

IMPORTANT INFORMATION TO BENEFICIAL HOLDERS OF THE NOTES ISSUED BY BANIF FINANCE, LIMITED: THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF BENEFICIAL HOLDERS OF THE NOTES. IF YOU ARE NOT THE BENEFICIAL HOLDER OF THE NOTES, PLEASE FORWARD THIS NOTICE ON AS A MATTER OF URGENCY.

PLEASE NOTE THAT NOTHING IN THIS NOTICE IS INTENDED TO AMOUNT TO AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY. NOTHING IN THIS NOTICE AMOUNTS TO THE GIVING OF ADVICE.

IF BENEFICIAL HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING IN RESPECT OF ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR BROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL, TAX OR LEGAL ADVISER.

Important Notice to Holders of

Banif Finance, Ltd, in Official Liquidation (the "Issuer" or "Banif Finance")

Euro 50,000,000 Floating Rate Notes due December 2016 ("Series 6 Notes"):

ISIN XS0280064469

Euro 125,000,000 Perpetual Floating Rate Notes ("Series 7 Notes"):

ISIN XS0280064204

EUR 100,000,000 3 per cent. Dated Subordinated Notes due 2019 ("Series 10 Notes"):

ISIN XS0476077366,

each guaranteed by Banif-Banco Internacional do Funchal, S.A. acting through its Sucursal Financeira Exterior (External Financial Branch)

under the Euro 2,500,000,000 Euro Medium Note Programme, (together, the "Notes")

1 Introduction

We refer to the Notice of the Issuer dated 12 November 2018 relating to the Notes (the "**Issuer Notice**") and to the Letter of the Official Liquidator in respect of the Issuer dated 12 November 2018, each accompanying this Notice. Capitalised terms used in this Notice have the same meaning given to them in the Issuer Notice and/or the Trust Deeds (as defined below).

We are writing to you as the Trustee of the Notes appointed under:

- (i) the amended and restated trust deed dated 5 July 2006 (as amended, supplemented, modified or replaced from time to time) (the "**2006 Trust Deed**") and made between Banif-Banco Internacional do Funchal, S.A. ("**Banif**"), Banif Finance, Ltd ("**Banif Finance**") and Banif-Banco Internacional do Funchal, S.A., *Sucursal Financeira Exterior* (each, an "**Issuer**"), Banif-Banco Internacional do Funchal, S.A., *Sucursal Financeira Exterior* (the "**Guarantor**") and Citicorp Trustee Company Limited as trustee (the "**Trustee**"), in the case of the Series 6 Notes and the Series 7 Notes; and
- (ii) the amended and restated trust deed dated 16 December 2009 (as amended, supplemented, modified or replaced from time to time) (the "**2009 Trust Deed**" and, together with the 2006 Trust Deed, the "**Trust Deeds**") and made between Banif-Banco Internacional do Funchal, S.A. ("**Banif**"), Banif Finance, Ltd ("**Banif Finance**") and Banif-Banco Internacional do Funchal, S.A., *Sucursal Financeira Exterior* (each, an "**Issuer**"), Banif-Banco Internacional do Funchal, S.A., *Sucursal Financeira Exterior* (the "**Guarantor**") and Citicorp Trustee Company Limited as trustee (the "**Trustee**"), in the case of the Series 10 Notes.

2 Request for Directions

2.1 Request for Directions from holders of the Series 6 Notes

As referred to in paragraph 2.1 of the Issuer Notice, an Event of Default has occurred pursuant to Condition 13(B)(i) and (ii) (*Events of Default relating to the Subordinated Notes*) in respect of the Series 6 Notes.

Under Condition 18 (Enforcement) of the Series 6 Notes, the Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Series 6 Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the holders of at least one quarter in principal amount of the outstanding Series 6 Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified and/or provided with security to its satisfaction.

In order to enforce its rights and those of the holders of the Series 6 Notes under the Trust Deed, the Trustee will need to file a claim in the insolvency proceedings of Banif Finance, Ltd.

Under the terms of the Trust Deed, holders of the Series 6 Notes are not entitled to file their own claims; only the Trustee is entitled to file such claims on behalf of the holders of the Notes.

If holders of the Series 6 Notes wish the Trustee to submit a claim in the insolvency proceedings of Banif Finance, Ltd on their behalf, they should contact the Trustee as soon as practicable and by no later than 5 p.m. (London time) on Friday, 14 December 2018 in order that they may give the Trustee directions to submit such a claim on their behalf.

Such persons should note that they will need to establish to the satisfaction of the Trustee their ownership of the Series 6 Notes, which can be done by way of a letter from the custodian holding the Notes on their behalf and appropriate evidence from the relevant Clearing System, Euroclear or Clearstream, Luxembourg, showing that the Notes are held in the custodian's account with such Clearing System.

Please note that the Trustee is not obliged to submit a claim on behalf of the holders of the Series 6 Notes unless it has received directions in writing from the holders of at least one quarter in principal amount of the outstanding Series 6 Notes and it has been indemnified and/or secured to its satisfaction.

