

Banco Privado Portugues (Cayman) Limited (In Official Liquidation)
(“the Company” or “BPP Cayman”)

PRIVILIGED AND CONFIDENTIAL

MINUTES OF THE 21ST JANUARY 2022 ANNUAL GENERAL MEETING

PRESENT

PwC:	Representing:
Simon Conway (“SC”)	PwC Cayman and the JOLs
Ruth Simpson (“RS”)	PwC Cayman and the JOLs
Iain McCallum	PwC Cayman and the JOLs
Jorge Bastos Leitao	Counsel to the JOLs
Various Creditors	12 creditors in total

The meeting was convened via teleconference at 11:03am (Cayman Time), 4:03pm (Portuguese Time).

Mr. Simon Conway took the Chair of the meeting (the “**Chairman**”).

QUORUM

The Chairman acknowledged that all expected attendees were present on the line, and the meeting was quorate.

Introduction

The Chairman welcomed everyone to the meeting and thanked them for their attendance.

The Chairman advised that the main purpose of the call was to provide an update on the status of the liquidation to the present attendees, referencing the Joint Official Liquidators’ (“JOLs”) Twenty Third Report covering the last six-month period from 1 March 2021 to 31 August 2021. After which the meeting would be opened up for questions from the attendees.

1. Distributions

- 1.1 The JOLs have been working through the declared distributions for the past two years, starting with the first interim distribution which was declared for 12.67% of claims in 2018 and more recently with the Second Interim Distribution which was declared for 3.11% of claims in May 2020.
- 1.2 The Chairman clarified that the terminology of ‘interim distributions’ means that further distributions are anticipated in the future, and that at least one further distribution is anticipated
- 1.3 Additionally, it was noted that the JOLs had previously expected to return in the region of 20% of claims to creditors. The Chairman confirmed that this remains a realistic objective, although the achievement of this will depend upon several of the ongoing recovery processes.
- 1.4 To date approximately EUR16m had been distributed to creditors through

these distributions, however the JOLs currently hold approximately EUR10m that is due to creditors as part of these distributions as a result of creditors who have not yet submitted the requisite Anti Money Laundering (“AML”) documentation.

- 1.5 The Chairman noted that, if anyone is/represents a creditor that is yet to receive a first or second distribution, the JOLs encourage them to reach out via the BPP mailbox (ky_bppcayman@pwc.com) so that they can be assisted with the preparation of the required documentation. The current AML regime in the Cayman Islands means that the JOLs will require updated documentation from each creditor before instructing payment.

The Chairman then handed over the meeting to Ruth Simpson to discuss asset realisations.

2. Asset Realisations

- 2.1 RS advised that focus of the liquidation of the last 12 months has been on the collection of outstanding debts owed to the Company, progress in this regard has included collection of the second and final settlement payment of a significant debtor
- 2.2 Furthermore, following investigations into the recovery of outstanding debts, the JOLs have identified three significant US domiciled entities which the JOLs understand had assets pledged to the Company
- 2.3 In the past 12 months the JOLs have obtained a Chapter 15 recognition order in the US. The Chapter 15 allows the recognition foreign proceedings and enables the JOLs to obtain further information from the US related to these entities. To date the JOLs have received several documents from issued subpoenas and are awaiting responses from a few other outstanding subpoenas.
- 2.4 It is anticipated that the information collected will enable the JOLs to enforce against these debtors and seek recoveries for the liquidation estate. Although any recoveries will be split with the Portuguese State under the terms of the existing settlement agreement.
- 2.5 In addition to this, enforcement proceedings against numerous smaller debtors in Portugal have commenced. Recoveries from these are expected over the next 1-2 years for the estate and will also be split with the Portuguese State in accordance with the settlement agreement.

The Chairman continued the meeting, to discuss the JOLs’ strategy.

3. Strategy for forthcoming 12 months

- 3.1 The JOLs intend to continue to enforce against and negotiate settlements with outstanding debtors, which, should the enforcements be successful, the JOLs expect it will allow the Company to declare a third distribution in the future.
- 3.2 A third distribution will be predicated on a couple of ongoing recovery actions, consequently, it is anticipated that it will not occur in the first half of the year. The reason behind this being that given the regulatory burden, both in cost and time, of administering a distribution can be very costly, the benefit of a distribution is greatly diminished unless a significant enough amount is available to distribute.

- 3.3 In addition to enforcement actions, there are substantial debts which they are seeking recovery through a cooperative process with the parent bank, with whom the JOLs continue to have a positive working relationship.
- 3.4 The Chairman noted that the JOLs anticipated returning c.20% to creditors at the outset of the liquidation and they are currently on track to achieve this over the course of the liquidation.
- 3.5 It is also anticipated that the liquidators will resolve the monies which have been provisioned from the First and Second Interim distributions as a result of claims stemming from related parties. Communication remains open with the relevant creditors and the JOLs expect that these will be adjudicated this year. As always, the liquidators maintain an entirely neutral approach to this as they view each claim solely on its merits and whether there is adequate support that it is a valid creditor.

