

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0098-2016 (dated 2 June 2016)

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

WHEREAS:

BALBOA BANK & TRUST, CORP. is a corporation established and existing according to the Laws of the Republic of Panama, filed under Page 427208 (S) in the Mercantile Section of the Public Registry and the holder of a General License granted by the Superintendency by means of Resolution SB 33-2005 dated 1 April 2005;

By means of Resolution SBP-0087-2016 dated 5 May 2016 and based on the provisions of Articles 131 and 132 of the Banking Law, the Superintendency of Banks resolved to seize Administrative and Operating Control of **BALBOA BANK & TRUST, CORP.** effective on 5 May 2016;

This decision was made as a legitimate means of safeguarding the interests of the Bank's depositors once the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) had included **BALBOA BANK & TRUST, CORP.** and one of its shareholders, related to the Waked Group, in the well-known Specially Designated Nationals and Blocked Persons List, the OFAC List, because of administrative investigations related to the alleged commission of the illegal activities of drug trafficking and money laundering. The direct effects of this measure were: (i) the prohibition of any financial or business relationship with the Bank by United States individuals and legal entities; and (ii) the freezing of assets located in the United States of America (USA), including interbank deposits and investments made by the Bank, significantly compromising **BALBOA BANK & TRUST, CORP.**'s liquidity and preventing the bank continuing with its operations without jeopardizing depositors' interests;

Article 133 of the Banking Law states that the term of the interim administration shall not be longer than thirty (30) days, except when due to exceptional reasons and a prior reasoned request of the Administrator, the Superintendent decides to extend it. In this case, the extension shall not be longer than thirty days;

Due to the above, the Interim Administrator has submitted a Report, dated 2 June 2016, establishing the main consequences of the measures taken by the United States' Department of the Treasury: (i) the Bank's inability to receiving correspondent banking services; (ii) the withholding of funds amounting to over 25 million US dollars and over 11 million US dollars in other jurisdictions that are beyond the reach of the Bank, in addition to securities subject to restrictions within the United States and other jurisdictions that could reach approximately 30 million US dollars after executing the pledged values; (iii) the prohibition of United States companies providing services to the bank, affecting, among others, data processing, auditing, consultancy, armored transportation and securities custody services; (iv) direct effects on the Bank's reputation;

The Interim Administrator adds in his Report a series of considerations on the Bank's financial situation and the impact it has had as a consequence of the actions taken by the United States' Department of the Treasury;

In addition to the above, the Report also notes the fact that at the moment of the Seizure of Administrative and Operating Control on 5 May 2016, the Bank was in the middle of modifying its technology platform through a United States corporation, and it was not until 13 May that this company was able to continue providing its services to the bank under a license granted by the United States' Department of the Treasury;

The Interim Administrator attests that, given computer problems and operational difficulties arising from foreign acts, it is necessary to request the period of Seizure of Control be extended

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in order to finish the valuation of the Bank's assets and minimize any loss of value to the entity, which will permit safeguarding the interests of depositors to the maximum extent possible and defining a roadmap of the potential options under the banking legal framework that may be considered by the Superintendency of Banks;

Coupled with what is stated in the Report submitted by the Interim Administrator, the shareholders of the Bank have, to date, failed to disassociate the Bank from the accusations, which leaves the bank with no real chance of responding directly to its depositors and creditors;

According to the provisions of the Banking Law and the situation at hand, since at the end of the period of Seizure of Administrative and Operating Control we must decide whether to reorganize or compulsorily liquidate the Bank, the Superintendency, after evaluating the request for an extension submitted by the Interim Administrator, deems it responsible and prudent to provide more time to conclude the valuation of the Bank's portfolio and financial situation before making any decision, in order to benefit the best interests of the Bank's depositors;

The thirty (30) –day period referred to in the abovementioned Article 133 of the Banking Law expires on Saturday, 4 June 2016;

Pursuant to subparagraph 4 of paragraph I of Article 16 and Article 131 and following articles of the Banking Law, the Superintendent of Banks has the authority to order, among other actions, the Seizure of Administrative and Operating Control of Banks and the extension of its period;

RESOLVES:

ONE: TO EXTEND the SEIZURE OF ADMINISTRATIVE AND OPERATING CONTROL of BALBOA BANK & TRUST, CORP., a corporation established and existing according to the Laws of the Republic of Panama, filed under Page 427208 (S) in the Mercantile Section of the Public Registry and the holder of a General License granted by the Superintendency by means of Resolution SB 33-2005 dated 1 April 2005, for an additional period of thirty (30) days from the expiration of the term provided in Resolution SBP-0087-2016 dated 5 May 2016.

TWO: TO MAINTAIN in effect Resolution SBP-0087-2016 dated 5 May 2016, including the suspension of operations and the appointment of the Interim Administrator with the duties provided in Article Three of Resolution SBP-0087-2016, insofar as it does not countermand the present Resolution.

THREE: TO ORDER the posting of a Notice in a visible and public place in the Bank's main and branch offices, providing a copy of this Resolution on the measure and indicating the date and time of the enactment of the EXTENSION of the Seizure of Administrative and Operating Control of BALBOA BANK & TRUST, CORP.

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

FIVE: TO ORDER the Public Registry to make the relevant marginal notations of the EXTENSION of the Seizure of Administrative and Operating Control of BALBOA BANK & TRUST, CORP., a corporation established and existing according to the Laws of the Republic of Panama and filed under Page 427208 (S) in the Mercantile Section of the Public Registry, ordered by means of Resolution SBP-0087-2016 dated 5 May 2016.

SIX: This Resolution shall become effective at two thirty post meridiem (2:30 p.m.) on Saturday, 4 June 2016.

As provided in Article 135 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 the Administrative Act because the seizure protects a social interest.

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LEGAL GROUNDS: Article 16, Paragraph I, Subparagraph 4; Article 131 and following articles of the Banking Law (Decree Law 9 of 1998, whose Consolidated Text was adopted by Executive Decree 52 of 2008) and its amendments.

Given in the city of Panama on the second (2nd) day of June, two thousand sixteen (2016).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

(original signed)
Ricardo G. Fernandez D.

/jca