

Republic of Panama

Superintendency of Banks of Panama

RESOLUTION SBP-BAN-R-2023-01296
Panama, September 15, 2023

THE SUPERINTENDENT OF BANKS,
in use of his legal authority, and

CONSIDERING:

That **ATLAS BANK (PANAMÁ), S.A.** is a public limited company organized and constituted pursuant to the laws of the Republic of Panama, registered in the Public Registry, Commercial Section, on Folio 155634281;

That **ATLAS BANK (PANAMA), S.A.** is the holder of a General Banking License granted through SBP Resolution No. 0214-2016 of December 7, 2016, issued by this Superintendency, which authorizes it to carry out the Banking Business in any part of the Republic of Panama, as well as transactions that are perfected, consummated or have effects indistinctly in Panama or abroad, and to carry out those other activities that this Superintendency authorizes;

That, in reviewing the closing figures for the month of May 2023, sent through the IT Bank System, as well as the information analyzed as a result of the last Comprehensive Inspection carried out at the Bank, the high concentration of the Bank's productive assets was noted, which were kept in the custody of a brokerage house; and that, in accordance with the above, the information reported through the IT Bank System, in the Accounting Atom (AT21), as of May 31, 2023, it held productive assets for a total amount of USD 45,976,505.00 distributed in the following items:

Net Productive Assets of Provisions	
Deposits	25,196,982.30
Investments in Securities	17,604,490.29
Loans	3,175,032.41
Total	45,976,505.00

That 95.6% (USD 24,077,284.28) of the Bank's active deposits, as of June 6, 2023, were placed in the **NATIONAL ADVISORS CORPORATION** brokerage house, as well as 100% of the investment portfolio for USD 17,606,557, which entails an exposure of 91% of the productive assets reported by **ATLAS BANK (PANAMA), SA** as of May 31, 2023, which in turn constitutes high levels of concentration risk and counterparty risk as set forth in the Banking Regime, wherefore, by note SBP-2023-05352 of August 11, 2023, new requirements were sent to **ATLAS BANK (PANAMA), S.A.**;

That, it appears in the file that, by Note SBP-2023-05350, dated August 11, 2023, the results of the Comprehensive Inspection of the Bank were communicated to **ATLAS BANK (PANAMA), S.A.**, ending December 31, 2022, in which findings were detected, which had to be corrected, in accordance with the Action Plan that had to be submitted to this Superintendency;

That, by Note SBP-2023-05903 dated September 6, 2023, delivered on September 8, **ATLAS BANK (PANAMA), S.A.** was advised of the high concentration of the Bank's productive assets that are held in custody at the **NATIONAL ADVISORS CORPORATION** brokerage house, representing a total of USD43.3 million (USD27.4 million in cash and USD15.9 million held in securities), communication that included a series of prohibitions and measures that the Bank had to adopt;

That, in the aforementioned Note SBP-2023-05903, this Regulator made clear that the requirements did not constitute recommendations, but rather direct orders issued by this Superintendency to the Board of Directors of the Bank and were of strict compliance, establishing that the Bank presented a high risk of overvaluation of assets and that the resulting impact on the capital capacity would be significant, without prejudice to the taking



of more energetic measures;

That, given the weaknesses noted, by Resolution SBP-ADM-R-2023-01285 of September 6, 2023, this Superintendency proceeded to appoint an **ADVISOR**, with adequate preparation and experience to advise **ATLAS BANK (PANAMA), S.A.** about the specific and general measures necessary to correct the deficiencies identified in the Bank, which was notified to Mr. Andrew Patrick Russell, in his capacity as Legal Representative of the Bank, on September 8, 2023, and it was communicated to the Board of Directors of the Bank through note SBP-2023-05952 of September 6, 2023;

That, on the other hand, this Superintendency, through Press Release No. 19 of the Superintendency of the Securities Market, dated September 8, 2023, was aware that through Resolution No. SMV-354 of September 7, 2023, said Regulator **ordered the INTERVENTION** of the company **NATIONAL ADVISORS CORPORATION**, an entity with a Brokerage House license granted by the National Securities Commission (current Superintendency of the Securities Market) through Resolution No. CNV-084-01 of April 5, 2001, for a period of thirty (30) calendar days, which may be extended. The text of the aforementioned Resolution states the following:

That pursuant to the information reported by NATIONAL ADVISORS CORPORATION as of June 30, 2023 to this Superintendency, ninety-three percent (93%) of the assets under the management of the brokerage house are held in custody by RBC DIRECT INVESTING.

That in the event that NATIONAL ADVISORS CORPORATION has not initiated and does not maintain a custody relationship with RBC DIRECT INVESTING since October 2019, pursuant to the information received in August 2023 as a result of the request for international cooperation, it would be considered that the reports submitted by the brokerage house to the Superintendency since October 2019 contain information of a fraudulent nature and the assets under the management of investors could be at serious risk, since they would not be managing with the diligence and care men ordinarily employ in their businesses.