4. JOLs' 23rd Report

- 4.1 The Chairman drew the creditors to the current fee position, which was detailed in the last report, which was made available on the Company's website prior to the meeting. In summary, for the 6-month period detailed, the fees accrued were USD \$287k. It was acknowledged that this amount was a slight reduction on previous run rates.
- 4.2 These fees are brought to the attention of the liquidation committee for review and ultimately reviewed and approved by the Grand Court of the Cayman Islands, this process occurs every six months in order to receive approval for fees.
- 4.3 As of January 2022, the liquidation estate holds c. EUR25m in cash, a large proportion of which was noted earlier is due to be paid out to creditors yet to provide their AML information.

5.

At this point the Chairman opened the meeting up for questions from attendees.

Questions and Answers

Question: An attendee sought clarification with regard to the prior mentioned third distribution. More specifically, that it was planned for the second half of 2022, if it was a final distribution, the quantum was in the range of 4% and that this would allow total recoveries for the liquidation to reach 20% of all creditor claims.

Answer: The Chairman clarified that a third distribution was possible for the second half of 2022. However, given that there are outstanding litigations for loan recovery, it is likely that a final distribution would only occur following completion of those Portuguese litigations, which are likely to take a number of years, given the legal process in Portugal.

Question: It was questioned that with regard to the 20% creditor claim recovery estimation, do the JOLs believe the actual recoveries will be higher or lower than 20%. Additionally, what are the next steps once the 20% target is reached, will the liquidation close once this mark is reached?

Answer: The Chairman explained that the 20% estimate was made several years ago during discussions on the settlement with the Portuguese state, since then it has remained a benchmark that has remained accurate. Furthermore, the liquidation will not conclude at the 20% mark if there are further assets to be recovered for the estate, the figure is a conservative guidance to creditors.

Question: Citing the unclaimed distribution funds mentioned earlier by the Chairman of approximately EUR 10m. It was questioned how long these unclaimed monies will be held before they will be distributed to the creditors that have made active attempts to communicate with the JOLs and receive distributions

Answer: The Chairman answered that there were various considerations to be made on this issue in the context of the Cayman legal framework, typically this would involve a process towards the end of the liquidation. There is legislation in the Cayman Islands that would provide an avenue for these funds to be put back into the general creditor pool, albeit it will have to be determined whether said monies are due to the Cayman Islands Government under the bona vacantia rules. Given the size of these monies it would be the preference of the JOLs to have these funds distributed to the remaining creditors, the JOLs are undertaking steps initially to find the creditors who have not responded. Following that, and prior to the final distribution, they will determine whether these amounts should be distribution to the general pool of creditors.

Question: It was questioned whether unclaimed monies could be distributed to creditors who have been in contact with the JOLs. Also, given that the liquidation of the Company has been open for nearly twelve years and has been sufficiently advertised this should be sufficient time to waive these claims and return these monies to the other creditors. Additionally, if this was the case would there be any insurance available to the Company or JOLs in the event that a creditor claim was waived only for the creditor to seek out their claim in the future.

Answer: The Chairman reconfirmed that there is a legal framework in Cayman for dealing with undistributed creditor claims, though stressed that this would normally be considered towards the end of the liquidation and given the ongoing litigation in Portuguese courts it would be some time before this issue was resolved. The Chairman confirmed that the legal framework included steps such as advertising notices, issuing letters with a cutoff date, and documenting these steps so that the JOLs can prove they followed best practice should a creditor come forward in the future, hence an insurance policy would not be necessary.

Question: It was questioned by a creditor why the liquidation of the Company has taken as long given that the liquidation of Lehman Brothers had taken less than two years and it was comparatively a much larger liquidation.

Answer: The Chairman noted that the liquidation of Lehman Brothers had not taken less than two years to close but was in fact still ongoing. In relation

to the Company, most of the remaining progress to be made relies on progression through the court system where there is a limit on the speed of proceedings.

Question: A request was made to the JOLs for a transparent balance sheet detailing debts, fee run rates, prospective recoveries, and a breakdown of potential recoveries by prospect.

Answer: The Chairman noted that a Receipts and Payments account was detailed in the reports of the JOLs which are circulated every six months and available to all on the Company website. With regards to the ongoing legal proceedings, these are commercially sensitive and confidential matters. These are however discussed with the liquidation committee who have signed non-disclosure agreements.

Question: It was reiterated that although there is confidence in the actions of PwC, more information on the prospects of litigations would be greatly appreciated, in particular the litigations in both Portugal and the enforcement actions in the US and what percentage of funds would be returned to creditors. Also, with regards to the creditors who had not contacted the JOLs about distribution payments, when would a decision be made on a solution for this pool of funds and what is the Chairman's best estimate for when the liquidation will be closed.

Answer: The Chairman clarified that the 20% estimate for recoveries is still the best estimate for the Company and is set out in the most recent report. There are other potential recoveries from legal action in the US, however at the moment these are too speculative to place a monetary figure on. As stated earlier, the issue of the unresponsive creditor pool would be decided at later stages of the liquidation. However, the JOLs will consider what further information could be provided to creditors to provide more detail around the 20% estimate and sources of recovery and will circulate that in due course.

Closing of meeting

There being no further questions, the Chairman thanked the attendees for their time and The Chairman reiterated his earlier call for creditors/those representing creditors yet to receive a distribution to contact the Company via email.

There being no further matters to discuss, the Chairman declared the meeting closed at 11:41am (Cayman time), 4:41pm (Portuguese time).