



CRITERION  
FECl COMMISSION  
  
FOREIGN LOANS

Solely for the purpose of applying the FECl Regime, foreign loans are considered those loans that are: (i) granted to a nonresident individual or legal entity, which although still domiciled or registered in Panama, does not have operations in the country and (ii) whose money obtained from this loan is used exclusively abroad, not in Panama, and cannot in any way be considered to serve a domestic purpose.

At the same time, there could be a case in which a loan has a portion that can be classified as a foreign loan, to be used abroad and therefore exempt from the 1% withholding required by the FECl Regime, and another portion, classified as a domestic loan, which will be used domestically and is subject to the 1% withholding of the FECl Regime.

It is also feasible for the bank granting the loan classified as a foreign loan to permit the borrower to request the disbursement of all or part of these funds to an account in the same bank, exclusively destined for transferring these funds abroad or for receiving payments inherent in that financing, but this account must not generate interest.

TRANSLATION