

**PUBLIC BANKRUPTCY REPORT
& REPORT UNDISCLOSED PERIOD (PROSPECTIVE BANKRUPTCY TRUSTEE)**



Amsterdam Trade Bank

REPORT NO. 1

23 May 2022

Company	:	Amsterdam Trade Bank N.V. (" ATB ") <i>also trading under the names ATBANK, ATBConnect, ATBSavings, FIBR and FIBR Bank</i>
Chamber of Commerce number	:	33260432
Bankruptcy number	:	F.13/22/77
Appointment date prospective bankruptcy trustee	:	14 April 2022
Date of bankruptcy order	:	22 April 2022 at 17:00 hrs
Supervisory judge	:	C.H. Rombouts
Bankruptcy trustees	:	A. van Hees & J.E.P.A. van Hooff
Reporting period	:	14 April 2022 to 22 April 2022 16:59 (undisclosed period) 22 April 2022 17:00 to 22 May 2022 (bankruptcy)
Hours spent in reporting period	:	303.8 in undisclosed period 2.793,7 in bankruptcy
Balance as at end of reporting period	:	€51.659.830,15

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0. PRELIMINARY REMARKS

0.1 General

This is the first public bankruptcy report in the bankruptcy of Amsterdam Trade Bank N.V. ("**Amsterdam Trade Bank**" or "**ATB**"). In this report, Mr Van Hees and Mr Van Hooff, in their capacity as ATB's bankruptcy trustees ("**Bankruptcy Trustees**"), give a global overview of the developments in ATB's bankruptcy over two periods:

- (i) the undisclosed period during which Mr Van Hees was appointed by the District Court as prospective bankruptcy trustee (14 April 2022 to 21 April 2022, ("**Undisclosed Period**"); and
- (ii) the first reporting period in the bankruptcy (22 April 2022 to 20 May 2022, "**First Reporting Period**").

This bankruptcy report is intended to provide information to interested parties under Section 73a of the Dutch Bankruptcy Act ("**DBA**"). The bankruptcy of ATB is legally and financially complex and this report therefore presents the current state of affairs in a simplified manner and in broad outline. This report is not a financial statement or prospectus. No rights may be derived from this bankruptcy report. Nothing in this report will be construed as acknowledging liability or waiving any rights.

The Bankruptcy Trustees emphasise that the information in this report is subject to further investigation, originates (in large part) from third parties and may not be complete or accurate. It cannot be ruled out that further investigation will yield new or different information which will require subsequent adjustment.

ATB has a banking licence and is supervised by De Nederlandsche Bank N.V. (the Dutch Central Bank, "**DNB**"). As it concerns the bankruptcy of a bank, the Bankruptcy Trustees have regular consultations with DNB on the progress of the bankruptcy, whereby much attention is paid to the special complexity inherent in the bankruptcy of a bank, the concurrence of financial regulatory law and sanctions regulations, the settlement of the claims of account holders and the implementation of the deposit guarantee scheme, as well as the application and execution of financial regulatory rules that apply to ATB as a supervised institution.

The supervisory judge has agreed that, in order to enhance readability and comprehensibility, the reporting takes a different form than usual.

Public reports are published in the Central Insolvency Register (<http://insolventies.rechtspraak.nl>). This report and subsequent reports will be published in Dutch and in English. The English translation of this report is an informal translation; the original Dutch text will prevail at all times.

In conducting their activities, the Bankruptcy Trustees make use of the (advisory) services of KPMG Advisory N.V., KPMG Accounting N.V. (jointly "**KPMG**"), Ysquare B.V. and some foreign advisors.

0.2 Background and general policy

ATB is a Dutch bank with a balance sheet total of approximately €1 billion and a majority Russian shareholder (Alfa Bank). A bank is a complex organisation that must also comply

with detailed requirements stemming from banking regulations. These include requirements relating to the bank's business operations, the management of the bank's assets and liabilities, and the detailed periodic reporting thereon to DNB.

ATB had previously (in 2012-2016) run into problems due to irregularities that mainly consisted of not (properly) complying with obligations under the Money Laundering and Terrorist Financing (Prevention) Act, which is still the subject of a criminal investigation. As a result, it has had to part with a substantial part of its loan portfolio and, consequently, write off a very substantial amount. ATB survived this thanks to the support of its shareholders and by adjusting its business model. At the time of the bankruptcy order, it was still in the process of building up to that new business model. In its own view, ATB had made good progress and the new business model would have been successful. However, in the last few years before its bankruptcy, ATB still recorded a loss every year.

The Bankruptcy Trustees have the preliminary impression that ATB was well capitalised. At the time of the bankruptcy order, it had equity of €16 million on a balance sheet total of €53 million, or an equity ratio of over 22%. The first impression of the Bankruptcy Trustees is that ATB's loan portfolio is also of reasonably good quality. According to ATB, it was therefore not the aforementioned losses that led to ATB's bankruptcy, but the international sanctions that were imposed on Russian parties and also affiliated parties, including ATB, in connection with the war in Ukraine. These sanctions have made ATB's business operations almost impossible.

For example, ATB was almost completely disconnected from all payment systems, including its accounts with fellow banks and the SEPA-system, as a result of which payment orders were not executed and payments to ATB were blocked and thereby partly 'trapped' in the payment system. ICT systems crucial to its business operations were also largely unavailable to ATB. Employees with US or UK nationality could no longer perform work for ATB and contractors were not allowed to use systems that were wholly or partly of US or UK origin when providing services to ATB. As ATB was no longer able to run its business, it could no longer meet its obligations. Therefore, bankruptcy was inevitable.

