

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0162-2015 (dated 23 October 2015)

THE SUPERINTENDENT OF BANKS In use of his legal powers, and

CONSIDERING:

That **BANCO UNIVERSAL, S.A.** is a corporation established and existing according to the laws of the Republic of Panama, registered on Page 290546 (S) in the Microfilm (Mercantile) Section of the Public Registry and the holder of a General Banking License granted by means of Resolution 24-94 dated 31 August 1994, issued by the National Banking Commission, today known as the Superintendency of Banks of Panama;

That in accordance with Article 132 Paragraph 2 of the Banking Law and by means of Resolution SBP-0093-2015 dated 5 June 2015, the Superintendency of Banks of Panama ordered the Seizure of Administrative and Operating Control of **BANCO UNIVERSAL, S.A.** for a period of up to thirty (30) days, due to the fact that the Bank was not capable of continuing its operations without jeopardizing the interests of its depositors based on its

- Noncompliance with specific restrictions imposed on the Bank.
- Weak compliance with the minimum requirements for good Corporate Governance.
- Inadequate internal controls and weak risk management;

That the Bank was also involved in a series of operations that were being investigated by criminal authorities and the subject of administrative proceedings by this Superintendency for failure to perform due diligence for the prevention of the misuse of banking services on its clients and their resources;

That the circumstances above affected the deterioration of the image and reputation of **BANCO UNIVERSAL, S.A.**, with an adverse impact on the credibility a bank requires to give confidence to its depositors, creditors and investors;

That prior to the end of the phase of Seizure of Administrative and Operating Control and taking into account the report and recommendations of the Interim Administrator, the Superintendency of Banks of Panama published Resolution SBP-0114-2015 dated 30 June 2015 in which it ordered the Reorganization of **BANCO UNIVERSAL, S.A.**, to be concluded within one hundred and twenty (120) days –that is, prior to 29 October 2015. This timeframe could be curtailed or extended by the Superintendency as provided for in Article 140 of the Banking Law;

That pursuant to Article 146 of the Banking Law, the Chairman of the Reorganization Committee of **BANCO UNIVERSAL, S.A.** presented a special report on 22 October 2015 in which he succinctly delineated the relevant events that have occurred since the Bank was placed in receivership and which are summarized here:

Having installed the Reorganization Committee opportunely on 29 July 2015, the Committee presented a Reorganization Plan for the consideration of the Superintendent, with the intent of guaranteeing the reopening of safe operations of the Bank under new management. To that end, a financial formula and legal structure were designed, creating the necessary environment for the interested parties to perform due diligence on the Bank at the same time.

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In searching for a new operator for **BANCO UNIVERSAL, S.A.** with the help of the financial advisers contracted by the Reorganization Committee, forty-eight (48) of the general license banks in the marketplace were invited to consider bidding, providing them with information on the project and requiring them to sign a confidentiality agreement. Eighteen (18) of them signed the confidentiality agreement and were provided basic information of the Bank's portfolio of assets.

Eleven (11) of them showed interest or provided preliminary bids. After the relevant financial analyses, seven (7) were invited to make formal proposals. To that end, they were given access to a broad virtual database with information of importance to possible new operators.

At the end of the period for receiving bids, two banks in the marketplace presented formal bids valid for 90 days.

The Reorganization Committee Chairman's Special Report concludes that it is possible that the time remaining in the period of Reorganization may not be sufficient to reach a definitive selection based on the necessary evaluations and analyses and to complete the process required by banking regulations for the proposed transfer, if that were to be the case.

That in effect, the bids presented have been initially evaluated from a financial standpoint and, from that perspective, each could be considered to have a certain degree of viability;

That despite this, the Superintendency considers it important to satisfy other requirements favoring the interests of the depositors, including, at a minimum, those required by Article 7 of Rule 1-2004 on due diligence on the proposed structure and obtaining evidence of the availability, origin and source of the funds for executing the proposed transaction. This investigation should also evaluate the qualitative and quantitative sufficiency of the human and technological resources for managing operations, the portfolios in general, the risks and the area of compliance, all of which are required for ensuring the operational viability and continuity of **BANCO UNIVERSAL, S.A.**

That if a decision is made in favor of one of the bids (the one which best satisfies the requirements of the Superintendency of Banks, which are based, of necessity, on safeguarding the interests of the depositors), the interested parties, both seller and buyer, should agree on the terms of a Transfer Agreement conforming to Rule 1-2004 or 2-2004, as the case may be, and present it to the Superintendency;

That given these facts, the Superintendency considers it prudent and reasonable to provide the time necessary for the integral evaluation of the bids presented and eventually, should it be the case, to complete the procedures for a solution providing the best safeguards for the interests of the depositors and creditors of **BANCO UNIVERSAL, S.A.**

That said, after analyzing and evaluating the Special Report of the Chairman of the Reorganization Committee and based on Article 142 Paragraph 3 of the Banking Law, the Superintendency considers it imperative to extend the period of Reorganization of **BANCO UNIVERSAL, S.A.** to permit, insofar as is viable, the completion of all efforts for reorganizing the Bank and facilitating its reopening under the appropriate means envisioned in the Banking Law;

That according to Article 16 Paragraph I Subparagraph 4 of the Banking Law, the Superintendent is the approving authority for the Reorganization of banks under the grounds provided in that Law, and consequently

RESOLVES:

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ONE: TO ORDER THE EXTENSION of the **REORGANIZATION OF BANCO UNIVERSAL, S.A.**, a corporation registered on page 290546 (S) in the Mercantile Section of the Public Registry, for an additional ninety (90) days beginning 29 October 2015. This period can be curtailed or extended by the Superintendency based on a justified request from the Reorganization Committee in accordance with Article 142 Paragraph 3 of the Banking Law.

TWO: TO MAINTAIN IN EFFECT all of the relevant conditions in Resolution SBP 114-2015 dated 30 June 2015, Resolution SBP 124-2015 dated 22 July 2015 and Resolution SBP 155-2015 dated 9 October 2015 that modified them.

THREE: TO ORDER the posting of a Notice containing a transcription of this Resolution in a public and visible place in the main offices of the Bank, along with a copy of this resolution communicating the measure and indicating the date and time the extension of the Reorganization of **BANCO UNIVERSAL, S.A.** entered into effect.

FOUR: TO ORDER the publication of this Resolution in a newspaper of national circulation for five (5) business days.

FIVE: TO ORDER the Public Registry to make the relevant marginal notation in order to register the extension of the Reorganization of **BANCO UNIVERSAL, S.A.**, a corporation registered on page 290546 (S) in the Mercantile Section of the Public Registry, a Reorganization ordered by Resolution SBP 144-2015 dated 30 June 2015.

SIX: This Resolution shall become effective at 3:00 P.M. on the twenty-ninth (29th) day of October, two thousand fifteen (2015).

As provided for in Article 151 of the Banking Law, this Resolution may be appealed to the Third Chamber of the Supreme Court of Justice, which has full jurisdiction over administrative litigation.

The filing of an appeal against this Resolution does not suspend its Administrative Effects because it protects a social interest.

LEGAL GROUNDS: Article 16 Paragraph I Subparagraph 4; Article 141 and following articles of Decree Law 9 of 1998, amended by Decree Law 2 of 2008, re-edited as a consolidated text and adopted by Executive Decree 52 of 2008 (Banking Law).

Given in the city of Panama on the twenty-third (23rd) day of October, two thousand fifteen (2015).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.