

**Banco Privado Portugues
(Cayman) Limited (In Official
Liquidation)**
*Thirteenth Report of the Joint
Official Liquidators*

5 October 2016

CAUSE NO. FSD: 166 OF 2010 (AJJ)

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1. Glossary of Terms and Abbreviations

Term	Definition
AR Strategy	Those Absolute Return investment strategies offered by BPP SA and BPP Cayman which included a guarantee of principal and, in many cases, return to customers
the Company or BPP Cayman	Banco Privado Portugues (Cayman) Limited (in Liquidation), a Cayman Islands registered company which formerly held a Class B Banking license issued by CIMA in 1997
Banif	Banif-Banco de Investimento, S.A.
Banif Interpleader	Portuguese proceedings to determine ownership of the Overdraft receivables in the amount of c. €105m currently held in trust in the Portuguese Commercial Court of Lisbon
the BoP	The Bank of Portugal
BPP Group	A Portuguese based private banking group ultimately owned by Privado Holding
BPP SA	Banco Privado Portugues, S.A., a Portuguese private bank which was placed into liquidation on 16 April 2010 and is the immediate parent of the Company.
Cayman Islands Proceedings	Claims being pursued by the JOLs in the Grand Court of the Cayman Islands against certain former directors of BPP Cayman, BPP SA, and the Portuguese Republic seeking to set aside the Pledge and Transfer and damages against the director defendants.
CIMA	The Cayman Islands Monetary Authority
Client Monies	Proceeds from coupon payments, amortizations and maturities of certain custody assets received after the commencement of BPP Cayman's liquidation on 9 July 2010 and held on behalf of BPP Cayman's depositors
Close Brothers (Cayman) Limited	Provider of statutory agent and trustee services to the Company in the Cayman Islands
CMVM	The Portuguese securities market commission
the Controllers	David A K Walker and Ian D Stokoe, of PwC Corporate Finance & Recovery (Cayman) Limited ("PwC Cayman"), appointed Controllers of the Company on 27 May 2010 by CIMA
Counter-guarantee and Pledge	Purported guarantee and pledge provided by BPP SA and BPP Cayman to the Portuguese Republic on 5 December, 2008
Companies Law	The Cayman Islands Companies Law (2013 Revision)

Term	Definition
the FEI	A special investment fund established on 31 March 2010 as an independent vehicle for the purpose of ring-fencing AR Strategy assets and liabilities from the BPP Group and enabling an orderly realization
FEI Units	Equity units in the FEI allocated to former AR Strategy customers in accordance with their AR Strategy deposit claims
Republic Guarantee	Guarantee provided by the Portuguese Republic to a syndicate of six Portuguese banks on 5 December 2008, to support a €450m refinancing loan for the BPP Group
the JOLs	Mr. Simon Conway of PwC Cayman appointed Joint Official Liquidator of the Company by order of the Grand Court dated 20 November 2014, and Mr. Jess Shakespeare of PwC Cayman appointed Joint Official Liquidator of the Company by order of the Grand Court dated 13 July 2016.
the Liquidation Commission	Commission nominated by the BoP and appointed by the Portuguese Commercial Court to oversee the liquidation of BPP SA, comprising António Silva Ferreira, José Pedro Alexandre Simões and Manuel Martins Mendes Paulo
Overdraft receivables	Overdraft repayments totalling c.€105m due to BPP Cayman from special investment vehicles purportedly transferred to BPP SA and currently held in trust in the Portuguese Commercial Court of Lisbon
Privado Holding	Privado Holding, S.G.P.S., S.A., the Portuguese based ultimate holding company of the BPP Group
the SIVs	Special investment vehicles; corporate entities established by the BPP Group to act as offshore holding companies for customer investments

2. Basis of Preparation and Disclaimer

2.1. Basis of Preparation

This report has been prepared solely for the purpose of providing a report of the Joint Official Liquidators (“JOLs”) of Banco Privado Portugues (Cayman) Limited (“the Company” or “BPP Cayman”) to the Grand Court of the Cayman Islands (“the Grand Court”) and the creditors of the Company.

2.2. Disclaimer

This report is strictly confidential and must not be provided to or made available, by any means, to any person other than the intended recipients, the Grand Court and the Company’s creditors. This report should not be copied or disclosed to any third party or otherwise be quoted or referred to, in whole or in part, without the prior written consent of the JOLs. In the event that this report is obtained by a third party or used for any purpose other than in accordance with its statutory purpose, any such party relying on the report does so entirely at their own risk and shall have no right of recourse against the JOLs, PricewaterhouseCoopers (“PwC”), PwC Corporate Finance & Recovery (Cayman) Limited (“PwC Cayman”), PricewaterhouseCoopers Portugal (“PwC Portugal”), their partners, directors, employees, professional advisors or agents. None of the JOLs, PwC, PwC Cayman, PwC Portugal, their partners, directors, employees, professional advisors or agents accept any liability or assume any duty of care to any third party (whether it is an assignee or successor of another third party or otherwise) in respect of this report and any such party who receives a copy of this report whether from PwC, or any other source shall have no right of recourse against PwC, its partners, directors, employees, professional advisors or agents.