The bankruptcy of a bank, a financial institution, is in itself complex. Its business operations do not involve physical products, but often complex financial transactions and structures involving multiple parties from multiple jurisdictions. The Bankruptcy Trustees have had to familiarise themselves with the organisation, the daily operations and the business of ATB in all its facets within a very short time. Moreover, even when a financial institution is in bankruptcy and apart from the supervision already exercised by the supervisory judge under the Bankruptcy Act, it must comply with numerous financial regulatory requirements, which are often not tailored to such circumstances. In the liquidation of ATB, the Bankruptcy Trustees must therefore implement (a large part of) those regulatory obligations and at the same time comply with the rules of the Dutch Bankruptcy Act.

Added to this complexity in this case are the blockages caused by the sanctions regulations of various countries in the liquidation. Unfortunately, the sanctions regulations do not in principle provide for an exemption for the actions that a bankruptcy trustee in the bankruptcy of a sanctioned entity must take in order to properly liquidate the bankrupt entity. However, the Bankruptcy Trustees have obtained temporary dispensation from the sanctions imposed on ATB by the US and the UK sooner than they would have expected based on advice received. The Bankruptcy Trustees are expected to require more time for liquidation than they have now been granted by the US and UK authorities and will seek to obtain that additional time.

The Bankruptcy Trustees will of course make every effort to liquidate ATB's assets within the time limits set by the US and UK authorities. If that proves impossible on acceptable terms, they will have to find another solution. This report will provide further elaboration on this.

Although ATB's liquidation is complex and surrounded by many uncertainties, the Bankruptcy Trustees currently expect that it will be possible to satisfy a significant proportion of ATB's creditors and, in the most favourable scenario, even all of them. It is unclear how long this liquidation will take. It is too early to express an opinion on this.

The Bankruptcy Trustees already have a considerable amount of liquid assets at their disposal. A negative interest rate is currently payable on this. On the other hand, ATB owes a substantial amount in respect of savings and deposits placed with it. The largest part of this has been taken over by the Deposit Guarantee Fund. ATB also owes interest on these deposits. So, in fact ATB pays double interest. It is therefore logical that the Bankruptcy Trustees will attempt to pay out a significant part of the currently available liquid assets in the short term. The Bankruptcy Trustees are already consulting with the supervisory judge on a substantial distribution to the deposit guarantee fund, as important creditor with high privilege.

1. INVENTORY

1.1 Background and organisation

ATB was founded on 31 October 1994. ATB is a bank as referred to in Section 1:1 of the Financial Supervision Act and has had a banking licence granted by DNB since 14 September 1994. ATB manages the deposits of around 20,000 savings account holders mainly from the Netherlands and Germany. In addition, there are around 26,000 'dormant' accounts of account holders with whom ATB has not been able to make contact for some time. ATB provides loans to small and medium-sized enterprises. The Bankruptcy Trustees understand that practically all of ATB's customers are located in Member States of the European Union and the United Kingdom.

ATB's most recent financial statements for 2020 state the following about ATB's activities:

"We currently serve a wide range of customers active in all aspects of international trade. Since 2003, we have been providing retail services in the Netherlands, offering savings and deposit products. In 2006, we expanded our internet retail operations to Germany, followed by Austria in 2011 and the UK in 2019. In 2020, we decided to revise our strategy by focusing on delivering digital banking services to small and medium-sized enterprises (SMEs) in Europe. We will invest in offering a digital banking platform that will enable us to provide a range of financial products to European SMEs. Over time, our exposures to trade, commodity and shipping finance will be reduced as we focus more on financing European SMEs."

As of the bankruptcy date, the statutory board of ATB was formed by two persons (in office from 1 May 2020 and in office from 16 April 2021, respectively). ATB has a supervisory board, which consisted of three supervisory directors as of the date of bankruptcy. ATB is subject to the structural regime, requiring a two-tier board.

The shares in ATB are understood by the Bankruptcy Trustees to be held by the following parties:

- ATB ESPP B.V., a company established in the Netherlands (5.62%);

- ABH Holdings S.A., a company established in Luxembourg (5.75%);
- ATB Holdings S.A., a company established in Luxembourg (10.27%);
- A.O. Alfa Bank, a company established in Russia (78.36%).

1.2 Estate inventory (Section 94 Bankruptcy Act) and financial data

1.2.1 Estate inventory

This estate inventory (*'boedelbeschrijving'*) includes the assets and liabilities of ATB and serves as a concise and simplified representation of the financial situation of ATB as at the bankruptcy date. The starting point for the estate inventory is the company balance sheet of ATB as at the bankruptcy date, as provided by ATB at the request of the Bankruptcy Trustees. Due to operational problems, a fully updated balance is not available for certain items. In addition, the accounting policies applied by ATB may not accurately reflect the current valuation. The figures in the estate inventory have not been audited.

BALANCE SHEET ATB PER 22/4/2022 (in 1,000 euro)			
Assets		Liabilities	
Cash and cash equivalents ¹	€ 247,098	Due to banks ⁹	€ 14
Trading securities	€ -	Customer accounts ¹⁰	€ 715,811
Due from banks ²	€ 662	Other borrowed funds	€ -
Loans and advances to customers ³	€ 573,054	Other liabilities and payables ¹¹	€ 21,826
Provision for impairment of loans and advances to customers ⁴	€ -41,027	Intercompany payables	€ -
Investments ⁵	€ 152,129	Total liabilities	€ 737,651
Investment property	€ -	Shareholder's equity	
Other assets and receivables ⁶	€ 11,006	Share capital	€ 310,772
Premises and equipment ⁷	€ 10,507	Fair value reserve for investments available for sale	€ 204
Intercompany receivables ⁸	€ 396	Revaluation reserve for premises and equipment	€ -
		Retained earnings and other reserves	€ -94,801
		Total shareholder's equity	€ 216,175
TOTAL ASSETS	€ 953,826	TOTAL LIABILITIES + EQUITY	€ 953,826

Notes to the various items in the estate inventory are attached to this report as Appendix 1.

1.2.2 Financial data

The overview below shows the balance sheet total, the income and the results of ATB for the financial years 2019 to 2021. The figures are based on ATB's records and (draft) financial statements. ATB's financial year ran from 1 January to 31 December.

