

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0031-2016
(dated 27 January 2016)

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

WHEREAS:

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;

In accordance with Paragraph 2 of Article 132 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;

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

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;

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, justifying the need for finding a new operator for the Bank;

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, a period in which efforts were undertaken to achieve and guarantee the reopening of the Bank's operations under sound conditions and under new management;

By means of Resolution SBP-0162-2015 dated 23 October 2015, the Superintendency of Banks accepted the above recommendation and extended the Reorganization of **BANCO UNIVERSAL, S.A.** for 90 days, effective 29 October 2015;

During the extension period, the Reorganization Committee recommended to the Superintendency of Banks the proposal submitted by **CANAL BANK, S.A. (BMF)** as the most favorable for the interests of the depositors. Therefore, a "no-objection" letter was issued to the proponent to make the proper arrangements to change its Microfinance Banking License to a General Banking License and to continue with the corresponding procedures to acquire up to 70% of the shares of **BANCO UNIVERSAL, S.A.** held by the controlling shareholders;

TRANSLATION

At that time, **CANAL BANK, S.A. (BMF)** – with a General License application in progress – reached an agreement in principle with the controlling shareholders of **BANCO UNIVERSAL, S.A.** on the terms for the transfer of the shares, and they jointly submitted a request through their resident agents for the Superintendency's evaluation of the transfer of shares under Rule 1-2004;

By means of Resolution SBP-0021-2016 dated 21 January 2016, the Superintendency of Banks granted **CANAL BANK, S.A. (BMF)** a General Banking License, authorized the change of its corporate name from **CANAL BANK, S.A. (BMF)** to **CANAL BANK, S.A.** and cancelled and rescinded the Banking License for Microfinance previously granted to **CANAL BANK, S.A. (BMF)**;

As the requirements of Rule 1-2004 had been met, and the relevant Notices to the Public were issued without receiving any objection, the Superintendency of Banks authorized **CANAL BANK, S.A.** to acquire up to 70% of the shares of **BANCO UNIVERSAL, S.A.**, held at that time by the Bank's controlling shareholders, by means of Resolution SBP-0030-2016 dated 25 January 2016;

The extended Reorganization period of **BANCO UNIVERSAL, S.A.** that began 29 October 2015, granted by means of Resolution SBP-0162-2015 dated 23 October 2015, will expire on 27 January 2016, ninety (90) days after the effective date of that extension;

Consequently, it is necessary to clarify that once the above Resolution SBP-0030-2016 dated 25 January 2016 is notified and executed, the operation must be consummated by the transfer of the shares by the sellers (the controlling shareholders of **BANCO UNIVERSAL, S.A.**) and the corresponding payment for the shares by the buyers (**CANAL BANK, S.A.**);

The final paragraph of Article 149 of the Banking Law, which states "*during the reorganization process, the stockholders of the bank, its board of directors, management, and authorized agents shall be disqualified from making decisions...*," must be taken into account, inferring and reaching the conclusion that the disqualified board of directors and its members are those controlling the bank at the time the measure was applied;

Once the transfer of shares is consummated, the Reorganization Committee, in accordance with the Superintendent's instructions, shall summon the new Shareholders of the Bank for them to appoint the new directors of **BANCO UNIVERSAL, S.A.** and to install the new authorities to run the Bank's operations pursuant to the result of the purchase process advanced by the Reorganization Committee, as provided for in Paragraph 4, Article 145 of the Banking Law;

Once the Board of Directors of the Bank has been designated, the Superintendency shall authorize the appropriate registration in the Public Registry of the Minutes of the Shareholders Meeting confirming the new ownership and control of **BANCO UNIVERSAL, S.A.**;

That being said and based on Subparagraph 3 of Article 142 of the Banking Law, the Superintendency deems it necessary to extend the period of Reorganization of **BANCO UNIVERSAL, S.A.** to allow time for: (i) consummating the transfer of the shares; (ii) summoning the Shareholders, (iii) appointing the Board of Directors, and (iv) registering the New Board of Directors in the Public Registry;

Once met during the Reorganization, these successive acts facilitating the Bank's operational and technical organization will permit the conclusion of the reorganization, implement the Reopening Plan and hand over control of the Bank to its new owners to normalize service to the general public;

Pursuant to Subparagraph 4, Paragraph I of Article 16 of the Banking Law, the Superintendent of Banks is the approving authority of the reorganization of banks under the Law. Therefore

RESOLVES:

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 thirty (30) days beginning 27 January 2016. 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.

TRANSLATION

TWO: **TO MAINTAIN IN EFFECT** all of the relevant conditions in Resolution SBP-0114-2015 dated 30 June 2015, Resolution SBP-0124-2015 dated 22 July 2015, and Resolution SBP-0155-2015 dated 9 October 2015 that modified them.

THREE: **TO AUTHORIZE** the Reorganization Committee of **BANCO UNIVERSAL, S.A.** to summon, in due time and as previously authorized in a letter by the Superintendency, the new Shareholders Meeting of **BANCO UNIVERSAL, S.A.** aimed at appointing the new Board of Directors of the Bank.

FOUR: **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.

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

SIX: **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 that was ordered by Resolution SBP-0144-2015 dated 30 June 2015.

SEVEN: This Resolution shall become effective at 3:00 P.M. on the twenty-seventh (27th) day of January, two thousand sixteen (2016).

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-seventh (27th) day of January, two thousand sixteen (2016).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.

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