

Banco Privado Portugues (Cayman) Limited ('BPP Cayman' or 'the Company') (in Official Liquidation)

Minutes of the First Meeting of Creditors

Date: 26 August 2010

Time: 2:00pm registration, meeting commenced 2:30pm

Location: SANA Lisboa Hotel situated at Av. Fontes Pereira de Melo, 8, Lisbon, Portugal

Agenda

1. Introduction
2. Summary presentation of the Creditors' report
3. Next Steps in the Liquidation
4. Liquidation Committee – role and voting process
5. Summary in Portuguese
6. Questions and Answers
7. Voting for a Liquidation Committee

Presenters

Ian Stokoe, Joint Official Liquidator ('JOL') - PwC Cayman Islands ('IS')
Vijay Chopra – PwC Portugal ('VC')
Simon Conway – PwC Cayman Islands ('SC')
Pedro Carneiro – PwC Portugal ('PC')

Antonio Andrade de Matos – AAA ('AM')

William Peake – Maples and Calder ('WP')

Minutes

1. Introduction.

PC addressed the assembly in Portuguese to both welcome all present and confirm that the meeting would primarily be held in English, followed by a summary in Portuguese, and opportunities to ask questions in English and Portuguese at the end of the meeting.

IS initiated the presentation by explaining the importance of the registration process, as a means of establishing creditors' proofs and proxies in order to ensure all those present had a valid interest in the liquidation and in order to ensure any voting for a Liquidation Committee is valid.

IS advised the Joint Official Liquidators ('JOLs') would shortly be applying to the Cayman Grand Court for an order appointing Mr Vijay Chopra as a third JOL.

IS explained that Cayman Islands liquidation proceedings are characterised by transparency and clarified the JOLs' duties as officers of the court; including the defense of the creditors' best interests and the investigation of all of the Company's affairs. The meeting was further advised of the JOLs intention to form a Liquidation Committee to act as a consultative body to assist the JOLs.

Before proceeding with the presentation, IS underlined the complexity of the BPP Cayman liquidation in light of the multi-jurisdictional nature and the intertwined financial and operational relationship between BPP SA and BPP Cayman.

It was further highlighted that the JOLs are heavily reliant on BPP SA's co-operation and that up until the present moment, despite the general co-operation of the BPP SA Liquidation Commission, there have been delays in obtaining key financial and operational information regarding BPP Cayman, largely as a result of resource constraints during the holiday period.

As such, and in order to expedite this process, creditors were invited to make use of the BPP Cayman website JOL contacts to pass on any relevant information in their possession to the JOLs.

IS also highlighted that information regarding the liquidation for the attention of creditors will be posted on the website, which will be the main means of communication between the JOLs and the creditors. This would include the minutes of this meeting.

2. Summary presentation of Creditors' report.

The JOLs' First Report to Creditors was then presented to the meeting, the JOL utilising the attached Creditors' Presentation (Appendix 1).

SC made a presentation on the BPP Group structure, provided a brief explanation of the relationship of the Company with the SIVs, and discussed the timeline of events leading from October 2008 to the liquidation, including a brief discussion of the purported Guarantee and purported Counter-Guarantee to the Portuguese State. He also discussed the formation and constitution of the FEI.

Regarding the financial position at 30 April 2010, IS clarified that the JOLs have been advised that substantially all of the assets included on the BPP Cayman balance sheet are purportedly pledged to the Portuguese State.

IS summarised the key historical transactions which had been identified for further investigation by the JOLs, namely:

- EUR450m refinancing of BPP SA;
- Depositor and Creditor Repayments;
- Establishment of the FEI and transfer of FEI Liabilities;
- Related party transactions; and
- Actions of Directors and Service providers.

In discussing the historical transactions noted above, IS emphasised that the JOLs have serious reservations regarding the validity of the purported Government Counter-Guarantee, as well as the purported transfer of FEI receivables to BPP SA, and that following investigation it may be appropriate to mount legal challenges.

IS advised creditors of the volume and complexity of the custody asset positions, including the estimated number of customers (320) and estimated overall value of custody assets (>EUR400m). IS referred to issues of incomplete documentation, cross collateral with the parent bank, and set-off issues. IS highlighted his intention to seek a pre-emptive costs order to fund the resolution of custody asset positions. He explained that while the costs of investigating title to custody assets might not be large in each individual case, the number of claims and the existence of pledges over the assets to both BPP Cayman and BPP SA mean that the total costs are likely to be significant.

IS advised that documentation relating to the application for a pre-emptive costs order would be placed on the website.

IS explained the limited extent of the funds currently available in the liquidation; that is, the € 610.557.50 of management fees received from Banif and highlighted that it was likely that additional funding would be required if the JOLs were to be able to pursue the investigations referred to earlier.

IS then went on to outline the proposed basis of remuneration for the JOLs and the process of two step fee approval, including the role of the Liquidation Committee and Grand Court in the approval process. Time costs accrued to date were presented to the meeting.

Next steps in the liquidation were then outlined, IS running through the points included on the slide entitled “next step” in the presentation at Appendix 1.

