

3 June 2016

TO ALL KNOWN DEPOSITORS

Dear Depositor

National Bank of Anguilla (Private Banking and Trust) Ltd – Administrator Appointed (“PBT”)

The purpose of this letter is to provide you with an update on the affairs of PBT, together with further information in relation to the steps that I have taken in the administration. This letter should be read in conjunction with my previous letter dated 6 May 2016, and all other letters sent in my capacity as Administrator of PBT.

The Resolution Plan and Purchase and Assumption Agreement

Despite repeated further requests to the National Commercial Bank of Anguilla (“NCBA”) and the Government of Anguilla for them to provide me with a copy of the Resolution Plan and the Purchase and Assumption Agreement (“P&A”), neither of these documents has been received nor have I been provided with any further information regarding how PBT’s funds held at the National Bank of Anguilla Ltd (“NBA”) as at the date of the appointment of the Conservator or fate of the implementation of the Resolution Plan will be treated.

On 13 May 2016, my legal counsel in Anguilla sent a formal request to NCBA’s counsel to request the Resolution Plan and the P&A. The deadline for provision was 20 May 2016. These documents have not been provided, absent voluntary disclosure of the documents, I anticipate seeking the assistance of the Court in due course.

According to publicly available information, deposits held at NBA have been transferred to NCBA which has in turn guaranteed the repayment of these up to EC\$2.8 million (the “NCBA Guarantee”). I am taking legal advice as to whether or not the funds placed by PBT at NBA constitute a deposit, potentially subject to the protection up to EC\$2.8 million, or should be given an alternative form of classification/treatment.

Post-conservatorship balances (up to 24 March 2016)

As noted in my letter of 6 May 2016, I have issued proceedings in the Eastern Caribbean Supreme Court in the High Court of Justice (Anguillan Court) (the “Anguillan Court”) against NBA and NCBA (the “Claim”).

The Claim has been served on NCBA 6 May 2016 and I am seeking leave to serve it on NBA. Because NBA is in Receivership, consent of the Anguillan Court is required to commence proceedings against NBA. An application was heard on an ex-parte basis on 19 May, at which hearing the Master directed that the application be heard on an inter parties basis on 5 July 2016.

It is my intention to establish a web portal that will be made exclusively available to creditors/depositors of PBT. I will upload the Claim to the portal.

The Claim seeks, *inter alia*, to recover all funds that PBT transferred to NBA since the Conservatorship commenced, whether by way of new deposits placed or assets of PBT realised after the onset of Conservatorship. The Claim is a proprietary claim to assets held on the basis that they were paid to the recipients in breach of fiduciary duties owed to PBT. The 'good' assets of NBA, which I believe include those to which PBT is entitled as a consequence of the Claim, including any remaining cash held by it at the point of introduction of the Resolution Plan, are believed to have been transferred to NCBA under the Purchase and Assumption Agreement.

The cash held by NBA in US dollars was held in an account at Bank of America in New York. It is believed that this account has been transferred to NCBA and that the account is likely still to hold money. I have concluded that my efforts to locate and recover PBT's assets would be assisted if proceedings were to commence in the United States.

On 26 May 2016, I therefore filed a chapter 15 petition in the United States Bankruptcy Court in the Southern District of New York (the "US Bankruptcy Court") for recognition of (a) the proceeding in Anguilla as a 'foreign main proceeding' and (b) me as PBT's 'foreign representative'.

The application will be heard by the US Bankruptcy Court on 17 June 2016. In the event that any party with an interest in this matter wishes to submit a response or objection to the application, they must do so by 4.00pm (Eastern Daylight Time) on 10 June 2016. Attached at Appendix 1 is the notice of filing and hearing for the Chapter 15 application.

I am aware that certain lawyers in Anguilla instructed by depositors are considering other possible claims. I wish to assist them as far as possible, subject to issues of confidentiality. As Administrator, it is important that I prioritise the making of potential claims open to me as resources available to me are limited. Therefore, my initial focus will be to progress those claims offering the best chance of success (and which maximise the recovery for all creditors). I currently believe that to be the Claim, and the US Chapter 15 application.

Pre – Conservatorship balances

At the date of my appointment PBT's records show that it held approximately US\$20 million at NBA. Therefore, even if the NCBA Guarantee is honoured, a significant shortfall will remain.

The potential claims for recovery of this shortfall remain under consideration and analysis.

If creditors of PBT have any information regarding the basis upon which PBT placed funds with NBA, I urge them to contact me or a member of my team.

Claims may exist against various parties including but not limited to PBT's directors, relating to, among other things, how its assets were used, including why they were placed to a large extent with NBA. Such claims are being considered and analysed.

Extension of Administrator's powers

On 5 May 2016, the Anguillian Financial Services Commission made an application to the Anguillian Court pursuant to Section 31(3) of the Financial Services Commission Act, to extend my powers as Administrator to include those of a Liquidator. The Court made the Order as requested. The extension of my powers means that certain claims that can be brought only by a liquidator are now capable of consideration, subject to the resource constraints to which I have referred. The additional powers should assist in progressing my actions in New York.

For the avoidance of doubt, although the additional powers have been granted to me, PBT remains in administration.

Sharing of information with depositors

I have been approached by a number of depositors or their legal advisors with requests to share certain information regarding PBT. Those requests include but are not limited to:

- Historic audited and management accounts;
- The Court Order appointing me;
- My reports to submitted to the Anguillian Court; and
- Copies of the claim against NCBA commenced in Anguilla.

My desire is to be as open as possible with depositors and their counsel. However certain information, such as my reports to Court cannot be provided as they are sealed by order of the Anguillian Court.

I intend to upload the audited and unaudited accounts, redacted as necessary, of PBT to the portal referred to earlier in this letter and also the Claim. The web portal will be made exclusively available to creditors/depositors of the Bank. Additional information may be uploaded to the portal subject always to confidentiality/privacy restraints.

I will send you the web address and password for the portal in due course under separate cover. The password should not be disclosed to any other person, other than your legal advisors. Misuse of the portal or unauthorized access to the portal may result in termination of access thereto. I reserve the right to grant or deny access to the portal for reason and without notice.

Creditors' Committee

There are many areas of my administration where it would be of assistance to me to learn of the views and wishes of creditors. I am proposing to form a creditors' committee of depositors to enable me to communicate directly and efficiently with a small group of creditors, who would act as a sounding board. Full communications would of course still be sent to the general body of creditors. The committee would not have any formal status.

The Committee would:

- Not be formed under any statute or under any legal requirement in Anguilla;
- Have only an advisory role - it could not direct me or instruct me in any manner;
- Consist of no more than seven members;
- Meet by telephone conference as requested by me or by the members; and
- Not be entitled to receive remuneration or out of pocket expenses.

Therefore, if anyone would like to become a member of the committee, please contact me by e mail at pbt@fticonsulting.com by no later than 5.00pm (BVI time) on 10 June 2016, expressing an interest. If I receive more than seven expressions of interest, I will circulate forms to all depositors so that they can vote on whom they wish to be elected as members of the committee.

Should you have any queries with the contents of this letter, please do not hesitate to contact pbt@fticonsulting.com

Yours faithfully

National Bank of Anguilla (Private Banking and Trust) Ltd – Administrator Appointed



William Tacon
Administrator

Encl.

Appendix 1- filing and hearing for the Chapter 15 application