

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0079-2017 (dated 15 May 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 Banking 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 obtain 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** 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 that expired on 15 April, 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;

For the purpose of evaluating the depositors' intention and to also continue the negotiations with the only proponent with an alternative (although the offer has specific conditions requiring acceptance by the Bank's depositors), by means of Resolution SBP-0058-2017 dated 12 April 2017, the Superintendency of Banks decided to extend the Reorganization of **BALBOA BANK & TRUST, CORP.** for an additional thirty (30) days from 15 April 2017 in order to give more time to assess the viability of new proposals and to continue with the negotiation process in place;

During the extended period we have continued the negotiations with the Bank that has submitted an offer, as well as meeting with the group comprised of depositors, investors and a Licensed Bank of our Banking Center, to formalize the share purchase proposal. The latter opens the possibility of eventually evaluating this offer, in order to choose, according to the Superintendency's criteria, the offer that best represents the interests of all of the Bank's depositors and, at the same time, provides the financial and prudential viability of the Bank as an operating business;

After the relevant analyses and according to the Reorganizer's opinion, more time is required to formalize a binding offer from the other interested group, given that today (15 May) we have received their letter of commitment to submit a binding offer, which must be duly assessed within the legal framework;

As the Reorganizer stated, the fact that the Securities Law establishes restrictions to the extension of the Reorganization period must also be taken into account. This adds a determining variable to this process, affecting the objective of selling the Bank and its subsidiaries as one unit;

In that sense, the Superintendency also deems it convenient to extend the Reorganization period in order to appropriately assess the proposals until being reasonably certain of the offer that best meets the requirements and elements ensuring the Bank's financial and prudential viability as an operating business and, at the same time, protects the interests of the Bank's depositors, all in accordance with the provisions of Chapter XVII of Title III of the Banking Law, therefore,

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 Reorganizer, 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.

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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 Monday, fifteen (15) May, 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 this administrative action.

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 fifteenth (15th) day of May, two thousand seventeen (2017).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.