

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0142-2017 (dated 28 July 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 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 from continuing 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 Superintendency 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 on 1 November 2016. The extension was for a ninety (90) -day period concluding 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' offer, by means of Resolution SBP-0058-2017 dated 12 April 2017, the Superintendency decided to extend the Reorganization for an additional 30 days to assess the submitted proposal;

By means of Resolution SBP-0079-2017 dated 15 May 2017, the Superintendency ordered the Reorganization of **BALBOA BANK & TRUST, CORP.** extended in order to give more time to assess the viability of the depositors' proposal to buy the shares and to continue with the negotiating process in place;

In conclusion, the Grupo Bancario BCT option was chosen. This decision was based on the analysis of the strength of their offer, which made continuity of the bank's operations more viable in the short and long terms. Other factors were also considered, such as: the network of international banking correspondents and the access to sources of funding for liquidity contingency, with the necessary soundness to support the bank's operations without apparent material risks for depositors. Grupo Bancario BCT's experience is especially relevant domestically and regionally;

In the Reorganizer's opinion, after the relevant analyses, more time was needed to permit the completion of the closure phase of the transaction and the formalization of the consents and regulatory, legal and corporate documents for the transfer of shareholding control to Grupo Bancario BCT;

It was also necessary to consolidate the means for

removal of **BALBOA BANK & TRUST, CORP.** from the Specially Designated Nationals and Blocked Persons List, the OFAC List in order for the Bank to resume operations under a new licensee;

In that sense, the Superintendency also deems it advisable to extend the Reorganization period in order to appropriately conclude the sale of 100% of the shares to Grupo BCT and to achieve an orderly and secure opening for the Bank's depositors 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 Saturday, twenty-nine (29) July, 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 twenty-eighth (28th) day of July, two thousand seventeen (2017).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.