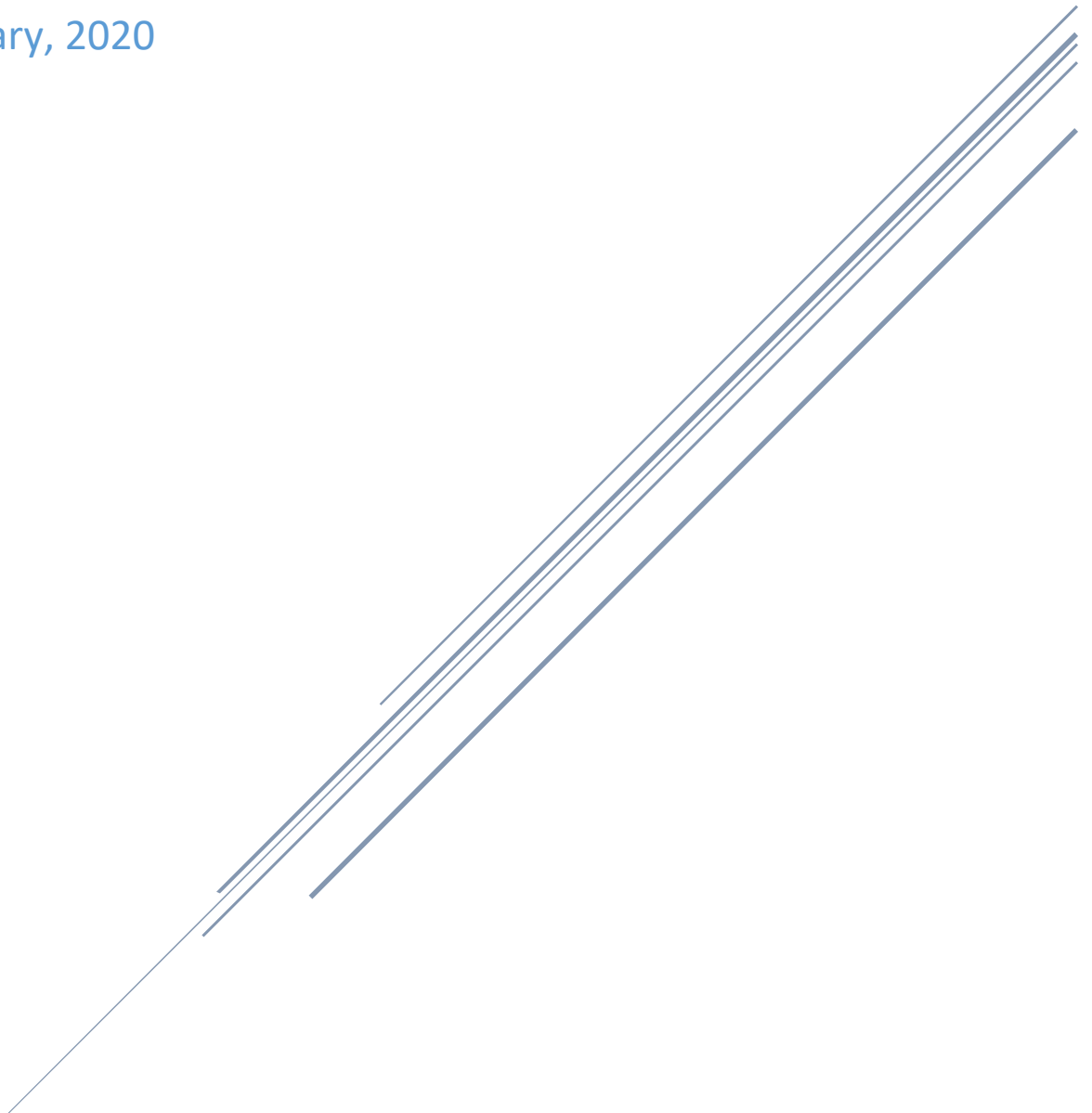


SCHEDULE OF ACTIONS PROPOSED FOR THE LIQUIDATION OF ATLANTIC INTERNATIONAL BANK LIMITED

6 January, 2020



A. INTRODUCTION

1. Requirement for the Schedule

Section 112(1)(c) of the Domestic Banks and Financial Institutions Act (DBFIA) of the laws of Belize makes provision for the Liquidator to prepare a Schedule of Actions proposed to be taken for the purpose of the compulsory winding-up of Atlantic International Bank Limited.