3. Liquidation Committee – role and voting process

IS then explained the role and responsibilities of the Liquidation Committee including confidentiality and independence requirements. The constitution of the Committee was discussed, including the requirement for a minimum of 3 and a maximum of 5 members. IS confirmed that it was the creditor and not the individual representing a creditor who would be the member of the Committee.

IS presented the confirmed nominees notified to him ahead of the meeting and invited any further nominees to make themselves known. Four additional nominees came forward. IS advised that a Liquidation Committee must be elected by the creditors, who would vote by reference to the value of their claims. However, if there were only 5 nominees, it would be possible for a resolution to appoint the committee to be passed by a simple show of hands.

IS invited the nominees to hold a private meeting in which to discuss whether a consensual decision might be reached as to the nominees wishing to stand.

4. Summary in Portuguese.

Whilst this meeting took place, PC presented a brief summary of the presentation in Portuguese.

5. Voting for the Liquidation Committee;

In their separate meeting, the Liquidation Committee nominees agreed to maintain the initial list of candidates composed of the following:

1. Challenger II, SA;
2. Elle Ventures LLC;
3. Planner World Trading Limited;
4. Mr. José Carlos Matias Serra;
5. Vida Finance LLC.

The other nominees confirmed they were withdrawing. IS proposed a resolution that the five nominees detailed above form the Liquidation Committee and this request was repeated in Portuguese. By a show of hands, this resolution was duly passed, all bar one creditor present voting in favor.

6. Questions and Answers

Q: Will the BPP Cayman’s Clients benefit from the Government Deposit Guarantee? What happened to the deposits after the intervention of BPP in April 2010?

A: Regarding deposit guarantees, the JOLs understand that deposits remaining in BPP Cayman will not be covered. Regarding deposits made post intervention, at this stage the JOL’s have no information but will further investigate this question.

Q: Regarding the FEI, will cash be distributed to Clients directly or through BPP Cayman?

A: The JOLs understand that so far, money has been distributed from the FEI into the custody of BPP SA. The JOLs are attempting to have money relating to BPP Cayman clients transferred to their control and will consider whether it is possible or desirable to change the existing distribution arrangements.

Q: Creditors are concerned about JOLs' fees, because there is no money to fund the potential litigation commenced by the JOLs.

A: This will be the first issue to be considered with the Liquidation Committee.

Q: Creditors are also concerned about the costs of motions/legal actions which might amount to approximately 5M EUR that are necessary to challenge BoP and the Portuguese State.

A: The JOLs will look first for non-pledged assets to fund those legal actions. It is acknowledged that funding is currently the critical issue in the liquidation and the JOLs made clear that it might be necessary to look to the creditors to provide funding. On a show of hands, approximately one third of those present indicated they might be prepared to provide some element of funding.

Q: Are the EUR217 million of assets that were transferred from BPP Cayman to BPP SA reflected on the Balance Sheet?

A: No, the transfer was conducted prior to the balance sheet date, with the corresponding entry being an adjustment to the intercompany balance. IS provided a brief explanation of what he understood to have occurred when the FEI was established, expanding on what he had explained earlier.

At this point, Mr. Jorge Neto – legal representative of one of the Liquidation Committee's members – took the floor requesting the JOLs to concentrate their efforts on challenging the Guarantee and the purported Counter-Guarantee granted to the State.

Mr Neto opined that the loan was granted under the pretext that it was needed to solve BPP SA's financial problems (i.e. to pay off major institutions such as JP Morgan) but it was actually used to pay small entities such as Caixa de Crédito Agrícola which were exposed by their deposits in BPP SA. Mr Neto further commented that in his view, BPP Cayman received no benefit from the loan, and hence there was no reason to grant the purported counter-guarantee to the Portuguese State.

Mr Neto then asked if the loan is subject to EU rules and if it is valid under EU rules. He also underlined that legal action must be taken immediately and that proactive action is needed.

IS advised that the JOLs share all of Mr Neto's concerns and that they are aware of the EU Commission decision on the subject which was to declare the State support illegal.

Q: Have JOLs considered legal actions against BPP SA?

A: All possible actions/proceedings are being considered.

Q: How will Creditors be informed of what is being discussed/decided at the Liquidation Committee meetings?

A: Up dates and information will be available on BPP Cayman's website. Additionally, the JOL's report to the Grand Court must be filed within 6 months of their appointment and this will be made available to all creditors.

Q: Will BPP Cayman Clients benefit from the Portuguese State Deposit Guarantee?

A: The JOLs' current understanding is that BPP Cayman clients will not benefit from the Portuguese State Guarantee, with the exception of FEI's Clients, to the extent that there is a shortfall against the assessed value of their FEI Units relative to the valuation on inception, and up to a maximum of EUR250,000.

Q: How does voidable preference law work as a matter of Cayman Islands law?

A: IS noted that it appeared to be similar to Portuguese voidable preference law and WP outlined the mechanics of section 145 of the Companies Law.

There being no further matters to discuss, IS thanked all creditors for attending and contributing to a long meeting, which was closed at 18.20 p.m.

ID Stokoe
Joint Official Liquidator – Banco Privado Portugues (Cayman) Ltd