

TRANSLATION



January 20, 2011
Circular SBP-FECI-0009-2011

General Manager

Subject: Withholding of 1% FECI in accordance with the provisions
of Article 2 of the Law 4 of 1994. Credit Cards

Dear General Manager:

Hereby, we would like to remind you the provisions set forth in Article 2 of the Law No. 4 of 1994 regarding the application or withholding of 1% FECI, which expressly states that:

“Article 2: To the interest rates of domestic personal and corporate loans, greater than five thousand balboas (B/.5,000.00), granted by banks and financial entities since the enforcement of this law, will be included and withheld the amount equivalent to one percent (1%) annually, over the same amount which is the base for the calculation of the interests.” (The highlighted is ours).

The content of this norm should be understood in accordance with the provisions of Executive Decree No. 29 of 8 August 1996, Article 8, number 3 and Article 9 that state:

“Article 8: *The domestic personal and corporate loans greater than five thousand balboas (B/.5,000.00) granted by banks and financial entities will be subject to withholding.*

Paragraph: *It is expressly understood that are subjected to the withholding application, over the total outstanding balance, and as long as they exceed the amount of B/.5,000.00 in any moment [the following]:*

...
3. *The balance due in domestic personal and corporate credit cards accounts.*”

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“Article 9: ONE PERCENT (1%) that should be included and withheld according to Article 2 of the Law 4 of 17 May 1994 will be calculated over the same amount which is the base for the calculation of the interests.”

In regards to the above, each Entity must comply with the provisions set forth in the previous articles for the due calculation of FECl and carry out, when necessary, the concerning adjustments to their systems, which will be verified during the examinations that will be soon carried out.

We would highly appreciate to inform your staff of these instructions in order to fully comply with this circular.

Best regards,

Amauri A. Castillo
Interim Superintendent

MC/rg