2. Purpose

This Schedule, prepared by the Liquidator and filed with the Central Bank of Belize, is intended to effect the compulsory liquidation of Atlantic International Bank Limited in accordance with Section 112 and other applicable provisions of the DBFIA.

3. Inspection and Objection

The Schedule was filed with the Central Bank of Belize after the appropriate statutory publications were made, and is available for inspection by depositors, creditors, and other interested parties, at the office of Atlantic International Bank Limited in liquidation in Belize City.

A depositor or other creditor or shareholder of Atlantic International Bank Limited, or other interested person, may file with the Central Bank of Belize any objection that person has to any action proposed in the Schedule.

The deadline for filing objections is 28 January, 2020.

4. Filing of Objection

An objection to any action proposed in the Schedule must be in writing accompanied by the appropriate form, and addressed to:

Central Bank of Belize
P.O. Box 852
Gabourel Lane
Belize City, Belize

Attention: Office of the Deputy Governor (RSCD)

Completed objection forms may also be sent to the Central Bank by email to:

inquiries@centralbank.org.bz

The Objection Form is available for download from the liquidation website, www.atlanticinternationalbanklimitedinliquidation.com.

5. Currency

All amounts in this schedule are reflected in the currency of the United States, unless otherwise stated. Amounts in Belize dollars were converted at a rate of BZD\$2 to USD\$1.

6. Date of Schedule

The Schedule is dated 6th January, 2020.

7. Background information

Atlantic International Bank Limited's (AIBL) Class "A" International Banking License was revoked on 12 April, 2019 by the Minister of Finance of Belize. On that same day, Mr. Julian Murillo was appointed by the Central Bank of Belize as the Liquidator for Atlantic International Bank Limited.

The appointment of the Liquidator was made in accordance with the provisions of the International Banking Act (IBA) and the DBFIA, both of the laws of Belize.

The responsibility of the Liquidator is to efficiently wind-up the operations of Atlantic International Bank Limited in accordance with the DBFIA, which applies to the winding-up and dissolution of an international bank by virtue of Section 38 of the IBA and Section 10 of the Interpretation Act, CAP. 1.

The principal duties and functions of the Liquidator are provided for in Part XI of the DBFIA, which also provides for various powers and authority which the Liquidator may exercise in the performance of his duties and functions.

Subject to the provisions of the DBFIA, the Liquidator shall complete the following actions, from the date the liquidation commenced:

1. Determine claims against Atlantic International Bank Limited;
2. Liquidate the assets of Atlantic International Bank Limited;
3. Make distributions in settlement of obligations of Atlantic International Bank Limited.

B. GENERAL UPDATE ON THE LIQUIDATION

Since the commencement of the liquidation process, the Liquidator and his team have been assiduously progressing the liquidation of AIBL engaging extensively with the Bank's creditors, depositors and borrowers, along with the orderly marshalling of the Bank's assets for effective liquidation, as prescribed by the relevant provisions of Part XI, Sections 106-119 of the DBFIA.

To date, quantifiable progress has been achieved in the following areas: effective custody of all AIBL's assets, cost-savings in the relocation of offices and the renegotiation of technological support services, transparent disposal of fixed assets through public auctions, transparent assessment/valuation and subsequent tendering of the loan portfolio for sale, frequent contact with the bank's creditors and depositors, achieving sales of loan lots or bundles and ongoing engagement with prospective acquirers of remaining assets.

