

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0055-2016
(dated 25 February 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 judicial authorities and were the subject of administrative proceedings by the Superintendency for failure to perform due diligence on its clients and their resources for the prevention of the misuse of banking services;

The circumstances above precipitated 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 period 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, providing the justification for the need to find new management for the bank;

By means of Resolution SBP-0124-2015 dated 22 July 2015, the Chairman of the Reorganization Committee and the Legal Representative of **BANCO UNIVERSAL, S.A.** was appointed as the legal representative of each of the five wholly-owned subsidiaries of the Bank: (Reforestadora Universal de Chiriquí, S.A.; Factoring Universal, S.A.; Universal and International Trust Corp.; Inmuebles Universales, S.A.; and Arrendadora Universal, S.A.);

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 taken place since the Bank was placed in receivership, and which are summarized as follows:

- Having installed the Reorganization Committee opportunely on 29 July 2015, the Committee presented a Reorganization Plan for the consideration of the

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Superintendent, with the intent of guaranteeing the reopening of safe operations of the Bank under new management.

- To that effect, the Reorganization Committee had the support of financial advisers and legal services aimed at proposing and evaluating the possible financial and legal structure alternatives that were appropriate for the sale of the Bank and, at the same time, at fostering the appropriate environment for the due diligence on the Bank by the interested parties.
- In searching for a new operator for **BANCO UNIVERSAL, S.A.** the Reorganization Committee summoned forty-eight (48) of the general license banks in the marketplace, 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 on the Bank's portfolio of assets.
- Eleven (11) of them showed interest or provided preliminary nonbinding bids. After the relevant financial analyses, seven (7) were invited to make formal proposals.
- 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 concluded that it was possible that the time remaining in the period of Reorganization might 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.

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;

Despite this, the Superintendency considered it important to satisfy other requirements favoring the interests of the depositors, including, at a minimum, those required by Article 7 Paragraph 11 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.**

Given these facts, the Superintendency considered it prudent and reasonable to provide the additional 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 Paragraph 3 of Article 142 of the Banking Law, the Superintendency considered it imperative to extend the period of Reorganization of **BANCO UNIVERSAL, S.A.** for ninety (90) days commencing 29 October 2015 by means of Resolution SBP 162-2015 dated 23 October 2015, 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;

During the extension period, the Reorganization Committee recommended the proposal submitted by **CANAL BANK, S.A. (BMF)** to the Superintendency of Banks 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 from a Banking License as Microfinance bank to a General License Bank and to also continue with the corresponding procedures to acquire up to 70% of the shares of **BANCO UNIVERSAL, S.A.** held by the controlling shareholders, without prejudice to the final decision that might be made;

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CANAL BANK, S.A. (BMF) – with a General License request pending – achieved, in principle, an agreement with the controlling shareholders of **BANCO UNIVERSAL, S.A.** on the terms for the transfer of the shares, jointly submitting a request through their Resident Agents for the transfer of shares;

All information required by Rule 1-2004 having been provided, the Superintendency of Banks issued the Notice to the Public dated 23 December 2015 required by Article 9 of Rule 1-2004. This notice was published by the applicants (buyers) for three consecutive business days in a newspaper of wide national circulation, informing the public of the submittal of the request for authorization to acquire or transfer shares;

The necessary formalities having been met, the Superintendency of Banks granted **CANAL BANK, S.A. (BMF)** a General Banking License, authorized it to change 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)** by means of Resolution SBP-0021-2016 dated 21 January 2016;

The requirements of Rule 1-2004 having been met without receiving any objection on the transfer of shares, and having also determined that the purchasing corporation was in compliance with the requirements of current banking regulations, the Superintendency of Banks, authorized **CANAL BANK, S.A.** to acquire around 70% of the shares of **BANCO UNIVERSAL, S.A.** that were held at the time by the majority stockholders of the bank, by means of Resolution SBP-0030-2016 dated 25 January 2016;

The Reorganization period extended on 29 October 2015 by means of Resolution SBP-0162-2015 dated 23 October 2015 was expiring on 27 January 2016;

In view of the above, and based on Paragraph 3 of Article 142 of the Banking Law, the Superintendency deemed it necessary to extend the period of Reorganization of **BANCO UNIVERSAL, S.A.** for thirty (30) additional days effective 27 January 2016, by means of Resolution SBP-0031-2017 dated 27 January 2016, 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;

