



January 22, 2014  
Circular N° SBP-FECI-0007-2014

General Manager

Subject: Detail of FECI's 1% Withholding of  
November 2013 (received in December)

Dear General Manager:

We wish to inform you hereby that Article 2 of Law 4 of 1994, amended by Law 110 of 2013, provides that:

**Article 2.** *A one percent (1%) surcharge will be added to the interest rates on personal and commercial loans greater than five thousand balboas (B/.5,000.00) granted by banks and finance companies as of the enactment of this Law, and will be withheld by the bank. The same withholding will apply to financial factoring agreements, with the one percent (1%) withholding being applied to the total amount of the invoice transferred by the grantor to the financial entity. Fifty percent (50%) of the amount withheld will be remitted to the National Treasury to pay for the discounts on the preferential mortgage loans referred to in Article 3 of Law 29 of 2008, twelve and a half percent (12.5%) will be remitted to the Agriculture Development Bank, and twelve and a half percent (12.5%) will be remitted to the Ministry of Agriculture. The remaining twenty-five (25%) percent will be remitted to the Special Interest Compensation Fund administered by the Superintendency of Banks of Panama.*

In this regard, we request banks and financial entities submit a report on the distribution of the 1% FECI withholding collected in November 2013 — that is, the amounts reported in December. This report must include the following information:

- Withholding collected from November 1 to 27, 2013.
- Withholding collected from November 28 to 30, 2013.
- Total withholding collected in November 2013 (total amount transferred in December 2013)

.../...

In order to comply promptly with the Law, this information must be submitted to the Superintendency of Banks no later than **ten (10) business days** from today.

We would greatly appreciate your providing your staff with the necessary instructions for compliance with the provisions of this Circular.

Sincerely,

Alberto Diamond R.  
Superintendent

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TRANSLATION