In addition, the Liquidator, in close liaison with the Central Bank of Belize, resolved the US Federal Trade Commission's (FTC) much publicized claims against AIBL related to Sanctuary Bay. Without resolution of this matter, the liquidation process could not have progressed and the liquidation estate would have been faced with burdensome legal costs in defending the various layers of court actions brought on by the FTC.

The Liquidator shares the following major advancements to date:

- ✓ All statutory procedures and timelines as prescribed by the DBFIA have been followed and adhered to. All claims received were efficiently processed and determined.
- ✓ AIBL's office was relocated to less-costly office space and the Liquidator negotiated reduced technological and system arrangements, both steps yielding annualized savings of \$155,000.
- ✓ The majority of AIBL's fixed assets have already been transparently disposed of via public auction, and targeted values have been successfully realized.
- ✓ All court action and claims by the FTC against AIBL have been resolved with a Stipulated Order approved by Maryland District Court on September 25, 2019.

- ✓ The loan portfolio, AIBL's largest category of assets, has been diligently managed in order to maintain asset portfolio quality in preparation for sale, and to yield returns in interest earnings. Since the date of liquidation, some US\$1,823,574.33 has been received in loan instalment repayments for capital and interest to the benefit of the liquidation estate.
- ✓ In a transparent process, a Notice for the Sale of Loan Assets of AIBL was published on 23 August, 2019 and distributed to prospective domestic and regional acquirers. Expressions of interest were invited, followed by the signing of Non-Disclosure Agreements, inspections of loan files at the AIBL Data Room by interested parties, and bids received within set Reserved Pricing Ranges for Sale by Tender.
- ✓ To date, two bundles or lots have been sold to two local commercial banks which made bids. The agreed sale prices for those lots represented a discount to face value of about 6% which, in the judgement of the Liquidator, represents good value recovery.
- ✓ Six lots or bundles remain in the loan portfolio, with a total face value of some US\$39,692,698.83.
- ✓ 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.

C. DETERMINATION OF CLAIMS

1. Notice to Depositors and Creditors

In accordance with Section 107(4) of the Belize Domestic Banking and Financial Institutions Act (DBFIA), the Liquidator sent a Notice for Filing a Claim against Atlantic International Bank Limited to all known depositors and creditors of Atlantic International Bank Limited (AIBL).

The Notice was also published in newspapers of general circulation in Belize, in the Government of Belize Gazette publication, and on the liquidation website, www.atlanticinternationalbanklimitedinliquidation.com.

The Notice specified the manner by which a claim was to be filed with the Liquidator, and fixed August 11, 2019 as the deadline for filing a claim against Atlantic International Bank Limited. The DBFIA also specifies that within 90 days after the deadline for the filing of claims, the Liquidator should determine the validity of claims.

2. Claims Validation Process

The Liquidator has made a determination of claims based on the process outlined below:

1. Identification and determination of the categories of claims;
2. Determination of validity of each category of claims;
3. Categorization of claims;
4. Verification of amounts and determination of claims.

3. Claims Evaluation Date

Claims have been evaluated and determined on the basis of account balances as of April 12, 2019, the date of revocation of AIBL's license and the appointment of the Liquidator, in the case of depositors and other account holders.

Other claims were evaluated based on the dates of the transactions which gave rise to the claims.

4. Categorization of Claims

The Liquidator has identified and classified each unsecured claim in one of the categories outlined below:

1. Claims on Deposits;
2. Claims of Other Creditors.

5. Determination of Claims

Each determined claim has been classified in one of the following categories:

- A. Claims allowed in full;
- B. Claims partially allowed;
- C. Rejected claims.

A. Claims allowed in full

Claims allowed in full by the Liquidator meet the following criteria:

- i. The claim falls into a category which was determined by the Liquidator to represent claimants entitled to claim against Atlantic International Bank Limited; and
- ii. The Liquidator obtained satisfactory evidence as proof of the amount claimed.

