

Republic of Panama
Superintendency of Banks

Agreement No. 03-2005
(January 26, 2005)

THE BOARD OF DIRECTORS

In use of its legal powers, and

CONSIDERING THAT:

Pursuant to Numeral 1 of Article 5 of Decree Law No 9 of February 26 1998, it is the duty of the Superintendency of Banks to watch for the solidity and efficiency of the banking system to be maintained;

Pursuant to Numeral 7 of Article 16 of Decree Law No. 9 of February 26 of 1998, it corresponds to the Board of Directors to fix, within the administrative scope, the interpretation and scope of the legal or regulatory provisions regarding banking;

Pursuant to Article 154 of Decree Law No. 9 of February 26 1998, banking institutions must inform to the Superintendency of Banks on the assets, funds and securities in its possession that have remained inactive for five (5) years and belong to persons whose whereabouts are unknown, to the end that once this fact is proven, its liquid value is transferred to the National Treasury;

In attention to the experience of the Banking Supervision, it has been demonstrated the need to uniform and adequate the banking practice with respect to the declaration of Inactive Assets, in accordance with the provisions set forth in Article 154 of Decree Law No. 9 of February 26 1998;

That Article 155 of Decree Law No. 9 of February 26 1998 establishes that the Government shall reimburse said funds to their owners with no interest, provided that they are claimed within the ten (10) years following to the date whereon they were transferred;

By means of General Resolution No 3-2004 of September 6 2004, it was established that the reports on inactive accounts and securities from owners whose whereabouts are unknown shall be submitted within the first ten (10) days of the month following to the closing of the respective quarter;

Decree No. 49 of January 11 1977 of the Ministry of Finance and Treasury establishes the procedure for the devolution of the funds entered to the National Treasury.

In work sessions of this Board of Directors, it has been evident the need and convenience to establish the scope and interpretation of the legal provisions regarding the assets, funds and securities in the possession of the banking institutions that remain inactive for five (5) years and belong to persons whose whereabouts are unknown, as well as the proceedings for their corresponding restitution.

AGREES:

ARTICLE 1: SCOPE OF APPLICATION. The provisions of the present Agreement shall be applied to Oficial Banks, General License Banks and International License Banks.

ARTICLE 2: DEFINITIONS. To the effect of the present Agreement it shall be understood by:

1. Inactive Accounts: Inactive Accounts are all those accounts wherein no deposits or withdrawals are reflected throughout five (5) consecutive years, and belong to persons whose whereabouts are unknown once concrete attempts to locate them have been proven.

The collection of surcharges that are applied to these accounts, as well as the interests generated by them does not entail the activity of said accounts.

In the cases of fixed time deposits wherein it has been agreed upon in the contract its automatic renewal, it shall be considered that they are inactive when the bank renews them automatically for two or more periods totalling five (5) consecutive years or more, being unknown the whereabouts of the owner once concrete attempts to locate him have been proven.

2. **Inactive Assets and Securities:** Those assets and securities that have been deposited in safety boxes, that are found in the possession of the banking entity, having elapsed five (5) years counted from the opening of the safety box by the banking entity, without having been claimed by the interested parties, and whose whereabouts are unknown after concrete attempts to locate him have been proven.

It shall be considered that the bank is in the possession of the assets and securities when by virtue of the lease contract entered into between the parties, the bank has proceeded to the opening of the safety box making an inventory of the total assets and securities before a notary public.

3. **Client:** A natural or legal person acquiring from a Bank a banking service.

ARTICLE 3: LOCATION OF THE OWNER OF INACTIVE FUNDS, ASSETS OR SECURITIES. Being there one (1) year left before the inactivity time of the funds, assets and securities elapses, in accordance with the provisions set forth in the present Agreement, the banking institution shall perform the notification of this circumstance to its owners, either orally or in writing, using the data or references appearing in the files of the Bank and, maintain evidence of the notification diligences performed.

ARTICLE 4: NOTIFICATION TO THE SUPERINTENDENCY OF BANKS. Once the conditions have been met and the diligences described in the above Articles have been performed, the banking institution shall inform to the Superintendency of Banks through the Inactive Accounts Form SB (CUIN), on any inactive accounts and inactive assets and securities in its possession remaining inactive for five (5) years and belonging to persons whose whereabouts are unknown. Said notification shall be made within the ten (10) business days following to the end of each quarter.

ARTICLE 5: SPECIAL INSPECTION. Once the Inactive Accounts Form SB (CUIN) has been received by the Superintendency, it shall be scheduled a Special Inspection to the bank, to the end of verifying the fact, the remitted information and the due diligence made by the banking institution for the location of the owners of inactive accounts and inactive assets and securities.

ARTICLE 6: ORDER TO TRANSFER OF LIQUID FUNDS TO THE NATIONAL TREASURY. Once the Special Inspection has been completed, the Superintendency of Banks shall remit to the Bank the respective report, wherein it shall order, in the cases that are pertinent, the transfer of the liquid funds to the National Treasury, in compliance of Article 154 of Decree Law No. 9 of 1998.

The Bank shall transfer the liquid funds to the National Treasury, leaving evidence of said transfer by remitting to the Superintendency of Banks a copy of the cheque and the remitting note sent to the Directorate General of Revenues of the Ministry of Economy and Finance with its receipt acknowledgment.

ARTICLE 7: NON LIQUID ASSETS AND SECURITIES. The non liquid assets and securities that are found in the possession of the bank and that have been reported by means of the Inactive Accounts Form SB (CUIN), shall be treated by the bank as agreed upon in the lease contract of the safety box.

However, it is hereby understood that in the event liquid funds are found in the safety boxes, they shall be transferred to the National Treasury, in accordance with the provisions set forth in Article 6 of the present agreement.

ARTICLE 8: RESTITUTION OF LIQUID AMOUNTS OF MONEY. The restitution of the liquid cash funds that have been entered to the National Treasury by reason of their condition as inactive, shall be governed by the provisions established in Decree No. 49 of January 11 1977 of the Ministry of Finance and Treasury. In any case, the restitution of the

liquid cash funds shall be made with no interest, in accordance with the provisions set forth in Article 155 of Decree Law No. 9 of February 26 1998.

ARTICLE 9: SANCTIONS FOR NON COMPLIANCE. The non compliance of the provisions established in this Agreement shall be sanctioned in accordance with the provisions set forth in Article 137 of Decree Law No. 9 of 1998.

ARTICLE 10: This Agreement derogates Agreement 1-87 of April 1, 1987.

ARTICLE 11: DURATION. The present Agreement shall take effect from its promulgation.

Given in the City of Panama, on the twenty-sixth (26th) day of the month of January of the year two thousand and five (2005).

BE IT NOTIFIED, PUBLISHED AND COMPLIED.

THE PRESIDENT,

THE SECRETARY,

Félix B. Maduro

Jorge W. Altamirano-Duque M.