

Republic of Panama
Superintendency of Banks

FECI RESOLUTION No. 071-2008
(dated September 9, 2008)

THE SUPERINTENDENT OF BANKS
using his legal authority, and

WHEREAS:

Article 1 of Law 4 of May 17, 1994 stipulates that the local loans destined for the skilled farming and stockbreeding sector and for the industrial farming sector that exports non-traditional products, will have the right to a discount in the interest rate agreed upon with the bank or money-lending financial entity, which will be reimbursed applying the withholdings made by the banks and financial entities for actions stipulated by the Law;

According to Numeral 8 of Article 4 of the aforementioned Law 4 of 1994, it pertains to the Superintendency of Banks to set the specific amount of the interest rate discount, for loans granted to the skilled farming and stockbreeding sector and to the industrial farming sector that exports non-traditional products;

Through FECI Resolution No. 2-2002 of February 21, 2002, this Superintendency set to **THREE AND A HALF PERCENT (3.50%)** the interest rate discount for loans granted to the skilled farming and stockbreeding sector and to the industrial farming sector that exports non-traditional products;

In light of what is stipulated by Article 11 of Law 4 of 1994, the Executive Branch has enacted Executive Decree No. 74 of May 27, 2008, which modifies Article 3 of Executive Decree 29 of August 8, 1996, whereby a greater differentiated discount is contemplated when dealing with loans for the production of the following food products: Rice, corn, soybeans, meat (poultry, pork and cattle) and fresh milk;

By way of FECI Resolution No. 53-2008 of May 28, 2008, this Superintendency set to **FOUR PERCENT (4.0%)** the interest rate discount for loans granted, **starting on June 1, 2008**, for the production of the following food products: Rice, corn, soybeans, meat (poultry, pork and cattle) and fresh milk.

Sorgho is deemed in the local marketplace as a substitute for corn, and kidney beans as a substitute for soybeans, so it was deemed convenient to include them as food products that are subject to a greater discount when financing their production;

In light of what is stipulated by Article 11 of Law 4 of 1994, the Executive Branch has enacted Executive Decree No. 87 of July 19, 2008, which modifies articles 3, 6 and 15 of Executive Decree 29 of August 8, 1996, whereby a greater differentiated discount is contemplated when dealing with financing for the production of sorgho and kidney beans; as well as a new adjustment of the terms of production and marketing of said food products;

Pursuant to Article 3 of Decree Law No. 29 of August 8, 1996, it pertains to this Superintendency to prescribe the measures needed for the execution of Law 4 of May 17, 1994 and its regulatory provisions, as well as to make public the knowledge of the discount amount set for loans granted to the skilled farming and stockbreeding sector and to the industrial farming sector that exports non-traditional products.

RESOLVES:

ARTICLE 1: TO SET to FOUR PERCENT (4.0%) the interest rate discount for loans granted, starting on August 20, 2008, for the production of the following food products: Rice, corn, soybeans, meat (poultry, pork and cattle) and fresh milk, sorgho and kidney beans.

ARTICLE 2: TO SET to ONE (1) year the productive and marketing cycle of the products described in clause 4, numeral 1 of Article 6 of Executive Decree 29 of August 8, 1996.

ARTICLE 3: TO AUTHORIZE the banks and financial entities to deduct from the sum of the withholdings that they must send to the Superintendency of Banks, the amounts that they request as settlement or reimbursement, in which cases they must complete and send to the Superintendency of Banks, immediately, all information requirements mentioned by Article 17 of Executive Decree 29 of August 8, 1996. The settlement will not apply when dealing with claims.

ARTICLE 4: TO MAINTAIN at THREE AND A HALF PERCENT (3.50%) the discount, set by way of FECI Resolution No. 2-2002 of February 21, 2002, in the interest rate for loans granted and that will be granted to the skilled farming and stockbreeding sector and to the industrial farming sector that exports non-traditional products, that do not fall under the activities and ends to which the previous Article refers.

Given in the city of Panama, on the ninth (9th) day of the month of September, two thousand eight (2008).

TO BE RELEASED, PUBLISHED AND FULFILLED.

Olegario Barrelier
Superintendent of Banks

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