B. Partially allowed claims

Claims have been partially allowed by the Liquidator in the circumstances where:

- i. The claim falls into a category which was determined by the Liquidator to represent claimants entitled to claim against Atlantic International Bank Limited; and
- ii. Only a portion of the claim was supported by the claimant and/or the records which were relied upon for this purpose.

6. Rejected Claims

Claims have been rejected by the Liquidator for either of the following reasons:

- A. Validity; or
- B. Duplication

A. Validity

The Liquidator has rejected claims for which he doubted the validity of the amounts claimed, as dictated by the circumstances and integrity of the information supporting the claims, and/or the claims fell into a category which was not determined to represent claimants who were entitled to claim against Atlantic International Bank Limited.

B. Duplication

Some claims were rejected as duplicates in the case where there were filings by other claimants for the same claim and allowed by the Liquidator. Such duplicate claims were

rejected, as those claimants were not entitled to claim against Atlantic International Bank Limited.

7. Summary of Claims Received

The Liquidator received 897 claims in both United States and Belize Dollars with a total value of \$58,398,363.11 (US Dollar equivalent). A total value of \$56,170,732.97 has been allowed. There were 374 depositor claims for balances of \$2,500 or less for a total of \$639,138.83.

The tables below summarises the categories and values of all claims received and determined. A detailed Schedule of Claims and the Liquidator's determination of Actions for each claim is provided as Appendix I of this Schedule of Actions.

	No. of Claims	Value of Claims	Value Allowed
Claims Allowed in Full	678	36,706,844.18	37,768,364.77
Claims Partially Allowed	198	20,072,542.61	18,402,368.20
Claims Rejected	11	1,526,969.98	
Claims Rejected but Offset to Debt	10	92,006.34	
	897	\$ 58,398,363.11	\$ 56,170,732.97

	No. of Claims	Value of Claims	Value Allowed
Depositor	888	\$56,594,027.03	\$55,956,735.96
Creditor	6	\$294,336.08	\$213,997.01
Neither Depositor nor Creditor	3	\$ 1,510,000.00	
	897	\$ 58,398,363.11	\$ 56,170,732.97

8. Exceptions

Of AIBL's deposit portfolio as at 12 April, 2019, 491 depositors with total deposits of \$12,833,906.28 did not submit a claim. The Liquidator made special effort to contact these depositors directly by email and registered post based on the contact details on record.

As per Section 116(3) of the DBFIA, any claims received after claims have been determined would be paid after all other claims have been paid.

C. LIQUIDATION OF ASSETS

1. Prescribed Procedures

In accordance with section 109(15) of the DBFIA, the Central Bank approved procedures for the liquidation of the assets of Atlantic International Bank Limited.

2. Disposal of Fixed Assets

Pursuant to the approved procedures, the Liquidator proceeded to transparently dispose of AIBL's fixed assets through advertised public auctions.

This included real property in San Pedro Ambergris Caye, Belize which fetched \$800,000 against an independent appraisal of \$750,000, and vehicles, furniture and equipment which fetched \$78,329.50 in total.

The Liquidator plans to schedule disposal of the bank's remaining fixed assets, currently in use by the Liquidation team, at the end of the liquidation process.

3. Disposal of Loan Assets

Pursuant to the stipulations of the DBFIA, the Liquidator undertook and ensured that the portfolio of loan assets held by AIBL were offered for sale in a fair and transparent manner by means of a competitive bidding process through sealed bids.

i. The Loan Portfolio

As at 12 April, 2019, the AIBL portfolio of loan assets totalled just over US\$55 million in well-collateralized loans and lines of credit with varying maturities, repayment structures and loan quality. The portfolio carries a Weighted Average Coupon (WAC) rate of 9.5%, with all repayment flows currently in US dollars. The makeup of the portfolio is diverse and provides potential acquirers and investors with an opportunity to acquire loans in different performance levels ranging from well-performing loans to value-add opportunities. The portfolio is mainly underpinned by residential mortgages, investment asset and tourism accommodation properties located in Belize, and also includes limited facilities for agriculture and aquaculture.