Year	Sales	Profit & loss	Balance sheet total
2019	€ 24.5M	€ - 21.1M	€ 1,400.2M
2020	€ 25.2M	€ 37.3M	€ 1,216.5M
2021	€ 19.1M	€ -21.6M	€ 1,242.6M

The figures show that the balance sheet total decreased significantly in the first months of 2022, namely from EUR 1,400.2 million (December 31, 2022) to EUR 953.8 million (date of bankruptcy, 22 April 2022). The trustees understand that this decrease was largely caused by a decrease in the amounts outstanding to account holders. This was due to withdrawals by account holders in response to the Ukrainian crisis and the migration to a new retail system. In addition, a significant repayment on one of the loans took place and a loss was incurred in the first months of 2022.

1.3 Cause of bankruptcy

The Bankruptcy Trustees understand from ATB that it was a healthy company until the invasion of Ukraine by Russia. As the Bankruptcy Trustees understand it, ATB had previously experienced serious problems due to irregularities that led to a criminal investigation in 2016. ATB got its house in order, changed its business model and parted ways with the majority (70%) of its then corporate clients. This then led to very substantial losses. ATB then started to focus on (largely private) savings account holders, whom it offered an attractive interest rate through internet savings and deposit accounts, and on granting loans to small and medium-sized enterprises. The development of this new business model took time and was not yet complete at the time of the bankruptcy. According to ATB, the losses reported for the years 2019 to 2021 should be regarded as start-up losses.

ATB ran into operational problems as a result of sanctions imposed on it by the UK and the US due to its links with Russia and Russian oligarchs, which is further explained below. As a result of these sanctions, several suppliers of goods and services were unwilling to continue their cooperation with ATB, which made ATB operationally unable to meet its obligations. For example, several system banks refused to execute payment orders from ATB, despite significant positive balances on ATB's accounts. In addition, some licensors, particularly in the United States, had stopped providing services as a result of the sanctions or had announced that they would stop doing so by 6 May 2022. These licences are essential to carry out ATB's banking business. This included licences to use systems for (parts of) the financial administration, the loan administration and the customer administration. If the bank could no longer use these systems, it would no longer have access to a significant part of its administration.

In the period leading up to the bankruptcy, ATB sought solutions. One of those solutions was the sale of the company to a third party. Almost immediately after the intended purchaser announced that it would not go through with the transaction, it was decided to file for the bankruptcy of ATB.

The causes of the bankruptcy are the subject of further investigation.

2. UNDISCLOSED PERIOD

2.1 Reason for appointment of prospective bankruptcy trustee

On 14 April 2022, ATB requested the Amsterdam district court to appoint a prospective bankruptcy trustee. In its request, ATB explained that it had run into serious operational problems as a result of ATB being placed on sanctions lists in the United Kingdom and the United States (see also para 1.3). At the time of the request, ATB was negotiating with a potential purchaser of ATB's assets and liabilities.

According to ATB, the reasons for requesting the appointment of a prospective bankruptcy trustee were twofold. On the one hand, the bankruptcy of ATB was inevitable if the negotiations with the potential purchaser could not be finalised successfully in the short term. Because of the sanctions, ATB feared that the bankruptcy trustee would have to liquidate the estate without access to systems and records. The Undisclosed Period would give the prospective bankruptcy trustee the opportunity to secure access to (data from) essential systems. On the other hand, the involvement of a prospective bankruptcy trustee was considered desirable, as he could make suggestions to the board and the employees that could be beneficial for a proper liquidation of ATB.

The request for appointment of a prospective bankruptcy trustee was granted by the court on the evening of 14 April 2022, with the appointment of Van Hees as prospective bankruptcy trustee and C.A. Rombouts as prospective supervisory judge. The district court has, inter alia, issued the following guiding principles when appointing as prospective bankruptcy trustee:

- The purpose of the arrangement is to realise the highest possible proceeds for the benefit of the joint creditors of ATB. The appointment offers the possibility to prepare a sale or reorganisation from bankruptcy in a reasonably calm manner.
- The term of the arrangement is in principle 2 weeks and ATB could ask for an extension if desired.
- The prospective bankruptcy trustee and the prospective supervisory judge have no legal authority or duty. The prospective bankruptcy trustee is present to observe, inform and be informed and will be guided by the interests of the joint creditors.
- (The board of) ATB is obliged to fully cooperate with the prospective bankruptcy trustee, must provide all relevant information on request or otherwise and must be assisted by reliable and knowledgeable advisors where necessary.
- The prospective bankruptcy trustee may require ATB to make an advance payment for work and may require ATB to engage third parties as requested by the prospective bankruptcy trustee. ATB must pay the salary and expenses of the prospective bankruptcy trustee even if no insolvency proceedings would follow.

2.2 **Activities prospective bankruptcy trustee**

Mr Van Hees has been working as prospective bankruptcy trustee for approximately one week. He has been assisted by Mr Van Hooff and a number of employees of his office. For financial expertise, he has called upon specialists from KPMG.

During the Undisclosed Period – immediately preceding the bankruptcy proceedings – the Bankruptcy Trustees conducted a large number of interviews with the management board, supervisory board and other ATB stakeholders with the purpose of getting to know the organisation and preparing for a possible bankruptcy. The Bankruptcy Trustees investigated the financial situation of ATB and consulted about it with, among others, the management board, the supervisory board, DNB and ATB employees. Subjects of discussion included the possibility of ensuring the continuity of the bank.

In addition, preparations were made in the event that ATB was declared bankrupt, with the aim of ensuring (i) that account holders would receive the portion of their savings guaranteed by the deposit guarantee scheme as soon as possible after the bankruptcy, and (ii) that the

Bankruptcy Trustees would have sufficient employees with the necessary knowledge and experience at their disposal in a bankruptcy, as well as other resources required to liquidate the bank in the best possible way with the least possible loss of value. The Bankruptcy Trustees also consulted, including with US and UK lawyers, on the sanctions applicable to ATB, the impact those sanctions would have in the event of a bankruptcy on the liquidation of the estate and the possibilities for the Bankruptcy Trustees to obtain exemptions from those sanctions for the liquidation, if necessary.

