



October 2024

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”) since the last update issued in December 2023 to 31 July 2024. 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 September 2024, the Joint Liquidators issued their thirteenth 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 2024.

2. FINANCIAL POSITION

As at 31 July 2024, the Joint Liquidators reported USD 60.6 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 83.3 million of known, unpaid liabilities as at the same date.

As at 31 July 2024, total cumulative distributions of USD 5,645,424 has been paid over the period of the liquidation. This includes payments to priority claimants, depositors, and unsecured creditors.

Liquidation costs including liquidators’ remunerations, legal and other fees have been paid in the amount of USD 15.2 million from 24 Aug 2018 to 31 July 2024. Liquidators’ remunerations were approved by the Court and are set out in each report.

The Joint Liquidators expect to recover the remaining Loyal Bank assets comprising majorly of loans, investments and property in an amount circa USD 1.5 million.

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

3. FIRST INTERIM DIVIDEND DISTRIBUTION

Loyal Bank Limited – In Liquidation

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



The Joint Liquidators declared a first interim dividend of USD 0.25 cents on the dollar ("First Dividend") as at 18 August 2021. 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. At the time of this update, the Joint Liquidators continue to pay the First Dividend to unsecured Creditors, who have submitted all required supporting information and whose claims have been fully adjudicated.

4. REVIEW OF DOCUMENTATION

The Liquidation team continues to work with creditors to obtain the appropriate, complete and correct documents in order to satisfy all AML, tax and other regulatory requirements. Significant time is incurred liaising with depositors to ensure that all documentation is in place prior to approval for payments.

5. CHALLENGES

The Joint Liquidators are encountering several challenges, which are delaying the payment of the First Dividend to some depositors/creditors:

1) Correct documentation

Creditors are reminded that in order for claims to be approved for payment, all requisite documents must be received and deemed satisfactory. Please be reminded of the required documents as noted below:

- Notarized, signed and dated release letter.
- Completed Proof and Debt form.
- Notarized copy of Depositor/Ultimate Beneficial Owner (UBO) passport.
- Notarized copy of Depositor/UBO driver's license or voter's identification card.
- Notarized copy of UBO's proof of address, not older than two months.
- Certificate of Incumbency (in the case of corporations).
- Board resolution authorizing transfer of dividend to Company's account (in the case of corporations).
- Completed Tax forms for FATCA and CRS.

2) Unsigned First Interim Dividend Letters

Several depositors who have successfully complied with all due diligence requirements are still to sign and return the First Interim Dividend letter. This document is necessary to confirm that the depositor agrees to the dollar amount to be issued as the dividend distribution.

3) Lack of response from Creditors

Of all depositors issued with proof of debt forms, only 20% have completed and returned these forms to date. The Liquidators continue to proceed with payment to all Creditors who have submitted fully compliant documents.

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The Joint Liquidators extended efforts to contact the creditors where no communication was established via email, registered mail or telephone. Responses are still outstanding from most creditors.

4) Remittance to corporate accounts

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. Creditors are however reminded that funds can only be remitted to the UBOs where there is adequate supporting documentation from the company which was in effect prior to the company's winding up or dissolution, authorizing the Liquidators to make payment to the UBO instead of the company. Additionally, please be reminded that where the company has been struck off, proof that the company has been restored to the relevant register of companies must be submitted before dividend payments can be made.

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

5) The Indictment

The Liquidators and legal counsel are finalizing the terms of agreements of a deferred prosecution agreement "DPA" with the United States Attorney's Office, regarding the criminal indictment against Loyal Bank in the United States of America.

6) Cancelled or Returned Payments

Numerous depositor payments have been unsuccessful and were credited back to the liquidation account. Due to Butterfield Bank's heightened due diligence, the Liquidators' ability to initiate and release payments independently remains restricted. While this allows for an additional review of payments, it also lengthens the turnaround time.

On occasions where payments were unsuccessful and funds returned to the liquidation account, the Liquidators liaised with Butterfield Bank to ascertain the reasons for returning or cancelling the payments. In light of the varying reasons, the liquidation team contacted depositors to confirm banking details and re-attempted payments, and in many cases the re-attempted payments were successful. We therefore continue to work with the Bank and the depositors to resolve any issues to ensure payments are successful.

Where depositors have changed their financial institutions during the course of the review of documents, such information must be submitted in order to facilitate successful dividend distributions.

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6. NEXT STEPS

- The Liquidators intend to commence the distribution of second dividend payments in December 2024 to those depositors who successfully received their First Interim Dividend payments. The Joint Liquidators will first determine and propose the quantum of a second interim dividend to the High Court of St. Vincent and the Grenadines. Once this has been approved and finalized, all depositors will be notified.
- The Liquidators continue to monitor wind up activities for two remaining subsidiaries of Loyal Bank; Profis Kft. and Loyal Investment Funds SCC Ltd. Once wind-up activities are completed, these entities will be thereafter dissolved.
- Having liaised with a realtor concerning the former Loyal Bank Limited property at Crest Villa, Cedar Hill, St. Vincent and the Grenadines, the Liquidators expect to list the property for sale within the next 2 – 3 months and conduct the sale by a bidding process.

7. FURTHER QUERIES

- 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 read "Ikina Clarke".

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

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