

# TRANSLATION

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## REPUBLIC OF PANAMA

### EXECUTIVE DECREE 29

*dated 8 August 1996*

*“Whereby Law 4 dated 17 May 1994, which establishes the Preferential Interest Rate Regime for the agriculture sector, is regulated pursuant to the amendments introduced by Executive Decrees 21 of 1997, 40 of 1998, 177 of 2005, 79 of 2003, 87 of 2008, 9 of 2009, 33 of 2010, 181 of 2014, and 81 of 2016”*

## CHAPTER I GENERAL PROVISIONS

**ARTICLE 1:** The benefits established by Law 4 of 1994 are assured through the fund called the SPECIAL INTEREST COMPENSATION FUND or by its acronym FECI, in Spanish.

Under the administration of the Superintendency of Banks, the FECI will have the necessary technical and administrative staff for the efficient performance of its duties. The supervisory and administrative expenses will be covered from internal resources.

**ARTICLE 2<sup>1</sup>:** FECI's official account shall be signed by officers appointed by the Commission called the FECI Commission, composed of the Minister of Economy and Finance, the Minister of Agriculture and the Superintendent of Banks.

**ARTICLE 3<sup>2</sup>:** The FECI Commission will issue the necessary measures for the execution of Law 4 dated 17 May 1994 and its regulatory provisions.

The FECI Commission must also inform the public of the discount that is provided and establish the technical reserves required for the proper functioning of the FECI.

In addition to the discount referred to in Article 1 of Law 4 of 1994, the FECI Commission may establish a higher discount for the financing of the following edible products: rice, corn, beans, industrial tomatoes, meat (poultry, swine, and beef), plantain, fresh milk, coffee, pineapple, squash, radishes, cabbage, chives, lettuce, celery, table tomatoes, peppers, potatoes, onions, other vegetables and tubers; sugar cane, melons, watermelon, pumpkins, bananas, citrus fruit; sheep, goats, and small animal species.

The FECI Commission may consider other items for a higher discount rate based on a justified request submitted by the Ministry of Agriculture.

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<sup>1</sup> Amended by Article 1 of Executive Decree 33 dated 30 March 2010, by Article 1 of Executive Decree 181 dated 16 April 2014 and by Article 1 of Executive Decree 81 dated 18 March 2016.

<sup>2</sup> Amended by Article 2 of Executive Decree 33 dated 30 March 2010.

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**PROVISO:** The following will be taken into consideration for the purpose of granting a higher discount rate when financing the production of rice, corn, beans, industrial tomatoes, meat (poultry, swine, and beef), plantain, fresh milk, coffee, pineapple, squash, radishes, cabbage, chives, lettuce, celery, table tomatoes, peppers, potatoes, onions, other vegetables and tubers; sugar cane, melons, watermelon, pumpkins, bananas, citrus; sheep, goats, and small animal species, as well as other items recommended by the Ministry of Agriculture:

1. That the term “corn” includes sorghum and “beans” includes red kidney beans.
2. The higher discount rate will be applied to funding for the purchase of machinery or equipment that will be used for the production of two or more products, as described in Article 6 of Executive Decree 29 of 1996.

**ARTICLE 4<sup>3</sup>:** Each bank and finance company is responsible for classifying loans according to the definitions established in Article 28, paragraph d) of this Decree. In cases where there is doubt or difficulty classifying a loan, the FECCI Commission or the persons appointed by it should be consulted.

**ARTICLE 5<sup>4</sup>:** The Superintendency of Banks of Panama (SBP) will coordinate the terms and conditions of the loans authorized by Paragraph 1 of Article 2 of Law 4 dated 17 May 1994 with the Banco de Desarrollo Agropecuario and agriculture credit unions. The terms and conditions will include the requirements established in Section III of the following Article, as well as the expenses for execution, disbursement, terms, interest, supervision and enactment, among others, of the loans that will be granted.

