

**REPUBLIC OF PANAMA**

**SUPERINTENDENCY OF BANKS**

**AGREEMENT No.009-2009**

**(of October 22<sup>nd</sup>, 2009)**

**“By means of which the provisions on Time Deposits and Local Savings Deposits are compiled, adjusted and updated”**

**THE BOARD OF DIRECTORS**

**in exercise of its legal powers, and**

**WHEREAS:**

That after the issuance of Decree Law No. 2 of February 22<sup>nd</sup>, 2008, the Executive Branch prepared a systematic order in way of a Sole Text of Decree Law 9 of February 28<sup>th</sup>, 1998 and all its amendments, which was approved by means of Executive Decree 52 of April 30<sup>th</sup>, 2008, hereinafter the Banking Law.

That in accordance with numeral 2 of article 5 of the Banking Law, it is function of this Superintendency of Banks to strengthen and foment the proper conditions for the development of Panama as an International Financial Center;

That in accordance with numeral 5 of article 11 of the Banking Law, it corresponds to this Superintendency to determine in the administrative sphere, the interpretation and scope of the legal or regulatory provisions in banking matter;

That Article 1 of Agreement No. 1-85 of November 20<sup>th</sup>, 1985, amended by Agreement No. 10-90 of July 5<sup>th</sup>, 1990 establishes the amount and term for which the Local Time Deposits shall be agreed, restricting the anticipated withdrawal or the anticipated decrease of the same;

That the National Assembly has issued rules in relation to the immigrant visas that imposes as obligatory to enter into a time deposit contract, requirement that does not guarantee the visa will be granted;

That in said cases when the visa is denied, the depositor should be able to withdraw his funds from the bank; if he so desires;

That in work sessions of this Board of Directors, the convenience of compiling, adjusting and updating the provisions on Time Deposits and Local Savings Deposits has been manifested.

**AGREES:**

ARTICLE 1: LOCAL TIME DEPOSITS: Except for what is provided in this Agreement, the Local Time Deposits shall be agreed for amounts greater than TEN THOUSAND BALBOAS (B/.10,000.00) and for, a time period no less than THIRTY (30) days and may not be withdrawn, increased or decreased before the agreed-upon maturity date.

ARTICLE 2: EXCEPTION. Notwithstanding what is provided in the preceding article,, the Local Time Deposits may be increased before the agreed-upon maturity date by means of an agreement between the parties, only when the agreed term is the same or greater than ONE (1) year, by means of the capitalization of interests or new contributions to the original sum.

ARTICLE 3: LOCAL TIME DEPOSITS OPENED FOR MIGRATORY PROCEEDINGS: In the cases of those Local Time Deposits opened by foreigners and considered as Local Deposits, whose only purpose consists in complying with the requirements of the Executive Decree No. 320 of August 8<sup>th</sup>, 2008, to apply for an immigrant visa which have as requirement the opening of a Local Time Deposit, might be withdrawn in advance in case the holder of the account desists of the migratory proceeding or when the visa requested has been denied or cancelled. As evidence of the above, the holder shall submit to the bank the note desisting of the migratory proceeding duly stamped by the National Service of Migration or the resolution issued by the National Service of Migration, whatever corresponds. The above is without prejudice of the penalties for the anticipated decrease that for this effect the bank establishes which shall be provided in the Local Time Deposit contract agreed.

ARTICLE 4: CLOSING OF LOCAL TIME DEPOSITS AFTER NOTIFICATION TO THE FINANCIAL ANALYSIS UNIT FOR THE PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM (UAF) In the cases of the notification of suspicious operations to the Financial Analysis Unit for the Prevention of Money Laundering and the Financing of Terrorism (UAF), in the way provided in Agreement No. 12-2005, the banks might at their own discretion cancel in advance the Time Deposits Local or External, of any natural or legal person, provided that the holder(s) of the time deposit is associated directly or indirectly to the suspicious operation object of the report submitted to the UAF.

ARTICLE 5: PLEDGED DEPOSITS In the case of pledged Time Deposits Local or Foreign in favor of a bank, that shall be executed in all or in part to satisfy the obligation guaranteed, the bank might consider the deposit extinct totally or partially, and in consequence, eliminate it from its books on the corresponding proportion.

ARTICLE 6: OVERNIGHT DEPOSITS: The Local Time Deposits, commonly known as "overnight" shall be agreed for less than TWENTY FOUR HOURS (24), as long as the amount is no less than ONE HUNDRED THOUSAND BALBOAS (B/.100,000.00).

ARTICLE 7. LOCAL SAVINGS DEPOSITS. The following dispositions shall apply to Local Savings Deposits;

1. The banks might set freely the amount of the interest rate on the Local Time Deposits. Nevertheless, they shall indicate the rate of such deposits in the statement of account of their clients.
2. The way and modality for the calculation and the opportunity of interest payment on these deposits shall be of free contract between the parties. In no case the opportunity of capitalizing the interests shall be after the maturity of the quarter.
3. The collect of any charge for scarce or null movement, for inactivity, for inferior balances to the minimum balances, or for maintenance is forbidden.
4. The promotions of drawings, gifts, trips, prizes or other incentives in favor of these deposits, requires previous authorization of this Superintendency of Banks. The interested Banks shall submit in due time the respective plans and programs for the considerations of the case. The Superintendent of Banks shall have knowledge and decide on the requests filed on this particular, in accordance to the regulatory instructions established to this respect by the Superintendency.

ARTICLE 8 CHRISTMAS, SCHOOL OR EDUCATIONAL SAVINGS ACCOUNTS, : The deposits kept in so-called “Christmas Savings Accounts”, “school savings accounts” or “educational savings accounts” shall be constructed as “socio-educational deposits”, the purpose of which is to encourage the habit of saving among the different sectors of the population. The maximum authorized return on such deposits may be paid in a single amount by way of interest at the end of the year, at the time of their withdrawal.

ARTICLE 9: SPECIAL SAVINGS ACCOUNTS: In order to motivate the savings and to foster a better return through the savings accounts, the banking entities might establish special savings accounts, on which the parties might agree that the depositor can not make withdrawals during a specific period of time.

ARTICLE 10: POWERS OF THE SUPERINTENDENCY The Superintendency of Banks is empowered to modify the minimum amounts and periods and the maximum rates established by the present Agreement.

ARTICLE 11: SANCTIONS The Violations of the provisions of the present Agreement shall be sanctioned according to Title IV of the Banking Law.

ARTICLE 12: ANNULMENT. The present Agreement annuls the Agreements No. 1-85 of November 20<sup>th</sup>, 1985; No. 1-86 of April 1<sup>st</sup> of 1986, No. 38-88 of December 19<sup>th</sup>, 1988, No. 4-89 of March 16<sup>th</sup>, 1989, No.10-90 of July 5<sup>th</sup>, 1990, No.4-2000 of April 12<sup>th</sup>, 2000 and No. 10-2005 of November 11, 2005.

ARTICLE 13: VALIDITY: The present Agreement shall go into effect as of its promulgation.

Given in Panama City, on the twenty second (22nd) day of the month of October, two thousand nine (2009).

BE IT COMMUNICATED AND ENFORCED

THE CHAIRMAN

NICOLAS ARDITO BARLETTA

THE SECRETARY

JORGE W. ALTAMIRANO-DUQUE