

# ATLANTIC INTERNATIONAL BANK LIMITED (in liquidation)

**NOTICE OF THE FINAL DISTRIBUTION PAYMENT**

**10<sup>th</sup> November, 2020**

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**A. GENERAL UPDATE ON THE LIQUIDATION**

The Liquidator and his team have continued to make solemn efforts to complete the liquidation of assets in a manner which results in the most optimal liquidation values, and in particular in view of current global circumstances, within a reasonable time to facilitate the earliest distribution to claimants. The Liquidator also notes the patience of all claimants throughout the liquidation process.

Notwithstanding challenges experienced on operations and logistics as a result of the Covid-19 pandemic over the past few months, the Liquidator has successfully and efficiently completed the vast majority of first partial payments to claimants. Only a small number of first partial payments remain outstanding, as some are either awaiting further due diligence information from claimants or Belize dollar payment instructions. Some 283 depositor claims which fell in the 5<sup>th</sup> priority status (deposits below US\$2,500) have been fully settled in the first distribution.

Progress was also made in the disposal of the financial assets of AIBL and the Liquidator can now report that the disposal of financial assets is now complete. The Liquidation process is therefore now at its final stage and the Liquidator hereby provides a Notice of the Final Distribution Payment.

**B. FINAL UPDATE ON ASSET DISPOSAL**

The loan portfolio, AIBL's largest category of assets, has been diligently managed in order to maximize asset values on disposal or recovery.

As at 13<sup>th</sup> March, 2020 and at the time of the announcement of the first partial distribution payment, the Liquidator had updated claimants that some 60% of AIBL's loan portfolio had been disposed of, leaving a residual loan portfolio of approximately US\$21 million in face value, at that point.

Of the remaining portion of the loan portfolio of US\$21m at that time, approximately \$11m was classified as impaired and non-performing, most having held that classification status for a number of years. These non-performing debts were primarily in the tourism accommodation and aquaculture sectors.

At mid-March 2020, negotiations were ongoing with interested domestic and regional financial institutions and private investors for the purchase of these remaining loan assets in one lot, and also with individual borrowers for direct repayment or refinancing by other financial institutions, where possible. With the onset of the pandemic and its devastating impact on the economy of Belize, specifically on the tourism and banking sectors, appetite and interest in the remaining lot of loans from those potential acquirers quickly diminished.

In addition to this, the historic economic downturn also directly and immediately affected the quality of those loans which were not yet considered as impaired, particularly as those borrowers were primarily in the heavily impacted tourism-related sector. These quickly evolving circumstances also rendered slim the prospects of legal recourse to enforce recovery of loans by foreclosure or auction in the current climate.

These unavoidable and challenging factors therefore not only significantly affected the ability to dispose, but also more importantly, adversely affected the disposal value of those assets. With the approval and under the guidance of the Central Bank, after considerable effort, the Liquidator was able to successfully dispose of the remaining loan assets in one lot to avert any further deterioration in asset value as a result of the intensifying impacts of Covid-19. Belize's international airport was only reopened in October after six months of closure, and the country's land borders with Mexico and Guatemala are still closed. Belize's economy is expected to contract further in 2021 as tourism, the country's main economic driver, has already been severely impacted by the pandemic.

Sale of the final loan assets has been to a local financial services entity in Belize and the liquidation estate has hence received Belize dollars as the currency of settlement. The standard fixed exchange rate of two Belize dollars to one United States dollar has been applied to sale transactions.

Despite the challenges experienced in disposing of the final impaired lot, the Liquidator is pleased to update that the overall recovery rate of the loan assets disposed of or recovered is still a creditable **67%** of the face value of the loan portfolio as at the start of the liquidation process. This is inclusive of the non-performing component, as well as the noteworthy recovery by the Liquidator of some debts that were previously written-off by AIBL. Also of note is that since the commencement of the liquidation, some **US\$2.46m** have been received in principal and interest instalment payments from borrowers, which have accrued directly to the benefit of the liquidation estate.

## **C. FINAL DISTRIBUTION OF FUNDS**

The Liquidator has received approval to pay the equivalent of **US\$4,500,000** as the final distribution payment in both United States and Belize currencies, as per sections 21 and 22(3) of the Central Bank Act. Distribution of payments are scheduled to commence on **12<sup>th</sup> November, 2020**. This total sum represents the total cash reserves currently held in the liquidation estate after anticipated final operational expenses required to administratively wind-up the liquidation process.

Despite the circumstances which have evolved in 2020, the Liquidator and his team have made all efforts to secure the best outcome for claimants.