ii. The Sales Process

To facilitate an efficient sales process, AIBL's loan portfolio was divided into lots or pools and each lot were structured based on homogeneity of borrowers, but with a balance of diversity to minimize concentration and sectoral risks. The Liquidator invited interested

prospective acquirers and investors and accepted bids and offers in United States Dollars for the portfolio in its entirety, for individual lots or for multiple lots. After the review and due diligence process by prospective acquirers, the Liquidator accepted bids from interested investors for the assets within established Reserve Price Ranges.

Reserve Price Ranges for each individual loan asset in a lot/pool and, cumulatively, for each lot/pool were set by the Liquidator based on historical loan performance, loan to collateral value ratios and other qualitative measures. Reserve pricing ranges were made available to investors at the end of the due diligence period.

Subject to the Central Bank of Belize's approval or no objection, the highest bids that fall within or above reserve price ranges were considered as the successful bids.

Through this process, two out of eight available lots were successfully sold for a total consideration of \$11,246,188.38, representing recovery of 94 per cent of face value of the debts sold.

The Liquidator and his team continue to rigorously manage the portfolio in order to maintain asset portfolio quality in preparation for sale, and to yield returns in interest earnings which directly benefit the liquidation estate positively impacting on funds available for distribution.

The remaining loan assets for sale have a total face value of some US\$39,692,698.83. Active 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 delinquent and impaired loans, the Liquidator has commenced legal recourse to enforce recovery of loans and realise collateral as necessary.

As a part of the FTC settlement, AIBL's interest in three loans totalling \$2,034,234.31, which are related to the defendants in the FTC Sanctuary Bay case, has been assigned to the FTC.

A detailed listing of the loan portfolio assets and status is hereto attached in Appendix II.

4. Other Assets, Investments and Receivables

The Liquidator has identified certain assets located in Honduras which were foreclosed upon by AIBL due to loan default by a borrower and are now the property of AIBL based on the loan collateral arrangements. The Liquidator, with approval from the Central Bank, is in discussion with that borrower to seek full repayment of the debt inclusive of interest accrued for a total of \$4.875 million.

The Liquidator will also seek retrieval of an equity investment of \$225,000 made towards the construction of an office complex in Belize City.

5. Cash Balances

In addition to non-cash assets held for realization, the net assets of Atlantic International Bank Limited at liquidation date included cash and bank balances held with various financial institutions in multiple currencies.

The cash settlement with the FTC has been effected and the Temporary Restraining Order on the accounts affected has now been lifted allowing access to the residual balances after settlement.

The following unaudited statement reports on cash movements between the period 12 April, 2019 to 6 January, 2019. All figures are in United States Dollars as at 6 Jan, 2020.

