

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0015-2017
(dated 27 January 2017)

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

WHEREAS:

BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A. is a corporation filed 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;

By means of Resolution SBP-0053-2015 dated 10 March 2015 and based on the provisions of Articles 131 and 132 of the Banking Law, the Superintendent of Banks of Panama ordered the Seizure of Administrative and Operating Control of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** effective at two post meridiem (2.00 p.m.) on Wednesday, March 11, 2015, because the Andorran National Institute of Finance – the banking group regulator in Andorra – intervened the Group to which the Panamanian bank belongs after complaints of money laundering made by the U.S. government, making it impossible for the Bank in Panama to have real access to the majority of the assets at that time;

At the Interim Administrator's requirement and by means of Resolution SBP-0063-2015 dated 7 April 2015, the Superintendency of Banks of Panama extended the Seizure of Administrative and Operating Control for an additional 30-day period, effective at two post meridiem (2:00 p.m.) on Friday, April 10, 2015, in order to continue the efforts in different jurisdictions, including Andorra, to obtain real and dependable access to all of the Bank's assets in order to face its obligations;

By means of Resolution SBP-0077-2015 dated 8 May 2015, the Reorganization of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** was ordered effective on 10 May 2015, for a ninety (90-) day period, which was successively extended by means of Resolutions SBP-0130-2015 dated 7 August 2015 (90 days); SBP-0161-2015 dated 23 October 2015 (90 days); SBP-0040-2016 dated 3 February 2016 (120 days); SBP-0096-2016 dated 2 June 2016 (120 days); and SBP-0181-2016 dated 28 September 2016 (120 days), enacted for the purpose of giving time to make the sale of the Bank feasible;

To that effect and in fact, the final report of the Reorganizer appointed for **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** indicated that, as of 25 August 2016, having completed the phases inviting prospective buyers and having received nonbinding offers, a single proponent was invited to submit a binding offer before 15 September 2016. That period was extended until 28 October 2016 at the prospective buyer's request, to have as much information as possible on the Bank's portfolios;

According to the Reorganizer's Report, the prospective buyer submitted a binding offer on 28 October 2016. This offer was improved on 15 November after negotiations with the Reorganizers of the Bank and Brokerage House in Panama and a representative of the Advisory Company for the sale of Vall Banc (a part of the Andorran bank classified as a Good Bank);

The Reorganizer's Report stated that in teleconferences on 28 and 29 November 2016, he was informed that the offer submitted by the prospective buyer, while acceptable to the Administrative Board of the Andorran *Agència Estatal de Resolució D'Entitats Bancaries* (AREB), could not be finalized at that time because it would require the Swiss Financial Market Supervisory Authority's (FINMA) authorization to release the securities and funds of BPA Valores and Banca Privada D'Andorra (Panamá), S.A. entrusted to Credit Suisse by Banca Privada D'Andorra and their transfer to Panama. This information had not been

TRANSLATION

previously provided either to the respective Reorganizations or to the Panamanian regulatory authorities involved in this issue;

It is relevant to bear in mind that, according to the Reorganizer's Report, the binding offer submitted by the prospective buyer expired on 28 November 2016. Consequently, lacking a formal acceptance letter from the Andorran entity (AREB) and given the uncertainty created, the potential buyer cancelled the offer in a letter dated 7 December 2016, suspending the sale process of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**;

Taking into consideration the situation that has arisen after an exhaustive effort to get offers for the bank, it is the Reorganizer's recommendation that the Reorganization process be cancelled and the Superintendency proceed with the Compulsory Liquidation of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**;

After evaluating the Reorganizer's Report, the Superintendent of Banks decided to send a letter to the authorities responsible for Banca Privada d'Andorra in that jurisdiction, to receive clarification and explanations on the funds and securities entrusted by **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** and **BPA VALORES** to BANCA PRIVADA D'ANDORRA and which the latter entrusted to Credit Suisse;

In a letter received on 25 January 2017, the *Agencia Estatal de Resolució D'Entitats Bancaries* (AREB) reported that the process for transferring liquid assets from Switzerland would take additional time. This makes the prospects for an ordered Reorganization process uncertain;

As recorded in the final Reorganizer's Report, the Bank's balance shows that it has sufficient assets to pay all of its Depositors and Creditors;

By means of Resolution SBP-JD-0001-2017 dated 24 January 2017, the undersigned Secretary General was appointed Acting Superintendent;

By virtue of the above and pursuant to the provisions of Subparagraph 4, Paragraph I, Article 16 of the Banking Law, the Superintendent of Banks has among his powers the authority to order the Compulsory Liquidation of Banks in the cases set forth in the Banking Law;

RESOLVES:

ONE: TO ORDER the **ADMINISTRATIVE LIQUIDATION** of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**, a corporation filed on Page 737102 (S) in the Microfilm (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, which enabled it conduct transactions to be concluded, consummated or have effect abroad from an office established in Panama, according to the provisions of Articles 154 and following articles of Chapter XVII **COMPULSORY LIQUIDATION** of Title III of the Banking Law.

