

**BANIF FINANCE LIMITED – IN OFFICIAL LIQUIDATION
(THE “COMPANY”)**

MINUTES OF THE ANNUAL GENERAL MEETING OF THE CREDITORS OF THE COMPANY

Date and Time: 31 January 2018 at 10:00 a.m. (Cayman Islands Time)

Venue: via Teleconference

In Attendance: Martin Trott, Joint Official Liquidator
Owen Walker, RHSW
James McGrath, RHSW
Barnaby Gowrie, Walkers Global
Filipa Cotta, PLMJ – Sociedade de Advogados, RL

Chairman

Martin Trott agreed to act as Chairman (the “**Chairman**”).

Recording

The Chairman explained to all in attendance that the meeting was being recorded for the purposes of minute taking.

Notice of the Meeting

Notice of the meeting of the Company was served on all known creditors of the Company in compliance with the Cayman Islands Companies Winding Up Rules, 2008 (as amended) (“**CWR**”) Order 8, rule 4.

Quorum

It was noted by the Chairman that, under the terms of the CWR, the quorum for the meeting is at least 3 creditors, or all of the creditors if there are less than 3 in number, pursuant to CWR Order 8, rule 6(6).

The Chairman took a roll call of those in attendance and declared the meeting quorum as pursuant to CWR Order 8, rule 6(6).

Introduction and Purpose of the Meeting

The meeting was called by the Joint Official Liquidators (“**JOLs**”) pursuant to CWR Order 8, rule 2(3d).

The meeting would provide an update to creditors of the Company as to the key events that have taken place over the last 12 months of the liquidation.

The Chairman asked that all attendees mute their lines in order to avoid background noise. Further, the Chairman explained that an opportunity to ask questions will be provided at the end of the meeting and asked that all attendees please refrain from asking questions until such time.

Background

The Chairman provided a brief background to the events leading to the liquidation of the Company. The Chairman further explained the resignation of former liquidator Matthew Wright in September 2017 and his appointment as successor liquidator.

Liquidation Update

Appointment of the Liquidation Committee

The Chairman explained that the following the first meeting of creditors in January 2017, the creditors elected a liquidation committee (“**LC**”) consisting of three members. Those members are Alexandre Batista Brito da Silva, Luis Guilherme Oliveira Figueira da Silva and Dr. Guilherme H.V. Rodrigues da Silva.

The JOLs have met with the LC four times over the past 12 months with the last meeting taking place in Lisbon in November. The Chairman further explained that the JOLs were in a frequent dialogue with the LC outside of formal meetings.

Collection of Books and Records

The Chairman explained that the JOLs have experienced issues with recovering the books and records of the Company.

The JOLs understand that the books and records of the Company were handed over to Bank Santander-Totta SA (“**Santander**”) as a result of the transfer of the majority of assets and liabilities of Banif-Banco Internacional Do Funchal, S.A (“**Banif S.A.**”) as per the resolution issued by the Bank of Portugal in December 2015.

The JOLs are in ongoing discussions with Banif S.A. and Santander to obtain the books and records of the Company.

Assets and Investigations

The Chairman gave a brief update to assets recoveries and investigations into potential asset recoveries in the liquidation and noted that further details could be found within the JOLs Reports which the creditors had access to.

Cash Deposits

To date, the JOLs have recovered €12.7m and US\$994,000 in cash deposits.

Financial Pledge

The Company’s final audited financial statements, for the year ended 2014, showed a loan to Banif S.A. for €14.75m. This loan was provided as a financial pledge to Banif S.A.’s Madeira offshore branch.

Banif S.A. however, claim that the pledge is in favour of the Madeira offshore branch. No evidence has been provided to the JOLs to substantiate this claim and investigations are ongoing.

Banif International Bank Preference Shares

Prior to the appointment of the JOLs, the Company sold 10,000 Banif International Bank (“**BIB**”) preference shares (the “**Shares**”) to Santander for US\$100,000. The Shares had previously been valued at €10m on the Company’s 2014 audited financial statements. Therefore, there was a question as to the potential sale of an asset of the Company at an undervalued price.

However, the JOLs’ investigations have found that BIB was balance sheet insolvent with net liabilities of €33m. This means that at the time of the sale the Shares were, for all intents and purposes, valueless.

On the basis of information available, the JOLs are of the opinion that the Company does not have a claim against Santander or the previous director of the Company in regards to sale of the Shares at an undervalue. However, the JOLs retain their rights in regards to this matter and the provision of further information may materially impact the JOLs’ opinion.

Banif SFE 09 Note (XS0476678288)

The Company’s 2014 audited financial statements disclose a balance sheet investment, Banif SFE 09 Note (the “**Note**”) issued by Banif S.A. to the Company, at a value of €10m.

The JOLs understand that as a result of the December 2015 Bank of Portugal resolution, Banif S.A. are exempt from their obligation to make coupon and redemption repayments on the Note. The JOLs believe that it is highly unlikely that any realisations will be received from this investment.

Creditors and Shareholders

It was confirmed by the Chairman that as of 31 December 2017 the JOLs have received the following claims:

Creditor Class (In Priority Order)	€	US\$
Unsecured Creditors	968,357.97	29,907.97
Deferred Unsecured Creditors (Noteholders)	18,638,690.00	Nil
Preferred Shareholders	3,312,425.31	1,560,000.00
Total	22,919,473.28	1,589,907.97

Unsecured Creditors

The JOLs are currently in the process of adjudicating on unsecured creditor claims that rank in priority to noteholders (the “**Noteholders**”) and shareholders.

