



4 June 2020

Creditors
Loyal Bank Limited (In Liquidation)

Dear Creditors,

Re: Loyal Bank Limited (In Liquidation) – Status Update

1. Introduction

This letter serves as an update to the creditors of Loyal Bank Limited (In Liquidation) ("**the Bank**" or "**LBL**") on the Bank's winding up proceedings, for the period 1 January 2020 to 30 April 2020, and key issues that we the Joint Liquidators for LBL ("**the Liquidators**") continue to address. All previous updates regarding the Bank's winding up proceedings and relevant information can be found on LBL's website www.loyalbank.com.

Following our previous update to Creditors dated 6 January 2020 ("**the Update**"), the Liquidators have issued a fourth report ("**the Report**") to the High Court of Justice of Saint Vincent and the Grenadines ("**the Court**"), detailing the liquidation activities for the period 1 July 2019 to 31 January 2020. The Report was submitted to the Court in March 2020.

In summary, the Liquidators continue to investigate matters concerning the Bank, in an effort to recover the Bank's assets and satisfy its debts. Accordingly, we continue to review and investigate the Bank's prior operations, financial arrangements and claims against certain related and third parties. In this regard, we are continuously liaising with our attorneys, on matters of legal proceedings, as further detailed in this update, to progress the realization of certain of the Bank's assets, and on other matters when deemed necessary.

2. Challenges

Attention is given to several issues that not only proved problematic, but also hindered the recovery of some of the Bank's assets and consequently affected the activities of the Liquidators. These issues are noted below.

- a) Some of the Bank's assets remain frozen. To date, the Liquidators continue to liaise with interested parties to have the assets released to us, and thus remedial efforts are ongoing.

Loyal Bank Limited – In Liquidation

**c/o Deloitte & Touché, The Goddard Building
Haggatt Hall, St Michael, Barbados
loyalbankliquidation@deloitte.com**



- b) Some financial institutions insist on withholding funds due to the Bank. Accordingly, the Liquidators have proceeded to commence legal action against some of these institutions.
- c) The Liquidators continue to pursue the collection of the Bank's loans, although many loan account holders are not as cooperative as preferred. Many of the loans also appear to be connected to related parties. Overall, Loyal Bank's loan book was under-secured, overdue and non-performing. Notwithstanding this, the Liquidators are continuing efforts to recover outstanding debts. To date, the Liquidators have only been able to collect 3 of the 12 outstanding loan balances, all at amounts less than what was originally owed. This however saved significant time, cost and expenses relating to litigation, and the subsequent enforcement steps, where the prospect of success was not guaranteed.
- d) Challenges encountered complying with the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS). There is currently limited access to Loyal Bank's systems files which includes information that is needed to satisfactorily fulfil FATCA and CRS requirements. Accordingly, we are liaising with the relevant parties to gain full access to files in order to address this matter and complete reporting.
- e) Lack of cooperation from former employees, in some instances. Notwithstanding this, the Liquidators efforts continue to obtain the information and assistance required.

3. Financial Position

As at 31 January 2020, USD 33,067,480 of LBL's assets have been collected into the liquidation bank accounts and disbursements of USD 4,686,081 were paid. These consist of operation expenses, legal costs, liquidation fees and other disbursements.

Cash from most of the financial institutions have been recovered, however, the majority of the outstanding loan balances, remain uncollected. The likelihood and/or quantum of the recovery of these will be impacted by a number of factors. However, the Liquidators continue to aggressively pursue their recovery.

With regards to the Bank's investments, the estimated realisable value of a significant portion of investments are yet to be determined, as recoveries are dependent on the timing of redemptions and proceeds from redemption.

To facilitate the collection of investments, the Bank placed into liquidation two of its subsidiaries, Loyal Investment Funds SCC Limited (LIF) and Columbus Investment Management Ltd (CIM). The Liquidators decided to wind up LIF and CIM, in an effort to realise the underlying assets, so that funds from these investments can be redeemed and dividends paid to the Bank. The Liquidators are also contemplating efforts to place the remaining subsidiaries of the Bank into liquidation, to recover funds.



Page 3
4 June 2020
Creditors

4. First Interim Dividend Distribution

In our previous status update, dated 6 January 2020, we explained that we had recently gained access to the historical information contained in the Bank's banking software ("**the Software**") and were liaising with the provider of the Software, to obtain their assistance with difficulties experienced with the Software. These discussions are ongoing. We have experienced improvements to our access to the Bank's software system. Accordingly, we are now able to garner a better understanding of customer accounts.

In light of the above, we are continuing with the review of the Bank's records and the reconciliation process, to facilitate the issuance of proof of debt forms ("**PODFs**") to the Bank's depositors. The PODFs will be accompanied by a cover letter, providing pertinent information, and detailing items and information required from all depositors, to obtain dividend distributions in the Bank's liquidation. The information required from depositors, will address FATCA and CRS requirements, where deemed necessary.

As previously stated, subject to the assumptions and limitations identified to date, the estimated distribution to priority claimants is 100 cents on the dollar and approximately 35 to 40 cents on the dollar to unsecured claimants, which includes depositors. In this regard, the Liquidators will seek to establish a distribution timeline as soon as possible. The distribution estimates are however subject to change as the liquidation process continues.

5. Conclusion

We continue our efforts to recover and collect the assets of the Bank and to verify and adjudicate claims in the liquidation. Accordingly, we will amend and update the estimate of distributions to creditors as better information regarding the ultimate realizable values for certain assets is obtained and/or should the underlying data or records we rely upon prove to be inaccurate, or if circumstances materially change after the date of this letter.

We remain committed to providing all creditors with periodic updates.

Please do not hesitate to contact the below named persons who are authorised to represent the Bank or conduct business on the Bank's behalf:

Ikins D. Clarke – Court Appointed Liquidator;
Rikhi Rampersad – Court Appointed Liquidator;
Raymond Haynes – Agent of the Liquidators; and
Tiphane Russell – Agent of the Liquidators.



Page 4
4 June 2020
Creditors

Information regarding the Bank's liquidation may be obtained from the Bank's website www.loyalbank.com and parties with an interest in the liquidation may contact us at loyalbankliquidation@deloitte.com.

Yours sincerely,

A handwritten signature in dark ink, appearing to be "Ikina Clarke".

Ikina Clarke
Joint liquidator
For and on behalf of
Loyal Bank Limited (in Liquidation)