TWO: TO APPOINT RAFAEL MOSCARELLA VALLADARES, a Venezuelan adult male, holder of personal identification card No. **E-8-86777**, with over five (5) years of experience in the banking business, based in Panama City, to exclusively perform the legal representation, administration and control of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**

THREE: TO ORDER all banking operations of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** to remain suspended.

FOUR: TO DECLARE that, as provided in Article 159 of the Banking Law, since **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** is in Compulsory Liquidation, it is understood that the statute of limitations related to all of the rights and legal actions to which the bank is a principal, and the deadlines for all trials and proceedings to which the bank is a party, are suspended for up to six months. There is an exception when the purpose of the proceeding is to foreclose on a pledge, mortgage or other property rights.

TRANSLATION

FIVE: TO ORDER the cessation of the accrual of interest on all obligations of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.** in Compulsory Liquidation, with the exception of those secured by a pledge or mortgage on assets of the bank, as provided in Article 160 of the Banking Law.

SIX: TO PROVIDE that the Liquidator Mr. **RAFAEL MOSCARELLA VALLADARES**, appointed hereby, will depend functionally on the Superintendent of Banks and will be accountable for his actions to the Board of Directors of the Superintendency through the Superintendent, as provided in Article 155 of the Banking Law.

SEVEN: TO REQUIRE the appointed Liquidator, Mr. **RAFAEL MOSCARELLA VALLADARES**, to maintain an detailed and verified account of his administration in order to guide the process of Compulsory Liquidation swiftly, diligently, simply and with transparency and to respect the rights and the order of precedence recognized by the Banking Law.

EIGHT: TO ESTABLISH that the Liquidator will have, among others, the following powers provided by Law and those that become relevant in the course of the process:

1. To stop or limit payment on the bank's obligations and debts on the assets subject to liquidation, depending on the availability of resources.
2. To employ the necessary personnel and dismiss those employees whose fraudulent or negligent behavior has created or abetted the conditions leading to the liquidation, as well as those employees that are no longer needed due to a reduction in the activities of the bank.
3. To manage the bank's correspondence and issue any document on behalf of the bank.
4. To assign or sell assets according to their marketable value, net of provisions, reserves, and any other adjustment required by the Superintendency, according to the existing prudential norms and regulations.
5. To transfer, totally or partially, the assets and liabilities of the bank to an institution licensed to exercise the trust business in Panama, with the prior authorization of the Superintendency.
6. To execute those actions and enter into those agreements within the scope of his responsibilities that would permit the initiation, fulfillment, and execution of the liquidation through the transfer of assets and liabilities and/or a trust fund.
7. To establish in the trust contract, the requirements, terms and conditions for the proper liquidation of assets and liabilities transferred to the trust fund.
8. Any other power which may be authorized by the Superintendent for a specific purpose based on a substantiated request from the liquidator or the board of liquidators.

NINE: TO REQUEST depositors and other creditors of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**, a corporation filed on Page 737102 (S) in the Microfilm (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, in Compulsory Liquidation, appear at the Bank to submit their claims, at any time before the Liquidator issues his Preliminary Report.

TEN: TO EMPHASIZE that the Liquidator's Preliminary Report, referred to in Article 163 of the Banking Law and in the above Article, is to be presented within a term of no less than thirty (30) nor more than sixty (60) days from the last publication of this Resolution, as referred to in Article 157 of the Banking Law and Article Twelve herein.

ELEVEN: TO ORDER the posting of a Notice with a copy of this Resolution ordering the Compulsory Liquidation, in a public and visible place in the Bank's main offices, indicating the day and time of the Compulsory Liquidation. This Notice will remain posted

TRANSLATION

Page 4 of 4
Resolution SBP-0015-2017

for five (5) business days and must remain posted during the liquidation. After the five business days from its posting in the main offices, notification will be understood to have been served.

TWELVE: TO ORDER the publication of this Resolution in a newspaper with broad national circulation for five (5) business days once the Notice referred to in the article above has been posted.

THIRTEEN: TO ORDER the Public Registry to make the relevant marginal notation in order to register the Compulsory Liquidation of **BANCA PRIVADA D'ANDORRA (PANAMÁ), S.A.**, a corporation filed on Page 737102 (S) in the Microfilm (Mercantile) Section of the Public Registry of Panama, as well as the appointment of Mr. **RAFAEL MOSCARELLA VALLADARES** as Legal Representative of the Bank, acting as Liquidator of the Bank.

FOURTEEN: TO INDICATE that this Resolution will be effective at two post meridiem (2:00 p.m.) on 30 January two thousand seventeen (2017).

Any affected party may appeal this Resolution to the Third Chamber of the Supreme Court of Justice, which has full jurisdiction over administrative litigation, within fifteen business days following the last publication of the Notice referred to in the Banking Law and herein. The filing of an appeal against this Resolution does not suspend the Compulsory Liquidation or its effects, because the liquidation protects a social interest.

LEGAL GROUNDS: Subparagraph 4, Paragraph I of Article 16, and Article 154 and following articles of Chapter XVIII, Title III of the Banking Law.

Given in the city of Panama on the twenty-seventh (27th) day of January, two thousand seventeen (2017).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT

THE ACTING SUPERINTENDENT OF BANKS,

Gustavo A. Villa

/cug