

Geneva, December 6, 2024

FlowBank Ltd., in liquidation
Circular to creditors n°2

To Whom It May Concern,

The purpose of this circular is to inform the creditors of FlowBank Ltd., in liquidation (**FlowBank** or **Bank**) of the progress and measures taken to date by WalderWyss SA, Geneva branch (**Liquidators**) in connection with FlowBank's bankruptcy proceedings.

1. Payment of secured deposits

By November 30, 2024, the Liquidators has repaid 6'228 accounts for a total amount of CHF 49'718'450.19, representing around 91.3% of the total amount of secured deposits.

The process of reimbursing the secured deposits is continuing, although 2'609 customers have still not claimed their secured deposits.

2. Transfer of securities to clients

The transfer of securities continues. It is important to remember that this process requires a challenging coordination between the parties involved and takes time. Indeed, the Liquidators are working with the Bank's existing infrastructure, in which no core banking system or an automated process has been implemented to facilitate the transfer of securities.

As of November 30, 2024, 12'519 lines of securities¹ had been transferred.

In order to facilitate the implementation and operation of the securities sales platform (see section 3 below), transfers of securities were briefly suspended from October 17 to 30, 2024, at the request of the custodian bank.

3. Sale of securities

In order to speed up the process of returning the securities, a system allowing customers to sell the securities they hold with the Bank, via the e-banking platform of FlowBank, was put in place on October 14, 2024. The proceeds from the sale of the securities were deposited in the segregated account AAAXXX.099 and are not part of the bankruptcy estate.

Once all positions have been sold, clients can request via the online platform the transfer of the proceeds of the sale in EUR or CHF (as they wish) to the account with the bank they have designated. The cash transfer is in principle completed within a few days.

Initially available until November 15, 2024, the opportunity offered to clients to sell their securities has been extended to November 22, 2024, in view of the success encountered. From this date, the sale of securities is no longer possible.

As of November 30, 2024, 15'462 lines of securities had been sold.

Taking into account both transfers and sales of securities, 27'981 lines of securities were transferred or sold out of a total of 39'640 lines of securities and 4'376 customers out of 6'281 sold or transferred some or all of their securities.

4. Fractional shares and debit accounts

The Liquidators inform you that a special regime applies to holders of fractional shares.

Due to the nature of fractional shares, it is not possible to transfer them to another financial institution, as outlined in Article 4.1 of the Fractional Share Trading Terms and Conditions. Therefore, the fractional shares must be sold. An explanatory email was sent to clients concerned.

Furthermore, customers whose sum of cash, all currencies included, deposited in all the accounts they hold with the Bank (AAAXXX.001, AAAXXX.098 and AAAXXX.099) shows a negative balance have been informed that, in accordance with the Bank's General Conditions, the latter will sell part of the securities held in this account in order to regularize the situation of the clients in question.

¹ A security line corresponds to each type of financial instrument held by a specific client. A client holding 1 share X and 100 shares Y holds two lines of securities.

5. Inventory of assets

The inventory of assets as of June 13, 2024, at 8:00 am can be summarized as follows:

Type of asset	Valuation (CHF)
1. Liquid assets	240'278'019.49
1.1 Assets deposited with the Swiss National Bank	173'127'280.05
1.2 Assets deposited with other banks	46'234'043.20
1.3 Assets deposited with brokers	20'916'696.24
2. Other receivables and tangible assets	181'479'079.08
Total	421'757'095.57

This inventory is provisional insofar as (1) various custodian banks or brokers have not yet provided confirmation of the balances in favour of FlowBank and (2) various tangible assets (shareholdings, loans to subsidiary companies, IT equipment) were included in the above table at their market value, even though they have not yet been realised.

After the payment of secured deposits and expenses of the bankruptcy estate, the assets as of October 31, 2024, amount to approximately CHF 360'000'000.

Concerning FlowBank's interests in the company London Capital Group Limited (United Kingdom), the Liquidators are still seeking a potential buyer.

Finally, with regard to the three paintings located in FlowBank's premises (see Circular to creditors n° 1 of 28 August 2024), as Charles Henri Sabet's claim appeared to be well-founded, a notice was published in the Swiss Official Gazette of Commerce (*FOSC*). Creditors intending to contest the claim were given a period of 30 days to request the assignment of the claims in accordance with Article 20 of the Ordinance of the Swiss Financial Market Supervisory Authority on the Insolvency of Banks and Securities Firms (*Ordonnance de la FINMA sur l'insolvabilité bancaire*). Three creditors have come forward, two requests have been abandoned and the third is currently being examined.

6. Collocation procedure

As of December 3, 2024,

- (i) approximately 497 supplier receivables were produced for an approximate amount greater than CHF 29'000'000 and

- (ii) 22 claims of holders of bonds issued by FlowBank, in liquidation, amounting to approximatively CHF 2'845'000;
- (iii) Customer have receivables for an approximate total amount of :
 - a. CHF 3'000'000 as secured deposits (collected in 2nd class in accordance with Article 37a of the Federal Law on Banks and Saving Banks (*LB*) and Article 219 of the Federal Debt Enforcement and Bankruptcy Act (*LP*)); and
 - b. CHF 400'000'000 as non-secured deposits (collected in 3rd class in accordance with Article 219 LP).

The Liquidators point out that the above amounts represent estimates and that the claims are currently being verified by them.

The bodies of FlowBank, in liquidation, will be consulted for their opinion on the list of claim prior to publication.

The Liquidators estimate that a first version will soon be submitted to creditors for consultation.

7. Employees and office buildings

As indicated in Circular to creditors n° 1 of August 28, 2024, only employees required for the liquidation process have had their employment contracts maintained. As of November 1, 2024, 56 employees and 3 external consultants were active for FlowBank. The breakdown by department is shown in the table below:

Department within the Bank	Number of persons
Legal Department	2 employees
Human Resources Department	2 employees
Finance Department	6 employees
IT Department	14 employees, 3 external consultants (2 on the Bank's premises and 1 outside the premises)
Trading Department	3 employees
Back Office	15 employees
Compliance Department	5 employees
Customer Service	8 employees

Tax Department	1 employee
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The Liquidators will reassess the situation on a regular basis to determine whether the departments mentioned above, respectively the employees working there, are still essential to the liquidation.

Regarding the Bank's office buildings, the lease of the premises located in Zurich was terminated on August 31, 2024, and then handed over to the lessor. The acquiring landlord having in the meantime withdrawn, the Liquidators are looking for a new lessee for this lease. The sale of office equipment is in progress.

Concerning the Bank's offices in Geneva, a specialized broker was mandated to re-let of the areas located in Pont-Rouge 4-6 (the former premises) and Pont-Rouge 9 (the current premises). Visits are underway.

8. Decommissioning

The cessation and dismantling of IT infrastructures include the need to create an electronic archive of FlowBank's data.

A call for tenders aimed at identifying a service provider capable of managing and maintaining banking data during the legal retention period of ten years (e.g. cloud & hosting, DataCenter, network & security, managed services) was sent to selected counterparties on November 15, 2024.

Once the electronic archive has been established (after completion of the migration and user testing) and approved by the Liquidators, the entire infrastructure specific to the Bank can be dismantled.

To date, the Liquidators have established the following forecast schedule:

Sending out the call for tenders	already accomplished
Questions	already accomplished
Tenders	13.12.24
Shortlist Selection	20.12.24
Provider selection	17.01.25
Contract negotiations	
Start	01.02.25
End of decommissioning	30.06.25

Yours faithfully,

For FlowBank Ltd., in liquidation
Walder Wyss SA, Geneva branch