

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

**Minutes of the Third Meeting of the Creditors of the Company
held by conference call**

7 December 2011, 3:00pm (Portuguese time) / 10:00 am (Cayman time)

PwC:	Representing:
Ian Stokoe	PwC Cayman and The Joint Official Liquidators (“JOL”)
Vijay Chopra	PwC Cayman and the JOLs
Simon Conway	PwC Cayman and the JOLs
Elizabeth Osborne	PwC Cayman and the JOLs
Jodi Jones	PwC Cayman and the JOLs
Pedro Carneiro	PwC Portugal and the JOLs
Claudia Parente	PwC Portugal and the JOLs
In attendance:	
Antonio Matos	JOLs’ Portuguese Legal Counsel
Jorge Bastosleitao	JOLs’ Portuguese Legal Counsel
Creditors:	The AT&T Teleconferencing Service Center confirmed
	There were 9 creditors present on the call in total.

Ian Stokoe took the Chair of the meeting.

Notice

The Chairman took notice of the meeting as read.

1. Introduction

- The Chairman introduced those present at the meeting representing PwC and welcomed everyone to the meeting;
- 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 12 November 2010; and
- The Chairman also advised that as everyone had received the Fourth Report to Creditors dated 10 October 2011 he did not intend to go through the progress of the liquidation over the last year in detail, instead he intended to provide a brief update, Simon Conway would provide a more detailed update on the key issues since the last meeting, and then time would be allowed for a question and answer session. The Chairman pointed out that he would only be able to answer broad questions during the question and answer session and that no case specific questions could be answered during the call.

2. Progress Report

The Chairman advised that a report detailing the progress made in the liquidation had been circulated to the creditors prior to the meeting and provided the following summary of work undertaken since the last meeting:

- With Portuguese legal counsel, develop, consider and approve the second submission to the Portuguese Commercial Court, dated 10 June 2011, contesting BPP SA's apprehension of the Repo and Overdraft positions, and setting out the JOLs' claim to Overdraft assets held in escrow totaling c.€99.4m, US\$2.7m and £0.11m;
- Ongoing liaison between JOLs' Portuguese team and the BPP SA liquidation team;
- Ongoing dialogue and meetings with Company creditors, providing general updates and responses to claim specific queries;
- Review of 83 custody claim submissions in order to resolve claims on the custody asset portfolio;
- Transfer of approximately €19m of custody assets to beneficiaries, including c.€5.5m transferred in the period since 24 May 2011, following investigation of positions and liaison with BPP SA and claimants in order to confirm unencumbered title, identity of claimant and resolve related positions.
- Analysis of the legal title to monies held at BPP SA with respect to SIV structures, and subsequent meetings and negotiations with SIV representatives to discuss their claims to title; and
- Preparation of the May 2011 JOLs' Report to Court and the June 2011 fees application.

The Chairman then invited Mr. Simon Conway to discuss the outstanding issues in the liquidation.

3. Outstanding Issues

Mr. Conway advised that most of the issues over the past year were detailed in the Reports to Creditors dated 25 May 2010 and 10 October 2011 and highlighted the following issues.

Funding

- Mr. Conway advised that the JOLs sought funding for litigation to challenge the Counter-guarantee and Pledge through an action in Portugal and/or Cayman; however, following a series of bi-lateral meetings with creditors who came forward it became apparent that there was insufficient funding to challenge the Pledge;
- Litigation funding was also sought from specialists funders, but this was unsuccessful principally as a result of concerns over legal jurisdiction; and
- Therefore the JOLs focused on the most promising source of recovery, the €103m of Overdraft receivables due from the FEI.

Overdraft Proceedings

- Instigated when the JOLs challenged apprehension by BPP SA over €200m of Overdraft and Repo receivables due from FEI in November 2010. If the JOLs had not challenged, the Overdrafts would most likely have gone to the Portuguese State under the guarantee;
- Banif, the depository bank of FEI, placed these monies in escrow in response to our challenge;

- The JOLs submitted detailed arguments as to why (1) BPP Cayman is the creditor, and (2) pledge is invalid;
- Portuguese State and BPP SA have filed responses; and
- Now the JOLs await timing for a preliminary hearing which the JOLs have been advised could take anywhere from 1 – 3 years.

Mr. Conway invited the JOLs Portuguese legal counsel, Mr. Antonio Matos, to provide more detail on the overdraft proceedings.

Mr. Matos provided the following summary with regard to the overdraft proceedings:

- Answers were submitted in the civil proceeding on behalf of BPP Cayman;
- Currently the JOLs are awaiting Court notification to all parties involved that a preliminary hearing will be held;
- At the preliminary hearing the Judge will try to determine if there is the potential for the parties to reach a settlement;
- If the Judge determines it is not possible for the parties involved to reach a settlement, he will then consider the legal points raised by all parties;
- Each party will be required to submit evidence supporting their legal points;
- The parties involved will receive notification of the Court hearing;
- Following the hearing the Court will make a decision in favour of one of the parties; and
- Following a decision the losing party will likely appeal the decision.

Mr. Matos then handed the meeting back over to Mr. Conway who continued with his summary of outstanding issues.

Other Creditors

- The JOLs understand that individual creditors have brought actions challenging the guarantee, but that to date there has been limited progress and we expect this to be prolonged. However, the JOLs remain willing to assist where possible.

