

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

Minutes of the Seventh Meeting of the Creditors of the Company
held by conference call

16 December 2015, 3:00pm (Portuguese time) / 10:00 am (Cayman time)

PwC:	Representing:
Simon Conway	PwC Cayman and the JOLs
Jodi Jones	PwC Cayman and the JOLs
In attendance:	
Jorge Leitao	JOLs’ Portuguese Legal Counsel
Creditors:	The AT&T Teleconferencing Service Center confirmed 13 creditors were present on the call.

Simon Conway welcomed those in attendance to the seventh annual creditor’s meeting of Banco Privado Portugues (Cayman) Limited. Mr. Conway took the Chair of the meeting.

Introduction

- The Chairman advised the purpose of the call was to convene a statutory meeting of the creditors of the Company as required under Cayman Islands law, and provide an update on the liquidation since the last meeting held on 28 November 2014;
- The Chairman referred the attendees to the Joint Official Liquidators’ Eleventh Report dated 22 September 2015 (the “Report”) which was circulated prior to the meeting and placed on the liquidation website; and
- The Chairman advised the attendees there will be a question and answer session at the end of the meeting.

Progress Report

1. Cayman Islands Legal Proceedings

- The JOLs commenced legal proceedings in the Cayman Islands earlier this year, after receiving the Grand Court’s sanction, against the directors of BPP Cayman, BPP SA and the Portuguese Republic.
- The main purpose of the Cayman Islands proceedings is to seek to have the Pledge over BPP Cayman’s assets deemed invalid from a Cayman Islands Law perspective.
- The first step in that process was to serve Writs on all of the defendants, and the Writs were duly served earlier this year.
- There were initially nine named defendants in the proceedings, including the directors of BPP Cayman, BPP SA and the Portuguese Republic. Two of the defendants never acknowledged service of the JOLs Writs, and as a result, default judgements have been issued against them in the Cayman Islands. Those two defendants were not the principal targets of the litigation.

- The main objective of the litigation is to have the Pledge deemed invalid from a Cayman Islands Law perspective and secure BPP Cayman's key assets, including the €100m of Overdraft receivables and the Company's loan book.
- Two of the defendants have been released from the legal proceedings following receipt of the Grand Court's sanction to do so. The reason for seeking the release is due to a cooperation agreement reached between the JOLs and those defendants.
- The purpose of the cooperation agreement is to allow the JOLs to further the litigation process both in the Cayman Islands and in Portugal. Due to the commercial sensitivity with respect to the cooperation agreement no further details can be provided at this time; however, the JOLs are of the belief that the agreement is in the best interest of the BPP Cayman liquidation estate.
- BPP SA is of the belief it owns the €100m of Overdraft receivables. The Portuguese Republic believes the Overdraft receivables, as well as BPP Cayman's loan book, are owed to them as a result of the Pledge.
- The JOLs aim to demonstrate through the Cayman Islands legal proceedings that the Overdraft receivables were never transferred to BPP SA, and the Pledge over BPP Cayman's assets is invalid.
- While the JOLs feel they have strong legal merits to support their arguments being presented in the legal proceedings, the JOLs are of the view that reaching a settlement agreement with the parties is likely to give a better result for BPP Cayman's depositors given the number of years it would likely take to complete litigation in Cayman, pursue and enforce any rulings in Portugal, and the uncertainty of the results of those litigations.
- Over the past few months the JOLs have been involved in without prejudice discussions with BPP SA and the Portuguese Republic in hopes of reaching a settlement agreement with respect to how the assets can potentially be shared amongst the parties.
- It was agreed to stay the Cayman Islands proceedings to allow the parties more time to potentially reach agreement.
- Although settlement discussions are progressing reasonably well, no settlement has yet been agreed. In addition, the recent election in Portugal affected discussions with the Portuguese Republic while the new administration was being put in place. A further stay of the Cayman Islands proceedings was agreed to allow the parties more time to reach agreement. The stay will expire in February 2016.
- Assuming a suitable agreement can be reached prior to the expiration of the stay in February 2016, the settlement agreement will be subject to the review of the Liquidation Committee and the sanction of the Cayman Islands Grand Court.
- Notice of any settlement agreement and the details of the terms of settlement will be provided to BPP Cayman's creditors, and any creditors who wish to voice their views with respect to the settlement will have an opportunity to do so.
- Two points that need to be highlighted with respect to any potential settlement agreement are (1) the legal proceedings in Cayman and in Portugal will need to cease, and (2) potential subrogation and set-off issues will need to be considered.

