

**OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
SAN JUAN, PUERTO RICO**

IN THE MATTER OF:

Activo International Bank, Inc.,
221 Ponce de León Ave.,
Suite 1101
San Juan, Puerto Rico 00918

CONSENT ORDER

OCIF -2020-D-IBE 059(90114)-01

EMERGENCY CONSENT ORDER

I. Jurisdiction

Act No. 4 of October 11, 1985, as amended, known as the "Law of the Office of the Commissioner of Financial Institutions" (hereinafter, "Act No. 4") imposes on the Office of the Commissioner of Financial Institutions (hereinafter, respectively, the "OCFI" and the "Commissioner"), the responsibility for monitoring and supervising the financial institutions that operate or do business in Puerto Rico. Pursuant to Act No. 4, the Commissioner enforces Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act", (hereinafter, "Act No. 52"), and Regulation No. 5653 of July 23, 1997, as amended, known as "Regulation of the International Banking Center Regulatory Act" (hereinafter, "Regulation No. 5653"), promulgated under Act No. 52.

Act No. 52 instructs the Commissioner to monitor and regulate the operations of any person or institution that offers or provides services as an international banking entity in Puerto Rico. In accordance with the provisions of Act No. 52 and Regulation No. 5653, every licensed international banking entity is bound to comply with the provisions of the Act No. 52 and Regulation No. 5653.

The Commissioner, in addition to the powers and the authority granted under Act No. 52, has been authorized by Act No. 4 to examine and to carry out all types of studies and research on matters related to the banking, financial, or securities industry for which he may request the necessary, relevant, and essential information for achieving such purposes.

Pursuant to Article 10 of Act No. 4, Act No. 38-2017 of June 30, 2017, known as "The Uniform Administrative Procedure Act" (hereinafter, "Act No. 38") and Rule 21.1 of Regulation No. 3920 of June 23, 1989, known as the "Regulation for the Adjudicative Proceedings under the Jurisdiction of the Office of the Commissioner of Financial Institutions" (hereinafter, "Regulation No. 3920"), the Commissioner has the power to issue orders of a summary nature to cease and desist, without the need for notice and the holding of a previous hearing when, according to the

OCFI, there is a serious damage or imminent danger to the safety of the industry, the citizens or the public order, which requires immediate action. Also, Article 10, Section (a)(4) of Act No. 4, empowers the Commissioner to “[f]ile any legal remedies, actions, or procedures necessary or convenient for the implementation of the purposes of this or any other act or regulation whose compliance or supervision has been assigned to him...”

Thus, Act No. 4, Act No. 52, and Act No. 38 bestow on the OCFI jurisdiction over the matter which is the object of this EMERGENCY CONSENT ORDER (hereinafter, the “Emergency Consent Order”). Therefore, the Commissioner hereby issues, and Activo International Bank, Inc., its agents, representatives, directors, officers, employees, and others, (hereinafter, the “Entity”) consents to the issuance of this Emergency Consent Order, in order to address the Entity’s current financial situation and to operate the Entity in a safe and sound manner.

In view of the emergency created by the current financial situation of the Entity that may endanger its depositors rights to collect their deposits and in order to protect the interest of the depositors and the public interest, in general, the OCFI hereby makes use of its powers and determines that such actions cause regulatory concerns about the Entity.

Given the above, the OCFI and the Entity have jointly agreed to resolve this matter through this EMERGENCY CONSENT ORDER to avoid protracted and expensive proceedings. The Entity, solely for the purposes of this Emergency Consent Order, acknowledges the jurisdiction of the OCFI, voluntarily consents to the entry of this Order, and waives any right to a hearing or judicial review regarding this Order. The consent by the Entity to this Emergency Consent Order shall not be deemed an admission of liability, consent to a finding of wrongdoing, or an admission of any fact or allegation that may relate to, or arise from, this Emergency Consent Order on the part of the Entity, its current or former directors, officers, managers, agents, attorneys, representatives, employees, servants, successors, divisions, subdivisions, assigns, and insurance carriers, of the provisions of Act No, 52 or any regulation approved thereunder, nor under any other legal provision under the OCFI’s jurisdiction.