When deemed appropriate, the Superintendency of Banks of Panama may also request agriculture credit unions confirm their articles of incorporation and their participation in the agriculture credit program, so that the 25% of the surplus referred to in the Law cited above can be properly apportioned among those credit unions that are accredited with the Superintendency of Banks of Panama by 31 December of each year.

The provisions of the above paragraphs do not preclude the Superintendency of Banks of Panama approving the arrangement, execution or management of loans to agriculture credit unions and the Ministry of Agriculture, or by the intermediation of IPACOOOP, Banco Nacional de Panamá, Banco de Desarrollo Agropecuario, any General License Bank or any recognized association that primarily pools agriculture credit unions, or by any other method that may be approved by the Superintendency of Banks of Panama.

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<sup>3</sup> Amended by Article 3 of Executive Decree No. 33 dated 30 March 2010.

<sup>4</sup> Amended by Article 4 of Executive Decree No. 33 dated 30 March 2010 and by Article 2 of Executive Decree 181 dated 16 April 2014.

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## CHAPTER II PREFERENTIAL INTERESTS RATES

**ARTICLE 6:** The preferential interest rates are the result of the application of a discount to the agreed interest rate.

The interest rate discount provided by Law 4 dated 17 May 1994 is established solely and exclusively for domestic loans granted to the following activities, only for the purposes indicated below, and only so long as they meet the requirements listed below:

### I. ACTIVITIES:

1. Agriculture
2. Livestock
  - a. Cattle
    - a.1. breeding
    - a.2. meat
    - a.3. milk
  - b. Swine
  - c. Sheep
  - d. Goats
3. Poultry farming
4. Aquaculture
5. Forestry
6. Beekeeping
7. The collection of salt
8. Agro industry exporting non-traditional products
9. Traditional fishing

### II. PURPOSES:

1. Purchase of products:
  - a. Capital assets
  - b. Manpower
  - c. Raw materials
  - d. Other
2. Planting and farming
3. Improvement of production facilities
4. Purchase of animals
5. Purchase of land exclusively for the activities referred to above and land preparation and management for the performance of these activities.

### III. REQUIREMENTS:

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1. That the maximum amount per loan, line item and production cycle must not exceed five hundred thousand balboas (B/.500,000.00)<sup>5</sup>.

This limit does not apply to loans granted to agriculture production associations.

In the case of lines of credit contracts, the amount used by the borrower will be considered the amount of the loan, regardless of the maximum amount authorized in the contract.

2. That the loan beneficiary be an individual or legal entity acting as an agricultural producer.

**PROVISO 1<sup>6</sup>:** Loans granted to the Banco de Desarrollo Agropecuario (Agricultural Development Bank) and to the Ministry of Agriculture (MIDA, for its acronym in Spanish) by banks and finance companies shall also be entitled to the interest rate discount established by Law 4 of 1994.

**PROVISO 2:** A loan that qualifies for the preferential interest rate does not lose its status when being refinanced.

**PROVISO 3:** A loan that qualifies for the preferential interest rate does not lose its status because of the borrower's delinquency, as long as it is due to circumstances beyond his control. However, the discount compensation and reimbursement are all suspended during the period in which interest payments are past due.

**PROVISO 4<sup>7</sup>:** The production and marketing cycles listed below are applicable to the following products:

1. <u>Agricultural product</u>	<u>Cycle</u>
Radishes	1 month
Cabbage	4 months
Red kidney beans	4 months
Chives	4 months
Lettuce	4 months
Celery	4 months
Tomatoes	5 months
Watermelon	5 months
Sorghum	5 months
Melon	5 months
Pumpkins	5 months
Corn	5 months

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<sup>5</sup> Amended by Article 2 of Executive Decree 81 dated 18 March 2016.

<sup>6</sup> Amended by Article 3 of Executive Decree 181 dated 16 April 2014 and Article 2 of Executive Decree 81 dated 18 March 2016

<sup>7</sup> Amended by Article 2 of Executive Decree 87 dated 19 July 2008.

