

TRANSLATION

Republic of Panama Superintendency of Banks

RESOLUTION SBP-0187-2017 (dated 10 October 2017)

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

WHEREAS:

BALBOA BANK & TRUST, CORP. is a corporation organized and established 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 — a measure that was extended for 30 additional days in accordance with Resolution SBP-0098-2016 dated 2 June 2016;

Subsequently, 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;

To execute the Reorganization Plan prepared by the Bank, whose purpose was the sale of the bank, it was necessary to (i) call for tenders, which included providing the opportunity for interested parties to review the Bank's books; (ii) to consider a purchase request by some of the Bank's depositors and also (iii) to negotiate with Grupo Bancario BCT, the only bidder that formalized a binding offer;

This process required the issuance of successive Resolutions to extend the Reorganization, culminating with the extension issued on 28 July 2017. During this period, the requirements of Rule 1-2004 were satisfied and the relevant Notices to the Public were issued without having received any objections. Therefore, the Superintendency of Banks, by means of Resolution SBP-0184-2017 dated 6 October 2017, authorized the transfer of 100% of the shares of **BALBOA BANK & TRUST, CORP.** and its subsidiaries to **CORPORACIÓN BCT, S.A.**, pursuant to the terms and conditions established in the proposed transaction. This resulted in the change of direct control of **BALBOA BANK & TRUST, CORP.** and indirect control of its subsidiaries, to wit: **PERSHORE INVESTMENTS, S.A.**, **BALBOA FUNDS 1513, INC.** and **BALBOA SECURITIES, CORP.**;

To that end, the Bank's Reorganization had the support of financial and legal advisors in proposing and assessing the possible financial and legal structure alternatives that could be appropriate for the Bank's sale and, at the same time, foster the necessary environment for the interested parties

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to perform their due diligence on the Bank and to create the possibility of delisting the bank from the OFAC List;

Following this, once Resolution SBP-0184-2017 dated 6 October 2017 was published authorizing the transfer of 100% of the shares of **BALBOA BANK & TRUST, CORP.** and its subsidiaries to **CORPORACIÓN BCT, S.A.**, the transfer of shares was concluded, as agreed, and the Superintendency had the relevant documents duly notarized;

In addition, the Superintendency has determined that the last paragraph of Article 149 of the Banking Law, which provides that *“during the reorganization process, the stockholders of the bank, its board of directors, management, and authorized persons shall be disqualified from making decisions...”* refers to those controlling the Bank at the time the measure was ordered;

In connection with the above, the Superintendency of Banks recognized the new Board of Directors of **BALBOA BANK & TRUST, CORP.**, appointed by the new shareholder, to permit the new authorities to take over the Bank's operations as a result of the sale conducted by the Reorganizer under the authority of Paragraph 4 of Article 145 of the Banking Law;

As a result of the new Board of Directors of the Bank having been appointed, the Superintendency authorized the filing of the Corporate Minutes in the Public Registry that would serve as notice to third parties of the installation of the new controllers of **BALBOA BANK & TRUST, CORP.**, as well as the necessary changes to its Articles of Incorporation;

These successive actions, once complied with, permitted the delisting of **BALBOA BANK & TRUST, CORP.** from the OFAC List, facilitating the Bank's operational and technical organization and permitting the Reorganization to be lifted, implementing the Reopening Plan and giving the Bank to its new controllers to normalize its service to the general public;

With its offer, **CORPORACIÓN BCT, S.A.** submitted the Plan for the Reopening and Normalization of Operations of **BALBOA BANK & TRUST, CORP.** This Plan was approved in this Resolution and included topics of importance to the depositors and creditors. Of special importance among them are the following:

The Bank will commence operations to the public 90 days following the conclusion of the Transaction. As the stipulated timeline was met, the closing date was 6 October. Therefore, the opening to the public will be on **8 January 2018** (Transition period), the date on which **BALBOA BANK & TRUST, CORP.**'s customers will have access to their resources according to the following timeline:

1. Demand deposit accounts (checking and savings accounts):
 - I. The liquidity plan for demand deposit accounts under ten thousand balboas (B/.10,000.00) will be:
 - i. Beginning 23 October 2017, three thousand balboas (B/.3,000.00) will be made available from these accounts;
 - ii. Beginning 7 November 2017, an additional three thousand balboas (B/.3,000.00) will be made available;
 - iii. Beginning 7 December 2017, an additional four thousand balboas (B/.4,000.00) will be made available.
 - II. The liquidity plan for the rest of the demand deposit accounts will be:
 - i. Beginning 8 January 2018, the day the bank is opened to the public, ten thousand balboas (B/.10,000.00) per account per month will be made available;
 - ii. Beginning 8 April 2018, the Bank will increase the amount available per account to twenty thousand balboas (B/.20,000.00) additional per month;
 - iii. Beginning 9 July 2018, the Bank will increase the amount available per account to fifty thousand balboas (B/.50,000.00) additional per month.

