



Republica de Panamá  
SUPERINTENDENCIA DE BANCOS

CERTIFIED TRANSLATION

## Republic of Panama Superintendency of Banks

**AGREEMENT No. 3-2002**  
(of March 27, 2002)

**THE BOARD OF DIRECTORS**  
In use of its legal powers, and

### WHEREAS

That by means of Agreement No. 1-93 of April 27 of 1993, the National Banking Commission established the general criteria related to the nominal interest rate and the annual percentage rate.

That in accordance with Article 52 of Decree-Law No. 9 of February 26 of 1998, the Banks may fix freely the amount of the interest rates of their assets and liabilities operations.

That in accordance with Article 52 of Decree-Law No. 9 of February 26 of 1998, the Banks shall indicate the annual percentage rate of their loans and deposits in the statements of account of their customers or at the request thereof;

That in accordance with Article 53 of Decree-Law No. 9 of February 26 of 1998, the Banks shall indicate the annual percentage rate of their assets and liabilities operations when they refer thereto in their advertisements.

That in accordance with Numeral 28 of Article 17 of Decree-Law No. 9 of February 26 of 1998, it is the faculty of the Superintendency to watch for the Banks to provide their customers with information securing the highest transparency in the banking operations;

That in accordance with Article 16, Numeral 17 of Decree-Law 9 of 1998, it corresponds to the Board of Directors to determine, at the administrative level, the interpretation and scope of the legal or regulatory provisions in banking matters; and

That in working sessions of this Board of Directors with the Superintendency of Banks, it has been evidenced the need and convenience of reviewing the criteria established in Agreement 1-93 and adopting a methodology for the calculation of the annual percentage rate.

### AGREES:

**ARTICLE 1. NOTION OF INTEREST.** It is considered "interest" the amount that in any way or under any name is collected by the Bank for the use of money.

It shall be reputed as "interest" in accordance with the above criterion, any amounts collected by the Bank from the beneficiary of the loan under various denominations or

charges such as “handling expenses”, “closing commissions”, “closing expenses”, “payment to loans proceedings agents” or simply, “commission” or “expenses”.

It is hereby understood that not making a part of these amounts are those denominations received by the Bank in its capacity as a withholding agent or in any other similar capacity, such as those aimed at the Special Fund of Interest Compensation (“FECI withholding”), the Notaries for the payment of notary fees, the Public Registry for the payment of registration fees, insurance companies for the payment of policies, valuation companies for the payment of valuations, in summary, the Government and Municipalities for the payment of taxes in charge of the beneficiary of the loan or collection of commission for the discount service. Any positive difference between the amount received by the Bank and destined to the third party, and the amount which is effectively remitted to the third party shall nevertheless be considered as an interest.

**ARTICLE 2. NOTION OF LOAN.** To the exclusive effect of the present Agreement, it shall be understood as a loan any credit facility that generates interest.

Expressly included herein are facilities such as loans, credit lines, overdrafts and financial facilities through credit cards.

**ARTICLE 3. NOTION OF NOMINAL INTEREST RATE.** It is considered “Nominal Interest Rate” the one that is just announced or offered to be collected by the Bank as a percentage generally in annuities over the amount of a loan.

**ARTICLE 4. NOTION OF ANNUAL PERCENTAGE RATE.** “Annual Percentage Rate” is considered the one representing the cost of use of the money expressed in an annuity form that is to be paid to the Bank by the beneficiary of the loan in concept of “interest” – in accordance with the notion of Article 1 of the present Agreement – for the loan received, considering the value of the money in time.

The Annual Percentage rate shall be calculated as an internal rate of return of the loan flows, which include all amounts collected from the beneficiary of the loan constituting interest in accordance with Article 1. For this calculation, successive iterations shall be conducted until the net present value of the cash flow of the loan equals zero (0), or, said otherwise, successive iterations until obtaining a rate wherein the cash flow of the loan equals zero (0).

**ARTICLE 5. INFORMATION IN CONTRACTS.** The Banks shall indicate the “Annual Percentage Rate” of their loans in all of the statements of account of their customers or at the request thereof.

**ARTICLE 6. OTHER CREDIT FACILITIES.** When the “Annual Percentage Rate” cannot be calculated earlier because the precise behavior of the flows throughout the time is not known – such as it is the case of the credit card systems, overdraft credits and revolving credit accounts – the Bank shall inform to the user of the banking service both the amounts paid in concept of “interest” as the corresponding “Annual Percentage Rate”, depending on the actual flow of earnings and expenses throughout the time upon maturity of the credit.

It shall also, at the request of the applicant or beneficiary of the loan, calculate the “Annual Percentage Rate” based upon an hypothetical scenario of cash flow.

**ARTICLE 7. ADVERTISEMENT.** The Banks shall indicate the «Annual Percentage Rate» of its assets operations when they refer thereto in their advertisement notices.

**ARTICLE 8. SANCTIONS FOR NON-COMPLIANCE OF THE AGREEMENT.** The non-compliance of the provisions contained in the present Agreement shall be sanctioned by the Superintendent in accordance with the provisions set forth in Article 137 of Decree-law 9 of 1998.

**ARTICLE 9. DEROGATION OF AGREEMENT No. 1-93.** The present agreement substitutes entirely Agreement No. 1-93 of April 27 of 1993 of the National Banking Commission, which remains without effect.

**ARTICLE 10. VALIDITY.** The present Agreement starts to be in force and effect counting from its promulgation.

Given in the City of Panama, this twenty-seventh (27<sup>th</sup>) day of the month of March of the year two thousand and two (2002).

**BE IT PUBLISHED AND COMPLIED.**

THE PRESIDENT

THE SECRETARY

Felix B. Maduro

Jorge W. Altamirano-Duque M.

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THE ABOVE IS A FAITHFUL TRANSLATION OF THE ORIGINAL DOCUMENT IN SPANISH. Panama, April 30, 2002. Mireya Delgado Debali, Certified Public Translator, Resolutions No. 209 and 304.