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Rice	6 months
Peppers	6 months
Potatoes	6 months
Onions	6 months
Other vegetables	6 months
Non-perennial agricultural products	6 months
Bananas	10 months
Plantain	10 months
2. <u>Forestry</u>	
a. Vegetable stakes and trellises	1 year
b. Wood	2 to 4 years
c. Timber	15 years minimum
3. <u>Livestock</u>	
Swine (fattening)	6 months
Cattle (fattening)	up to 3 years
(breeding and milk)	up to 15 years
4. <u>Poultry</u>	
Poultry (incubation)	4 weeks after laying
(fattening)	7 weeks
(breeder/layer)	52 to 56 weeks
5. <u>Aquaculture</u>	8 months
6. For all other cases	one (1) year.
<b><u>ARTICLE 7:</u></b> It is expressly understood that the following will not be eligible for the interest rate discount provided by Law 4 of 1994:	
a. Funding for commercial activities, even a business based on agricultural machinery or supplies. On the contrary, these loans will be subject to the application of withholding.	
b. Loans to cancel a mortgage-secured loan in another bank in order to release the lien on a farm, even though the mortgaged property is dedicated to agricultural production.	
c. Funding for the industrial processing of agricultural products, with the exception of non-traditional products for export.	
d. Loans granted to individuals or legal entities in the agriculture sector destined for agro-industrial companies engaged in the production of agricultural supplies, unless all of their production goes directly and exclusively to those individuals or their own agricultural companies.	

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- e. Funding the purchase of shares in companies when this does not represent an investment in new production or when it leaves the company undercapitalized, even though the company is dedicated to qualified agricultural activities.
- f. Loans granted by the Ministry of Agriculture, by Agriculture Credit Unions as well as by any other natural person or legal entity with funds borrowed from FECI or coming from any other subsidized source.<sup>8</sup>

## CHAPTER III WITHHOLDING

**ARTICLE 8:** Domestic personal and commercial loans of more than B/.5,000.00 granted by banks and finance companies are subject to withholding.

**PROVISO:** It is expressly understood that the following are subject to withholding on the entire outstanding balance, as long as it surpasses B/.5,000.00 at any time:

1. Balances on the partial use of domestic personal or commercial credit lines having indefinite or fixed terms.
2. Daily average balances on domestic personal or commercial overdraft Demand Deposits.
3. Outstanding balances in domestic personal or commercial credit card accounts.
4. Domestic construction loans, regardless of the purpose of the facility to be built.
5. Domestic loans granted for the purchase of public transportation vehicles, except those destined for the promotion of tourism.<sup>9</sup>
6. Domestic loans granted for the operation of terminals for the interoceanic transfer of oil and interoceanic transportation of oil by pipeline.
7. Domestic loans granted for the wholesale distribution and/or commercialization of products.
8. New loans granted within the national territory, including the international free trade zones owned or operated by the Colon Free Zone or any other free zone or area to be created, as of the enactment of Law 4 of 1994. Development arrangements granted through international bidding are exempt<sup>10</sup>.

**ARTICLE 9:** The ONE PERCENT (1%) to be included and withheld pursuant to Article 2 of Law 4 dated 17 May 1994 shall be calculated on the amount used for calculating interest.

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<sup>8</sup> Amended by Article 4 of Executive Decree 181 dated 16 April 2014.

<sup>9</sup> Amended by Article 5 of Executive Decree 33 dated 30 March 2010.

<sup>10</sup> Amended by Article 5 of Executive Decree 33 dated 30 March 2010.

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**ARTICLE 10<sup>11</sup>:** The percentage referred to in the previous article will be included and withheld at the same time banks and finance entities collect interest from their borrowers for the loan granted, and will be remitted to the Superintendency of Banks of Panama within the first ten (10) days of the next month. In cases where the entire interest is collected at the time the loan is granted, withholding will be made at the same time and all of the amounts withheld in advance must be remitted to the Special Interest Compensation Fund (FECI).