<i>Liquid assets held in cash as at 12 April, 2019</i>	<i>26,875,043.15</i>
Add	
<i>Liquidation Inflows</i>	
<i>Disposal of Loan Assets</i>	11,246,188.38
<i>Disposal of Fixed Assets - Property</i>	800,000.00
<i>Disposal of Fixed Assets - Vehicles, Furniture & Equipment</i>	78,329.50
<i>Instalment payments of principal and interest on loan portfolio</i>	1,746,756.89
<i>Full repayment of loans by borrowers</i>	581,326.39
<i>Interest earned on cash holdings and investments</i>	12,187.50
<i>Rent received</i>	3,116.50
<i>Total inflows</i>	<i>14,467,905.16</i>
Less	
<i>Liquidation Outflows</i>	
<i>FTC Settlement</i>	23,000,000.00
<i>Legal Expenses</i>	265,250.69
<i>Auctioneers' Commissions</i>	26,107.00
<i>Rent for Office Space</i>	25,000.00
<i>Liquidation Team Contract Expenses</i>	112,595.00
<i>Liquidation Fees</i>	180,000.00
<i>Utilities</i>	18,117.99
<i>Employee Related Expenses: PAYE & Social Security</i>	4,200.26
<i>Advertising, Notices & Postage</i>	6,861.57
<i>Vehicle Expenses</i>	3,039.35
<i>Office Expenses - Stationery, Postage, Equipment, & Supplies</i>	6,904.54
<i>Bank service fees</i>	8,049.89
<i>Travel Expenses</i>	9,145.00
<i>Repairs & Maintenance</i>	1,992.50
<i>Relocation and Office Consolidation Expenses</i>	3,947.28
<i>Subscriptions & Licenses</i>	5,598.00
<i>Security</i>	2,293.76
<i>Total outflows</i>	<i>23,679,102.81</i>
<i>Liquid assets held in cash as at 6 January, 2020</i>	<i>17,663,845.50</i>

6. Statement of Assets & Liabilities as of 6 January, 2020

ASSETS

Liquid and readily convertible assets	
Cash held in bank	\$17,663,845.49
Investment: BEL Debenture	250,000.00
	<u>\$17,913,845.49</u>
Remaining Loan Portfolio	\$39,692,698.83
Remaining fixed assets currently in use	TBD
Settlement on foreclosed properties in Honduras	4,875,000.00
Claim on investment in office complex	225,000.00

LIABILITIES

Total Claims Allowed	\$56,170,732.97
Outstanding Liquidation Expenses	
Legal Fees	108,530.93
IT Support Services	112,500.00

D. Outlook and Distribution of Funds

The Liquidator will continue to make best efforts to complete the liquidation of assets in a manner which will result in the optimal liquidation values within a reasonable timeframe to facilitate the earliest distribution to depositors and creditors.

The Liquidator will pay or make reasonable provisions to pay all claims allowed for depositors and creditors of Atlantic International Bank Limited in accordance with the provisions of Section 116 of the DBFIA, which prescribes the payment priority of claims, subject to the factors outlined below.

1. Statutory Priority of Claims

Unsecured claims against Atlantic International Bank Limited will be paid in accordance with the following priority schedule, as prescribed by Section 116 of the DBFIA:

- i. firstly, credits extended to Atlantic International Bank Limited by the Central Bank until the appointment of the Liquidator;

- ii. secondly, credits extended to Atlantic International Bank Limited prior to the appointment of the Liquidator and under collateral whose object are Atlantic International Bank Limited'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 Atlantic International Bank Limited (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 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 Atlantic International Bank Limited after the appointment of the Liquidator;
- ix. ninthly, all other deposits;
- x. tenthly, all other unsecured claims of creditors;
- xi. eleventhly, subordinated debt.

2. Assignment of Priority of Claims

There were only two categories of claims received by the Liquidator: Depositors and Creditors.

Claims against AIBL will therefore fall into the fifth, ninth and tenth priority classes.

3. Partial Distribution

Subject to the provisions of the DBFIA, the Liquidator will make an initial distribution to claimants whose claims are undisputed or allowed by the Central Bank, after having established an adequate reserve for the payment of disputed claims.

The Liquidator is targeting February or March, 2020 for this distribution by which time further progress in the disposal of loan assets and retrieval of investments are anticipated. A notice of distribution will be published to claimants outlining the amount of the distribution. Payment instructions forms will also be provided to each claimant to submit to the Liquidation office for the processing of distribution payments.

i. Currency and Measurement

Payments will be made in a currency approved by the Central Bank.

ii. Order of Distribution

The partial distribution will be paid in accordance with the Priority of Claims classification. All claimants in each class will be paid in full before the next priority class is paid.

Filed with the Central Bank of Belize on 6 January, 2020.

Julian Murillo
Liquidator – Atlantic International Bank Limited