

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0058-2017 (dated 12 April 2017)

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 on 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;

On 5 May 2016, the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) included **BALBOA BANK & TRUST, CORP.**, some subsidiaries and its holding company on the 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 are: (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 depositor interests;

As a consequence of the above, 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 ordered the seizure of Administrative and Operating Control of **BALBOA BANK & TRUST, CORP.** effective on 5 May 2016, as a legitimate means of safeguarding the interests of the Bank's depositors;

By means of Resolution SBP-0098-2016 dated 2 June 2016, the Superintendency ordered the extension of the Seizure of Administrative and Operating Control of **BALBOA BANK & TRUST, CORP.** for an additional period of thirty (30) days from the expiration of the term provided in Resolution SBP-0087-2016 dated 5 May 2016, permitting the assessment of the Bank's portfolio and financial condition in order to define a roadmap of the possible alternatives permitted by Law;

Adopting the Interim Administrator's recommendation, by means of Resolution SBP-0116-2016 dated 1 July 2016, the Superintendent ordered the Reorganization of **BALBOA BANK & TRUST, CORP.**, to be concluded within a period of 120 days beginning 4 July 2016, in order to sell the Bank as an operating business and obtaining the best value possible for its depositors and creditors, with OFAC's commitment to release the funds within the Reorganization process at a time to be determined;

Based on Article 146 of the Banking Law, the Reorganizer of **BALBOA BANK & TRUST, CORP.** submitted the **Plan for Reorganizing** for the Bank containing five phases to achieve the Bank's sale. This plan was approved by the Superintendency;

By means of Resolution SBP-0198-2016 dated 27 October 2016, the extension of the **REORGANIZATION** of **BALBOA BANK & TRUST, CORP.** was ordered effective at 2:30 p.m. on 1 November 2016. The extension was for a ninety (90) -day period concluding at 2:30 p.m. on 30 January 2017, in order to obtain the approval of the Bank's shareholders, complete the assessment of the offers, conclude the negotiations and, if possible, formalize the transaction;

During this extension, an offer submitted by a Bank of the market was negotiated, different sale alternatives were managed and consultations at different levels were made without any agreement on the sale; therefore, according to the Reorganizer's recommendation, the

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Superintendency of Banks decided to extend the Reorganization period by means of Resolution SBP-0016-2017 dated 27 January 2017, in order to have more opportunities to permit the sale of the Bank in the best interest of depositors;

Within this additional seventy-five (75) day period ending on 15 April 2017, besides continuing the negotiation process with the proposing bank, other options within the Reorganization framework, possibly representing the best financial valuation for the benefit of depositors, were explored and evaluated without achieving acceptable solutions;

In addition to the above, other meetings and approaches, alternate sale formulas and share and portfolio acquisitions were evaluated within the legal guidelines of the Reorganization process for handling the Bank's assets and liabilities. These were necessarily and primarily focused on the benefit of the Bank's depositors. In that context, in the final weeks of this extension, the Reorganizer received a letter from a group of depositors who would consider exchanging a part or all of their deposits for shares in the Bank;

This proposal, in order to be appropriately analyzed and assessed, will first need to be substantiated from an operating and financial point of view, taking into consideration the required due diligence and other legal provisions governing the transfer of shares;

Without prejudice to the above, there is still the sale alternative presented by the sole proponent with specific conditions that would have to be accepted by the Bank's depositors — an agreement that, to date, has achieved significant progress;

Taking into account the great efforts that have been conducted to date in order to achieve an acceptable solution for the Bank's problem along with the best benefit for the depositors, the Reorganizer has recommended, and the Superintendency has agreed, to extend the Reorganization period in order to give more time to evaluate the viability of the new possibilities and to continue with the current negotiation, all in accordance with the provisions of Chapter XVII of Title III of the Banking Law.

RESOLVES:

ONE: **TO ORDER** the extension of the **REORGANIZATION** of **BALBOA BANK & TRUST, CORP.**, a corporation filed on Page 427208 (S) in the Mercantile Section of the Public Registry, to be concluded within a period of seventy-five (75) days. This period can be curtailed or extended by the Superintendency based on a substantiated request by the person responsible for the Reorganization, as provided for in Paragraph 3 of Article 142 of the Banking Law.

TWO: **TO ORDER** the posting of a Notice in a visible and public place in the Bank's main offices, along with a copy of the present Resolution, for five (5) business days. At the same time, a copy of this Resolution will remain posted for the entire Reorganization period.

THREE: **TO MAINTAIN** in effect all provisions of Resolution SBP-0116-2016 enacted 1 July 2016 that do not contradict this current Resolution.

FOUR: **TO ORDER** the Public Registry to make the relevant marginal notations to register the extension of the Reorganization of **BALBOA BANK & TRUST, CORP.**, a corporation filed on Page 427208 (S) in the Mercantile Section of the Public Registry, which was originally ordered by means of Resolution SBP-0116-2016 dated 1 July 2016.

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

This Resolution shall become effective at two thirty post meridiem (2:30 p.m.) on Saturday, fifteen (15) April, two thousand seventeen (2017).

This Resolution may be appealed to the Third Chamber of the Supreme Court of Justice, which has full jurisdiction over administrative litigation. An appeal will not suspend these administrative actions.

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

Given in the city of Panama on the twelfth (12th) day of April, two thousand seventeen (2017).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.

/jca