In view of all the above, the facts mentioned below, the evidence compiled, the interest of the depositors of the Entity and the general public interest, and the powers and responsibilities imposed on the Commissioner, and having determined that the requirements for issuance of an order have been satisfied, the OCFI and the Entity agree to the following:

II. Facts

1. The Entity is an international banking entity organized in 2009 and operating under the provisions of Act No 52 and Regulation No 5653 since 2010.
2. The Entity is operating under a Consent Order issued by the OCFI on September 17, 2019 (the “2019 Order”) as a result of an examination of the operations of the Entity

performed by the OCFI as of December 31, 2018, the fieldwork of which was initiated on February 11, 2019 and concluded on June 14, 2019. The examination is based on evaluation of compliance with safety and soundness practices. The examination also included a review of the Entity's Capital, Asset Quality, Management, Earnings, Operations, and Information Technology (IT) to assign it a composite rating.

3. The Entity has reported to the OCFI that it is under a dire liquidity position that has rendered it unable to pay its deposits in due course.
4. The Entity needs to take immediate actions in order to restructure so as to be able to continue its business.
5. The Entity is willing to present a Restructuring Plan to the OCFI in order to address its current situation expeditiously.

III. Order by Consent

Therefore, in view of all the above, pursuant to the powers and authority granted to the Commissioner, this EMERGENCY ORDER BY CONSENT is issued by the Commissioner and the Entity hereby consents to:

1. Comply in full with the requirements of the 2019 Order.
2. Appoint a Committee of Depositors to be headed by Mr. Fortunato Benacerraf in order to develop a Restructuring Plan to rehabilitate the Entity's current financial position.
3. Replace current Board of Directors and management to improve the Entity's operations, as provided in the Plan, as defined below, and as ultimately approved by the Commissioner of Financial Institutions. The Board must maintain an independent outside director with sufficient knowledge and experience in accounting, finance, and banking. The Entity must have qualified management with experience commensurate with his or her duties and responsibilities.
4. Operate the Entity with an adequate level of capital considering the volume and kind of assets held by the Entity.
5. Subject to the Restriction on Payments set out below, operate the Entity in an austere way only incurring in expenses necessary to operate the Entity, and comply with the 2019 Order and this Emergency Consent Order.
6. Implement effective internal controls, policies and procedures, and perform periodic policies reviews for accurate accounting and regulatory reporting.
7. Develop a Plan for the Reduction of Assets consistent with the 2019 Order.

8. Operate in compliance with laws and regulations.

IT IS FURTHERED AGREED, that the Entity takes affirmative action as follows:

1. Restructuring Plan

- a. Within 30 days from the effective date of this Order, the Entity must develop a written restructuring plan (the "Plan") that must include, at a minimum: (i) a capital plan ("Capital Plan") that must include specific plans for amount and timing to achieve and maintain adequate capital, projections for asset growth, and sufficiency of capital for any projected asset growth, projections to meet current and future needs; (ii) a management plan (the "Management Plan") that must provide the manner in which the Entity's current Board of Directors and Senior Management will be replaced; (iii) a timetable for which current deposits will be paid, provided that deposits shall continue to accrue interests until they are fully paid in accordance with the Plan; (iv) a Strategic Plan and Profit Plan consistent with the 2019 Order; (v) the composition of the Depositors' Committee that will implement the Plan and; (vi) a liquidity plan. This 30 days term is not extendable.
- b. Within 5 calendar days from the receipt of non-objection or any comment from the Commissioner, and after incorporation and adoption of all comments, the Board must approve the Plan, which approval must be recorded in the minutes of the Board's meetings. Thereafter, the Entity must implement and fully comply with the Plan.

2. Dividend Restriction

As of the effective date of this Emergency Consent Order, the Entity shall not declare or pay any dividend without the prior written consent of the Commissioner.

3. Restriction on Payments

In the interest of protecting the rights of all the depositors of the Entity, as of the effective date of this Emergency Consent Order and until May 10, 2020 (or such other date as determined by the Commissioner in his sole discretion), the Entity's powers to make payments to depositors, creditors, correspondent banks, clearing agents, or any others shall be suspended, unless the Commissioner otherwise approves such disbursement in writing in connection with the implementation of the Plan. As a result of this suspension the Entity shall not honor any payment request, including any deposit withdrawal requests, unless authorized by the Commissioner or until such power is reinstated by the Commissioner.

4. Progress Reports

Except when otherwise provided in this Emergency Consent Order, within the first 5 calendar days of each month following the effective date of this Emergency Consent Order, the Entity must furnish to the Commissioner written progress reports detailing the form, manner and results of any actions taken to secure compliance with this Emergency Consent Order. All progress reports and other written responses to this Emergency Consent Order must be reviewed by the Board and made part of the Board minutes or resolutions. This requirement for progress reports should continue until the commencement of the next examination performed by the OCFI to the Entity unless previously modified or terminated in writing by the Commissioner.