For the purposes of this regulation, it is expressly understood that interest has been charged when granting a loan if the amount the borrower receives, plus any refinancing granted to him plus any amounts paid to third parties to pay off borrower's debts is less than the amount used as the basis for calculating interest.

**ARTICLE 11<sup>12</sup>:** The classification of a loan as a loan subject to withholding is not lost because of refinancing, extensions or payment arrangements.

Similarly, the classification of a loan as exempted from withholding is not lost because of refinancing, extensions or payment arrangements, as long as it maintains its original financing purpose.

The creation of a mortgage as a guarantee for domestic personal and commercial loans does not authorize the classification of these loans as mortgages. Consequently, they will be subject to withholding.

**ARTICLE 12:** In the case of delinquent personal and commercial loans, withholding will be applicable to the amount covered by any extension or refinancing approved by the bank or finance company.

If the bank agrees to an extension for operational reasons but without an express agreement with the delinquent borrower, withholding will be applied to the extent that the borrower makes payments towards the liability.

**ARTICLE 13:** It is expressly understood that the following are not subject to withholding:

1. Personal and commercial loans granted to senior citizens, retirees and pensioners granted the benefits established in Law 6 dated 16 June 1987, amended by Law 18 dated 7 August 1989, and Law 15 dated 13 August 1992, even when the loans are classified as personal or commercial loans.

In the case of loans granted to more than one person jointly and severally, the exemption applies only if all debtors meet the age or conditions required by Law 6 dated 16 June 1987, except when the debtors are spouses, in which case the exemption applies when either of them meets the age or conditions.

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<sup>11</sup> Amended by Article 5 of Executive Decree 181 dated 16 April 2014.

<sup>12</sup> Amended by Article 6 of Executive Decree 181 dated 16 April 2014.

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In the case of loans granted to more than one person jointly, the exemption applies only to the borrowers meeting the age or conditions required by Law 6 dated 16 June 1987, in proportion to the amount of the loan attributed to any benefitting that borrower.

2. Loans under or equal to FIVE THOUSAND BALBOAS (B/.5,000.00) granted on or after 13 June 1995, even though they are classified as personal or commercial loans. For the purposes of this provision, the amount of the loan will be the amount used as the basis for calculating interest.
3. Loans granted to credit unions granting credit to their members under Law 17 of 1997<sup>13</sup>.
4. Loans granted to agricultural production associations under Law 17 of 1997<sup>14</sup>.
5. Interbank loans, foreign loans, and loans granted to finance companies regulated by Law 42 of 2001. Nor is funding through the issuance of bonds and securities that are registered with the Superintendency of the Securities Market subject to withholding<sup>15</sup>.

Funding through the issuance of bonds and securities, approved prior the enactment of Law 6 of 2005 are exempt from withholding.<sup>16</sup>

6. Loans granted to credit card companies, as long as the funds are used for direct financing that will be subject to withholding.
7. Loans fully secured by savings or time deposits maintained in banks established in Panama, or the surrender value of life insurance policies, to the extent that they cover the amount guaranteed.<sup>15</sup>
8. Loans granted to industries for the construction or expansion of facilities.<sup>17</sup>
9. Loans destined to finance the development, construction, execution, management, operation or exploitation of works, goods or services, granted to STATE concessionaires that are governed by Laws-Contract or by Contracts resulting from public bidding in accordance with the procedures stated by Law.<sup>18</sup>
10. Loan, lines of credit or factoring agreements destined to wholly or partly fund the execution of contracts awarded by work, goods and/or services conducted by State contractors, as long as, by means of the Ministry of Economy and Finance, the State requires and agrees based on the full compliance of Law 34 of 2008 on Social Fiscal

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<sup>13</sup> Amended by Article 6 of Executive Decree No. 33 dated 30 March 2010.

<sup>14</sup> Amended by Article 6 of Executive Decree 33 dated 30 March 2010.