A notice of intention to declare a final dividend for unsecured creditors is due to be published in Portugal and the Cayman Islands in the coming weeks. The notice sets a deadline of 16 April 2018 for all unsecured creditors to submit their proof of debts.

The JOLs will be issuing notices of acceptance and rejection to unsecured creditors who have already submitted their proof of debts in the coming weeks.

Once the unsecured creditors distribution is completed the JOLs will focus on distributing funds to the Noteholders being the next class of creditor in the order of priority.

Noteholders

The JOLs have been communicating with Citibank N.A., the trustee of the Noteholders (the “Trustee”), regarding the appropriate representative of the underlying investors and method for distributing funds to the Noteholders. Based on the documentation received to date and the initial discussion with the Trustee, it appears that the Trustee is the appropriate representative of the Noteholders and therefore should make a claim in the liquidation on the behalf of Noteholders. It is envisaged that the JOLs will make a distribution to the Trustee who will in turn remit the funds to the Noteholders via the appropriate methods and clearing systems.

This matter is yet to be concluded and ongoing dialogue is continuing between the JOLs and the Trustee.

Based on current recoveries in the estate it is likely that Noteholders will not be paid out in full from a distribution.

Shareholders

Based on current recoveries in the estate it is unlikely that shareholders will receive any distributions from the liquidation.

Current Costs of the Liquidation

The Chairman set out the costs of the liquidation from appointment to 31 December 2017:

Costs	€	US\$
JOLs fees up to 31 December 2017	N/A	421,601.50
JOLs Disbursements	N/A	85,413.42
Walkers – Cayman Legal Counsel	N/A	456,208.01 ¹
PLMJ – Portuguese Legal Counsel	95,557.41 ²	N/A
Total	95,577.41	963,222.83

To date the LC and the Grand Court of the Cayman Islands have approved the JOLs fees up to 6 May 2017 of US\$191,772.50 plus disbursements of \$66,337.26 totaling \$258,109.76.

The Chairman explained that the JOLs are currently seeking approval of the balance of their fees from the LC and the Grand Court of the Cayman Islands.

As at 31 December 2017 the cash balance of the Company was €12,565,173.87 and US\$249,079.27.

Questions

The Chairman opened the meeting up to attendees to ask questions.

¹ During the meeting Walkers legal costs were stated as \$358,852.16. After the conclusion of meeting it was discovered that this figure was understated and that true amount of Walkers legal costs as of 31 December 2017 was \$456,208.01 which is reflected above.

² During the meeting PLMJ legal costs were stated as €63,696.51. After the conclusion of meeting it was discovered that this figure was understated and that true amount of PLMJ legal costs as of 31 December 2017 was €95,557.41 which is reflected above.

Question 1

Who pays for the costs of the liquidation?

The costs of the liquidation, including but not limited to the JOLs fees and costs and legal fees, are paid from asset recoveries in the liquidation. The costs of the liquidation are paid in priority to creditors.

Question 2

What are the chances of receiving a distribution from the liquidation?

The Chairman explained that he believes that funds will be distributed to the Noteholders. The JOLs are currently in the process of adjudicating unsecured creditor claims, which rank in priority to the Noteholders and it is expected that this process will be completed by late April 2018. Subsequently, the JOLs will be looking to make a distribution to the Noteholders.

As previously discussed, the JOLs are currently in discussions with the Trustee as to the appropriate method of making distributions to the Noteholders and once this issue has been settled the JOLs will notify the Noteholders accordingly.

Question 3

What is the amount of creditor claims received in the liquidation to date?

As of 31 December the JOLs have received claims in the liquidation as follows:

Creditor Class (In Priority Order)	€	US\$
Unsecured Creditors	968,357.97	29,907.97
Deferred Unsecured Creditors (Noteholders)	18,638,690.00	Nil
Preferred Shareholders	3,312,425.31	1,560,000.00
Total	22,919,473.28	1,589,907.97

The Chairman explained that these claims are unadjudicated.

The Chairman further clarified that these are representative of all claims that have been received to date and does not represent all amounts known to be outstanding to the Noteholders. It was noted that, if it is agreed that the Trustee should make a claim in the liquidation for all the Noteholders, then this figure is likely to increase.

Question 4

Which creditors are included under the forthcoming unsecured creditors distribution?

Unsecured creditors are to be paid from the forthcoming distribution which does not include the Noteholders. That is all creditors who are not the Noteholders or shareholders.

Question 5

What is the timeframe for the Noteholders to receive payment?

The Chairman explained that an exact timeframe for a distribution to the Noteholders is difficult to predict however, the JOLs will look to make a distribution as soon as possible once the unsecured creditors distribution is made which is expected to be completed in late April 2018.

Question 6

Who will make payment to the Noteholders?

The payment will be made by the JOLs. However, whether these funds will be paid to the Trustee (and then distributed to the Noteholders) or the Noteholders directly is yet to be determined. The JOLs will notify the Noteholders once this issue has been settled.

Closure

There being no further business, the meeting was closed at 10:36 a.m.

A handwritten signature in blue ink, appearing to read "Martin Trott", with a stylized flourish underneath.

Martin Trott
Chairman