Among other things, the Bankruptcy Trustees endeavoured together with ATB to safeguard as much of the existing data as possible in the event that it would no longer be available due to the entry into force of the sanctions. For this purpose, the Bankruptcy Trustees have made use of the expertise of DigiJuris B.V. Furthermore, a lot of time was spent on identifying and discussing possible solutions for ATB. Many documents were studied, questions were asked and many discussions took place about an intended transaction, which ultimately did not go ahead.

During the Undisclosed Period, the Bankruptcy Trustees had frequent meetings with the (prospective) supervisory judge and (the lawyer of) DNB.

The Bankruptcy Trustees note that during the Undisclosed Period, the concurrence of the preparation of the eventual bankruptcy proceedings with the preparation of the transaction envisaged during that period placed great pressure on ATB's organisation. As a result, the Bankruptcy Trustees constantly had to consider the question of what the available resources should be used for.

2.3 **Bankruptcy order**

In the period preceding the bankruptcy, ATB sought possible solutions to avoid the bankruptcy. The preferred solution of the ATB board was to sell the company to a third party. On the evening of Thursday 21 April 2022, the potential purchaser announced that it was abandoning the deal. Shortly afterwards, the management board and the supervisory board decided that ATB would file for its own bankruptcy. On 22 April 2022 at 17:00 hrs, the Amsterdam District Court declared the bankruptcy of Amsterdam Trade Bank following a petition filed by ATB. DNB, as the competent supervisory authority, issued an opinion. In its judgment of 22 April 2022, the Court also ordered a cooling-off period of two months.

3. **LIQUIDATION**

3.1 **Sanctions**

In the context of sanctions, the various regulations issued by the EU, the UK and the US are relevant. The Bankruptcy Trustees have sought advice on the sanctions regulations from various advisors.

3.1.1 EU

The European Commission has not (yet) imposed any sanctions on ATB. However, certain ATB shareholders have been included on the sanctions list of Regulation EU 2014/269. This does not mean that ATB is also regarded as an EU sanctioned party. Pursuant to European sanctions regulations, ATB's assets therefore should not be frozen and there is no prohibition on making economic resources available to ATB.

Although ATB does not qualify as an EU sanctioned party, the Bankruptcy Trustees are regularly confronted with parties who interpret the EU sanction rules differently and believe that ATB has been sanctioned and therefore threaten to stop their provision of services. This causes time-consuming discussions with certain suppliers. In such cases, the Bankruptcy Trustees explain the basis for their conclusion that ATB is not subject to sanctions. Many parties have subsequently been prepared to continue their provision of services.

3.1.2 *United Kingdom (UK)*

Under UK sanctions legislation, ATB is in principle fully subject to an asset freeze in the UK because the shares in ATB are held (indirectly) by Alfa-Bank, a sanctioned party. Where the UK has jurisdiction, it is therefore in principle prohibited to make funds or economic resources available to or for the benefit of ATB, or to deal in funds or economic resources owned, held or controlled by ATB, directly or indirectly. OFSI - the competent authority in the UK - had issued a General Licence with identification code INT/2022/1424276, authorising amongst others the winding up of transactions in respect of (subsidiaries of) Alfa-Bank. However, this licence already expired on 23 April 2022. After the expiry of this licence, employees with a UK nationality have ceased working for ATB.

However, OFSI issued a (new) General License with identification code INT/2022/1678476 on 12 May 2022. This license allows for payments and other permitted activities in connection with liquidation activities, basic needs and insolvency proceedings related to ATB. This General Licence is valid until 12 May 2023 and can be consulted at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1074954/INT.2022.1678476_Amsterdam_Trade_Bank_N.V_-_winding_down_-_basic_needs_-_insolvency_GL.pdf.

3.1.3 *United States (US)*

ATB is also subject to US sanctions. ATB is designated under US sanctions legislation as a sanctioned party subject to an asset freeze. Thus, anyone subject to US jurisdiction is prohibited from trading in property in which ATB has an interest of any kind; present, future, contingent, direct or indirect. As a result, any US or non-US person acting within the territory of the US or engaging in a transaction that relates to US jurisdiction requires OFAC approval.

The US sanctions caused major problems in the liquidation, especially since most software vendors have some connection to the US and therefore threatened to suspend or have suspended some or all of their services (see inter alia para 9.1). Until 6 May 2022, a General License 23 from OFAC - the competent authority in the US - authorised the settlement of transactions involving Alfa-Bank and its affiliates (including subsidiary ATB). The Bankruptcy Trustees anticipated major problems after the expiry of this General License on 6 May 2022. For example, key suppliers announced that they would no longer provide services and it was unclear whether parties would (be able to) purchase assets from ATB. The Bankruptcy Trustees had to spend a great deal of time dealing with the problems this caused.

Shortly after the bankruptcy order, the Bankruptcy Trustees were advised that the waiting times for an (extension of a) licence at OFAC - the competent authority in the US - were 6 to 18 months. The Bankruptcy Trustees therefore made the necessary efforts to find a possibility to speed up the issuance of a (renewal of a) licence.

The Bankruptcy Trustees subsequently applied to OFAC for a licence. On 5 May 2022 at the end of the afternoon (Dutch time), OFAC issued a (new) *General License 32*, granting general

permission for all actions related to, and necessary for, the winding up of transactions involving ATB. This General License is valid until 12 July 2022 and can be accessed at: https://home.treasury.gov/system/files/126/russia_g132.pdf.

The Bankruptcy Trustees welcome this suspension of the application of the US sanctions, but believe that this suspension is probably not yet sufficient to allow all assets to be sold without incurring undesirable discounts. They have therefore sought expert advice on how to obtain an extension of the suspension.

