

Republic of Panama
Superintendency of Banks

RESOLUTION SBP-0169-2019
(dated 9 September 2019)

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

WHEREAS:

ALLBANK CORP. is a corporation established and existing according to the laws of the Republic of Panama, filed in Microjacket 724912, REDI Document 1913669 of the Microfilm (Mercantile) Section of the Public Registry and updated by the Public Registry on Page 724912 (S);

ALLBANK CORP. is the holder of a General Banking License granted by means of Resolution SBP 131-2011 dated 24 October 2011 issued by the Superintendency of Banks of Panama, which authorizes it to engage in the Banking Business anywhere in the Republic of Panama, as well as to conduct transactions to be concluded, consummated or have effect in Panama as well as abroad, and to carry out any other activities the Superintendency may authorize;

The Superintendency has become aware that on 5 September 2019, at the request of the *Centrale bank van Curaçao en Sint Maarten* (CBCS), the Court of First Instance of Curaçao pronounced an “*emergency measure*” with respect to **Banco del Orinoco, N.V.**, whose final beneficiary is also the sole shareholder of **ALLBANK CORP.**;

A meaningful part of the assets of **ALLBANK CORP.** are placed in related parties, one of which is **Banco del Orinoco, N.V.**, which was the object of the aforementioned emergency measure;

The “*emergency measure*” adopted by the Curaçao authorities states that “[...] *the Banco del Orinoco N.V. cannot be forced to satisfy its debts. For the time being, the Banco del Orinoco N.V.’s assets will remain frozen. [...]*” and in the former bank is where **ALLBANK CORP.** maintains a percentage of its liquid assets and is the custodian of approximately one third of its investment portfolio, which is an important part of the Bank’s liquidity;

In this situation, **ALLBANK CORP.** would have limited access to some of its liquid assets and there is no certainty that the investment portfolio under custody could be transferred, which appears to jeopardize the interests of depositors and creditors;

The sole shareholder of **ALLBANK CORP.** is also the beneficial owner of the corporate shareholders of **Banco del Orinoco, N.V.**, which can generate a potential contagion effect of the emergency measure adopted by the Curaçao authorities. Coupled with the unusual situation the Bank is going through in Panama, this leads the Superintendency to the conviction that **ALLBANK CORP.** can no longer continue its operations without jeopardizing the interests of its depositors;

Coupled with the above and the event of 5 September 2019, **ALLBANK CORP.** has been the object of special attention by the Superintendency because of the following:

1. Uncertainty on the availability of the bank’s liquid resources;
2. Liquidity management concentrated in related parties;
3. Weak Corporate Governance;
4. Weak risk management;
5. Regulatory compliance;
6. Low quality loan portfolio and deficient asset management;
7. Weaknesses in its compliance with the regime for the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, and other provisions.

In this regard, the Superintendency has viewed with concern the lack of a viable business plan for the sustainability of the operations of **ALLBANK CORP.** in Panama that will permit, at the same time, the recovery of accrued losses from previous years, which are added to an inadequate

internal control system and a management by the Board of Directors that does not properly address the risks the Bank faces;

In summary, the above shows a high degree of weakness in the financial viability and corporate management of **ALLBANK CORP.** In addition, the condition of the loan portfolio shows broad weaknesses in its origination, recovery and management process;

Based on these primary considerations, by means of letters SBP-DS-N-1589-2019 dated 15 March 2019, and SBP-DS-N-1645-2019 dated 18 March 2019, the Superintendency of Banks required specific actions of **ALLBANK CORP.**;

It is necessary to emphasize that by means of letter SBP-SG-N-3024-2019 dated 22 May 2019, **ALLBANK CORP.** was reminded of the requirements mentioned in Paragraphs 1 and 2 of letter SBP-DS-N-1589-2019 dated 15 March 2019, which have not yet been fulfilled and which specifically referred to transferring to Panama the liquid funds placed in related banks, as well as the transfer of the investment portfolio to unrelated custodians;

It is important to note that the Bank has delays in settling its customers' wire transfers and payment instructions, coupled with a weak cash flow position;

As provided for in Article 131 of Decree Law 9 of 1998, amended by Decree Law 2 of 2008 and whose consolidated text was adopted by means of Executive Decree 52 of 2008, hereinafter referred to as the Banking Law, the Superintendency may assume administrative and operating control of a bank, including possession of its assets and seizure of its management, by means of a reasoned resolution pursuant to the grounds established in Article 132;

Among the grounds described in the aforementioned Article 132 of the Banking Law for the Seizure of Administrative and Operating Control of a Bank are:

1. "...
2. *If the bank cannot continue operations without jeopardizing the interests of the depositors;*
3. ...
4. *Noncompliance with the measures ordered by the Superintendency as provided for in Article 130;"*

By virtue of the above, based on the Superintendency's opinion and according to the provisions of Paragraphs 2 and 4 of Article 132 of the Banking Law, it is necessary to start the immediate Seizure of Administrative and Operating Control of **ALLBANK CORP.** to protect the interests of the Bank's depositors and creditors;

Pursuant to Subparagraph 4 of Paragraph I of Article 16 of the Banking Law, the Superintendent of Banks is the approving authority for the Seizure of Administrative and Operating Control of Banks on the grounds established in said Law;

In connection with the above, the Superintendent of Banks

RESOLVES:

ONE: TO ORDER the **SEIZURE OF ADMINISTRATIVE AND OPERATING CONTROL** of **ALLBANK CORP.**, for a period of thirty (30) days, extendable, pursuant to the provisions of items (2) and (4) of Article 132 of the Banking Law.

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TWO: TO ORDER the suspension of all banking operations at **ALLBANK CORP.**

THREE: TO APPOINT Messrs. **JUAN RICARDO RUSSO ROSS**, holder of personal identification card number 4-84-806, and **RAFAEL MOSCARELLA VALLADARES**, holder of personal identification number N-21-1660, as Interim Administrators of **ALLBANK CORP.** to exercise exclusive legal representation of the bank on behalf of the Superintendency, with the powers and duties the Superintendency may determine, including from this time and without prejudice to others that may be later determined, the following:

- a) To stop or limit payment on the bank's obligations during a period that will in no case exceed the period of seizure of control;
- b) To withhold any payment on commissions, salaries, per diem and other stipends to company executives, with the exception of the employees' wages and benefits, without the prior authorization of the Superintendency of Banks;
- c) To inform the Financial Analysis Unit of any operations suspected of being involved in money laundering and the financing of terrorism or any other criminal activity;
- d) To employ, with the prior authorization of the Superintendent of Banks, any additional personnel required and to dismiss those employees whose fraudulent or negligent actions have caused the seizure of control or who may interfere or impede full knowledge of the Bank's performance for the purposes proposed in the measure, if necessary;
- e) To manage the bank's correspondence;
- f) To take inventory of the Bank's assets and liabilities and to submit a copy of this report to the Superintendency;
- g) To request the transfer and to make available, the funds maintained in any bank accounts and jurisdiction on behalf of **ALLBANK CORP.** in order to protect the interests of depositors and creditors;
- h) To file complaints and lawsuits as merited;
- i) Any other powers the Superintendency may authorize for a given purpose, based on the Interim Administrator's substantiated request.

FOUR: TO ORDER the posting of a Notice in a visible and public place in the Bank's main and branch offices, providing a copy of this Resolution on the measure and indicating the day and time of the enactment of the Seizure of Administrative and Operating Control.

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

SIX: TO ORDER the Public Registry to make the relevant marginal notations on the Seizure of Administrative and Operating Control **ALLBANK CORP.**, a corporation established and existing according to the laws of the Republic of Panama, filed in Microjacket 724912, REDI Document 1913669 of the Microfilm (Mercantile) Section of the Public Registry and updated by the Public Registry on Page 724912 (S), as well as the appointment of Messrs. **JUAN RICARDO RUSSO ROSS**, holder of personal identification card number 4-84-806, and **RAFAEL MOSCARELLA VALLADARES**, holder of personal identification card number N-21-1660, as the Bank's Legal Representatives, acting as Interim Administrators of the Bank. Likewise, the Public Registry is required to make the notation along with the name of the Bank to appear on the relevant certifications that are issued.

SEVEN: This Resolution shall become effective at three post meridiem (3:00 p.m.) on the ninth (9th) of September, two thousand nineteen (2019).

As provided in Article 135 of the Banking Law, this Resolution may be appealed to the Third Chamber of the Supreme Court of Justice, which has full jurisdiction over administrative litigation.

The filing of an appeal against this Resolution does not suspend the Administrative Act because the seizure protects a social interest.

LEGAL GROUNDS: Article 16, Paragraph I, Subparagraph 4; Article 131, paragraphs 2 and 4 and following articles of Decree Law 9 of 1998, modified by Decree Law 2 of 2008 and whose Consolidated Text was adopted by Executive Decree 52 of 2008 (Banking Law).

Given in the city of Panama on the ninth (9th) day of September, two thousand nineteen (2019).

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.