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- II. After 9 July 2018, all restrictions on demand deposit accounts will be lifted.
 - III. Deposits made in demand deposit accounts after the Bank is opened to the public will not be subject to any restriction, i.e. they will be one hundred percent (100%) available to the respective customer.
2. Time deposits:
- I. During the Reorganization period and the 90 days following the closing of the transaction:
 - i. Deposits made for one year or more whose term expires during the Seizure of Administrative and Operating Control and the Reorganization periods or during the Transition period (from 6 October 2017 to 8 January 2018) will be considered extended for an equal term;
 - ii. Deposits made for less than one year whose term expires during the Seizure of Administrative and Operating Control and the Reorganization periods or during the Transition period (from 6 October 2017 to 8 January 2018) will be considered automatically renewed for an equal term as many times as necessary to cover the Reorganization and Transition periods.
 - II. After the Transition period and following the Bank opening to the public:

The proposal to serve customers with Time Deposits following the opening date is based on the following criteria:

- Deposits whose term expires 6 months after 8 January 2018 will be treated as follows:
 - i. If the period originally agreed to was equal to or less than 6 months, it will be renewed twice for the original term;
 - ii. If the period originally agreed to was greater than 6 months but equal to or less than 12 months, it will be renewed once for the original term;
 - iii. The interest earned after the conclusion of the Transition period will be made available to the customer in accordance with the original agreement. Interest will be credited to the appropriate savings accounts and made one hundred percent (100%) available to customers once the Bank resumes operations.

Along with the offer, the proposed Action Plan for the execution of the reopening of **BALBOA BANK & TRUST, CORP.** is approved in order to effectively manage liquidity and the loan portfolio so as to maintain the Bank's equity;

Having resolved all of the issues that precipitated the Seizure of Administrative and Operating Control and the Reorganization of **BALBOA BANK & TRUST, CORP.** and its subsidiaries, having satisfactorily achieved the transfer of shares to **CORPORACIÓN BCT, S.A.** as a means of meeting the interests of depositors and creditors, and in compliance with Article 153 of the Banking Law, and having achieved the delisting of the Bank and its subsidiaries from the OFAC List, the Superintendent is empowered to order the conclusion of the Reorganization;

Notwithstanding the above, and according to the last report submitted by the Reorganizer of **BALBOA BANK & TRUST, CORP.**, it is necessary to extend the Reorganization period for an additional eight (8) days to conclude the final procedures related to transferring the Bank to its new operators prior to the conclusion and lifting of the Bank's Reorganization;

By means of Resolution SBP-JD-0076-2016 dated 3 October 2017 Rogelio A. Arrocha P., Director of Supervision, was appointed Acting Superintendent from 9 October to 18 October, two thousand seventeen (2017) or until the Superintendent returns to his post, and therefore;

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RESOLVES:

ONE: TO EXTEND the REORGANIZATION of **BALBOA BANK & TRUST, CORP.** from 2:30 p.m. on 12 October 2017 until **9:00 a.m. on 20 October 2017**, the date and time of the **CONCLUSION AND LIFTING** of the Reorganization of **BALBOA BANK AND TRUST, CORP.**, 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.

TWO: TO ORDER the Public Registry to make the relevant marginal notations to register the extension until 9:00 a.m. on 20 October 2017 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.

THREE: TO TRANSFER the administration and control of **BALBOA BANK & TRUST, CORP.** to the new directors on the date and time at which the Reorganization is lifted, once the extension of the Reorganization has expired.

FOUR: TO ALSO ORDER the repeal of Resolution SBP-0116-2016 dated 1 July 2016 appointing the Reorganizer and Legal Representative of **BALBOA BANK & TRUST, CORP.** and its wholly-owned subsidiaries: **Balboa Funds 1513, Inc.**, filed on Page 155621466 of the Public Registry, and **Pershore Investments, S.A.**, filed on Page 631797 of the Public Registry, once the Reorganization is lifted.

FIVE: In connection with the above, **TO ORDER** the repeal of the registered appointment of Engineer **Ariel Antonio Sanmartin Mendez**, holder of the personal identification card number PE-4-778, as Reorganizer of **BALBOA BANK & TRUST, CORP.**, appointment made by means of Resolution SBP-0116-2016 dated 1 July 2016, on the date and time the Reorganization is lifted.

SIX: TO ORDER the new owners, directors, dignitaries and administrators of **BALBOA BANK & TRUST, CORP.** to follow the Reopening and Normalization of Operations Plan approved by the Superintendency of Banks.

SEVEN: TO ORDER the posting of a Notice in a visible and public place in the Bank's main offices and its branch offices, along with a copy of the present Resolution, for five (5) business days.

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

NINE: TO ORDER the Public Registry to remove all marginal notations that were registered as a result 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, 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, provided by Resolution SBP-0087-2015 dated 5 May 2015 and the subsequent extensions, on the date and time at which the Reorganization is lifted, i.e. at 9:00 a.m. on 20 October 2017.

TEN: TO ALSO ORDER that on the date and time that the Reorganization is lifted, the Public Registry remove the marginal notation provided by Resolution SBP-0116-2016 dated 1 July 2016 registering:

- i. The appointment of **Ariel Antonio Sanmartin Mendez**, a Panamanian male, holder of personal identification card number PE-4-778, as the Legal Representative of each of the following companies wholly owned by Balboa Bank & Trust, Corp.:
Balboa Funds 1513, Inc. filed on Page 155621466 of the Public Registry;
Pershore Investments, S.A. filed on Page 631797 of the Public Registry.
- ii. The temporary revocation of the appointments of the members of the board of directors of these companies and the powers granted until now to act by and on behalf of the companies wholly owned by **BALBOA BANK & TRUST, CORP.**

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ELEVEN: 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.

TWELVE: This Resolution shall become effective at two thirty post meridiem (2:30 p.m.) on the twelfth (12th) of October, two thousand seventeen (2017).

LEGAL GROUNDS: Articles 141 to 153 of the Banking Law (Decree Law 9 of 1998, amended by Decree Law 2 dated 22 February 2008 and reedited as a Sole Text by means of Executive Decree 52 dated 30 April 2008).

Given in the city of Panama on the tenth (10th) day of October, two thousand seventeen (2017).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE ACTING SUPERINTENDENT OF BANKS,

(original signed)
Rogelio A. Arrocha P.

/jca