

Republic of Panama
Superintendency of Banks

RESOLUTION SBP-0191-2019
(dated 9 October 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 in the Microfilm (Mercantile) Section of the Public Registry and updated by the Public Registry on Page 724912 (S), and the holder of a General Banking License granted by means of Resolution SBP 131-2011 dated 24 October 2011;

By means of Resolution SBP-0169-2019 dated 9 September 2019 and based on the provisions of items 2 and 4 of Article 132 of the Banking Law, the Superintendency of Banks of Panama ordered the Seizure of Administrative and Operating Control of **ALLBANK CORP.** effective at three (3:00) p.m. on the ninth (9th) day of September, two thousand nineteen (2019);

This decision was made as a legitimate means of safeguarding the interests of the Bank depositors, due to the fact that on 5 September 2019, the Court of First Instance of Curaçao adopted an “*emergency measure*” with respect to Banco del Orinoco, N.V., whose final beneficiary is also the sole shareholder of **ALLBANK CORP.** The direct impact of this measure means 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 [...]*”;

In fact, this situation limited **ALLBANK CORP.’s** access to some of its liquid assets, since a meaningful part of the assets of **ALLBANK CORP.** are placed with related parties, one of which is **Banco del Orinoco, N.V.** This compromises **ALLBANK CORP.’s** liquidity significantly, preventing it from continuing its operations without jeopardizing the interests of depositors;

In addition to the above, it is indicated as part of the grounds for the Seizure of Administrative and Operating Control that **ALLBANK CORP.** has been the object of special attention by the Superintendency of Banks 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 addition to the lack of a viable business plan for the sustainability of the Bank’s operations, inadequate internal controls and the condition of the loan portfolio, all of the above showed a high degree of weakness in the financial viability and corporate management of **ALLBANK CORP.**;

Article 133 of the Banking Law provides that the term of interim administration will not be longer than thirty (30) days, except when due to exceptional reasons and a prior reasoned request of the administrator, the Superintendent decides to extend it; in which case, the extension shall not be longer than thirty days;

In this sense and in addition to the grounds contained in the aforementioned Resolution, it is necessary to refer to the latest press release issued by the Central Bank of Curaçao and Sint Maarten, dated 4 October 2019, indicating that to that date the Court of First Instance of Curaçao declared Banco del Orinoco N.V. (BDO) bankrupt;

It is important to bear in mind that due to BDO's severe dysfunctionality, the Central Bank of that jurisdiction proceeded to revoke BDO's banking license on 2 September 2019 and requested the Court adopt an emergency measure with respect to this institution. The Court granted the petition on 5 September 2019 because the bank had used false documents to substantiate its financial position;

The press release stressed that while the emergency measure was in force, the Central Bank found BDO's financial position to be deplorable. The supposed equity presented to the Central Bank and to auditors by BDO seems to be non-existent. The Central Bank has also established that the institution has very little in the way of assets, while its debts, on the other hand, are substantial;

In addition, it should be remembered that as mentioned in Resolution SBP-0169-2019 dated 9 September 2019, a meaningful part of the assets of **ALLBANK CORP.** are allegedly placed in Banco del Orinoco, N.V., (BOD) in Curaçao;

As the days have gone by since the Seizure of Administrative and Operating Control of **ALLBANK CORP.**, on 7 October 2019 the Interim Administrators have submitted a detailed report containing the Bank's financial condition, unprocessed transactions, outsourcing relationships, operating system, operating expenses, operational and administrative matters and, furthermore, a series of statements and conclusions as a final consideration that we will describe as relevant to the purpose of this Resolution;

In summary, regarding the financial condition, the Administrators described that on 9 September 2019, Allbank Corp. holds USD 177.9 million in customer deposits, of which USD 1.3 million are deposited in related banks, and USD 2.4 million are deposited with other related parties;

The report adds that most of the assets held are allocations and investments, totaling USD 141.5 million, of which USD 107.3 million are in securities investments; USD 12.7 million in time deposits, and the remaining in demand allocations. Moreover, the net loan portfolio amounted USD 64.6 million;