BPP SA

- The JOLs also understand that the decision to liquidate BPP SA has been challenged;
- The challenge has resulted in the effective paralysis of that liquidation apart from administrative matters, such as custody assets;
- In May 2011, the JOLs submitted a right of return claim to protect BPP Cayman's position in the BPP SA liquidation; and
- As with all other matters, the BPP SA liquidation Commission cannot resolve our claim pending resolution of the creditor action challenging their liquidation.

Custody Assets

- The JOLs continue to work with BPP SA and creditors to resolve the custody asset claims;
- Voluntary fees are insufficient to cover our costs, but work is ongoing nevertheless;
- To date, we have transferred custody assets valued at approximately €19m representing over 83 claims;
- There are still a large number of potential claims on hold and the main obstacle is set-off;
- Under Cayman Law, set-off applies and will be available;
- However, the Portuguese position is more complex; and
- The JOLs have sought legal advice and there is an international law issue. Some time ago the JOLs sought clarity from the Bank of Portugal (“BoP”) who, as depository bank for the Counter-guarantee and Pledge holds the security. The JOLs are of the opinion that it will be very difficult to progress this matter without BoP’s agreement and hence the JOLs will continue to seek the BoP’s response.

Segregated Money

- As set out in the 25 May 2010 Report, BPP SA has segregated approximately €20m relating to liquidity generated from custody assets;
- These custody assets relate to bonds held on behalf of segregated investment vehicles (“SIVs”) that matured following the appointment of the BPP SA liquidators, but prior to the appointment of the BPP Cayman liquidators;
- BPP SA has acknowledged by letter that it has no title to the monies;
- The monies are currently held in an account for BPP Cayman;
- Our position is that these monies represent part of our insolvent estate, but this is challenged by investors in the SIVs; and
- We have commenced discussions with representatives of the SIVs in an effort to find a commercially reasonable solution.

Mr. Conway then handed the meeting back to the Chairman.

The Chairman advised that under Cayman Law the JOLs are required to provide the creditors with a receipts and payments update since the date of the last meeting and referred to the Receipts and Payments schedule for the period 4 June 2010 to 30 September 2011 presented in the JOLs Fourth Report dated 10 October 2011.

4. Receipts and Payments

- As noted in previous reports, substantially all of the assets of the Company are purportedly pledged to the Portuguese Republic under the Counter-guarantee;
- Following a series of meetings with BPP SA, the JOLs have recovered approximately €2.6m from BPP SA in relation to SIV loan repayments. The JOLs have been advised that these monies may potentially be caught under the Counter-guarantee and pledge and as such are not freely available to the insolvent estate of the Company;
- As such the JOLs now hold, approximately €377,000 that are unencumbered and available to meet ongoing legal fees;
- The total exposure to costs in the liquidation, including liquidation fees to 31 August 2011 is now approximately €1.5m as detailed in the Fourth Report.

5. Liquidators' Remuneration

- The Chairman advised that the JOLs discussed the contents of the JOLs time costs for the period 1 March 2011 to 31 August 2011 at the liquidation committee meeting held on 11 October 2011;
- The Liquidation Committee were still of the opinion they did not wish to either approve or reject the JOLs' time costs, but instead were of the opinion that the JOLs should seek approval from the Cayman Court; and
- The Chairman confirmed that the JOLs received approval of JOLs time costs from the Cayman Court at a hearing held on 26 October 2011 and the JOLs would be drawing down fees relating to costs incurred in relation to the realisation of pledged assets.

6. Going Forward

- The JOLs will continue to focus on key actions required to ensure the orderly wind-up of the Company and protect the interest of creditors;
- Given the lack of funding for the liquidation, these actions will be undertaken in the most cost effective manner possible; and
- Will principally comprise the resolution of custody asset positions, while making the necessary submissions in the Portuguese Overdraft and Repo proceedings and BPP SA liquidation.

The Chairman then opened the meeting up for questions.

7. Question and Answer Session

Q: You mentioned that you would not be addressing case specific questions during this meeting. Who can I contact to discuss individual cases?

A (IS): Elizabeth Osborne

Q: You mentioned segregated money. Could you provide more detail about that?

A (SC): We are currently in commercial negotiations with SIV representatives and as a result I am limited as to what information I can provide, but I can discuss factual matters.

The beneficial owners of the SIVs registered in BVI held interest in custody assets, such as bonds, through loan notes.

A portion of those custody assets matured and turned into cash in April 2010.

When the bonds matured the cash was sent to BPP SA as custodian. Given BPP SA was in liquidation by that point, when the cash was received by BPP SA the money was placed in a segregated account in the name of BPP Cayman. BPP Cayman is considered a customer of BPP SA.

As a result, there is c.€20m of segregated assets being held and the JVLs are of the belief that these monies form part of the BPP Cayman insolvent estate.

The SIVs also allege a claim to these monies and we have been in ongoing discussions with them for the past two months. We are hoping to reach a commercial resolution in due course.

Q: You can't provide us with any more specific detail?

A (IS): You can contact us directly if there is anything else you would like to discuss more specifically. You can either call Simon Conway or myself.

There were no further questions.

8. Closing of meeting

There being no further business, at approximately 3:40pm (Portuguese time) / 10:40am (Cayman time) the Chairman declared the meeting closed.



Ian Stokoe
Chairman