On 4 February 2016, Resolution SBP-0030-2016 dated 25 January 2016 having been duly published and executed, the transfer of the shares was consummated by the sellers (the controlling shareholders of **BANCO UNIVERSAL, S.A.**) and the relevant partial payment of the transaction was made by the buyers (**CANAL BANK, S.A.**) as agreed. The duly notarized affidavits were submitted to the Superintendency;

In addition, and considering that 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...”*, refers to those that had had control of the bank at the time the measure was applied, the Superintendency emitted Resolution SBP-0031-2016, authorizing the Reorganization Committee to summon the new stockholders of the Bank to appoint the new directors of **BANCO UNIVERSAL, S.A.**, permitting the installation of the new officers and dignitaries of the bank based on the sale facilitated by the Reorganization Board under Paragraph 4 of Article 145 of the Banking Law;

The Board of Directors of the Bank having been appointed, the Superintendency authorized the appropriate registration of the Shareholders Meeting Minutes installing the new controllers of **BANCO UNIVERSAL, S.A.** in the Public Registry;

This sequence of events completed during the Reorganization has facilitated the Bank's operational and technological organization and permitted the conclusion of the reorganization, the implementation of the Reopening Plan and surrender of the Bank to its new owners to normalize its service to the general public;

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In its bid, **CANAL BANK, S.A.** presented the Plan for Reopening and Normalization of **BANCO UNIVERSAL, S.A.**'s Operations, approved by the Superintendency by means of letter SBP-SG-N-1249-2016 dated 17 February 2016, which includes important issues for depositors and creditors. Among these are:

1. Beginning of operations: The new controlling shareholders of **BANCO UNIVERSAL, S.A.** will take control of the bank after the Reorganization is lifted. However, the bank will run closed operations for a short period of time to make the necessary adjustments.
2. Opening for business: The bank's shareholders proposed, and the Superintendency accepted, the Bank's **opening for business on 1 March 2016**. On that date, the resources of all of **BANCO UNIVERSAL, S.A.**'s customers will be available in accordance with the following schedule:
 - a. Demand deposits (Checking accounts and savings accounts):
 - i. The Liquidity Plan imposed during the Reorganization for demand deposits will continue after 1 March 2016, with the availability of fifteen thousand balboas (B/.15,000.00) per account.
 - ii. Beginning 1 April 2016, the Bank will make available an additional twenty thousand balboas (B/.20,000.00) per account per month.
 - iii. This restriction on the availability of funds will be maintained for six months, until August 2016, when the restrictions on demand deposits will be lifted.
 - iv. Demand deposits added after the Bank resumes its operations will not be subject to any restriction, i.e. one hundred percent (100%) will be at the disposal of the respective customer.
 - b. Time deposits:

The Reorganization Committee, authorized by the Superintendency of Banks and with the acquiescence of the new owners of **BANCO UNIVERSAL, S.A.**, will inform the Bank's customers of the following:

- Time deposits placed for a year or more and which matured during the Seizure of Administrative and Operating Control or Reorganization will be extended for an equal period not to exceed one year.
- Time deposits placed for less than a year and which matured during the Seizure of Administrative and Operating Control or Reorganization will be automatically renewed for an equal period as many times as is necessary until the Reorganization is completed.

Considering this, the shareholders of **BANCO UNIVERSAL, S.A.** proposed, and it was so accepted, that time deposit customers would be provided services in accordance with the following criteria:

- i. Time deposits that mature between the date the Reorganization is lifted and the date on which the Bank is effectively open for business will be available to the holders/beneficiaries on the date the Bank resumes its operations.
- ii. Time deposits that mature after the date the Bank opens for business will be available to the customers on the date of maturity.
- iii. Accrued interest due from time deposits through their last date of maturity and credited to their respective savings accounts will be one hundred

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percent (100%) available to customers once the Bank resumes its operations.

- c. Plan of immediate liquidity for customers: For the purpose of facilitating a higher degree of liquidity to that proposed and if they so desire, customers may have a line of credit of up to 80% of the amount deposited with the Bank at a competitive rate (maximum 2% Spread) and a disbursement fee of up to 1% annually, at the Bank's discretion.
3. Plan for Risk Normalization (Loan Portfolio and Investment Portfolio): The Action Plan presented was approved. It was proposed to be executed during **BANCO UNIVERSAL, S.A.**'s reopening to efficiently manage the investment and loan portfolios in order to preserving the Bank's equity.