That, under the assumption that the information reported by NATIONAL ADVISORS CORPORATION could be false, a study was carried out in the Superintendency in which the balance held in RBC DIRECT INVESTING and in other custodians was subtracted from the brokerage house, resulting in the fact that the assets of the brokerage house might not be sufficient to fully satisfy its liabilities.

That, for its part, with respect to the previous point, **ATLAS BANK (PANAMA), S.A.**, by way of a Note entered into this Superintendency on September 12, 2023, and when referring to Note SBP-2023-05903 dated September 6, 2023, refers, among other points, the following:

"It is an irrefutable fact that with the intervention of National Advisors Corp. our funds in their custody will not be available immediately as the SBP aspired, and it is also anticipated that a degree of loss of our assets will materialize if said intervention results in the mandatory liquidation of said brokerage house, which reinforces the need for the capitalization plan that we submitted to your office."

That, according to financial information sent by the Bank as of September 13, 2023, 70.6% of the assets of **ATLAS BANK (PANAMA), S.A.** were held in the **NATIONAL ADVISORS CORPORATION** Brokerage House, and they represent 88% of its productive assets as of that date;

That, in addition to the above, as of today, September 15, 2023, a memorial has been submitted by **ATLAS BANK (PANAMA), S.A.**, whereby it requests this Superintendency that the measure of **SEIZING ADMINISTRATIVE AND OPERATIONAL CONTROL** of its operations be adopted;

That, pursuant to the analysis that this Regulator has presented throughout this Resolution, regarding the performance and financial situation of **ATLAS BANK (PANAMA), S.A.**, and, in view of the request made by the Bank, regardless of other administrative actions that may be performed, we consider as an additional element the fact that it is the Bank itself that requests the measure of **SEIZING ADMINISTRATIVE AND OPERATIONAL CONTROL** of its operations, for the protection of the rights of the Bank's depositors;

That this Superintendency has observed an operational, administrative and financial deterioration, such that, to this date there is no certainty about the recovery of significant amounts of the Bank's assets, which calls into question compliance with the solvency and liquidity ratios by **ATLAS BANK (PANAMA), S.A.**;

That, as indicated in Article 132 of the Banking Law, the Superintendency of Banks may



order the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL** of a bank, for any of the following grounds:

1. **At the justified request of the bank itself.**
2. **If the bank cannot continue its operations without endangering the interests of depositors.**
3. As a consequence of the evaluation of a report provided by an acting advisor.
4. Failure to comply with the measures required by the Superintendency as indicated in Article 130.
5. If the bank carries out its operations illegally, negligently or fraudulently.
6. If the bank is in a state of suspension of payments.
7. **If the Superintendency ascertains that the capital adequacy, solvency or liquidity of the bank has deteriorated in such a way that its action is required.**

That, pursuant to Article 16, Ordinal I, numeral 4 of the Banking Law, it pertains to the Superintendent of Banks to order the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL** of banks, pursuant to the grounds set out in said legal excerpt;

That, taking into account that to date and in accordance with the previous clauses, the grounds set out in numerals 1, 2 and 7 of Article 132 of the Banking Law are proven, and for the best defense of the interests of the depositors and creditors of **ATLAS BANK (PANAMA), S.A.**, it pertains to the Superintendent to adopt the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL** of the Bank, for which the **INTERIM ADMINISTRATOR** must be appointed to exclusively exercise the legal representation during the period to be established, in accordance with what is set forth in paragraph 4 of Article 16, Ordinal I of the Banking Law;

That, by virtue of the foregoing, the Superintendent of Banks

RESOLVES:

FIRST: TO ORDER THE **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL** of **ATLAS BANK (PANAMA) S.A.**, a corporation organized and incorporated pursuant to the laws of the Republic of Panama, registered in the Public Registry, Commercial Section, on Folio 155634281, holder of a General Banking License granted by S.B.P. Resolution No. 0214-2016 of December 7, 2016, for the **TERM OF THIRTY DAYS (30)** extendable, based on the grounds stipulated in paragraphs 1, 2 and 7 of article 132 of the Banking Law.

SECOND: TO ORDER the suspension of all banking operations of **ATLAS BANK (PANAMA), S.A.**

THIRD: TO APPOINT as **INTERIM ADMINISTRATOR**, **JAIME DE GAMBOA GAMBOA**, with personal identity card No. N-21-2195, empowered by this act to exclusively exercise the **LEGAL REPRESENTATION** of **ATLAS BANK (PANAMA) S.A.**, before clients, authorities and third parties, on behalf of the Superintendency, pursuant to the provisions of Article 133 of the Banking Law.