In preparing this report the JOLs must stress that they have relied upon information provided to them by the Company, its directors, its service providers and its parent company Banco Privado Portugues SA (“BPP SA”). The JOLs note that they have only received relatively limited information relating to the material matters discussed in this Report and as such the position stated may be subject to material revision on receipt of further information. The JOLs have not performed an audit examination on this information. Except where specifically stated, the JOLs have been unable to establish the reliability of the sources of information presented to them by reference to independent evidence.

3. Introduction

3.1. Introduction

This report is the JOLs' thirteenth report to the Grand Court and the creditors of the Company. This report should be read in conjunction with the JOLs' previous twelve reports to the Grand Court and to the Company's creditors (collectively, the "Previous Reports").

3.2. Purpose of the JOLs' Thirteenth Report

This report of the JOLs has been prepared in order to provide a short update on the progress and conduct of the liquidation, as well as an application for the Grand Court to approve the fees of the JOLs for the period 1 March 2016 to 31 August 2016.

4. Conduct of the Liquidation since 1 March 2016

4.1. Summary of actions taken since 1 March 2016

Below is a summary of the main work-streams undertaken by the JOLs and their staff since 1 March 2016:

1. Meeting with the Company's Liquidation Committee on 2 May 2016 to provide its members with an update on new information received with respect to decisions made in BPP SA's liquidation and to seek the committee's views on the proposed settlement agreement;
2. Ongoing discussions with representatives of BPP SA and the Portuguese Republic with respect to agreeing terms of a potential settlement agreement;
3. Discussing funding terms with potential litigation funders with respect to the ongoing Cayman Islands Proceedings and Banif Interpleader;
4. Preparation of the JOLs' analysis of estimated returns to BPP Cayman's creditors under various potential litigation outcomes taking into account the cost of litigation funding, and presentation to the Company's Liquidation Committee for their views;
5. Application to the Grand Court on 30 June 2016 to stay the Cayman Islands Proceedings against certain of the defendants to 30 September 2016;
6. Application to the Grand Court on 13 July 2016 to release Mr. David Walker from the performance of any further duties as a JOL of the Company and the appointment of Mr. Jess Shakespeare as a JOL of the Company;
7. Meeting with key creditors to discuss potential debt settlement options;
8. Agreeing settlement terms with noteholders for the wind up and allocation of segregated monies for five SIVs, and return of cash to noteholders totalling €1.4m;
9. Ongoing liaison with BPP SA over client debt repayments and administration of loan collections into a trust account, with recoveries totalling €11.9m and US\$2.3m as at 31 August 2016;
10. Ongoing dialogue and correspondence with BPP Cayman's creditors, providing general updates and responses to depositor claim specific queries;
11. Review of two new custody asset claim submissions since 1 March 2016, resolving claims on the custody asset portfolio, and transfer of €153k of segregated liquidity to beneficiaries;
12. Providing position updates and transferring segregated liquidity to holders of FEI Units, where possible, as a result of its maturity on 30 March 2016 and subsequent winding up; and
13. Analysis of depositor positions with respect to the JOLs' Foreign Account Tax Compliance Act ("FATCA") reporting obligations.

5. Update on Progress of Liquidation

5.1. Cayman Islands Legal Proceedings

As discussed in the JOLs' twelfth report, although discussions with respect to a potential settlement appeared to be progressing reasonably well, the ongoing negotiations were affected by the Portuguese legislative election which took place in October 2015 and settlement discussions were delayed while the new administration was being put in place. As such, a stay of the Cayman Islands proceedings to February 2016 was agreed to allow the parties more time to potentially reach agreement.

Since that time, the JOLs and the other parties to the Cayman Islands proceedings have agreed a number of further stays of that litigation to facilitate discussions on potential settlement.

These discussions are ongoing, and the JOLs are hopeful that agreement can be reached. In light of the commercial sensitivity of these negotiations, no further details are included in this Report, as is customary in Previous Reports. However, the JOLs note that extensive consultation has been carried out with the Liquidation Committee, and the sanction of the Cayman Islands Court has been sought with respect to a potential settlement agreement.

If and when a settlement agreement is put in place, the JOLs shall provide a detailed report to creditors outlining the position.