The circumstances for which the Seizure of Administrative and Operating Control and the Reorganization of **BANCO UNIVERSAL, S.A.** occurred having been resolved, and having satisfactorily met the transfer of shares to **CANAL BANK, S.A.** as the result of the process to satisfy the interests of depositors and creditors, and pursuant to Article 153 of the Banking Law, the Superintendent of Banks is authorized to order the conclusion of the Reorganization.

RESOLVES:

ONE: TO CONCLUDE AND LIFT, at 3:00 P.M. on the twenty-fifth (25th) day of February, two thousand sixteen (2016), the **REORGANIZATION** of **BANCO UNIVERSAL, S.A.**, a corporation 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 2016 issued by the National Banking Commission, today known as the Superintendency of Banks of Panama.

TWO: TO SURRENDER to the new Directors, elected at the Extraordinary General Shareholders Meeting of **BANCO UNIVERSAL, S.A.** held on 18 February 2016, the Administration and Control of the bank on the date and time on which the Reorganization is lifted.

THREE: TO ORDER the rescission of Resolution SBP-0124-2015 dated 22 July 2015, by means of which the Chairman of the Reorganization Committee and Legal Representative of **BANCO UNVIERSAL, S.A.** was appointed as the Legal Representative of each of the five wholly-owned subsidiaries of the Bank: (Reforestadora Universal de Chiriquí, S.A.; Factoring Universal, S.A.; Universal and International Trust Corp.; Inmuebles Universales, S.A.; and Arrendadora Universal, S.A.

FOUR: TO ORDER the rescission of the registered appointment of **JAIME DE GAMBOA GAMBOA**, holder of the personal identification card No. E-8-95145, and of **CLARA DÍAZ DE SOTELO**, holder of the personal identification card No. 8-213-985, as Reorganizers of **BANCO UNIVERSAL, S.A.**, appointments made by means of Resolution SBP-0114-2015 dated 30 June 2015 and Resolution 0155-2015 dated 9 October 2015, respectively.

FIVE: TO ORDER the new owners, Directors, Dignitaries and Administrators of **BANCO UNIVERSAL, S.A.** to follow the Plan for Reopening and Normalization of Operations approved by the Superintendency of Banks.

SIX: TO ORDER the posting of a Notice containing a transcription of this Resolution in a public and visible place in the main offices and branch offices of the Bank for five (5) business days.

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

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EIGHT: TO ORDER the Public Registry to remove all registered marginal notations on **BANCO UNIVERSAL, S.A.**, a corporation 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, made due to the Seizure of Administrative and Operating Control under Resolution SBP-0093-2015 dated 5 June 2015, those issued due to the Reorganization under Resolution SBP-0114-2015 dated 30 June 2015 and Resolution SBP-0155-2015 dated 9 October 2015, and the extensions granted by means of Resolution SBP-0162-2015 dated 23 October 2015 and Resolution SBP-0031-2016 dated 27 January 2016..

NINE: TO ORDER the Public Registry to also remove the marginal notation under Resolution SBP-0124-2015 dated 22 July 2015 registering

- (i) The appointment of **JAIME DE GAMBOA GAMBOA**, a Colombian male, holder of personal identification card No. E-8-95145, as Legal Representative of each of the following wholly-owned subsidiaries of Banco Universal, S.A.:
 - a. **Reforestadora Universal de Chiriquí, S.A.** registered on Page 371571 (S) of the Public Registry;
 - b. **Factoring Universal, S.A.** registered on Page 392210 (S) of the Public Registry;
 - c. **Universal and International Trust Corp.** registered on Page 823130 (S) of the Public Registry;
 - d. **Inmuebles Universales, S.A.** registered on Page 292579 (S) of the Public Registry;
 - e. **Arrendadora Universal, S.A.** registered on Page 393011 (S) of the Public Registry.
- (ii) The temporary revocation of the appointments of directors of the board of directors of these corporations and the powers until now granted to act by and on behalf of the corporations wholly-owned by **BANCO UNIVERSAL, S.A.**

TEN: 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.

ELEVEN: This Resolution shall become effective at 3:00 P.M. on the twenty-fifth (25th) day of February, two thousand sixteen (2016).

LEGAL GROUNDS: Articles 141 to 153 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 twenty-fifth (25th) day of February, two thousand sixteen (2016).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.

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