3.2 Sales

On the bankruptcy date, ATB had a number of loan portfolios outstanding, including loans to Dutch SMEs, UK SMEs, shipping loans, trade and commodity finance loans and loans to lending platforms. The borrowers under the loans were informed about the bankruptcy and – where possible – asked for early repayment. In addition, potential purchasers for the various loan portfolios were approached.

Due to the approaching deadline of 5 May 2022 in connection with the US sanctions, the Bankruptcy Trustees attempted to sell or liquidate a large number of positions simultaneously within a very short period of time, which required a lot of effort from ATB employees, KPMG advisors and the Bankruptcy Trustees and their staff.

These efforts led in the past reporting period to (i) the sale of the portfolio of loans to Dutch SMEs, (ii) some sales of other individual loan positions, and (iii) some early repayments by individual borrowers. As of the date of this report, the principal of the sold and prepaid loans is over EUR 38 million and negotiations are ongoing (at an advanced stage) regarding another in principal EUR 232 million of loans. Meanwhile, in connection with these sales and early repayments, an amount of almost EUR 33 million has been collected on the estate account.

The Bankruptcy Trustees have worked closely with employees of ATB and advisors of KPMG in connection with the sale. In determining the commercial conditions of sale or early redemption, the Bankruptcy Trustees are advised by KPMG.

As explained above, both the American and British regulators have by now issued a general licence for ATB (see para 3.1 above). The sales process is nevertheless continued expeditiously. In the coming reporting period, the Bankruptcy Trustees will take this further and negotiate with stakeholders and other potential candidates on the sale of ATB's assets.

3.3 Loan servicing

The assets of ATB consist partly of loans that have already been fully drawn (and under which the borrower can no longer draw funds) and partly of loans under which the borrower could in principle still draw funds, i.e., loan commitments. The Bankruptcy Trustees have examined the extent to which ATB's activities can be continued and how the outstanding loans and loan commitments will be dealt with – also taking into account other banking services provided by ATB – whether or not in combination with financing, including loan servicing, provision of bank accounts, etc. The starting point is that loan commitments will not be honoured. As a result, borrowers may suffer losses for which they will hold ATB liable. In exceptional cases, this may result in Bankruptcy Trustees deciding to honour a loan commitment after all.

To the extent possible, the Bankruptcy Trustees are seeking solutions whereby existing stakeholders take over the various roles of ATB or whereby the relevant participations in

financing structures are sold and transferred to third parties. In addition, in the coming reporting period, Bankruptcy Trustees will examine how the relevant activities and servicing of loans – to the extent not sold or otherwise transferred – can be continued.

3.4 **Stichting Vereffening**

As the Bankruptcy Trustees have explained above (see paras 0.2, 2.2 and 3.1) following their appointment on 22 April 2022, they were faced with a situation in which it was uncertain how they would be able to dispose of ATB's assets after 6 May 2022, the date on which the OFAC general licence was due to expire. It was clear to the Bankruptcy Trustees that the US sanctions prior to 6 May 2022 would not prevent a sale of assets to third parties, but the situation after 6 May 2022 was unclear. The Bankruptcy Trustees had no certainty whether OFAC would issue a new general license or whether OFAC would renew the general license already issued. If the conclusion was that the Bankruptcy Trustees could no longer dispose of ATB's assets, this would result in a value destruction of the assets with potentially disastrous consequences for creditors. The Bankruptcy Trustees considered it important to explore various options in parallel and to keep them open in order to preserve as much value in the estate as possible and thus serve the interests of the joint creditors.

It was clear that it was impossible to sell and transfer the partly complex structured loans of ATB in just 14 days, without having to accept a very substantial discount on the sales price. Furthermore, the suppliers of digital services needed by the Bankruptcy Trustees proved unwilling to continue their services to ATB, even after its bankruptcy.

Against this background, the Bankruptcy Trustees decided, more or less as a last resort, to establish a foundation that would be legally separate from ATB. All of ATB's assets that could not be realised before 6 May would be transferred to this foundation. This foundation would also be able to manage the digital systems and conclude the necessary contracts with the suppliers. These suppliers, with the exception of a few, turned out to be willing to contract with the foundation. The purpose of the foundation would be to liquidate the assets of ATB transferred to the foundation and to pay out the proceeds of those assets to ATB's creditors in accordance with the rules of the Bankruptcy Act, all explicitly with due observance of the applicable sanctions regulations.

This foundation was established on 29 April 2022 in consultation with the supervisory judge: Stichting Vereffening, registered with the Chamber of Commerce under number 86252569 (the "**Foundation**"). The Bankruptcy Trustees are the sole directors of the Foundation.

Prior to 6 May, preparations were made for a transfer of assets to the Foundation. As part of this process, the Bankruptcy Trustees and their staff, ATB and KPMG have made an inventory of how the assets could be transferred, prepared documentation and itemised how employees could be transferred to the Foundation.

As explained above, the US sanctions on ATB have been suspended until 12 July 2022 and the UK sanctions until 12 May 2023. Therefore, there has been no need (yet) to transfer assets or employees to the Foundation. The Foundation has so far mainly functioned as a 'service centre' for IT services; some (crucial) agreements between ATB and (software) suppliers have been transferred to the Foundation.

Should the Bankruptcy Trustees not be able to obtain a further postponement of the US sanctions, it may be necessary to transfer assets to the Foundation in the future. In the coming

reporting period, the Bankruptcy Trustees will investigate whether and, if so, which assets are eligible to be transferred to the Foundation for the purposes of liquidation.

4. EMPLOYEES

4.1 Numbers

ATB had a workforce of 93 employees at the time of bankruptcy. On 31 December 2020 (just over a year before bankruptcy), ATB had 102 employees. Given the complexity of ATB's liquidation, the employees will leave the employment of ATB in phases. A more detailed explanation is provided below.