In this final distribution, the Liquidator will make payment on all claims allowed for depositors of AIBL that fall in the ninth priority in accordance with the provisions of Section 116 of the Domestic Banks and Financial Institutions Act (DBFIA), which prescribes the payment priority of claims, subject to the factors outlined below.

### **1. Statutory Priority of Claims**

Unsecured claims against AIBL will continue to be paid in accordance with the following priority schedule, prescribed by Section 116 of the DBFIA:

- i. firstly, credits extended to AIBL by the Central Bank until the appointment of the Liquidator;
- ii. secondly, credits extended to AIBL prior to the appointment of the Liquidator and under collateral whose object are AIBL's assets and to the extent of such collateral;
- iii. thirdly, the necessary and reasonable expenses incurred by the Liquidator, including professional fees in carrying out his functions;
- iv. fourthly, the wages and salaries of the officers and employees of AIBL (whether or not earned wholly or in any part by way of commission) including any amount payable by way of allowance or reimbursement under any contract of employment, that accrued during the three months immediately preceding the appointment of the Liquidator, provided that such amount does not exceed five thousand Belize dollars;
- v. fifthly, all deposits in amounts not exceeding five thousand Belize dollars (two thousand five hundred US dollars) per depositor, respectively;
- vi. sixthly, all taxes due and other imports owing to the Government of Belize;
- vii. seventhly, the fees, debts and assessments owing to the Central Bank of Belize;
- viii. eighthly, credits extended to AIBL after the appointment of the Liquidator;
- ix. ninthly, all other deposits;
- x. tenthly, all other unsecured claims of creditors;

- xi. eleventhly, subordinated debt;
- xii. twelfthly, late claims;
- xiii. finally, shareholders.

## 2. Priority classification for claims against AIBL

Based on claims allowed by the Liquidator, all claims fell into the following priorities as per the DBFIA.

- a. 5<sup>th</sup> Priority Claimants- all deposits in amounts not exceeding five thousand Belize dollars (two thousand five hundred US dollars) per depositor, respectively.
- b. 9<sup>th</sup> Priority Claimants- all deposits in excess of five thousand Belize dollars (two thousand five hundred US dollars)
- c. 10<sup>th</sup> Priority Claimants- all creditor claims

## 3. Value of claims allowed

The value of claims which were allowed by the Liquidator for each type are as listed in the table below:

Type of claim	Value Allowed in USD
Depositors ( 5th Priority)	\$1,794,930.48
Depositors (9th Priority )	\$54,162,817.48
Creditors (10th Priority )	\$213,997.01
	\$56,171,744.97

## 4. Payment Sums

The first partial distribution was for US\$33.75mn and the final distribution sum of the equivalent of US\$4.5mn will be applied in settlement of claim obligations as follows:

Statutory Priority	Claim type description	Sums paid in first distribution expressed in USD	Sums to be paid in final distribution in USD	Total Sums Paid (USD)
5 <sup>th</sup> Priority	Deposits less than US\$2,500	\$1,794,930.48	-	\$1,794,930.48
9 <sup>th</sup> Priority	All other deposits	\$31,955,069.52	\$4,500,000.00	36,455,069.52
10 <sup>th</sup> Priority	Creditors			
		\$33,750,000.00	\$4,500,000.00	\$38,250,000.00

The first partial distribution to 9th priority claimants represented approximately **60%** of each claim. The final distribution will represent a further **8.3%** of the remaining depositor claims which all fall in the 9th priority. The combined overall distributions towards settlement of approved claims from the liquidation process will therefore total **US\$38,250,000**.

## **5. Currencies and Methods of Payments**

The currency composition of cash holdings in the liquidation estate mandates that this final distribution towards claims will be primarily in Belize dollars. As in the case of the first partial distribution, payments in Belize dollars will be the most efficient and expeditious mode of settlement to claimants and the liquidation office already holds Belize dollar payment instructions on file for most claimants. The standard fixed exchange rate of two Belize dollars to one United States dollar will be applied to settlement payments made in Belize dollars.

## **6. Important Actions and Next Steps**

The liquidation office will proceed to process final payments based on the already-submitted instructions claimants would have provided for the first payment. Claimants who wish to revise these instructions should advise us as soon as possible, then complete the attached Payment Instruction Form and return by email to the **liquidatorclaims@atlanticibl.com** mailbox by **16<sup>th</sup> November, 2020, latest**. Again, this step is only required if claimants wish to revise or issue new payment instructions. There is no need to complete a form if there is no change to the payment instructions utilised in the first payment.

The Liquidator, once again, thanks all claimants for their patience and cooperation throughout the liquidation process.

**Julian Murillo**  
**Liquidator- Atlantic International Bank Ltd.**