

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0040-2016
(dated 3 February 2016)

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

WHEREAS:

BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A. is a corporation registered on Page 737102 (S) in the Mercantile Section of the Public Registry of Panama and the holder of an International Banking License granted by means of Resolution SBP 154-2011 dated 11 November 2011;

Based on the provisions in Articles 131 and 132 of the Banking Law and by means of Resolution SBP-0053-2015 dated 10 March 2015, the Superintendency of Banks of Panama ordered the Seizure of Administrative and Operating Control of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** effective at 2:00 P.M. on Wednesday, March 11, 2015 as a result of the events arising from the notice issued by the United States Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) stating that the Banking Group BANCA PRIVADA D'ANDORRA was considered an institution of primary money laundering concern;

Due to the above, the Interim Administrator initiated steps to have access to the Bank's assets to meet the demands of its depositors and creditors, because the Andorran Regulator had also seized the Parent Company of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**;

At the request of the Interim Administrator, the Superintendency of Banks of Panama issued Resolution SBP-0063-2015 dated 7 April 2015 extending the Seizure of Administrative and Operating Control for an additional 30-day period effective at 2:00 P.M. on Wednesday, March 11, 2015 (sic), aimed at permitting the Interim Administrator to continue the negotiations in different jurisdictions, including Andorra, to gain real and secure access to all Bank assets, in order to meet its obligations;

In his Seizure of Control report and given the takeover of the Parent Company of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**, the Interim Administrator recommended, among other measures, the Reorganization of the Bank. This would permit waiting for the conclusion of the resolution process being conducted in Andorra, which might permit the eventual availability of the depositors' funds or the possibility of resuming Banking operations in some form;

That this being accepted, Resolution SBP-0077-2015 dated 8 May 2015 was enacted, ordering the Reorganization of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** effective 10 May 2015 for a period of ninety (90) days. This period could be curtailed or extended;

On 5 June 2015, in accordance with Article 146 of the Banking Law and within the prescribed timeframe, the Reorganizer of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** presented his **Reorganization Plan** for the Bank, containing, in addition to a timeline for its execution, the general steps required for the Bank to return, if possible, to safe and efficient operations, taking into consideration the interest of the depositors and creditors. This plan was approved by the Superintendent of Banks in a letter dated 30 July 2015;

In a duly justified letter, the Reorganizer requested an extension of the Reorganization deadline expiring on 8 August 2015 in accordance with Resolution SBP-0077-2015 dated 8 May 2015, because the Parent Company of the Bank had entered into a restructuring phase in Andorra that placed its Panamanian subsidiary in a financially viable position;

The timeframe for the **REORGANIZATION** of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** was extended for an additional period of ninety (90) days by means of Resolution SBP-0130-2015 dated 7 August 2015 due to the fact that the situation in Andorra remained unchanged for the Panamanian Bank;

TRANSLATION

Once again, by means of Resolution SBP-0161-2015 dated 23 October 2015, the Reorganization of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** was extended for an additional period of ninety (90) days, permitting the Andorran authorities to complete the restructuring of the Bank in Andorra;

The Reorganizer of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** has submitted a Reorganization report dated 2 February 2016, stating that to date the Bank's situation with the Andorran authorities has not changed as expected, especially with regard to the installation and commissioning of the New Bank – "Vall Banc" (an entity created by the Agència Estatal de Resolució D'Entitats Bancaries – AREB), as the "new bank" that will consolidate the legitimate assets and liabilities of Banca Privada D'Andorra);

Additionally, the Report notes that none of the nonbinding proposals for the acquisition of the New Bank considered the acquisition of the Panamanian banks. That being the case, the full Board of Directors of the AREB (Agència Estatal de Resolució D'Entitats Bancaries) unanimously approved the beginning of the sale of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** and BPA VALORES, S.A. at its meeting on 16 November 2015;

Considering this, the Reorganizer of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** has formally requested the Administrator of BPA Andorra (AREB) provide its clear and certain commitment that both Panamanian entities will receive the same treatment as any other client under any circumstances, with the same level of access to their funds and transactions;

Given that the ninety (90) -day period provided in Resolution SBP-0161-2015 dated 23 October 2015 – which started on 6 November 2015 – will expire on 4 February 2016, the Reorganizer stated in the above Reorganization report that given the circumstances, he recommended the Reorganization be extended;

Following the recommendation of the Reorganizer of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** the Superintendency of Banks of Panama deems it appropriate to provide the opportunity to: (i) formalize the authorizations for the sale of the Bank under the parameters of the Reorganization of the Bank in Panama; (ii) obtain the Andorran authorities' commitment to treat both Panamanian financial institutions as clients; and (iii) structure and complete the sale in accordance with the amendment of the Reorganization Plan submitted on 2 February 2016;

RESOLVES:

ONE: TO ORDER THE EXTENSION of the REORGANIZATION of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**, a corporation registered on Page 737102 (S) in the Mercantile Section of the Public Registry of Panama and the holder of an International Banking License granted by means of Resolution SBP 154-2011 dated 11 November 2011, for an additional period of one hundred and twenty (120) days. This period can be curtailed or extended by the Superintendency based on a justified request from the Reorganizer in accordance with Article 142, Paragraph 3 of the Banking Law.

TWO: TO ORDER posting of a Notice including a transcription of this Resolution for five (5) business days in a visible and public place in the Bank's main offices. In like manner, a copy of this Resolution will remain posted during the period of Reorganization

THREE: TO MAINTAIN IN EFFECT all of the relevant conditions in Resolution SBP-0077-2015 dated 8 May 2015.

FOUR: TO ORDER the Public Registry to make the relevant marginal notation of the extension of the period of Reorganization of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**, registered on Page 737102 (S) in the Mercantile Section of the Public Registry of Panama, a Reorganization that was ordered by Resolution SBP-0077-2015 dated 8 May 2015.

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

This Resolution shall become effective on the fifth (5th) day of February, two thousand sixteen (2016).

TRANSLATION

Page 2 of 3
Resolution SBP-0040-2016

This Resolution may be appealed to the Third Chamber of the Supreme Court of Justice, which has full jurisdiction over administrative litigation.

LEGAL GROUNDS: Article 16, Paragraph I, Subparagraph 4; Article 141 and following articles of the Banking Law (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).

Given in the city of Panama on the third (3rd) day of February, two thousand sixteen (2016).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.

/cug