Holders of the Series 6 Notes are, therefore, encouraged to contact the Trustee as soon as possible and by no later than 5 p.m. (London time) on Friday, 14 December 2018.

2.2 Request for Directions from holders of the Series 10 Notes

As referred to in paragraphs 2.3 and 2.4 of the Issuer Notice, an Event of Default has occurred in relation to the Series 10 Notes pursuant to Condition 13(B)(iii) (*Events of Default relating to Subordinated Notes*) as a result of Banif Finance, Ltd being placed into official liquidation by the Grand Court of the Cayman Islands.

Under Condition 13(B), if an Event of Default occurs with respect of the Series 10 Notes, then the Trustee at its discretion may, and if so requested in writing by the holders of not less than 20 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the holders shall (subject in each case to the Trustee having been indemnified and/or secured to its satisfaction), give written notice to the Issuer declaring the Notes to be, whereupon they shall immediately become, immediately due and payable at their Early Termination Amount together with accrued interest without any further action or formality. This is referred to as "accelerating" the Notes.

Further, once the Notes have been accelerated, under Condition 18 (*Enforcement*) of the Series 10 Notes, the Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Series 10 Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by holders of at least one quarter in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified and/or provided with security to its satisfaction.

In order to enforce its rights and those of the holders of the Series 10 Notes under the Trust Deed, the Trustee will need to file a claim in the insolvency proceedings of Banif Finance, Ltd.

Under the terms of the Trust Deed, holders of the Series 10 Notes are not entitled to file their own claims; only the Trustee is entitled to file such claims on behalf of the holders of the Notes.

If holders of the Series 10 Notes wish the Trustee to:

- (i) **accelerate the Series 10 Notes by giving written notice to Banif Finance, Ltd that the Series 10 Notes have become immediately due and payable at their Early Termination Amount together with accrued interest; and**
- (ii) **submit a claim in the insolvency proceedings of Banif Finance, Ltd on their behalf,**

they should contact the Trustee as soon as practicable and by no later than 5 p.m. (London time) on Friday, 14 December in order that they may give the Trustee directions to accelerate the Series 10 Notes and submit a claim in the insolvency proceedings of Banif Finance, Ltd on their behalf.

Such persons should note that they will need to establish to the satisfaction of the Trustee their ownership of the Series 10 Notes, which can be done by way of a letter from the custodian holding the Notes on their behalf and appropriate evidence from the relevant Clearing System, Euroclear or Clearstream, Luxembourg, showing that the Notes are held in the custodian's account with such Clearing System.

Please note that the Trustee is not obliged to accelerate the Series 10 Notes or submit a claim on behalf of the holders of the Series 10 Notes unless it has received directions in writing from the requisite percentage of holders of the Series 10 Notes and it has been indemnified and/or secured to its satisfaction.

Holders of the Series 10 Notes are, therefore, encouraged to contact the Trustee as soon as possible and by no later than 5 p.m. (London time) on Friday, 14 December 2018.

3 Series 7 Notes

As referred to in the Issuer Notice, the Trustee understands that, as the Series 7 Notes are subordinated to the Series 6 Notes and the Series 10 Notes and that as the Liabilities of Banif Finance, Ltd exceed its Assets, no payments will be made in respect of the Series 7 Notes on any distribution of the assets in the liquidation of Banif Finance, Ltd.

If the holders of the Series 7 Notes require any further information, they are invited to contact the Official Liquidator at the following email address: jmcgrath@rhswcaribbean.com or the Trustee at the following email address: restructuringgroupbanif@citi.com. Holders of the Series 7 Notes will be asked to provide written evidence of their holding.

4 Further information

The Trustee urges any holder of the Notes that is not the beneficial owner of the relevant Notes to ensure that the information set out in this Notice is transmitted to the relevant beneficial owner(s) as soon as possible.

The Trustee expresses no opinion as to the action, if any, holders of the Notes should take in relation to this Notice and any of the events referred to in this Notice or the Issuer Notice or the Letter of the Official Liquidation, both accompanying this Notice. Holders of the Notes should take and rely on their own independent legal, professional and financial advice, and may not rely on advice or information provided to the Trustee, statements as to the legal position included in notices issued by the Trustee relating to the Notes or in any other notice or otherwise or the views of the Trustee expressed herein or otherwise.

The Trustee makes no representation as to the accuracy, completeness or otherwise of the statements contained herein or in the Issuer Notice or the Letter of the Official Liquidator.

This Notice is made without prejudice to any and all of the Trustee's rights under the terms of the Notes and the Trust Deeds, all of which are expressly reserved.

Any enquiries in relation to the matters referred to in this Notice should be made to:

Citicorp Trustee Company Limited
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB

Email: restructuringgroupbanif@citi.com


Citigroup Trustee Company Limited as Trustee

12 November 2018

Jillian Hamblin
Director