

**Bank Hottinger & Cie AG
in bankruptcy liquidation**

Circular No. 5

www.liquidation-bankhottinger.ch

Hotline Bank Hottinger & Cie AG in bankruptcy liquidation

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**Unofficial Translation
of German Original**

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To the bank clients and creditors of
Bank Hottinger & Cie Ltd. in bankruptcy liquidation

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Küsnacht, July 2017

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Bank Hottinger & Cie Ltd. in bankruptcy liquidation; Circular No. 5

Dear Madam, dear Sir

We would like to inform you on the current status of proceedings, the first interim payment and the further steps planned.

I. SETTLEMENT STATUS OF SCHEDULE OF CLAIMS

The three proposals to settle the registered claims that were submitted to creditors for approval in Circular No. 4 have been reached and concluded. Thereby, most suspended claims could be settled. However, the actions to contest the schedule of claims lodged by six creditors are still in the initial stage. We are currently in the process of drafting our statements of defence.

In Circular No. 3 (section II.3.3) we informed you on the situation regarding O. Ltd. In the meantime, O. Ltd. has filed an action for segregation of the USD 89,245,800 against Bank Hottinger. The action has been suspended until a final decision is made in criminal proceedings initiated by O. Ltd. in Geneva.

Please find enclosed a current overview of the schedule of claims proceedings.

II. LIQUIDATION STATUS AS OF 30 APRIL 2017

We have updated the liquidation status effective as of 30 April 2017. Very few changes have transpired compared with the liquidation status as of 31 December 2016, which we provided to you in Circular No. 3.

The credit balances vis-a-vis banks decreased from around CHF 153 million to around CHF 143 million. This reduction is due to the payment of credit balances to bank clients that arose after the commencement of bankruptcy proceedings, the payment of privileged claims up to CHF 100,000 and the settlement of invoices for costs incurred.

We have adjusted the provisions for future liquidation costs in line with the new findings. On the one hand, costs for archiving files and securing access to these files (see section IV below) have become much easier to predict thanks to the agreements concluded with third parties. On the other hand, we know today how many proceedings need to be conducted to settle the schedule of claims. We have included the costs that are expected to arise from this in the other liquidation costs and in our fee.

III. FIRST INTERIM PAYMENT

In view of the current financial situation of Bank Hottinger and the fact that a substantial portion of the schedule of claims has been settled, we have submitted a proposal to FINMA to make a first interim payment to creditors with legally recognized claims in accordance with the following key components: First-class and second-class claims at 100 % each, and third-class claims at 30 %. FINMA has approved this proposal. Preparations for the interim payment have now been completed. Enclosed with this Circular is the corresponding special notice, which provides further details of the transaction. Payments will be made from the beginning of August 2017, at the earliest.

IV. HANDLING OF ENQUIRIES REGARDING ACCOUNT DOCUMENTS ABOUT ARCHIVSUISSE LTD.

Bank Hottinger concluded a service agreement with archivsuissse – Bubu Ltd. (hereinafter "archivsuissse") in spring 2017. This includes support with archiving physical and electronic data and processing requests for information from bank clients (or former bank clients) and authorities.

With this in mind, we kindly ask you to send any requests for information as well as documentation requirements in connection with your bank contracts concluded with Bank Hottinger prior to the commencement of bankruptcy proceedings directly to archivsuissse. You may contact archivsuissse as follows: Address: archivsuissse – Bubu Ltd., Wermatswilerstrasse 8b, CH-8610 Uster; e-mail: hottinger@archivsuissse.ch; phone: +41 44 940 35 70.

Please continue to contact the liquidators (hotline: +41 43 222 38 50) in case you may have questions about bankruptcy proceedings (incl. the payment of dividends, etc.).

V. NEXT STEPS IN THE PROCEEDINGS

1. Segregation of deposits

The segregation of deposits in bank client custody accounts is very far advanced. Currently, only around 70 positions have not been delivered yet. However, these deposits are securities that for various reasons cannot be delivered or are difficult to be delivered, that are liable for loans that have not yet been paid back, that are held in custody accounts that have been blocked by authorities, or for which no valid delivery instructions have yet been received from the custody account holder. The segregation of these deposits is proportionately time-consuming and cost-intensive for the reasons mentioned. In addition, the existence of deposits at the international level gives rise to various reporting obligations. We are therefore doing everything we can to deliver the deposits that are still existing as quickly as possible.

2. Settlement of the schedule of claims

The six pending actions to contest the schedule of claims and action for segregation by O. Ltd. are still in the initial stage (see section I above). We will submit our statements of defence to the actions contesting the schedule of claims in the coming months. We expect to be able to provide a better assessment of the course of these proceedings at a later stage. Our aim is to achieve the best possible outcome for the creditors involved. However, this may mean that the proceedings will still take some time. We will do everything we can to keep the duration of the proceedings as short as possible.

3. Assertion of disputed claims:

There are four categories of disputed claims or claims which are difficult to assert at Bank Hottinger: claims from loans, claims against insurers from losses in Lugano and Geneva, possible avoidance claims and any liability claims against corporate bodies.

