

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

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

28 November 2014, 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 there were 19 creditors present on the call.

Simon Conway welcomed those in attendance to the sixth 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 December 2013;
- The Chairman referred the attendees to the Joint Official Liquidators’ Ninth Report dated 30 September 2014 (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. Ongoing litigation in Portugal relating to the Overdraft receivables

- The Chairman advised that the litigation relating to the Overdraft receivables continues to be one of the key aspects of the liquidation and one of the most likely areas to potentially secure a reasonable return for creditors.
- The Chairman advised that the Overdraft litigation commenced in 2010 shortly after the start of the BPP Cayman liquidation when the Joint Official Liquidators (“JOLs”) challenged Banif, the depository bank for the FEI, and BPP Cayman’s parent bank, BPP SA, to lay claim to approximately €105m of Overdraft receivables that the JOLs believe belong to BPP Cayman.
- Following the JOLs’ challenge, Banif placed those monies under the trust of the commercial court in Lisbon.
- The Chairman advised that getting the litigation underway has been quite a prolonged process. The preliminary hearing for the litigation began in June 2014, and the JOLs

have spent a lot of time investigating the position, securing witnesses and working with the JOLs' Portuguese and Cayman legal counsels to prepare the JOLs' submissions.

- The Chairman advised that the Overdraft receivables litigation focuses principally on two aspects, firstly the purported transfer of the Overdraft receivables that BPP SA claim was made from BPP Cayman to BPP SA shortly before the commencement of the BPP Cayman liquidation, and secondly the question as to whether the pledge in support of the Guarantee provided by the Portuguese Republic attaches to these assets.
- The position of BPP Cayman is that firstly the transfer never took place, and secondly the pledge to the Portuguese Republic is invalid for the various reasons previously reported to creditors.
- The Chairman advised that following the preliminary hearing held in June 2014, the hearing reconvened in July 2014 and there was a continuance of that hearing to September 2014 that was then adjourned until November 2014.
- The Chairman advised that a key issue that has been dealt with in the preliminary hearings is whether Cayman Islands law will be considered in the Overdraft receivables proceedings. It is the position of the JOLs that it is essential to consider Cayman Islands law, and in particular in relation to the validity of the pledge, because BPP Cayman is a Cayman Islands bank.
- The JOLs believe the directors of BPP Cayman should never have provided consent for BPP Cayman to enter into the pledge agreement. Equally, the Portuguese Republic was aware of BPP Cayman's position and essentially in control of the BPP group when the pledge agreement was entered into. On a variety of grounds, the JOLs argue that under Cayman Islands law the pledge is not valid and sought to have the judge in the Overdraft receivables proceedings consider the JOLs' arguments in the proceedings from a Cayman Islands law perspective.
- The Chairman advised that at the most recent session of the preliminary hearing in November 2014, the judge concluded that Cayman Islands law should not be considered as part of the proceedings. The JOLs have the opportunity to appeal that decision and are currently under advisement in that regard.
- The JOLs did anticipate this as a possible ruling by the judge, and in consultation with BPP Cayman's Liquidation Committee, the JOLs have taken steps to commence proceedings in the Cayman Islands.

2. Sanction from the Cayman Court regarding writ against the Company's directors, BPP SA and Portuguese Republic

- The Chairman advised that the first step to commencing proceedings in the Cayman Islands is to seek sanction from the judge presiding over the BPP Cayman liquidation in the Cayman Islands to bring action in the Cayman Islands Courts against the Company's directors, BPP SA and the Portuguese Republic to seek to have the pledge and the transfer deemed invalid from a Cayman Islands legal perspective.
- The Chairman advised that the JOLs have now obtained sanction from the Cayman Islands Court and will be taking actions in that respect and invited the representative of JOLs' Portuguese legal counsel present at the meeting to add any additional points on this matter.

- Mr. Jorge Leitao advised that in addition to the decision rendered by the judge in the Overdraft proceedings in Portugal regarding the applicability of Cayman Islands law there has been some difficulty receiving information from BPP SA in relation to the purported transfer, and to date no information has been provided. As such, the JOLs' Portuguese legal counsel requested that the Portuguese court require BPP SA to provide certain documents as well as other information regarding the alleged transfer. The JOLs' Portuguese legal counsel are still awaiting the information requested and are aware the BPP SA's legal counsel have requested ten additional days to provide the information.
- The Chairman reminded the attendees they will have the opportunity to ask questions at the end of the call and to be mindful that given the contentious nature of the litigation there are only certain points that are able to be disclosed on a public call.