<sup>15</sup> Amended by Article 16 of Executive Decree 177 dated 9 December 2005; by Article 6 of Executive Decree 33 dated 30 March 2010, and by Article 7 of Executive Decree 181 dated 16 April 2014.

<sup>16</sup> Amended by Article 7 of Executive Decree 181 dated 16 April 2014.

<sup>17</sup> Amended by Article 2 of Executive Decree 21 dated 12 May 1997.

<sup>18</sup> Added by Article 1 of Executive Decree 40 dated 22 October 1998.



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Responsibility, and the social interest the project represents. This exception will be applicable only in cases where the contractor has the funding backup, on which the Ministry of Economy and Finance reserves the right of dismiss it as such, when said funding does not meet the usual terms and conditions agreed upon by the Republic of Panama in funding with similar characteristics.

The borrowers that because of this paragraph are considered exempt from the application of withholding must obtain a prior certificate of exemption from the Ministry of Economy and Finance to avoid the inclusion of the withholding in their interest rates.<sup>19</sup>

11. Factoring agreements for up to five thousand balboas (B/.5,000.00) entered into by micro, small and medium enterprises duly registered with the Authority of Micro, Small and Medium Enterprise, as long as they can prove this registration.<sup>20</sup>
12. Non-resource financial factoring agreements, i.e., those agreements in which the factoring company takes the debtor's insolvency risk, whatever its value.<sup>21</sup>

**TRANSITORY PROVISIO<sup>22</sup>:** Banks are ordered to refund FECI interests applied after the enactment of Law 49 of 2009 — i.e. after 18 September 2009 — on loans secured by bank deposits.

**ARTICLE 14<sup>23</sup>:** The borrowers that are exempt from withholding because of legal provisions or contracts with the nation must obtain a prior exemption certification from the Superintendency of Banks of Panama in order to avoid the inclusion of the withholding in their interest payments.

## CHAPTER IV COMPENSATION AND OTHER CLAIMS

**ARTICLE 15<sup>24</sup>:** Banks and finance entities including the discount specified by the Superintendency of Banks in their agreed interest rates will be entitled to request compensation or reimbursement. The compensation or reimbursement will be equal to the discount made to the borrowers.

The compensation or reimbursement will be paid periodically, to the extent that banks and finance entities receive interest payments from their borrowers. Payment will be made within thirty (30) days after the application for compensation or reimbursement.

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<sup>19</sup> Added by Article 8 of Executive Decree 181 dated 16 April 2014.

<sup>20</sup> Added by Article 8 of Executive Decree 181 dated 16 April 2014.

<sup>21</sup> Added by Article 8 of Executive Decree 181 dated 16 April 2014.

<sup>22</sup> Amended by Article 6 of Executive Decree 33 dated 30 March 2010.

<sup>23</sup> Amended by Article 9 of Executive Decree 181 dated 16 April 2014.

<sup>24</sup> Amended by Article 3 of Executive Decree 87 dated 19 July 2008.

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However, banks and finance companies may reduce the amount of the withholding referred to in Article 10 of this Executive Decree that they must remit to the Superintendency by the amount requested in compensation or reimbursement. In this case, banks and finance companies must immediately fill out all information required by Article 17 herein and submit it to the Superintendency. The compensation is not applicable to claims.

**ARTICLE 16**<sup>25</sup>: Banks and finance companies must request the compensation or reimbursement referred to in the previous article from the Superintendency of Banks of Panama within the first ten (10) business days following the application of the relevant discount.

**ARTICLE 17**: Banks and finance companies will provide the following information to the Superintendency\*, in the format required and within the first ten (10) of each month:

- a. The amounts withheld during the previous month, as well as information on the loans subject to withholding.
- b. Information on the loans granted to qualified sectors, the interest rate discount applied and the total or partial amount of the compensation or reimbursement to which they are entitled to.
- c. Any additional information requested by the Superintendency\* for the proper application of Law 4 dated 17 May 1994 and its regulatory provisions.

**ARTICLE 18**: The Superintendency\* will make available examples of the forms and the instructions for the submission of withholding, the applications for compensation and reimbursement, and the submission of reports to the interested parties.