Bank Hottinger's claims from loans are collected by us on an ongoing basis. Negotiations with insurers regarding insurance benefits for loss events in Lugano and Geneva are in process. No results have been achieved so far. We will assess whether there are any avoidance claims or liability claims against corporate bodies over the coming months.

We will keep you informed on the progress of the liquidation proceedings. We will submit a proposal to FINMA to make a further interim payment as soon as the liquidity situation of Bank Hottinger and the status of proceedings allow it. At the moment, we are not able to predict when this will be the case.

Yours faithfully

Bank Hottinger & Cie Ltd. bankruptcy liquidation
The liquidators:

Brigitte Umbach-Spahn

Karl Wüthrich

Annexes: Overview of the schedule of claims proceedings (in German)
Liquidation status as of 30 April 2017 (in German)

Bank Hottinger & Cie AG in Konkursliquidation

Status per 30. April 2017

	30. April 2017		Bemerkungen
	CHF		
AKTIVEN			
Barschaft		-	
Kasse Zürich	-		
Guthaben gegenüber Banken		143'391'596	
Credit Suisse	73'287		
UBS AG	32'480		
Zürcher Kantonalbank	310'157		
Zürcher Kantonalbank (Konkursmasse)	47'175'164		
Lombard Odier	95'765'596		Mögliche Sicherungsrechte: Forderungen aus Outsourcing-Vertrag von maximal CHF 3.56 Mio.
Euroclear	6'637		
Sal. Oppenheim	28'275		
Wertschriften und Beteiligungen		4'094'918	
Forderungen gegenüber Bankkunden		5'775'070	
Übrige Forderungen		734'323	
Rückerstattung Mehrwertsteuern	350'000		
Diverse Forderungen	384'323		
Anfechtungsansprüche	p.m.		
Verantwortlichkeitsansprüche	p.m.		
Grundstücke		-	
Bewegliche Sachen		28'500	
Mobilier Genf	-		
Mobilier Zürich	p.m.		
Mobilier Archiv Zürich	p.m.		
Fahrzeug Mercedes	28'500		Eigentumsansprache: Mercedes-Benz Financial Services Schweiz AG (erledigt)
TOTAL AKTIVEN		154'024'407	
PASSIVEN			
Massenschulden			
Forderungen Bankkunden (nach Konkurseröffnung)		11'469'445	
Rückstellung für Forderungen gegenüber Bankkunden (Kreditrisiken)		1'700'000	
Rückstellung Forderung O. Ltd. (USD 89'245'800)		88'841'517	
Rückstellung für Löhne und Sozialversicherungen Close Down Team		200'000	
Rückstellung Kosten Outsourcing Lombard Odier		1'500'000	
Rückstellung Honorar Liquidatoren		1'700'000	
Rückstellung übrige Liquidationskosten		2'500'000	
Total Massenschulden		107'910'962	
TOTAL AKTIVEN VERFÜGBAR		46'113'445	

Bank Hottinger & Cie AG in Konkursliquidation

Übersicht über den Stand des Kollokationsverfahrens

Kategorie	angemeldet	Im Kollokationsverfahren					Konkursdividende in % (geschätzt)	
		zugelassen	als bedingte Forderungen zugelassen	Kollokations- klage hängig	ausgesetzt resp. p.m.	abgewiesen	minimal ¹⁾	maximal ²⁾
		CHF	CHF	CHF	CHF	CHF		
Pfandgesicherte (Outsourcing Lombard Odier)	8'455'446	3'558'229				4'897'217	100%	100%
Pfandgesicherte (Schadenersatzforderungen)	36'464'785	-		24'886'241		11'578'544	82.53%	100%
1. Klasse	2'484'777	1'038'791		123'894		1'322'092	100%	100%
2. Klasse	373'049	138'680		100'000		134'369	100%	100%
2. Klasse (Bankkunden aus den Büchern)	37'979'500	37'979'500				-	100%	100%
3. Klasse	156'751'782	2'211'991	551'564		2'663'128	151'325'099	65.05%	92.01%
3. Klasse (Bankkunden aus den Büchern)	49'692'269	49'645'703		-100'000		146'566	65.05%	92.01%
3. Klasse (O. Ltd.)	87'655'978		87'655'978			-		92.01%
Total Nachlassforderungen	379'857'586	94'572'894	88'207'542	25'010'135	2'663'128	169'403'887		

Bemerkungen

¹⁾ Minimaldividende: Die eingeklagten Schadenersatzforderungen aus dem Lugano-Fall müssen zu 50 % anerkannt werden und sie werden nur zu 50 % durch Versicherungsleistungen gedeckt; die Kollokationsklagen betreffend Forderungen in der 1. und 2. Klasse werden gutgeheissen; die Forderung der O. Ltd. wird als Masseforderung qualifiziert; die übrigen in der 3. Klasse ausgesetzten oder pro memoria kollozierten Forderungen müssen anerkannt werden.

²⁾ Maximaldividende: Alle Kollokationsklagen werden abgewiesen; die Forderung der O. Ltd. wird nicht als Masseforderung qualifiziert; die ausgesetzten oder pro memoria kollozierten Forderungen werden nicht anerkannt.