4.2 Approach and outcome

Given the complex dynamics of ATB's bankruptcy, it is of great importance to the Bankruptcy Trustees to be able to continue to use the knowledge and skills of ATB's employees during the liquidation of the bank. ATB's employees are mostly of high quality and have a strong position in what is currently a tight labour market. Partly for this reason, the Bankruptcy Trustees have elected to retain all employees in the liquidation until 1 July 2022 so that the Bankruptcy Trustees have the option to call upon these employees in the event that other employees voluntarily terminate their employment contracts.

The Bankruptcy Trustees, in consultation with the HR department and managers within ATB, have made a selection of employees who are of great importance in the liquidation process. This group of employees has been offered a settlement agreement by which their employment contract will be terminated as per 1 July 2022 or 1 September 2022. In order to prevent these employees from choosing to leave at short notice, the settlement agreement provides for a payment, which unless otherwise agreed with the Bankruptcy Trustees, will only be made if the employee will be available for the winding up of ATB until the end of his or her employment. In the settlement agreement, the Bankruptcy Trustees have also left open the possibility of these employees being employed by the Foundation, if so desired.

In the event that employees do not wish to enter into the settlement agreement, their employment contracts will, with permission of the supervisory judge, be terminated with effect from 1 July 2022 pursuant to Section 40 of the Dutch Bankruptcy Act. The Bankruptcy Trustees have offered a settlement agreement to 16 employees under which they will remain in service until 1 July 2022 and have offered 35 employees to remain in service until 1 September 2022. As of the date of this report, all 51 employees who have been offered a settlement agreement have indicated their acceptance of the offer made by Bankruptcy Trustees.

The Bankruptcy Trustees do not rule out the possibility that they may require some of the employees to continue to be employed for the liquidation after 1 September 2022. Further arrangements will have to be made with them in due course.

By letter dated 4 May 2022, the Bankruptcy Trustees, with the authorisation of the supervisory judge, terminated the employment contracts of 20 employees in connection with the liquidation with effect from 1 July 2022. In addition, a different arrangement has been made with some employees because due to circumstances the arrangements described above would not be appropriate for them. The remaining employees have terminated their employment with ATB of their own accord.

5. ASSETS / DEBTORS

- 5.1 As explained in paras 3.2 and 3.3, ATB has a number of loan portfolios. These constitute the main assets of ATB. The loan portfolios are being liquidated as much as possible, in particular, through early repayment or sale. So far, proceeds totalling over EUR 33 million have been collected on the estate account. In addition to the loan portfolios, ATB owns a number of government bonds with a value of approximately EUR 150 million. Although these are highly liquid assets, selling them has been problematic as the Bankruptcy Trustees have not been able to find a bank or broker willing to provide the necessary services. The Bankruptcy Trustees however hope to be able to resolve this issue in the near future.
- 5.2 ATB does not own any immovable property. The business assets are limited; the software is the main asset and is on the balance sheet for approximately EUR 8.9 million. This value is not expected to be realisable in the bankruptcy. In view of ATB's activities as a bank, there is virtually no inventory or work in progress to speak of. For a more detailed explanation of ATB's assets, see the estate inventory in para 1.2.1 and the notes to the balance sheet items attached as Appendix 1. The Bankruptcy Trustees are investigating to what extent these other assets can be settled in favour of the estate.

6. BANK / SECURITY

6.1 Estate account

Shortly after bankruptcy, as usual, an estate account was opened in the name of the Bankruptcy Trustees. This is a special bankruptcy account which the Bankruptcy Trustees use to receive income and make payments in connection with the liquidation.

The estate account in ATB's bankruptcy was blocked a few days after it was opened. The Bankruptcy Trustees then entered into consultation with the bank in question and DNB, and were eventually able to resolve the issue. As it took some time for the account to be unblocked and various suppliers threatened to discontinue essential services if payment was not made, the Bankruptcy Trustees, as a precautionary measure, made preparations for preliminary relief proceedings. These preliminary relief proceedings did not need to be pursued as the estate account was unblocked on 2 May 2022. By now, payments have been received on the estate account and outgoing payments have also been successfully made.

6.2 ATB bank accounts

ATB has a number of bank accounts, including with ING, Deutsche Bank and UBS, and a TARGET-2 (Trans-European Automated Real-Time Gross Settlement Express Transfer) account with DNB, which is used for payments in the EU between banks. As shown in the notes to the estate inventory (Appendix 1), the following balances were held with the various banks on the bankruptcy date:

DNB	229,455,514
UBS	8,683,420
DB	7,091,655
ING	1,853,453
Clearstream	14,002
	<u>247,098,045</u>

The bank accounts at ING, Deutsche Bank and UBS are blocked. The Bankruptcy Trustees have agreed with DNB on how to instruct DNB to make payments from the TARGET-2 account. The Bankruptcy Trustees have requested the other banks to transfer the balances held with them to the estate account and are still consulting with them on this.

Furthermore, the Bankruptcy Trustees have observed that some banks have blocked payment orders from ATB account holders prior to the bankruptcy. As a result, in a number of cases amounts have been debited from the bank account held at ATB but not credited to the bank account at the recipient bank. The Bankruptcy Trustees receive queries from account holders and are in frequent contact with ATB to trace these payments. The Bankruptcy Trustees understand that in most cases the non-receipt of the payments is caused by settings at the recipient bank. The Bankruptcy Trustees understand that this has now been resolved at most banks and the funds have been credited to the relevant accounts at the recipient banks. At a few banks this does not yet appear to be the case. The Bankruptcy Trustees are or will be consulting with these banks.

7. CAUSAL INVESTIGATION / LEGALITY

7.1 Accounting obligations

The Bankruptcy Trustees have engaged KPMG to secure the records of ATB. Due in part to the volume of the records and the termination of the services of several (ICT) suppliers, it has taken a great deal of time to secure the books and records. The secured data will be further examined by the Bankruptcy Trustees to determine whether the accounting obligations have been met.

