



December 2023

To the Creditors of
Loyal Bank Limited (In Liquidation)

Dear Creditors,

RE: LOYAL BANK LIMITED (IN LIQUIDATION) – Status Update

1. INTRODUCTION

This document provides an update to the creditors and the depositors of Loyal Bank (collectively, the “Creditors”) in respect of the winding up proceedings of Loyal Bank Limited (In Liquidation) (“Loyal Bank”) for the period ending 31 July 2023. Prior updates regarding Loyal Bank’s winding up proceedings and relevant information can be found on <https://www.deloitte.com/cbc/en/services/financial-advisory/services/loyal-bank-liquidation.html>.

In November 2023, the Joint Liquidators issued their eleventh report (“the Report”) to the High Court of Justice of Saint Vincent and the Grenadines (“the Court”) detailing the liquidation activities occurring up to 31 July 2023.

2. FINANCIAL POSITION

As at 31 July 2023, the Joint Liquidators reported USD 45.5 million in cash assets held at liquidator-controlled bank accounts, representing the total of net asset realizations (after all liquidation costs to that date) by the Joint Liquidators, from the date of winding up of Loyal Bank. The Joint Liquidators also reported that Loyal Bank has USD 86.5 million of known, unpaid liabilities as at the same date.

The Joint Liquidators continue efforts to recover Loyal Bank assets including deposits held by financial institutions, investments, certain loans, and property.

Three of Loyal Bank’s five subsidiaries have been completely wound up. The two remaining are undergoing windup procedures.

3. FIRST INTERIM DIVIDEND DISTRIBUTION

As at 18 August 2021, the Joint Liquidators declared a first interim dividend of USD 0.25 cents on the dollar (“First Dividend”). At that time the Joint Liquidators’ best estimate (subject to change) of the eventual approximate total dividend distribution was USD 0.40 cents on the dollar to unsecured Creditors. As of the date of this update, the Joint Liquidators continue to pay distributions to both priority Creditors, and the First Dividend to unsecured Creditors, who have submitted all required supporting information and whose claims have been fully adjudicated.

Loyal Bank Limited – In Liquidation

**c/o Deloitte & Touche, Haggatt Hall,
St Michael, Barbados**
loyalbankliquidation@deloitte.com



4. CHALLENGES

The Joint Liquidators face several challenges, which impact and delay the payment of the First Dividend:

1) Adherence to due diligence requirements

Due diligence reviews in respect of anti-money laundering and other related regulatory requirements, including tax transparency, must be conducted for each depositor.

The Liquidation team continues to experience high volumes of incomplete or incorrect submissions from creditors, in particular tax forms. As such, significant time continues to be incurred by the team, following up with depositors to provide appropriate, complete, and accurate documents. It is imperative that Creditors submit all necessary documents requested on a timely basis, ensuring that they satisfy all the AML, tax, and other regulatory requirements.

2) Lack of response from Creditors

A very significant number of depositors who were issued proof of debt forms have not completed and returned these forms. However, the Liquidators have taken the decision to proceed with payment to all Creditors who have submitted fully compliant documents.

3) Remittance to corporate accounts

The Joint Liquidators received multiple requests to remit funds to named persons other than the account holder on record. The Joint Liquidators are aware that many corporate creditors may have ceased operations (wound up or dissolved) and wish to conclude matters expeditiously by having dividend payments made to the ultimate beneficial owner or alternatively to a third party. Legal counsel has however confirmed that funds can only be remitted to the UBOs where there is adequate supporting documentation from the company, effected prior to the company's winding up or dissolution, authorizing the Liquidators to make payment to the UBO instead of the company. Furthermore, where the Company has been struck off, proof that the company has been restored to the relevant register of companies must be submitted in order for dividend payments to be made. The Liquidators have encountered some resistance from certain Creditors to this requirement and do understand that it may be a costly exercise to restore a company that has been struck off.

Notwithstanding this, Creditors should note that the clear legal requirement lies with them to restore the company, prior to the settlement of any claim.

4) The Indictment

The Criminal Indictment against Loyal Bank for by the US Attorney's Office remains outstanding in the United States. The Joint Liquidators continue to work with legal counsel in the United States of America to attempt to settle this matter including negotiate and possibly reduce any fine that may otherwise be imposed on Loyal Bank by the US authorities.

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5. NEXT STEPS

- The Joint Liquidators will continue to liaise with Creditors with whom communication has been established, to complete the review and adjudication process of claims as expeditiously as possible. The Joint Liquidators will also continue efforts to contact the remaining Creditors for whom no communication has yet been established via email, post and/or telephone. Once documents have been received and confirmed to be satisfactory and consistent with all adjudication requirements, payments will be prepared for issuance.
- Following the completion of the First Interim Dividend, the Joint Liquidators will determine and propose the quantum of a second interim dividend to the High Court of St. Vincent and the Grenadines.
- Please direct your queries to the liquidation email address: loyalbankliquidation@deloitte.com. Efforts to reach the liquidation team by telephone may unfortunately result in delayed responses. Requests for in-person meetings cannot be accommodated.

Information regarding Loyal Bank's liquidation may be reviewed via the website:
<https://www.deloitte.com/cbc/en/services/financial-advisory/services/loyal-bank-liquidation.html>.

Yours sincerely,

A handwritten signature in black ink, appearing to be a stylized 'JL' or similar initials, followed by a horizontal line.

Joint Liquidators
For and on behalf of
Loyal Bank Limited (in Liquidation)

Loyal Bank Limited – In Liquidation

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