonds, notes, and debentures payable in U.S. dollars (at market value), excluding securities issued by any Ecuadorian banks and their subsidiaries, affiliates, related parties, and institution-affiliated parties;

(iii) Federal funds sold and securities purchased under resale agreements, excluding such transactions with Ecuadorian banks and their subsidiaries, affiliates, related parties, and institution-affiliated parties; and

(iv) Such other assets as the Agency may be permitted to use by the Reserve Bank and the Department.

(b) The Agency shall maintain an adequate maturity gap position so that the Agency shall have sufficient funds readily available from the Agency's assets to cover fully its maturing liabilities. The Agency shall monitor its maturity gap position on a daily basis by preparing a Maturity Distribution Schedule.

(c) For the purposes of preparing the Maturity Distribution Schedule, any asset classified by any regulatory agency or internally by the Agency or any affiliate of the Agency shall be designated in the maturity band for assets maturing in greater than one year. For the purposes of this Agreement, the terms:

(i) "Adequate maturity gap position" shall be defined as maintaining a positive cumulative gap position for each maturity band of the Maturity Distribution Schedule as adjusted for readily marketable assets.

(ii) "Readily marketable assets" shall be defined as (A) bank-quality investments payable in U.S. dollars at market value; (B) 85 percent of self-liquidating trade credits with maturities under 180 days; and (C) the value as agreed by the Reserve Bank of any other asset or class of assets determined to be readily marketable by the Reserve Bank.

(iii) "Self-liquidating trade credits" shall be defined as extensions of credits that (A) are directly related to imports and exports and

(B) will be liquidated through the proceeds of the related trade transactions.

(d) Unless otherwise agreed to in writing by the Reserve Bank and the Department, on a daily basis from the date of this Agreement (i) the Agency shall compute its daily assets and liabilities subject to the liquidity ratio described in paragraph 5 (a) hereof on the form of Attachment B, and shall submit its calculations to the Reserve Bank and the Department, (ii) the Agency shall prepare and submit to the Reserve Bank and the Department a Maturity Distribution Schedule of its assets and liabilities in the form of Attachment B-2, and (iii) Banco Popular shall certify in writing to the Reserve Bank and the Department that the Agency is in compliance with the required liquidity ratio and maturity gap position.

Communications

6. All communications regarding this Agreement shall be sent to:

(a) Ms. Suzanna Costello
Vice President
Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

(b) Mr. Art Simon
Director, Division of Banking
State of Florida
Department of Banking and Finance
101 East Gaines Street, Suite 636
Tallahassee, Florida 30399

(c) Mr. Nicholas Landes
President
Banco Popular del Ecuador, S.A.
c/o Miami Agency
701 Brickell Avenue, Suite 2500
Miami, Florida 33131

(d) Mr. Barton Corredero
General Manager
Banco Popular del Ecuador, S.A.
Miami Agency
701 Brickell Avenue, Suite 2500
Miami, Florida 33131

Miscellaneous Provisions

7. The provisions of this Agreement shall be binding on Banco Popular, the Agency and each of their institution-affiliated parties, in their capacities as such, and their successors and assigns.

8. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, suspended, or terminated by the Reserve Bank and the Department.

9. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank and the Department may, in their sole discretion, grant written extensions of time to Banco Popular and the Agency to comply with any provision of this Agreement.

10. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank or any federal or state agency or department, from taking any other action affecting Banco Popular, the Agency or any related party, subsidiary, affiliate, or institution-affiliated party.

11. Upon execution of this Agreement, the Commitment Letter dated June 25, 1998 shall be terminated.

12. This Agreement is a "written agreement" for the purposes of section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of this 4th day of June, 1999.

Banco Popular del Ecuador, S.A.

By: ______________________
President

Federal Reserve Bank of Atlanta

By: ______________________
Suzanna J. Costello
Vice President

Banco Popular del Ecuador, Miami Agency
Miami Agency

By: ______________________
General Manager

State of Florida
Department of Banking and
Finance

By: ______________________
Art Simon
Director, Division of Banking

ATTACHMENT A

1. For the purposes of this Agreement, "eligible assets" shall be defined pursuant to Section 663.07 of Florida Statutes and the applicable rules thereunder, as modified herein. "Eligible assets" shall include all the assets of the Agency and its International Banking Facility ("IBF"), reduced by the amount of any specifically allocated reserves established on the books in connection with such assets, and such assets shall be valued at the lower of book amount or market value and be payable through the Agency. "Eligible assets" shall also include 85 percent of the market value of non-investment grade securities permitted by Section 663.07 (7), Florida Statutes and Florida Administrative Code 3C-140.015 (6) for which a significant market exists and market rates are readily obtainable. Deposits and placements of funds by the Agency with banks shall be eligible only if, with respect to each such deposit or placement of funds, the head office of Banco Popular certifies, in writing, that: (a) such deposit or placement is otherwise unencumbered and (b) the head office has no knowledge of any amount due by the head office of Banco Popular and Banco Popular's other offices and affiliates to the bank holding the deposit or placement that would subject such deposit or placement to being set off against any amount owed by the head office of Banco Popular, and Banco Popular's other offices and affiliates other than the Agency.