7.2 Deposit of financial statements

The following information regarding the adoption and filing of ATB's Financial statements for the last three years can be found in the Trade Register of the Chamber of Commerce:

Year	Adoption	Filing
2020	25 November 2021	2 December 2021
2019	21 August 2020	24 August 2020
2018	14 May 2019	17 May 2019

7.3 Unqualified audit opinion

Since the 2016 financial statements, Ernst & Young Accountants LLP has been the external auditor charged with auditing ATB's financial statements. The auditor has issued an unqualified opinion for the financial statements for the years 2018, 2019 and 2020.

7.4 Obligation to pay up shares

According to the data recorded in the Trade Register of the Chamber of Commerce, the issued and paid-up capital of ATB amounts to EUR 195,086,400.

7.5 Irregularities

The Bankruptcy Trustees will investigate whether there have been any irregularities prior to the bankruptcy, such as mismanagement or fraudulent acts. The Bankruptcy Trustees have no indications of this so far.

8. CREDITORS

8.1 Notification of bankruptcy and process for submitting claims

The Bankruptcy Trustees have published an extract of ATB's bankruptcy order in two national newspapers of each Member State in which ATB provides services. Apart from the Netherlands, these are Belgium, Cyprus, France, Germany, Luxembourg, Malta and Austria. The extract was also published in the Official Journal of the EU.

In weeks 19 and 20, a large part of the creditor population was contacted by email. The decision to approach the creditors by email was made in order to inform them as quickly as possible about ATB's bankruptcy. In addition, email was a common means for ATB to communicate with creditors.

8.1.1 *Account holders*

The large number of account holders in combination with the limited access to information systems as a result of the sanctions has made it time-consuming to draw up and update lists of creditors. Therefore, due to the large number of account holders, informing all creditors of the bankruptcy by regular mail was not practically possible at short notice. ATB has some 20,000 'active' account holders and around 26,000 'dormant' account holders. Dormant account holders are account holders whose accounts have been terminated by ATB before the bankruptcy due to long-term inactivity, but on which (often small) claimable amounts are still held.

All ATB account holders have by now been informed of the bankruptcy by email. However, there are some account holders for whom the emails do not seem to have arrived correctly. The Bankruptcy Trustees have since informed these account holders by regular mail about the bankruptcy of ATB. The Bankruptcy Trustees intend to verify the claims of account holders based on ATB's books and records and, as part of this process, have informed the account holders that they do not need to take any action for the time being.

8.1.2 *Other creditors (non-account holders)*

There is still a small group of creditors on whom Bankruptcy Trustees have not yet received full details from ATB. This mainly concerns trade creditors. The main reason why the Bankruptcy Trustees have not yet received all the data is that ATB – again as a consequence of the sanctions – has coped and is coping with a large number of malfunctions in its systems, as a result of which it has not had access to the necessary data. The Bankruptcy Trustees expect to be able to inform these creditors of the bankruptcy in the near future.

The Bankruptcy Trustees are already in contact with many of these parties, for example, because their services are still required for the liquidation. Naturally, creditors who report to ATB or the Bankruptcy Trustees are informed about the bankruptcy and the process to submit their claims.

8.1.3 *Other activities*

Apart from generally informing the creditors of ATB about the bankruptcy, there is also frequent contact with creditors of ATB in other areas. A special email address has been opened for ATB's creditors where they can ask questions related to the bankruptcy (infoatb@Stibbe.com). The Bankruptcy Trustees are in close contact with and answer large

numbers of questions from creditors, especially account holders and suppliers of ATB. In addition, the Bankruptcy Trustees answer questions from account holders who have reported to DNB, but which relate to the bankruptcy and cannot be answered by DNB.

8.2 **ICT/Essential suppliers**

The Bankruptcy Trustees have had to spend a lot of time in the first reporting period on regaining access to and securing the existing ICT infrastructure, which is vital for the liquidation. The sale of assets, the settlement of creditors and the securing of information all to a large extent depend on this. The Bankruptcy Trustees have concluded new agreements with various ICT service providers for the provision of services to ensure the continuity and accessibility of the existing ICT infrastructure. In some cases, payment of part or all of an outstanding debt has proven necessary. The Bankruptcy Trustees are still regularly faced with interruptions in the delivery of ICT services and expect to spend a lot of time on this in the coming reporting period as well.

Parallel to this, work is also being done to simplify and reduce the size of the ICT infrastructure where possible, in order to save costs and simplify management. In addition, it is being investigated whether it is desirable that a larger part or even all of the ICT is taken over by the Foundation.

Finally, ATB has entered into a number of lease contracts (e.g., for laptops for employees and a company car). In addition, one supplier has invoked retention of title. The Bankruptcy Trustees are in consultation with these parties and have drawn their attention to the cooling-off period that has been adjudicated by the court.

8.3 **Deposit guarantee fund**

As a result of ATB's bankruptcy, the deposit guarantee scheme entered into force. This means that account holders can via DNB claim the balance of their bank account at ATB, in principle up to an amount of EUR 100,000 per account holder. Exceptions to this are possible. DNB assesses whether an account holder is eligible for a payment on the basis of the applicable regulations and if so, for what amount. Information about the deposit guarantee scheme for ATB, including information about receiving payment and the progress of implementation, can be found at <https://www.dnb.nl/>.

DNB relies to a large extent on ATB's records for implementation. In that context, ATB had to provide a file containing details of all ATB account holders within three working days of the bankruptcy. This file was delivered one working day after the bankruptcy was declared, as a result of which the first account holders were paid within a week. The Bankruptcy Trustees understand that an amount of approximately EUR 624 million has now been paid to approximately 18,000 account holders.

In the context of the deposit guarantee scheme, there is intensive contact between DNB, ATB and the Bankruptcy Trustees. Issues discussed include the enhancement and/or supplementation of the data provided, how to deal with interest, dormant accounts or cases of death and how to answer questions from account holders. In the first weeks, daily (often multiple) consultations took place between DNB, ATB and the Bankruptcy Trustees. At present, this is approximately three times a week. In addition, DNB, ATB and the Bankruptcy Trustees have frequent contact regarding individual questions from creditors covered by the deposit guarantee scheme. Consultations are also held with DNB on making an interim payment within the meaning of Section 212rd Bankruptcy Act.