FOURTH: TO EMPOWER the **INTERIM ADMINISTRATOR**, without prejudice to other attributions that may be determined later, to execute the following:

1. Suspend or limit the payment of the Bank's obligations, for a period that in no case will exceed the term of the takeover, including, without limitation, those originated prior to the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL**.
2. Suspend all payment of commissions, salaries, allowances and other stipends to company executives, with the exception of basic salaries and employee benefits, with prior authorization of the Superintendent of Banks.
3. Carry out in the name of the Superintendent and allow the competent authorities that require them, the investigations of any cases that occurred in **ATLAS BANK (PANAMA), S.A.**
4. Transmit to the Public Ministry all pieces that represent possibilities of the commission of criminal acts so that they are duly attended to, qualified and processed by said investigative authority.
5. Send to the Financial Analysis Unit any reports or notices of transactions or operations that are suspicious, linked to money laundering and financing of terrorism or any other illicit activity.
6. With prior authorization from the Superintendent of Banks, employ auxiliary personnel and remove from their positions those employees whose malicious or negligent actions have led to the Seizure of Administrative and Operational Control, or those employees who may interfere with or hinder the performance and effects proposed with the measure.
7. Attend all types of correspondence addressed to **ATLAS BANK (PANAMA), S.A.**
8. Order the completion of an inventory of the Bank's assets and liabilities, and send a copy thereof to the Superintendency.



9. Request the transfer and dispose of the funds held in any bank accounts and jurisdiction in the name of **ATLAS BANK (PANAMA), S.A.**, in order to protect the interests of depositors and creditors.
10. Monitor and execute the requirements ordered to **ATLAS BANK (PANAMA), S.A.**
11. Any other faculty that, upon substantiated request of the **INTERIM ADMINISTRATOR**, is authorized by the Superintendency for a specific purpose.

FIFTH: NOTIFY by a **NOTICE** set for the term of **FIVE (5) days**, in a public and visible place of the main establishment of **ATLAS BANK (PANAMA), S.A.**, and its branches, which will contain the transcription of this Resolution that orders the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL**, with the appointment of the **INTERIM ADMINISTRATOR**.

The **NOTICE** set forth in this section will coincide with the time of entry into force of the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL**, which is set forth in this Resolution.

SIXTH: ORDER the posting of an authenticated copy of this Resolution in a public and visible place of the main establishment of **ATLAS BANK (PANAMA), S.A.** during the period of the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL**.

SEVENTH: ORDER the **PUBLICATION** of this Resolution, for **FIVE (5)** business days in a newspaper of national circulation, once the **NOTICE** indicated in the **FOURTH section** has been set.

EIGHTH: ORDER the Public Registry to make the corresponding marginal annotation, with the aim of registering this Resolution that orders the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL** of **ATLAS BANK (PANAMA), SA**, registered in the Public Registry, Commercial Section, on Folio 155634281, as well as the appointment of Mr. **JAIME DE GAMBOA GAMBOA**, with personal identity card No. N-21-2195, as Legal Representative of the Bank, in his capacity as **INTERIM ADMINISTRATOR** of the Bank.

NINTH: Based on Article 138 of the Banking Law, **ATLAS BANK (PANAMA) S.A.**, registered in the Public Registry, Commercial Section, on Folio 155634281, **WILL NOT** be subject to **SEIZURES, EMBARGOS, WITHHOLDINGS** or any other precautionary measure.

Likewise, the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL** of **ATLAS BANK (PANAMA), S.A.** **SUSPENDS** the prescription of the credits and rights of the bank from the date of the notice referred to in the **FIFTH** clause of this Resolution, except for those seizures that are related to the execution of a pledged security, mortgage or other real collateral.

TENTH: SUSPEND the statutes of limitation of any right or action of which the Bank is the holder and **SUSPEND** the terms in the trials and procedures in which the bank is a party. Said terms will remain suspended until the end of the period of **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL** of **ATLAS BANK (PANAMA), S.A.**

ELEVENTH: ADVISE ATLAS BANK (PANAMA), S.A. that all expenses caused by the **SEIZURE OF ADMINISTRATIVE AND OPERATIONAL CONTROL**, including the salaries and emoluments of the **INTERIM ADMINISTRATOR**, set by this Superintendency, will be the responsibility of the Bank, pursuant to the provisions of Article 139 of the Banking Law.

May the **INTERIM ADMINISTRATOR** appear to take possession of the assigned position.

TWELFTH: This Resolution will come into force at two in the afternoon (2:00 pm) today, September fifteen (15), two thousand twenty-three (2023).

THIRTEENTH: As stated in Article 135 of the Banking Law, this Resolution may be challenged through a Full Jurisdiction Contentious Administrative Appeal before the Third Chamber of the Supreme Court of Justice in accordance with the Law.

The suspension of the Administrative Act will not be possible against this Resolution since it protects the public interest.

LEGAL BASIS: Article 16 Numeral 4, Ordinal I; Article 131 and subsequent of the Sole Text of Decree Law No. 9 of 1998, modified by Decree Law No. 2 of 2008 and adopted



through Executive Decree No. 52 of 2008 (Banking Law).

Given in the city of Panama, on the fifteenth (15th) day of September, two thousand twenty-three (2023).

NOTIFY, PUBLISH AND COMPLY.

THE SUPERINTENDENT OF BANKS,



Castillo, Amauri A.

Amauri A. Castillo