**ARTICLE 19**<sup>26</sup>: The advance settlement of loans that were subject to withholding does not entitle the borrower to reimbursement or a credit for sums paid in withholding.

**ARTICLE 20**<sup>27</sup>: Claims for reimbursement of amounts withheld by mistake and remitted to the Special Interest Compensation Fund (FECD) must be filed within a period not exceeding of fifteen (15) days from the date of the withholding error.

**ARTICLE 21**: The borrower must file claims contesting the application of withholding with the respective bank or financial entity within a period not exceeding one hundred eighty (180) days from the date in which the bank or financial entity charged the interest to the borrower.

**ARTICLE 22**: Claims shall be null and void at the end of the period indicated in the articles above.

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<sup>25</sup> Amended by Article 10 of Executive Decree 181 dated 16 April 2014.

<sup>26</sup> Amended by Article 11 of Executive Decree 181 dated 16 April 2014.

<sup>27</sup> Amended by Article 12 of Executive Decree 181 dated 16 April 2014.

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## CHAPTER V INSPECTION

**ARTICLE 23:** The Superintendency\* has the authority to carry out the inspections it deems advisable of banks, financial entities and companies benefited by loans subject to withholding or interest rate discounts, in order to verify the proper application and remittance of the withholding and the interest rate discount, as well as the requests for reimbursement, compensation and other claims.

Any reluctance to cooperate with or hindrance of this inspection will result in the suspension of compensation and reimbursement, without prejudice to the penalization of the responsible party under Article 7 of Law 4 dated 17 May 1994.

**ARTICLE 25<sup>28</sup>:** Banks and financial entities shall maintain the list and additional information on their loans subject to withholding or discounts under Law 4 dated 17 May 1994 in their establishments and at the disposal of the Superintendency of Banks of Panama for a period of not less than fifteen (15) years. This information shall be submitted to the Superintendency of Banks of Panama at its request.

## CHAPTER VI BDA-SB

**ARTICLE 26<sup>29</sup>:** The Superintendency of Banks of Panama (SBP) will periodically remit 50% of the income received from the one percent (1%) withholding on domestic personal and commercial loans granted on or after 24 April 2015, to the National Treasury, 12.5% to the Ministry of Agriculture, 12.5% to the Banco de Desarrollo Agropecuario and 5% to the Institute of Agricultural Insurance, pursuant to Law 15 dated 21 April 2015. The remaining 20% will be destined to the Special Interest Compensation Fund that the Superintendency of Banks of Panama will administer.

The remittance will be made by wire transfer to the account specified by the Banco de Desarrollo Agropecuario within thirty (30) days after the receipt of the funds.

**ARTICLE 27<sup>30</sup>:** In the case of claims referred to in Article 20 for which reimbursement must be made, 50% of the reimbursement will be charged to the income of the National Treasury, 12.5% to the Ministry of Agriculture, 12.5% to the Banco de Desarrollo Agropecuario, and 5% to the Institute of Agriculture Insurance. Therefore, all mechanisms

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<sup>28</sup> Amended by Article 13 of Executive Decree 181 dated 16 April 2014.

<sup>29</sup> Amended by Article 7 of Executive Decree 33 dated 30 March 2010, by Article 14 of Executive Decree 181 dated 16 April 2014, and by Article 3 of Executive Decree 81 dated 18 March 2016.

<sup>30</sup> Amended by Article 8 of Executive Decree 33 dated 30 March 2010, by Article 15 of Executive Decree 181 dated 16 April 2014, and by Article 4 of Executive Decree 81 dated 18 March 2016.

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and/or necessary reserves must be established to that effect. This payment will be made by wire transfer to FECCI's account.