In the event a satisfactory settlement cannot be achieved, and as a pre-emptive and precautionary step, the JOLs will continue to pursue the litigations in the Cayman Islands and Portugal with a view to securing recovery on behalf of the liquidation estate. In this respect, the JOLs, in consultation with the Liquidation Committee, have been examining potential litigation funding options, should this be required.

5.2. Collection of the Company's Assets

5.2.1. Loan Book

During the period 1 March 2016 to 31 August 2016 the JOLs and BPP SA dealt with two new custody asset cases and have agreed settlement terms with noteholders of three SIVs which resulted in the collection of debt repayments totalling circa €0.6m. To date debt repayments totalling circa €11.9m and US\$2.3m are currently being held in the trust account at BPP SA.

The JOLs have continued their review and investigations of the Company's asset base to determine asset recovery opportunities for the BPP Cayman liquidation estate and ultimately the return of assets to creditors.

5.3. Maturity of the FEI

The FEI matured on 30 March 2016. Upon expiration, Banif realised the FEI non-cash investments assets and began making interim distributions on 15 April 2016. A total of four interim distributions were made with the final payment being made on 15 July 2016.

A total of c. €5.6m was transferred to BPP SA for further credit to the relevant FEI unit holder accounts, and is segregated from the BPP SA liquidation estate. Segregated liquidity held in BPP SA's custody on behalf of depositors may be distributed after deduction of any outstanding debt repayments owed or guaranteed by a depositor.

5.4. Financial Position as at 31 August 2016

The Receipts and Payments account in Chart 1 below provides a summary of the JOLs' asset realisations and payments since the commencement of the Controllership on 27 May 2010 as at 31 August 2016

Chart 1: Receipts and Payments 4 June 2010 to 31 August 2016

Euro Account		
Receipts	Note	Euro
Receipt of Segregated Monies		2,363,033
Realisation from investments		183,103
Cash available at the date of appointment		926,385
Voluntary contribution to JOLs for t/f of custody assets		209,825
Customer Settlement Proceeds		403,874
SIV Settlement Proceeds		4,035,259
Management Fees		142,027
		8,263,506
Payments		
Controllership fees - PwC Cayman		(87,717)
Controllership fees - PwC Portugal		(38,533)
Controllership fees – Legal fees Maples and Calder (Cayman Islands' legal counsel)		(8,227)
Cayman JOLs fees		(1,882,295)
PwC Portugal fees		(1,181,000)
Legal fees & disbursements - Maples and Calder		(554,696)
Legal fees & disbursements - Andrade De Matos (Portuguese legal counsel)		(539,121)
Legal fees & disbursements – Law Square		(15,293)
PwC Cayman disbursements		(43,902)
PwC Portugal disbursements		(39,472)
Directors Fees – SIVs		(17,276)
Reinstatement Fees – SIVs		(8,380)
Translation Fees		(23,374)
Statutory Advertising		(1,026)
Bank Charges		(10,752)
		(4,451,064)
Balance as at 31 August 2016		3,812,442

USD Account	
Receipt	US\$
Receipt of Segregated Monies	225,414
Realisation from investments	
SIV Settlement Proceeds	194,150
Voluntary contribution to JOLs for t/f of custody Assets	6,841
Funds held by Maples and Calder at date of Appointment	54,124
Total Receipts	1,052,040
Payments	
Legal fees Maples and Calder	(743,355)
Cayman JOLs Fees	(262,080)
PwC Cayman Disbursements	(263)
Payment to service providers	(19,712)
Directors Fees – SIVs	(2,409)
Bank charges	(3,963)
Statutory advertising/Website	(4,603)
Total Payments	(1,036,385)
Balance as at 31 August 2016	15,655

6. JOLs' Fees and Expenses

6.1. Fees and Expenses Incurred to Date

The JOLs incurred time costs for the period from 1 March 2016 to 31 August 2016 in the amount of US\$222,441. The JOLs' time costs is summarised in the table below, and a detailed schedule showing the time spent, the tasks completed and the prescribed hourly rates of the JOLs and their staff for the period 1 March 2016 to 31 August 2016 is attached at Appendix 1. This time period will be the subject of the JOLs' fee application being heard on 25 October 2016.

The JOLs note a Liquidation Committee meeting has been convened for 13 October 2016 to provide an update on the JOLs progress since the last meeting and to seek approval of the JOLs' fees for the period 1 March 2016 to 31 August 2016.

Chart 2: JOLs' Fees: 1 March 2016 to 31 August 2016

Grade	Hours	Total(US\$)
Partner	165.90	124,425
Senior Manager	0.30	171
Manager	193.80	91,086
Senior Accountant	18.80	6,204
Administrator	3.0	525
Total	381.80	222,441

The JOLs incurred disbursements in the amount of USD\$1,661 during the period 1 March 2016 to 31 August 2016, a summary of which is below.

