

RULE No. 001-2011¹
(dated 4 January 2011)

**“Whereby the guidelines for transparency of information
for using banking products and services are provided”**

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

WHEREAS:

Due to the issuance of Law 2 of 22 February 2008, the Executive Branch systematically ordered in the form of a Sole Text the Decree Law 9 of 1998 and all its amendments, which was approved by means of Executive Decree 52 of 30 April 2008, hereinafter referred to as the Banking Law;

According to numbers 3 and 4 of article 5 of the Banking Law, the objectives of the Superintendency are to promote public trust in the Banking System and to safeguard the judicial equilibrium between the banking system and its clients;

According to number 5 of article 11 of the Banking Law, it is the duty of the Superintendency to establish, within the administrative sphere, the interpretation and reach of the legal provisions or regulations on banking matters;

According to number 19 of article 16 of the Banking Law, it is the duty of the Superintendent of Banks to ensure that banks provide to their customers with information that will assure the utmost transparency in their operations;

The purpose of the principles established in titles V and VI of the Banking Law is to contribute, to the contractual relations, the necessary and desired balance between the parties.

According to article 192 of the Banking Law, banks have the obligation to provide their services to their bank clients with transparency, probity, and equity;

The transparency of information related to banking products and services is an important factor to promote market competitiveness, which contributes to the healthy development of the banking system and enables customers to take well-informed decisions;

It is necessary to create mechanisms that will allow this Office to ensure that a due transparency in terms of banking products and services is given.

¹ Article 13 was amended by Rule 3-2011 dated 17 March 2011.

In the working sessions of this Board of Directors, was mentioned the need and convenience of establishing general guidelines on transparency of information for using banking products and services.

RESOLVES:

ARTICLE 1. SCOPE OF APPLICATION. The provisions of this Rule shall be applicable to state-owned banks, general license banks, and international license banks.

ARTICLE 2. PRINCIPLE OF TRANSPARENCY OF INFORMATION. Banks shall promote transparency of information as a mechanism that will allow the users of banking services and the general public to know, at any time, the banking operations and services and take well-informed decisions based on this premise.

For this purpose, banks should be fully transparent in the dissemination, application, and modification of interest rates, fees or charges, surcharges, charges for others, and any other fee to be provided and charged, as well as the services they provide. This information should be accessible to the general public and in a form that will allow its easy understanding.

ARTICLE 3. DISSEMINATION OF FEES AND CHARGES FOR OTHERS. Banks should be very clear and transparent when providing information on the fees and charges for others.

It will be understood as a **fee** any charge, regardless of name or form, different from the amount that represents the nominal interest rate application that a bank charges a customer.

It will be understood as **charges for others** the amount of money the bank applies and withholds from the user for the services rendered by others to meet requirements related to operations that, according to the Rule, shall be borne by the customer.

Pursuant to the provisions above, banks should ensure, as a minimum, of the following:

- a. To use descriptive, simple and understandable language to establish the concept of the fee and the elements belonging it;
- b. To inform the amount of each fee or the calculation method, if any;
- c. To clearly identify the fact, event or act that generates it;
- d. To identify and inform the customer the charges for others, services, and charges, such as insurance fees, notary fees, registration fees, taxes or others, according to the service contract.

The fees informed and applied by banks for the services rendered should be adjusted to the above-mentioned criteria; they must be classified as fees or charges for others, as appropriate.

ARTICLE 4. SURCHARGES. The terms originating surcharges must be previously known and agreed by the bank clients and must be recorded in the contract or in its accessory documents.

It will be understood as *surcharge* the additional amount of money to the agreed upon with the bank that is charged to the user as an economic penalty for violating their contractual obligations, for acts attributable to the customer.

The names of the surcharges must allow its easy identification and understanding by clients and should not be confused with the fees or charges for others.

ARTICLE 5. DISSEMINATION OF INFORMATION TO THE GENERAL PUBLIC ON INTEREST RATES AND FEES FOR PRODUCTS AND SERVICES. Banks should inform the general public their interest rates, fees (whether fixed, range or reference fees, as applicable), and surcharges related to the different products and services they offer.

This information should be disseminated for free, in a clearly, explicit, and comprehensible fashion in order to avoid misunderstandings or misinterpretations. The information regarding the reference interest rates, fees or surcharges that banks disseminate should be disclosed for each product or service offered. Also, the payment due date and other conditions that affect its application and determination should be disclosed, in such a way that the interested party can compare between the fees applied by different banks.

ARTICLE 6. DISSEMINATION OF INFORMATION TO POTENTIAL CUSTOMERS. Banks, prior entering into any Rule, must provide, in writing, all the necessary information that the potential customer of the service offered may need before signing a contract.

Banks must have well-trained and duly updated staff in contract issues, in order to solve doubts that the potential customers may have in regards to their content.

Information on interest rates, fees, charges for others and other relevant conditions related to products and services that banks furnish to potential customers should be very detailed to enable them to have full knowledge of them, understand the cost involve and to make the necessary comparisons between the rates that different banks apply.

In case of banking operations in which the interested party is the one responsible for paying taxes, should be timely and expressly stated, the respective obligation, the kind of tax to that subject, the applicable percentage and, if appropriate, the applicable amount.

In the event that the amount of any fees and charges for others cannot be determined at the moment of signing the contract, should be included, at least, the criteria to be applied for its calculation and charge accordingly.

The information referred to above, shall be disseminated for free, in a clearly, explicit, and comprehensible manner in order to avoid misunderstandings or misinterpretations.

