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## Confidential Circular to Creditors

### Caledonian Bank Limited (In Official Liquidation) ("CBL")

The purpose of this notice is to provide creditors with an update from the Joint Official Liquidators of CBL (the "JOLs") regarding (i) the proposed settlement of the proceeding commenced by the United States Securities and Exchange Commission (the "SEC") against, inter alia, CBL in the United States District Court for the Southern District of New York (the "US Court" and the "SEC Proceeding") and (ii) the proposed declaration of the third interim dividend in the liquidation of CBL.

#### *Confidential SEC Settlement*

As previously advised, the JOLs notified the US Court that CBL and Caledonian Securities Limited (In Official Liquidation) ("CSL") had reached an agreement in principle that would result in the settlement of the SEC Proceeding that the staff of the Division of Enforcement was willing to recommend to the SEC be approved. The JOLs now wish to inform you that the SEC has approved the settlement agreement and the JOLs have filed an application in the Grand Court of the Cayman Islands (the "Cayman Court") seeking sanction to enter into the settlement agreement. The application is scheduled to be heard by the Cayman Court on 26 January 2016.

The confidential settlement agreement deals with various matters but importantly it stipulates that no monetary payment is required to be made to the SEC by either CBL or CSL and that the SEC will not pursue any claim in the liquidations of CBL or CSL with respect to the SEC Proceeding. Please note that once the Cayman Court rules, the settlement still remains in any event subject to the approval of the US Court.

#### *Timing of the Third Interim Dividend*

If the JOLs obtain sanction to enter into the settlement agreement and the settlement agreement is approved by the US Court, the JOLs anticipate being in a position to declare a third interim dividend in the liquidation of CBL in accordance with Order 18, rule 6 of the Companies Winding Up Rules 2008 (as amended) of the Cayman Islands.

Details of the amount of the third interim dividend and the intended date of remittance will be provided once the JOLs have determined the date for the declaration of the third interim dividend.

Please note that this circular contains non-public information that is meant to be treated confidentially by the creditors and not disseminated to any non-creditor.

Yours faithfully  
For and on behalf of the Company

Keiran Hutchison  
Joint Official Liquidator

The property, business and affairs of CBL is being managed by the Joint Official Liquidators, Keiran Hutchison and Claire Loebell, who act without personal liability. Keiran Hutchison and Claire Loebell are authorized to act as Insolvency Practitioners in accordance with Rule 4 of the Insolvency Practitioner Regulations in the Cayman Islands.