3. SIV Settlement Agreements

- The Chairman advised that since putting in place the first settlement agreements for the special investment vehicles ("SIVs") HF VAR 3 and HF VAR 8 in 2013, the JOLs have concluded an additional nine settlements over the last year dealing with segregated monies totaling approximately €15m.
- The Chairman advised that the process the JOLs have been following is, where possible, entering into agreements with very small SIVs with very few noteholders in an expedited manner on a case by case basis as and when the JOLs receive enquiries from the noteholders in those particular SIVs.
- With regard to the larger SIVs where there are numerous noteholders, the JOLs are continuing to work through those settlement agreements in order of size.
- The Chairman advised that over the past ten months the JOLs have attempted to reach a settlement agreement with the noteholders of the third largest SIV, Gazprom 4, but the agreement is currently in a state of deadlock.
- The Chairman advised that in July 2014 a settlement agreement for Gazprom 4 was signed by the key corporate parties, BPP Cayman, BPP SA and Gazprom 4 represented by its directors, but subsequent to that the JOLs now need the approval of the noteholders. The Chairman advised that, as with the previous agreements, 75% of noteholder approval is needed before the settlement agreements can be executed, and the requisite 75% noteholder approval has not yet been achieved.
- The main reason for the 75% of Gazprom 4 noteholder approval not being received is due to a group of Gazprom 4 noteholders that are litigating against BPP Cayman and some of the other parties to the agreement. The Gazprom 4 noteholders have yet to agree some of the terms of the settlement agreement which includes that the noteholders will stop litigating against the parties to the agreement. The Chairman advised that the legal representative of the Gazprom 4 noteholders litigating against the parties to the agreement is currently in discussions with the parties to the settlement agreement and the JOLs are hopeful that they will be able to put in place a slightly amended version of that agreement in order to reach the required approval.
- The Chairman clarified that the JOLs cannot offer settlements with varying commercial terms to different SIVs. The commercial terms approved by the Cayman Court and entered into previously with other SIVs, will remain the same as the JOLs are required to treat all creditors and noteholders equally. However, the JOLs believe there should be scope to find a deal that works for the Gazprom 4 noteholders litigating against the parties to the agreement.

- The Chairman advised that following resolution of the Gazprom 4 settlement the JOLs will attempt to reach settlement with the next largest SIVs which are the entities with the acronym PICL and will continue to move through the remainder of the portfolio in order of size.
- The Chairman advised that throughout this process BPP SA and the directors of Gazprom 4 have been helpful and cooperative, and as such, the JOLs are hopeful that they will continue to make progress with the SIV settlement agreements once a resolution for Gazprom 4 has been found.

4. Joint Official Liquidators' Report and time costs for the period 1 February 2014 to 31 July 2014.

- The Chairman advised that the Report which was circulated to the creditor group and placed on the website sets out many of the items already discussed, as well as the financial position BPP Cayman's liquidation estate and the JOLs' time cost for the six month period to 31 July 2014.
- The Chairman advised that in addition to the above, the JOLs' Ninth Report also addresses the collection of the BPP Cayman loan book. The JOLs continue to make progress in terms of collecting debts that aren't impacted by set-off, and in particular, those where the debtor also has corresponding custody assets. However, debts of that nature are now rapidly reducing.
- The Chairman advised that the bulk of the remaining loan assets will soon be those either impacted by set-off and/or do not have matching assets which makes enforcement more difficult.
- Since the start of the liquidation the JOLs have been working with the Portuguese Republic to reach an agreement on the question of set-off which will be key to the collecting in BPP Cayman's loan book.
- From a Cayman Islands legal perspective, set-off applies to mutual dealings that were in existence prior to the start of the liquidation as a matter of statute. The JOLs would ordinarily seek to collect in debts after setting-off creditor claims.
- The Portuguese Republic has yet to, and may not be able to, reach an agreement with the JOLs as to how to apply set-off. This is a potential issue given the Portuguese Republic purportedly have a pledge that covers BPP Cayman's loan book assets. The JOLs realise that reaching a formal agreement with the Portuguese Republic could take years and the approach the JOLs would now like to take is to work with individual debtors on a case by case basis.
- The Chairman clarified that in terms of set-off from a Cayman Islands perspective, while set-off applies to counter-balancing positions that were in existence at the start of BPP Cayman's liquidation, debtors cannot acquire claims post liquidation and seek to use those claims acquired post liquidation to set-off debts owed to BPP Cayman.
- The Chairman advised that with regard to the JOLs' time costs, the JOLs present their fees on a six monthly basis and present it to the Liquidation Committee who have taken the position that the JOLs' time costs should be presented to the Cayman Islands Court for approval, or not, and that has continued to happen. The JOLs sought and received approval of their fees from the Court for the sixth month period to 31 July 2014.