2. Ongoing Litigation in Portugal

- The litigation in Portugal relates to the €100m of Overdraft receivables that the JOLs feel belong to BPP Cayman and are not subject to the Pledge due to its invalidity.
- Each of BPP Cayman, BPP SA and the Portuguese Republic are claiming ownership of the assets in the proceedings, and ownership of the assets is being determined in these proceedings.
- While the legal proceeding in Portugal has not been stayed, there is likely to be some further delay and it is not expected that the proceedings will resume until sometime during the first half of 2016.
- However, the stay of the Cayman Islands proceedings contains a condition to lift the stay three business days following service of notification that the final hearing in Portugal has been listed.

3. Presentation of the JOLs Eleventh Report

- The JOLs continue to deal with custody asset cases and SIV settlements, and have dealt with six additional custody asset cases over the six month period from March to August 2015 and have reached settlement agreements with seven smaller SIVs.
- The Gazprom 4 settlement has been finalised and approximately €5.7m was distributed to noteholders and the BPP Cayman liquidation estate received approximately €1.4m. The agreements reached with respect to the seven smaller SIVs resulted in the distribution of approximately €1.9m to noteholders and €75k to the BPP Cayman liquidation estate.
- The JOLs continue to seek settlement agreements with the remaining SIVs and are currently seeking noteholder approval with respect to the SIV investment strategy known as PICL and are prioritizing the settlement agreements according the size, by value of the assets held by each SIV.
- The BPP liquidation estate currently holds approximately €4m on deposit after costs, and the JOLs expect to receive further collections from future SIV settlements and payments made in relation to custody asset transfers.
- Progress is also being made with respect to collection of the Company's loan book. Approximately €10.8m and US\$2.3m has been collected and is being held on trust in an account held with BPP SA in the name of BPP Cayman and the Portuguese Republic to date.
- The JOLs also continue to investigate other potential recovery opportunities from BPP Cayman's asset base.
- The JOLs incurred fees during the period from March to August 2015 total approximately US\$304k. PwC Portugal did not incur any fees during the period.
- The principal areas of work undertaken by the JOLs and their staff relates to the Cayman Islands legal proceedings and settlement discussions, agreeing SIV settlements, collecting in loan repayments and compliance related matters in relation to the Foreign Account Tax Compliance Act ("FATCA").

- FATCA came into effect on 1 January 2015 and requires the JOLs to undertake additional due diligence on BPP Cayman depositors. All depositors should have received a notification letter with respect to the new FATCA regulations with an accompanying request to provide the JOLs with self-certification forms.
- Prior to making any payments or transferring assets, including payments to creditors in the event the JOLs are able to reach a settlement agreement with BPP SA and the Portuguese Republic, completed certification forms are required from all creditors.
- In anticipation of his retirement from PwC as at 30 June 2015, Ian Stokoe tendered his resignation as JOL of BPP Cayman with effect from 25 May 2015. Simon Conway and David Walker remain as JOLs.

The Chairman advised that he had covered all the main areas of update and opened the meeting for questions.

Question: Is my understanding correct that the settlement discussions have been delayed as a result of the change in government in Portugal, but the JOLs are still hopeful that an agreement can be reached before February 2016?

Answer: Yes, that is correct. Without prejudice discussions were had with BPP SA and the Portuguese Republic earlier this year up to the date of the election. With the new administration being put in place the JOLs agreed to stay the Cayman Islands legal proceedings to potentially reach a settlement agreement. The Stay expires in February 2016. The JOLs hope to reach agreement with the parties with respect to how the €100m of Overdraft receivables would be shared between BPP Cayman, BPP SA and the Portuguese Republic and the sharing of debt repayments collected with respect to the BPP Cayman's loan book between BPP Cayman and the Portuguese Republic. As part of the settlement agreement, a determination will need to be made as to how set-off will apply.

Question: If a settlement is agreed, how will this affect the possible return of cash to those depositors who have settled their debt in full without set-off being applied? Will depositors with a deposit claim in the liquidation that is greater than the debt amount repaid have money returned to them?

Answer: The issue of how set-off will apply is being discussed as part of the ongoing settlement discussions. We are seeking to reach an agreement with respect to how the debt repayments are split between the BPP Cayman liquidation estate and the Portuguese Republic. As you are aware, set-off is applicable under Cayman Islands Law, but is not under Portuguese Law. As such, BPP Cayman will likely still be required to apply 100% of set-off with respect to its share of the debt repayments, but other potential options are being explored. Prior to finalising any settlement agreement it will be discussed in detail with the Liquidation Committee, as well as other creditors, who will have an opportunity to voice their views.

Closing of meeting

As there were no further questions, the Chairman confirmed that, as always, he, and Jodi Jones are available for direct questions whenever needed and thanked the meeting participants for their time.

There being no further business, at 3:25pm (Portuguese time) / 10:25am (Cayman time) the Chairman declared the meeting closed.



Simon Conway
Chairman