

INFORMATION LETTER N°1

EAST-WEST UNITED BANK SA (in judicial liquidation) (hereinafter “EWUB”)

Dear creditors, dear shareholder,

Please find below a list of questions that have been raised.

In order to guarantee equal access to information for all creditors, the liquidator has decided to answer these questions on this website.

1. Question:

“Confirmation of the legal nature of the liquidation, which was indeed a judicial liquidation but the consequence not of a state of cessation of payments but of a decision to liquidate and dissolve the company supported by the directors as a result of the prohibition on carrying on business. As a result, the interest of the shareholder has not disappeared”.

Response:

EWUB was declared in judicial liquidation by judgment dated 7th of February 2024 by the Tribunal d’Arrondissement de et à Luxembourg (hereinafter the “**Judgment**”).

Please note that

- the Commission de Surveillance du Secteur Financier (hereinafter “CSSF”) has filed the request to proceed with the judicial liquidation of EWUB, and not the board of directors of EWUB;
- at the time the liquidation was declared, EWUB was not able to pay its debts, nor to use its assets to make any operations;
- the liquidator’s mission is to operate the judicial liquidation of EWUB at the best interest of its creditors;
- the shareholder is not in a position to interfere in the liquidation operations;
- For more details regarding the proceedings, please refer to the Judgment (<https://www.ewubliquidationjudiciaire.lu/documents.htm>)

2. Question:

“Confirmation that

- *the shareholder will be informed of all steps and actions,*
- *the shareholder’s rights, and in particular its ownership rights, will be defended.”*

Response:

Please note that

- the creditors (including the shareholder) will be informed about the liquidation process at key stages. The information will be published on this website;
- the liquidator’s mission is to recover all assets of EWUB in order to pay the latter’s debts.
- the liquidator’s mission is to act in the interest of the liquidation estate and not in favour of individuals.

- the shareholder has a subordinate rank in relation to creditors. Consequently, the liquidator will first pay the costs of the liquidation, then the admitted creditors, and if there is a balance left (“the liquidation bonus”), it will be distributed to the shareholder.

3. Question:

“Confirmation of the absence of European sanctions against the shareholder of EWUB”

Response:

Please refer to the following link to check if an entity is subject to European sanctions
<https://www.sanctionsmap.eu/#/main>

4. Question:

“Confirmation of the state of non-insolvency (more assets than debts) As a reminder, when the proceedings were initiated, assets were estimated at €120 million and liabilities at around €50 million.”

Response:

Please note that

- the afore mentioned figures are not accurate at all;
- it is premature to evaluate the assets of EWUB as the liquidation proceedings are still ongoing;
- a lot of assets are still blocked by international sanctions and litigations are still pending in different jurisdictions. The list of accepted and rejected statements of claims will be finalized shortly. The exact amount of distribution will only be available once the assets have been unblocked and the debates on rejected claims (“*débats sur contestations*”) will have been settled by a final decision.
- the liquidator has made substantial progress and has already recovered some blocked assets. However, there is no guaranty regarding the recovery of EWUB’s assets with its custodians and financial institutions established in the UK, USA and Russia;

5. Question:

“Updated data on assets (with details of their availability)”

Response:

Please refer to response under questions 4.

6. Question

“Statement of debts (list of creditors who have come forward on time, verification process) Participation of the shareholder/its advisors in the verification of debts”

Response:

Please note that

- the verification of claims¹ was performed in accordance with the procedure set out in the Judgment. For the *modus operandi* of the verification of claims, please refer to the Judgment;

¹The official term is “verification of claims”. From EWUB’s point of view one can also say “verification of debts”.

- given the fact that the shareholder was not in charge of EWUB's management, there is no legal basis authorizing his participation in the procedure of the verification of claims.

7. Question

"Reporting on operations since the start of liquidation

- *Cash flow statement (cash burning/income) and clearance of current liabilities and charges*
- *Copy of operating accounts*

What has happened to employees since the liquidation began: suspension of contracts or redundancies? Financing of salaries and redundancy payments. Number of contracts still in place and role"

Response:

Please note that

- the liquidation operations are performed by the liquidator in accordance with Luxembourg law and under the supervision of the supervisory judge appointed by the Tribunal d'Arrondissement de et à Luxembourg;
- *the "Cash flow statement (cash burning/income) and clearance of current liabilities and charges and copy of operating accounts"* are documents which shall be part of the rendering of accounts ("*reddition des comptes*").
- the liquidation costs shall also be submitted to the creditors at the "*reddition des comptes*";
- the employees of EWUB are being treated in accordance with applicable employment contracts and social plan according to Luxembourg labour law and liquidation law.

8. Question

"Valuation of assets : Involvement of real estate experts for the building and auditors for the bank's assets (IT, know-how, brand, employees, clientele), which have a value despite the loss of its license."

Response:

Please note that

- in general terms, if a building has to be sold, the liquidator will appoint a property expert to evaluate the building. That being said, the market value of the building will be the price that potential interested parties are prepared to pay for the building.
- without banking operations and valid banking license, "*IT, know-how, brand, employees and the clientele*" have no monetary value.

9. Question

"- Relations with the CSSF and the Central Bank and actions to be taken to free up funds

- *Prospects for realizing assets to pay off verified and validated debts*
- *Decisions to sell certain assets and choice of assets to be sold.*
- *Prospects for closing the judicial liquidation proceedings with full discharge of debts.*
- *Appointment of new administrators"*

Response:

Please note that

- as EWUB has lost its banking licence, it is no longer under the supervision of the CSSF, nor the Central Bank;
- due to the geopolitical situation and the complexity of the liquidation operations, the liquidator is not in a position to make any forecasts regarding the
 - (i) assets that will be recovered,
 - (ii) the probability that EWUB's assets will be sufficient to repay its liabilities
 - (iii) date of termination of the judicial liquidation procedure;
- the decision to sell EWUB's assets – and amongst others the buildings - is subject to the approval of the supervisory judge and, if the case may be, the authorisation of the Luxembourg Tribunal.
- the Judgment has ordered the dissolution and the liquidation of EWUB, as such once the liquidation operations are terminated, EWUB will be struck off from the Luxembourg Business Register.

As a consequence, there will be no appointment of new administrators for EWUB.

More details shall be published in the next information letter on the internet site of the liquidation.

Luxembourg, the 21st of November 2024

The judicial liquidator

Alain RUKAVINA