5. Shareholder Disclosure

Within 5 calendar days from the effective date of this Emergency Consent Order, the Entity must send a true and exact copy of this Emergency Consent Order, or otherwise furnish a description of this Emergency Consent Order, to its parent holding company. The description must fully describe the Emergency Consent Order in all material respects.

NOTICES

Nothing herein shall preclude the Commonwealth of Puerto Rico, its departments, agencies, boards, commissions, authorities, political subdivisions, and corporations, or any other federal or state agency, from asserting any claims, causes of action, or applications for compensatory, nominal, and/or punitive damages, administrative, civil, criminal, or injunctive relief against the Entity.

Except as explicitly provided in this Emergency Consent Order, nothing herein is intended to: (i) supersede the 2019 Order, which order shall continue in full force and effect except to the extent it is inconsistent with the terms of this Emergency Consent Order; or (ii) shall be construed to have created, compromised, settled, or adjudicated any claims, causes or action, or rights of any person whomsoever, other than as between the OCFI and the Entity in accordance with this Emergency Consent Order. This Emergency Consent Order shall be binding upon the Entity, its relevant affiliates, successors and assigns as well as to its successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

Nothing in this Emergency Consent Order shall preclude the OCFI from: (a) taking adverse action in cases deemed necessary under Act No. 52 or other applicable laws or regulations; (b) taking this Emergency Consent Order and the conduct described above into account in determining the proper resolution of action; (c) taking any and all available steps to enforce this Emergency Consent Order; (d) taking any action against other entities or individuals, regardless of any

affiliation or relationship between the Entity and the entities or individuals or (e) be construed to limit the OCFI's jurisdiction in any other proceeding after its issuance.

The provisions of this Emergency Consent Order shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside in writing by the Commissioner.

The Entity affected by this Emergency Consent Order is hereby given notice that, pursuant to the provisions of Article 20(c) Of Act No, 4, the OCFI may impose an administrative fine not greater than Five Thousand (\$5,000.00) Dollars for each day of non-compliance with the orders issued under the provisions of the act, up to a maximum of Fifty Thousand (\$50,000.00) Dollars. In the event of total or partial non-compliance with this Emergency Consent Order, the OCFI, in support of the statutory jurisdiction granted by Act No, 4, may request the Court of First Instance, San Juan Superior Section, to enforce the same, under penalty of contempt, and to impose fines and sanctions in addition to the ones the OCFI may deem to be proper, with any other determination which is proper as a matter of law.

This Emergency Consent Order shall become effective immediately upon its issuance.

IT IS SO ORDERED BY THE COMMISSIONER,

Issued in San Juan, Puerto Rico, today, February 10, 2020.

Fdo. George Joyner

George Joyner, Commissioner

[Consents are in the following page
and form part of this EMERGENCY CONSENT ORDER]

CONSENT BY THE ENTITY TO THE EMERGENCY CONSENT ORDER

Activo International Bank, Inc. hereby acknowledges that it has been served with a copy of the Emergency Consent Order issued on this day and, after reading it, has waived its right to a hearing and appeal in this matter.

Activo International Bank, Inc. admits the jurisdiction of the Office of the Commissioner of Financial Institutions; neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Emergency Consent Order, and consents to enter the Emergency Consent Order issued by the Commissioner of Financial Institutions.

Activo International Bank, Inc. states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Emergency Consent Order and that it has consented thereto voluntarily in order to comply with the terms there provided, avoiding protracted and expensive proceedings.

José Antonio Oliveros represents that he/she is Chairman of Activo International Bank, Inc. and that, as such, has been authorized by Activo International Bank, Inc. to consent to this Emergency Consent Order for and on behalf of the Entity.

Signed in San Juan, Puerto Rico, on February 10, 2020.

Fdo. José Antonio Oliveros
Activo International Bank, Inc.
Name and title of authorized representative

CONSENT BY MR. FORTUNATO BENACERRAF

Mr. Fortunato Benacerraf, hereby acknowledges that he has been asked by the Entity to head a Committee of Depositors in order to develop a Restructuring Plan to rehabilitate the Entity's current financial position and that he has accepted such endeavor.

Signed in San Juan, Puerto Rico, on February 10, 2020.

Fdo. Fortunato Benacerraf
Mr. Fortunato Benacerraf
President of Committee of Depositors