ARTICLE 7. DISSEMINATION OF INFORMATION TO CLIENTS ABOUT INTEREST RATES, FEES, AND CHARGES OF OTHERS FOR PRODUCTS AND SERVICES. Banks should inform to their customers the interest rates, fees, surcharges and charges for others related to the different products or services offered. This information must be disseminated for free, in a clear, explicit, and comprehensible manner in order to avoid misunderstandings and misinterpretations.

In the event of specific services, such as wire transfers, currency exchange, certified checks, banker's draft sale, rental of safe deposit boxes, among others, the concerning fees and/or expenses should be previously informed to the customers. The information furnished for acquiring banker's draft must include, also, the conditions that will be applied for its issuance. Also, in case of rental of safe deposit boxes, the customers should be adequately informed of the responsibilities of the bank and customer.

In case of lending operations, the bank must provide to the customer an efficient access to the historical information of the payments to principal, interests, balance up-to-date, and any other relevant information available to customers.

In case of banking operations in which the client is the one responsible for paying taxes, should be timely and expressly stated, the respective obligation, the kind of tax to that subject, the applicable percentage and, if appropriate, the applicable amount.

The names of the fees, surcharges and charges for others must allow its easy identification and understanding by clients. Also, they should be written in Spanish, without prejudice to further may be available in another language.

In order to maintain proper transparency, banks may include in their websites the frequently asked questions made by clients and the responses to them, in order to inform and educate the bank client.

ARTICLE 8. MEANS TO INFORM THE GENERAL PUBLIC ON THE INTEREST RATES AND FEES FOR PRODUCTS AND SERVICES. Banks should post in their websites the information on interest rates, fees, and surcharges applicable to their products and services. The dissemination of this information, through their website, should be made in a visible and easy access area with the information on products

or services subject to these charges and will be continuously updated and should be identical to the information furnished by the bank in its establishments.

When using brochures to disseminate the services and lending and deposits operations, such brochures should contain updated information on the characteristics of the operation and/or service, as well as the interest rates, fees and surcharges, as appropriate. When the purpose of the brochure is only to inform the characteristics of an operation or service without adding quantitative information relating to interest rates, fees, surcharges or amounts and/or terms, or the monthly installments, in case of lending operations, it must state that the information about these costs will be available in the tariff schedule, the customer service platform, the website of the bank or otherwise publicly available.

In the public service offices, in which the products or services provided by the bank can be requested, must be available to the interested parties a list or tariff schedule containing the interest rates, fees, and surcharges applied by the bank for such products and services. The same shall be in a visible place of the establishment, in a display case, lectern or similar. In the list or tariff schedule displayed by the bank whether in its customer service offices, website or other dissemination means, must be included in those the date of the last update and the date on which entered into force.

The tariff schedules, whether displayed in display cases, lecterns or similar, or computerized, should be written in Spanish, without prejudice that they can also be written in other languages.

Additionally, in compliance with the obligation to spread the information stated in this Article, banks may use other mass media, such as: television ads, radio ads, cinema, magazines, billboards, telemarketing, print media or brochures, as appropriate, among others.

In case of the specific advertisements the bank uses to attract new customers, with equal emphasis it should highlight the strengths and limitations of the products or services advertised. For example, when an advertisement refers to the nominal interest rate it should immediately refer to the effective interest rate.

The information furnished to the customers regarding the products and services offered by the banks, through the media, should be made in a clear, sufficient, objective, and reliable manner.

ARTICLE 9. MEANS TO INFORM THE CLIENT ABOUT INTEREST RATES, FEES, AND CHARGES FOR OTHERS OF PRODUCTS AND SERVICES. Banks must comply, at any moment, with the obligation contained in Article 193 of the Banking Law, of informing the client, from the beginning of the relationship, the terms and conditions applicable with their particular contract.

In cases of lending operations, under the payment of installments system, banks, when approving the operation, must notify in writing to the customer the installment, detailing the minimum information regarding such. In case of doubts on the terms contained in such document, the bank should clarify them. After reading the document and the doubts were clarified, if any, it shall be recorded that the customer has been notified and that he received a copy of the contract.

In contracts with lending operations, banks must record the nominal and effective rates, in this order and one followed by the other, expressed on an annualized basis, with letters and numbers highlighted to ensure their visibility, and the formula for calculating them.

In the case of lending operations, whenever there are changes in interest rates, the bank must give prior notification to the client, who must keep the bank informed about changes in his address or phone numbers for the purposes of this and other notifications.

ARTICLE 10. AUTOMATED TELLER MACHINES (ATM) TRANSACTIONS. In order to make customers aware, in a timely manner, of the fees charged for the use of automated teller machines, banks must show on the screens of their ATMs, clear and understandable information about the total cost of the transaction, so that customers are in a position to abandon the operation at no cost.

ARTICLE 11. INFORMATION THAT SHOULD BE CONTAINED ON THE WEBSITE OF THE BANK ABOUT INTEREST RATES AND FEES. Banks must have posted on their websites information about the interest rates and fees applied to their products and services in general in a visible and easy access area of the banks website, to enable users and/or clients to know the rates and fees the bank applies. In case of changes of fees, the bank shall keep evidence of the records with dates of changes.

Considering the information posted by the bank on its website and in order to promote the utmost transparency between the banking system and its customers, the Superintendency of Banks will have on its website a portal available to users and general public, which will have links to the different banks information on interest rates and fees applied by the different banks of the center.

ARTICLE 12. SANCTIONS. Failure to comply with the preceding articles shall be punished in accordance with the provisions of title IV of the Banking Law.

ARTICLE 13. ENACTMENT.² This Rule shall take effect from 1st August 2011.

Given in the city of Panama, on fourth (4th) January, two thousand eleven (2011).

² Amended by Rule 3-2011 dated 17 March 2011.