

# ATLANTIC INTERNATIONAL BANK LIMITED (in liquidation)

**NOTICE OF FIRST PARTIAL DISTRIBUTION PAYMENT**

**13<sup>TH</sup> MARCH, 2020**

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**NOTICE OF FIRST PARTIAL DISTRIBUTION PAYMENT IN THE LIQUIDATION OF  
ATLANTIC INTERNATIONAL BANK LIMITED**

**A. GENERAL UPDATE ON THE LIQUIDATION**

The Liquidator has continued to make best efforts to complete the liquidation of assets in a manner which will result in the most realistic liquidation values within a reasonable time to facilitate the earliest distribution to depositors and creditors.

Since the last update to claimants as at 6<sup>th</sup> January, 2020 and published as a part of the Schedule of Actions, further progress has been made in the disposal of the financial assets of Atlantic International Bank Limited (AIBL).

The loan portfolio, AIBL's largest category of assets, has been diligently managed in order to maintain asset portfolio quality in preparation for sale. As at 6<sup>th</sup> January, 2020, AIBL's loan portfolio reflected a total face value of some US\$39.69m. The Liquidator is pleased to update that since then, loans totaling US\$19m in face value have been disposed of, leaving a residual loan portfolio of approximately US\$21 million in face value. On aggregate, the recovery rate of the assets disposed of or recovered so far is 84% of principal face value. Of the remaining loan portfolio of US\$21m, approximately \$10m is classified as impaired.

Negotiations are ongoing with both domestic and regional buyers for the purchase of these remaining loan assets and also with individual borrowers for full repayment where possible. In the case of impaired loans, the Liquidator has commenced legal recourse to enforce recovery of loans.

A significant portion of the sale of the bank's assets has been to local financial institutions in Belize and the liquidation estate has therefore 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 for sale transactions.

As of the date of this notice, the total cash holdings of the liquidation estate in both United States and Belize currencies stands at a total sum equivalent of US\$34.8m, with holdings in Belize dollars representing a majority portion.

## **B. UPDATE ON CLAIMS**

There were 894 claims totaling US\$56.17m which were allowed by the Liquidator. At the end of the statutory objection period after the Schedule of Actions was published, only 10 objections were received by the Central Bank of Belize. The claim decision of the Liquidator was upheld by the Central Bank in 9 of those objection cases. Only one claim has been increased by US\$1,016 and, therefore, the Liquidator will not retain a dispute reserve.

## **C. DISTRIBUTION OF FUNDS**

The Liquidator has received approval from the Central Bank of Belize to commence settlement of claims with a first partial distribution payment to claimants from available funds. The Liquidator has received approval to pay the equivalent of **US\$33,750,000** as the total first partial 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 **27<sup>th</sup> March, 2020**. This total sum represents some 97% of total cash reserves currently held in the liquidation estate.

A second and likely final distribution is anticipated in short course hereafter, and upon completion of the sale of the remaining assets of AIBL.

In this first partial distribution, the Liquidator will pay all claims allowed for depositors and creditors of AIBL 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 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 fall 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

The value of claims allowed by the Liquidator for each priority category is listed in the table below:

<b>Statutory Priority</b>	<b>Type</b>	<b>Value Allowed in USD</b>
5 <sup>th</sup> Priority Claimants	Deposits not exceeding US\$2,500	\$1,824,201.43
9 <sup>th</sup> Priority Claimants	All other depositor claims	\$54,133,546.53
10 <sup>th</sup> Priority Claimants	Creditors	\$213,997.01
		<b>\$56,171,744.97</b>

### 3. Payment Sums

The first partial distribution sum of the equivalent of US\$33,750,000 will be applied in settlement of claim obligations as follows:

<b>Statutory Priority</b>	<b>Type</b>	<b>Sums to be paid in first distribution (USD equivalent)</b>
5 <sup>th</sup> Priority Claimants	Deposits not exceeding US\$2,500	\$1,824,201.43
9 <sup>th</sup> Priority Claimants	All other depositor claims	\$31,925,798.57
10 <sup>th</sup> Priority Claimants	Creditors	
		<b>\$33,750,000.00</b>

5<sup>th</sup> Priority Claims, include deposits of US\$2,500 or less, as well as the first US\$2,500 of all other depositor claims that are greater than US\$2,500. The remaining portion of depositor claims greater than US\$2,500 then falls in the 9<sup>th</sup> Priority.

This first partial distribution to depositor claims greater than US\$2,500 will therefore represent approximately **60%** of each claim.

### 4. Currencies and Methods of Payments

The currency composition of cash holdings in the liquidation estate mandates that settlement of claims will necessarily be in a combination of Belize dollars and United States dollars. Payments in Belize dollars will be the most efficient and expeditious mode of settlement to 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.

The Liquidator therefore advises the following payment currency configuration:

- a. All claimants who have already indicated a preference to receive settlement in Belize dollars will be paid solely in Belize dollars.
- b. All claimants who have been readily identified as having domicile and residency in Belize will receive settlement solely in Belize dollars.
- c. All other claimants (both 5<sup>th</sup> and 9<sup>th</sup> priorities) will be offered the option to receive the full first distribution payment in Belize dollars as the most expeditious settlement option.

- d. For claimants who do not opt to receive all of the first partial distribution in Belize dollars, the payment will be split between US dollars and Belize dollars on a pro rata basis based on the sum of US currency available for the first distribution.

A separate follow-up message will be sent to those claimants who fall in categories (a) and (b) as described above.

The following modes of payment will be applied:

- a. All Belize dollar payments are to be made by electronic bank transfer (APSSS) to a designated local bank account in Belize or by local cheque. If claimants do not have a local bank account, payments can be made to a designated agent with a local bank account.
- b. All US dollar payments below US\$5,000 to be issued via US dollar Cashier's Cheque drawn on the Liquidator's correspondent bank.
- c. For all other US dollar payments regardless of value, claimants will have the option of receiving a US dollar Cashier's Cheque or via international wire transfer. International wire transfers may be subject to delayed processing due to the daily volume restrictions of correspondent banks.

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

All claimants are required to complete the attached Payment Instruction Form and return by email to the **liquidatorclaims@atlanticibl.com** mailbox by **26<sup>th</sup> March, 2020**.

The forms do not require notarization as the already authenticated authorisation information submitted with your claim will be used to verify the payment information submitted now.

Payments are scheduled to commence on 27<sup>th</sup> March, 2020 and the Liquidation Team will be providing an update on that date of the scheduling and likely value date for your payment to be processed based on a collation of all payment instructions submitted.

The Liquidator and his team continue to make all efforts to secure the best outcome for claimants.

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