## CHAPTER VII DEFINITIONS

**ARTICLE 28:** The following definitions will apply for the purposes of this Decree and other provisions given for the execution of Law 4 dated 17 May 1994:

- A. **BANKS:** Entities with banking licenses issued by the National Banking Commission/ Superintendency of Banks.
- B. **FINANCIAL ENTITIES:** Natural persons or legal entities normally running credit concession systems originating interests, specifically including agricultural credit unions and the Banco de Desarrollo Agropecuario.
- C. **LOAN:** Any credit given to any natural person or legal entity.
- D. **PERSONAL AND COMMERCIAL LOANS:** Loans destined to sectors other than the agricultural, industrial, housing, non-profit organizations, and the public sector.<sup>31</sup>

Loans granted to the tourism industry will not be considered personal or commercial loans and therefore will not be subject to the withholding established by Law 4 of 1994 as amended, as long as the borrowers are properly registered in the National Registry of Tourism of the Panamanian Tourism Authority<sup>32</sup>.

- E. **INTERESTS:** The sums or amounts that are charged or paid in any way or under any name for the use of money.

The sums charged to the borrower under the standard heading of "closing expenses," or any other amount the bank or financial entity charges will be deemed interest under this definition.

It is understood that only those amounts received by the bank or financial entity as a registered agent or similar, and destined to a third party, will be excluded from the above definition of interest. For example, the amounts withheld by the bank or financial entity and submitted to the Superintendency of Banks\* in accordance with Law 4 of 1994, to notaries for covering notary expenses, to the Public Registry for payment of registration rights, to insurance companies for the payment of policies, to

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<sup>31</sup> Amended by Article 5 of Executive Decree 81 dated 18 March 2016.

<sup>32</sup> Added by Executive Decree 79 dated 7 August 2003 and amended by Article 5 of Executive Decree 81 dated 18 March 2016.

\* Article 226 of the Banking Law establishes that all references in laws, executive decrees and other provisions to the National Banking Commission will be understood to refer to the Superintendency.

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appraisal companies for the payment of appraisals, or to the State for the payment of taxes or fees owned by the borrower, would fall within the scope of this exclusion.

- F. DOMESTIC MARKET REFERENCE RATE (DMRR): The rate resulting from adding a margin to the six (6) month LIBOR rate. This margin will be determined semi-annually by the Superintendency of Banks\*.
- G. PREFERENTIAL INTEREST RATE (PIR): The rate resulting from applying the discount from Law 4 dated 17 May 1994 to the Domestic Market Reference Rate (DMRR).

## CHAPTER VIII FINAL PROVISIONS

**ARTICLE 29:** Banco Nacional de Panamá and the Caja de Ahorros, authorized by their respective laws to engage in the banking business, are subject to the provisions in Law 4 of 1994, this Executive Decree and other provisions given for its execution, only as concerns loans subject to interest rate discounts or withholding.

**ARTICLE 30:** Domestic personal and commercial loans falling under Law 20 dated 9 July 1980 that were still in effect on 17 May 1994, the date that Law 4 of 1994 went into effect, will still be subject to withholding. These loans, which were granted under a withholding of 0.5%, will remain subject to this percentage until the expiration of the original term of the loan.

**ARTICLE 31:** Domestic personal and commercial loans falling under Law 4 of 1994 that were still in effect on 22 June 1995, the date that Law 28 of 1995 went into effect, will still be subject to withholding, regardless of their amount. These loans, which were granted under a withholding of ONE PERCENT (1%), will remain subject to this percentage.

**ARTICLE 32:** Domestic loans to qualified agriculture sector entities which were current as of 22 June 1995, the date that Law 28 of 1995 went into effect, will keep the four (4) point discount until the obligation is satisfied, regardless of whether or not they meet the requirements established in paragraph III of Article 6 of this Executive Decree. When the expiration date of the loan cannot be determined with certainty, the right to the discount will extend for a maximum of one year beyond the date that Law 28 of 1995 entered into force.

**ARTICLE 33:** Executive Decree 18 dated 2 July 1993 is hereby rescinded.

**ARTICLE 34:** This Decree shall become effective as of its date of publication in the Official Gazette.