Chart 3: JOLs Disbursements: 1 March 2016 to 31 August 2016

PwC Cayman	US\$
Travel Expenses	1,024
Notary/Apostille Costs	280
Courier	156
Gazette Advertising	110
Registrar Filing Fees	91
Total	1,661

7. JOL Resignation

As a result of his retirement from PwC with effect from 30 June 2016, Mr. Walker tendered his resignation as JOL of the Company. The JOLs sought and received an order from the Grand Court dated 13 July 2016 discharging Mr. Walker from any further duties as JOL of the Company and appointing Mr. Jess Shakespeare of PwC as an official liquidator to act jointly and severally with Mr. Simon Conway.

8. Estimated Outcome of the Liquidation

The JOLs are not in a position to provide a substantive estimated outcome of the liquidation to creditors at this time. Future recoveries for depositors and other unsecured creditors is dependent on either the outcomes of the litigations in Portugal and the Cayman Islands, or alternatively the finalisation of the proposed settlement agreement with the Portuguese Republic and BPP SA. The uncertainty with respect to value of the Company's recoverable assets remains under either scenario.

9. Next Steps

The JOLs will continue to focus on the key actions required to ensure the orderly wind up of the Company and protect the interests of creditors. In particular, the principal areas of focus will remain:

- Enter into a settlement agreement with the Portuguese Republic and BPP SA on terms substantially the same as those agreed previously in the draft Heads of Terms;
- Recovery of the Company's loan book, collection of the Company's proprietary assets, adjudication of creditor claims, and return of assets to secured and unsecured creditors;
- In the event a settlement agreement cannot be reached, continuance of the Cayman Islands and Portuguese legal proceedings;
- Returning custody assets to clients; and
- Pursuing the Segregated Monies in relation to SIVs and then proceeding to unwind the SIVs themselves and return Client Monies and assets to noteholders.

Signed on behalf of the Joint Official Liquidators of
Banco Privado Portugues (Cayman) Limited



Simon Conway
Joint Official Liquidator
Banco Privado Portugues (Cayman) Limited

Appendix 1- Summary of Liquidators Fees for the period 1 March 2016 to 31 August 2016

Banco Privado Portugues (Cayman) Limited (In Liquidation)
PwC Corporate Finance & Recovery (Cayman) Limited
Detailed Time Analysis for the period 1 March 2016 to 31 August 2016

Category	Partner			Senior Manager			Manager			Senior Accountant			Administrator			Total Hours	Total US\$
	Hours	Rate	Total	Hours	Rate	Total	Hours	Rate	Total	Hours	Rate	Total	Hours	Rate	Total		
1 Appointment of JOLs, job acceptance, administration and billing	-	750	-	-	570	-	3.10	470	1,457	18.80	330	6,204	2.80	175	490	24.70	8,151
2 Statutory requirements - Inc statutory filings and website	-	750	-	-	570	-	-	470	-	-	330	-	-	175	-	-	-
3 Statutory requirements - Inc creditors meeting, review of claims, minutes and preparing reports	4.20	750	3,150	-	570	-	34.10	470	16,027	-	330	-	-	175	-	38.30	19,177.00
4 Strategy, asset realisation & Legal analysis & support	119.60	750	89,700	0.30	570	171	44.50	470	20,915	-	330	-	-	175	-	164.40	110,786
5 Communication - creditors and investors	9.20	750	6,900	-	570	-	30.00	470	14,100	-	330	-	-	175	-	39.20	21,000
6 Communication - BPP SA	-	750	-	-	570	-	-	470	-	-	330	-	-	175	-	-	-
7 Communication - Directors	-	750	-	-	570	-	-	470	-	-	330	-	-	175	-	-	-
8 Communication - Custodians	0.40	750	300	-	570	-	1.00	470	470	-	330	-	-	175	-	1.40	770
9 Communication - Other parties (BANIF,BoP)	-	750	-	-	570	-	-	470	-	-	330	-	-	175	-	-	-
10 Liquidation committee correspondence, meetings and reporting	15.60	750	11,700	-	570	-	31.30	470	14,711	-	330	-	-	175	-	46.90	26,411
11 Realisation of custody assets	10.80	750	8,100	-	570	-	46.90	470	22,043	-	330	-	-	175	-	57.70	30,143
12 Investigation	1.00	750	750	-	570	-	-	470	-	-	330	-	-	175	-	1.00	750
13 Cash Management	5.10	750	3,825	-	570	-	2.90	470	1,363	-	330	-	-	175	-	8.00	5,188
14 Translations and review of translations	-	750	-	-	570	-	-	470	-	-	330	-	0.2	175	35	0.20	35
Grand Total	165.90		124,425	0.30		171	193.80		91,086	18.80		6,204	3.00		525	381.80	222,411