- The Chairman advised that during the period 1 September 2013 to 31 July 2014 PwC Portugal has incurred fees totaling approximately €24k and PwC Cayman Islands has incurred fees totaling approximately US\$470k.
- The Chairman advised that the majority of those fees relate to the ongoing litigation in Portugal.

5. Appointment of Simon Conway as Joint Official Liquidator

- The Chairman advised that the last item on the meeting agenda relates to his (Simon Conway's) appointment as JOL which has been approved by the Cayman Islands Court.
- The Chairman advised that the primary rationale behind his appointment as JOL is to allow him to have formal standing with dealings in Portugal and in particular the Portuguese litigation.

The Chairman advised that he had covered all the main areas of update that he wanted to cover during the meeting and opened the meeting up for questions.

Question: If I understand correctly, the judge in Portugal has said that the Portuguese Republic's pledge is valid and Cayman Islands Law does not apply to this case. Is that correct?

Answer: No, that is not exactly what happened. The presiding judge, who is also handling the BPP SA liquidation, has decided that the decision on the validity of the pledge should be determined in accordance with Portuguese rules. The way the judge is handling the proceedings is that the decision regarding the validity of the pledge will be rendered at the same time as in the BPP SA liquidation. What we asked is for the subject of the applicability of Cayman Islands law in the Portuguese proceedings to be discussed at the hearing. The presiding judge decided that, due to her understanding of Portuguese rules on private International law as foreseen in the Portuguese civil code, Cayman Islands law should not apply in the Overdraft receivables proceedings. The judge has not made any decision regarding the validity of the pledge.

Question: Regarding debtors like myself and others, who have settled debts and we have money (segregated liquidity) that is being kept in escrow until the validity of the pledge and applicability of set-off is determined. Where do we stand there?

Answer: I think your question relates to debt repayments that are currently held in trust and have been paid gross without applying set-off. The position is, and it is related to the arguments we are presenting regarding the validity of the pledge, if we can prove in Portugal that the pledge is invalid then the pledge does not attach to those debt repayments and the JOLs will treat those debt repayments from a Cayman Islands law perspective and apply set-off. Ultimately, if you have a set-off position that we consider to be valid and you have made a gross debt repayment into the trust account, the JOLs will return the extra monies deposited to debtors in that position.

In order to get to that position, the JOLs have to prove in Portugal that the pledge is invalid. There are two routes that the JOLs can take to do that. One route relates to the Overdraft receivables proceedings. While the judge has concluded that Cayman Islands law should not be considered in the proceedings, and the JOLs have the opportunity to appeal that decision, the judge has not concluded whether the pledge is valid from a Portuguese law perspective. Those arguments and litigation is still ongoing.

The other approach that the JOLs are taking is the litigation in the Cayman Islands and the JOLs are confident that we will be able to prove our case in the Cayman Islands. Having done so, the JOLs would then need to enforce that position in Portugal, not only with respect to the Overdraft receivables, but also with respect to the monies held in trust by BPP SA. While the JOLs feel they have very strong arguments both under Cayman Islands and Portuguese law, unfortunately we are looking, either way, at a very long process before we can defeat the pledge, assuming we can.

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 approximately 3:30pm (Portuguese time) / 10:30am (Cayman time) the Chairman declared the meeting closed.



Simon Conway
Chairman