8.4 Account holders with remaining claims

The majority of the outstanding debt to account holders is covered by the deposit guarantee scheme. However, there are also account holders who had an amount in their bank account that exceeds the amount covered by the deposit guarantee scheme. In addition, all account holders are likely to have an interest claim against ATB for the period between 22 April 2022 and the time they are paid by DNB. Since 3 March 2022, interest claims in a bank's bankruptcy are in principle verifiable. These claims will be settled in the bankruptcy in the usual manner. Frequent consultations are taking place between the Bankruptcy Trustees, ATB and KPMG on how this can be done most efficiently.

The Bankruptcy Trustees intend to verify the (remaining) claims of account holders, including interest over the period of the bankruptcy, on the basis of ATB's books and records. This means that account holders will be informed by the Bankruptcy Trustees about the (remaining) claims they have against ATB according to ATB's books records and whether, and in what way, they are entitled to a distribution from the bankruptcy. The amounts already paid out by DNB under the deposit guarantee scheme will be taken into account. As such, for the time being, account holders do not need to undertake any action.

8.5 Lessor of business premises

The Bankruptcy Trustees have understood that ATB and the lessor of the business premises leased by ATB in the WTC in Amsterdam have reached an agreement prior to bankruptcy to terminate the lease as per 1 September 2022. The Bankruptcy Trustees are currently in discussions with the lessor regarding the end date of the lease and the handover.

8.6 Insurance

The Bankruptcy Trustees are taking stock of ATB's current insurance policies and are investigating to what extent extending or terminating these policies would be in the interest of the bankrupt estate.

8.7 Other

The Bankruptcy Trustees are investigating the possibilities of making an interim distribution within the meaning of Section 212rd Bankruptcy Act in the short term. For the method of verification of remaining claims by account holders, see para 8.4. Creditors who are not account holders of ATB can submit their claims against ATB via the self-help function of *SFVonline*. The use of www.sfvonline.nl is free.

9. LEGAL PROCEEDINGS

9.1 Preliminary relief proceedings against ICT-supplier

At the start of the bankruptcy, the Bankruptcy Trustees encountered problems with some of ATB's key ICT suppliers. An important ICT supplier had already ceased its services to ATB at that time. For both this and other suppliers, this measure was related to sanctions that would take effect in the United States after the expiry of the General License after Thursday, 5 May 2022.

As a result, the Bankruptcy Trustees had no access or risked losing access to much of ATB's essential digital records. In addition, the risk could not be excluded that parts of the records

would be destroyed at some point by the relevant software suppliers, which would obviously have very serious consequences for the liquidation. The Bankruptcy Trustees therefore decided, with permission of the supervisory judge, to initiate preliminary relief proceedings in order to ensure the resumption or continuation of services and to prevent the possible destruction of records.

An agreement was reached with one supplier before the start of the preliminary relief proceedings, as a result of which the services concerned remained accessible to ATB without interruption and it was not necessary to continue the preliminary relief proceedings. The preliminary relief proceedings were therefore only conducted against another essential supplier.

On 3 May 2022, in view of the urgency of the matter, the preliminary relief judge issued a so-called 'head-and-tail judgment', an order whereby the motivation is left out for reasons of expediency. The motivation of the judgment was issued to the parties on 10 May 2022. In short, the preliminary relief judge ordered the relevant supplier to do everything necessary to ensure that Stichting Vereffening (the Foundation) has and continues to have unhindered access to and use of the entire ICT environment. In addition, the preliminary relief judge prohibited the supplier from destroying all or part of the ICT environment or data stored therein. The enforcement of the judgment is currently a work in progress; the Bankruptcy Trustees expect more clarity on this in the coming reporting period.

9.2 **Criminal investigation**

Since 2016, a criminal investigation has been underway against ATB regarding the suspicion of criminal offences dating from 2012 to 2016. These are economic offences consisting mainly of violations of obligations under the Money Laundering and Terrorist Financing (Prevention) Act and violations of European sanctions regulations. In 2017, the Fiscal Intelligence and Investigation Service (FIOD) carried out a raid at ATB as part of this investigation. The Bankruptcy Trustees are taking stock of the status of this investigation, are consulting with the parties involved where possible and are examining to what extent further action by the Bankruptcy Trustees is necessary or desirable.

9.3 **Current proceedings at the time of the bankruptcy order**

The Bankruptcy Trustees are taking stock of the current proceedings in the Netherlands and abroad, instituted by and against ATB. They are determining the status of each of these proceedings and the extent to which further action by the Bankruptcy Trustees is necessary or desirable. The Bankruptcy Trustees expect to be able to report on this in more detail in the coming reporting period.

For now, the Bankruptcy Trustees are aware of one current proceeding pending in Greece. This concerns a dispute between ATB and a party that was responsible for the storage and management of goods pledged to ATB. The collateral was partly destroyed and ATB held the Greek party liable. In first instance, the other party was ordered to pay approximately EUR 13 million plus interest. An appeal has been lodged against this judgment. On 26 May next, the oral hearing on appeal will take place. With the supervisory judge's permission, the Bankruptcy Trustees will continue the proceedings, or at least be represented during the oral hearing. The Bankruptcy Trustees will monitor the proceedings in the coming reporting period.

10. OTHER

In the coming reporting period, the Bankruptcy Trustees will continue the sale of assets and work to obtain additional licences from the US regulator OFAC in the context of the liquidation so that the Bankruptcy Trustees can continue their activities beyond 11 July 2022 without having to use the Foundation established by them. In addition, the Bankruptcy Trustees are investigating the possibilities of commencing an (interim) distribution to creditors in the coming reporting period.

The next public bankruptcy report will be published on or around 23 August 2022.