Interim Administrators concluded that, to the report date, they have not yet completed the asset valuation analysis due to the following situations:

- They have not received funds from most of the entities that were requested to do so, partly because of the extensive process required to update and confirm information, and partly by a lack of response or legal inquiries submitted by fund holders. This prevents knowing in detail the amounts of the allocations really available;
- The impossibility of confirming with the custodians the property and value of securities in the securities investment portfolio of USD 107.3 million. They have an estimate from Banco del Orinoco and Plus Capital Markets, but they have not been able to obtain detailed information on the situation of the securities investment held by former. This prevents knowing for sure the bank's financial condition;
- They have not been able to confirm in detail the situation of related parties in other jurisdictions that would permit the Interim Administrators to ascertain whether it is possible or not to recover the funds and positions held by them;
- It is necessary to fully complete the information on the loan portfolio to define the potential courses of action thereof.

By virtue of the aforementioned report dated 7 October 2019, the Interim Administrators of **ALLBANK CORP.** deemed it appropriate to recommend the Superintendent of Banks extend the Seizure of Administrative and Operating Control of **ALLBANK CORP.** for an additional thirty-day period in order to have as much information as possible to permit them to present a more objective report on the Bank's situation in order to make well-informed decisions;

Since under the provisions of the Banking Law and the situation at hand, it must be decided whether the Bank is to be reorganized, compulsory liquidated or returned to its Directors or Legal Representative at the end of the period for the seizure of administrative and operating control, The Superintendency, having assessed the extension request proposed by the Interim Administrators, deems it advisable and prudent, before making that decision, to give them more

time to ascertain the Bank's financial condition for the benefit of the best interests of the Bank's depositors;

The thirty (30) day period referred to in the aforementioned Article 133 of the Banking Law expires on nine (9) October, 2019;

Pursuant to Subparagraph 4 of Paragraph I of Article 16 of the Banking Law, the Superintendent of Banks is the approving authority for ordering and extending the Seizure of Administrative and Operating Control of Banks;

In connection with the above, the Superintendent of Banks

RESOLVES:

ONE: TO EXTEND the **SEIZURE OF ADMINISTRATIVE AND OPERATING CONTROL** of **ALLBANK CORP.**, a corporation established and existing according to the Laws of the Republic of Panama, filed in Microjacket 724912, REDI Document 1913669 in the Microfilm (Mercantile) Section of the Public Registry and updated by the Public Registry on Page 724912 (S), and 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, for an additional period of thirty (30) days from the expiration of the term provided in Resolution SBP-0169-2019 dated 9 September 2019.

TWO: TO APPOINT, during the Extension of the Seizure of Administrative and Operating Control, Mr. **RAFAEL MOSCARELLA VALLADARES**, holder of personal identification number N-21-1660, as the sole Interim Administrator 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, those provided in Article Three of Resolution SBP-0169-2019 dated 9 September 2019.

THREE: TO MAINTAIN in effect all of the parts of Resolution SBP-0169-2019 dated 9 September 2019 that are not superseded by this Resolution, including the suspension of operations and the duties provided in Article Three of that Resolution for the Interim Administrator.

FOUR: TO ORDER the posting of a Notice in a visible and public place in the Bank's establishment, providing a copy of this Resolution on the measure and indicating the date and time of the enactment of the EXTENSION 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 in the Microfilm (Mercantile) Section of the Public Registry and updated by the Public Registry on Page 724912 (S), ordered by means of Resolution SBP-0169-2019 dated 9 September 2019, as well as the appointment of Mr. **RAFAEL MOSCARELLA VALLADARES**, holder of personal identification card number N-21-1660, as the Bank's Legal Representative, acting as the sole Interim Administrator of the Bank. Similarly, 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.

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

FOR COMMUNICATION, PUBLICATION, AND ENFORCEMENT,

THE SUPERINTENDENT OF BANKS,

Ricardo G. Fernandez D.