2. The term "eligible assets" shall exclude:

(a) equity securities;

(b) all amounts due, directly or indirectly, from and all amounts pledged to or otherwise subject to any encumbrance in favor of the head office or any other office of the Agency, including income accrued but not collected on such amounts;

(c) amounts due from any affiliate of the Agency, except to the extent that such amounts are fully cash-collateralized by collected funds held at the Agency (determined separately for each such affiliate);

(d) 100 percent of any asset classified loss, 50 percent of assets classified doubtful, 20 percent of assets classified substandard and 100 percent of the required allocated transfer risk reserve percentage for any asset classified value impaired and 20 percent for any residual value-impaired exposure;

(e) prepaid expenses and unamortized costs, furniture and fixtures and leasehold improvements; and

(f) any other asset or class of assets determined to be ineligible by the Reserve Bank or the Department based on an assessment of the risks associated with the asset or class of assets.

3. Those assets subject to the restrictions set forth in this Agreement and including the restrictions imposed by rule 3C-140.015, Florida Administrative Code, shall include without limitation all currency, bonds, notes, debentures, drafts, bills of exchange or other evidences of indebtedness, including loan participation agreements or certificates, or other obligations payable in the United States, in United States funds or, with the prior written approval of the Reserve Bank and the Department, in funds freely convertible into United States funds.

4. For the purposes of this Agreement, the terms (a) "liabilities requiring cover" shall include liabilities of the Agency and its IBF, including acceptances, and such other liabilities as determined by the Reserve Bank and the Department, but excluding amounts due to the head office of the Agency, including unremitted profits and reserves for possible loan losses and other contingencies; and (b) "affiliate" shall mean any person, or group of persons acting in concert, that controls, is controlled by, or is under common control with any foreign banking corporation.

ATTACHMENT B - 1

Branch/Agency Name:
City:
Date:
(in thousands of US$)

Schedule 1

ASSET MAINTENANCE SCHEDULE			
ELIGIBLE ASSETS:		**LIABILITIES REQUIRING COVER:**	
Total assets including IBF		Total liabilities including IBF	
Less ineligible assets:		Less ineligible liabilities:	
Equity securities		Pledged deposits securing assets at this office	
Due directly/indirectly from subsidiaries, affiliates, related parties and institution-affiliated parties \1,\2		Due directly/indirectly to subsidiaries, affiliates, related parties and institution-affiliated parties \4	
Fixed assets		Unremitted profits	
Prepaid expenses		Reserve for loan losses and other contingencies	
Classified loans \3		Other liabilities	
Other assets determined to be ineligible by FRB or State Banking Department Official			
Subtotal ineligible assets		Subtotal ineligible liabilities	
Eligible Assets (a)		**Liabilities requiring cover (b)**	
		ASSET MAINTENANCE RATIO (a/b)	

\1 Do not include amounts that are fully cash-collateralized by collected funds at agency/branch (Determine separately for each affiliate.)

\2 Due from affiliates. Include all amounts pledged to or otherwise encumbered in favor of the Head Office or any other office of the agency/branch or any affiliate

\3 Classified loans are reported net of specific reserves per FRB examiners.

\4 Includes acceptances and other liabilities as determined by the FRB and the State Banking Department Official

Schedule 2

LIQUIDITY RATIO SCHEDULE			
Liquid Assets:		**THIRD PARTY LIABILITIES:**	
Cash and due from banks		Total liabilities including IBF	
U.S. Government securities (at Market Value)		Less ineligible liabilities:	
Other investment grade securities payable in US$ (MV)		Due directly/indirectly to subsidiaries, affiliates, related parties and institution-affiliated parties \4	
Federal funds sold & securities purchased u/a to resell			
Less assets pledged above		Unremitted profits	
Total Eligible Liquid Assets (c)		Reserve for loan losses and other contingencies	
		Other liabilities	
		Pledged deposits securing assets at this office	
Memo: Outstanding checks issued outside U.S. payable at or through branch/agency		Subtotal ineligible liabilities	
		Total Third Party Liabilities (d)	
		LIQUIDITY RATIO (c/d)	

I certify the above to be true and correct to the bast of my knowledge.

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Authorized Signature & Title

ATTACHMENT B-2
MATURITY DISTRIBUTION SCHEDULE
In thousands of US$

Name:
City:
Date:

Period (days)	Total		1 to 7	8 to 30	31 to 90	91 to 365	>365
ASSETS:							
Cash & due from banks							
U.S. government securities							
Other investment grade securities							
Other non-investment grade securities							
Federal funds sold & securities							
purchased under agreements to resell							
Trade financing loans							
Other loans							
Other assets							
Due from U.S. offices of the bank*							
Due from non-U.S. offices of the bank*							
Due from affiliates*							
Gross due from offices and affiliates							
TOTAL ASSETS							
CUMULATIVE TOTAL ASSETS							

Period (days)	Total		1 to 7	8 to 30	31 to 90	91 to 365	>365
LIABILITIES:							
Demand deposits							
Savings deposits							
Time deposits							
Federal funds purchased & securities							
sold under agreements to repurchase							
Other liabilities							
Due to U.S. related offices of the bank*							
Due to non-U.S. offices of the bank*							
Due to affiliates*							
Gross due to offices and affiliates							
TOTAL LIABILITIES							
TOTAL CUMULATIVE LIABILITIES							

PERIOD GAP (A-L)							
CUMULATIVE GAP (A-L)							

ADJUSTMENTS**:							
1.							
2.							
3.							
4.							
5.							
TOTAL ADJUSTMENTS							
EFFECTIVE CUMULATIVE GAP							

* Report items gross
** Adjustments for readily marketable assets

MEMO ITEMS:

Pledged Assets	
Committed Contingent Liabilities	

I certify the above to be true and correct to the best of my knowledge.

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Authorized Signature & Title