



COMMUNIQUÉ

The Superintendency of Banks of Panama wishes to inform the general public that due to the seizure of administrative and operating control of Balboa Bank & Trust, Corp. and its subsidiaries, a series of baseless comments and reports have been generated about actions towards banks that might be taken by this institution and on the vulnerability of some banks of our banking system.

The Superintendency of Banks reiterates to the community in general that these reports lack any basis in fact and encourages the general public and depositors of all banks in particular, to pay attention to the official communiqués issued by our institution. Any communiqué from unofficial sources alerting the public to situations not expressed or approved by our institution are made for the sole and exclusive purpose and objective of creating instability and mistrust in the healthy and secure operation of our banking system.

As mentioned in the communiqué issued on May 5, the seizure of administrative and operating control of Balboa Bank & Trust, Corp. and its subsidiaries was the result of the direct and indirect actions taken by the United States Department of the Treasury's Office of Foreign Affairs (OFAC) against Waked Economic Group. The ultimate objective of these actions is to isolate the commercial and financial operations of all companies belonging and linked to Waked Economic Group that were listed in the OFAC List for an alleged connection with crimes related to money laundering and drug trafficking. This entails an express prohibition of all United States financial and commercial entities and individuals from entering into any commercial or financial relationship with the companies listed. Consequently, when Balboa Bank & Trust Corp. and its subsidiaries were listed, the regular operation of the bank became limited due to not having access to either its external assets deposited in the United States or the essential financial relationship with banks that have to conduct financial transactions in and from the United States. Hence, and because of the clear precepts of the banking legal framework, the Superintendency seized administrative and operating control of this bank, as ordered in Resolution SBP-0087-2016, to protect the best interests of Balboa Bank & Trust, Corp.'s depositors.

Therefore, we reiterate to the community in general that this is an isolated case that does not affect the rest of the national banking system.

The financial condition of the Banking System is safe and sound, with a liquidity ratio of 60.9% as of May 3, 2016, an increase in domestic deposits as of the first quarter of 5.6% over the same period in 2014, and with a higher rate (7.2%) with reference to domestic private deposits in particular. Similarly, the assets of the International Banking Center totaled B/.118.70 billion for the first quarter, a 5.7% increase over the same period in 2014. All of these indicators reflect the safe and sound condition of our banking system, permitting the continued traditional confidence and stability in its operations.

To date, all Banking Center banks meet the liquidity and capital adequacy ratios required by Law and Banking regulations supervised by the Superintendency of Banks.

We encourage the community in general to visit our website www.superbancos.gob.pa, where it can access all updated individual and consolidated financial information on the banks of the Banking System. This information is available thanks to the transparency and public confidence with which the Superintendency and the Banking System conduct their operations.

Panama, 7 May 2016.