

EXTRAORDINARY MEETING OF THE BOARD OF DIRECTORS OF BANCO DE PORTUGAL

20 December 2015

11.45 p.m.

Disclaimer:

**This translation has been prepared by Banco de Portugal and has no legal value.
Only the original document in Portuguese shall govern.**

On 20 December 2015, at 11.45 p.m., at an extraordinary meeting of the Board of Directors of Banco de Portugal, chaired by the Governor, Carlos da Silva Costa, also attended by the Vice-Governors Pedro Duarte Neves and José Ramalho and by Directors João Amaral Tomaz, António Varela and Hélder Rosalino, the following deliberation was adopted regarding agenda item *“Application of corrective measures to BANIF – Banco Internacional do Funchal, S.A. and temporary waiver of compliance with the prudential rules”*.

DELIBERATION

Under Article 146 (1) of the Legal Framework of Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras – RGICSF*), approved by Decree-Law No 298/92 of 31 December 1992, and in view of the urgent need of the measures now taken to safeguard the continuity of the provision of the essential financial services ensured by BANIF – Banco Internacional do Funchal, S.A., as well as to preserve the stability of the Portuguese financial system, these deliberations are deemed urgent under the terms and for the purposes of the provisions of Article 124 (1) (a) of the Administrative Procedures Code (*Código do Procedimento Administrativo*), with no prior hearing of the interested parties.

Whereas:

1. Banco de Portugal, by deliberation of its Board of Directors of 20 December 2015, at half past eleven in the evening, ordered the setting up of Naviget, S.A., as well as the transfer to it of the rights and obligations – which are assets – of BANIF – Banco Internacional do Funchal, S.A. (BANIF) described in Annex 2 to the same deliberation;

2. In the above-mentioned deliberation, Banco de Portugal also decided to transfer a set of rights and obligations, which are assets, liabilities, off-balance-sheet items and assets under management of BANIF, to Banco Santander Totta, S.A. described in Annex 3 of said deliberation;
3. Following the deliberation referred to in the previous items, a very significant and substantial part of the rights and obligations, which are assets, liabilities, off-balance-sheet items and assets under management of BANIF, were transferred to Naviget, S.A. and to Banco Santander Totta, S.A.;
4. With the transfer of the most significant part of BANIF's business and property to Naviget, S.A. and to Banco Santander Totta, S.A., BANIF ceased to be in a position to carry on its activity in an autonomous manner or to continue to operate in the market under normal conditions,

the Board of Directors of Banco de Portugal, pursuant to Articles 141 (1) (f) and (g), and (2), in articulation with the provisions of Article 139, Article 140 and Article 145-E (4), all of RGICSF and with the provisions of Article 145-AB (1) (a) of RGICSF, decides:

- (a) To apply to BANIF – Banco Internacional do Funchal, S.A. the following corrective measures:
 - i. Prohibition to grant credit and invest funds in any types of assets, except to the extent that such an investment of funds proves to be necessary for the preservation and valuation of its assets;
 - ii. Prohibition to take deposits.
- (b) To waive compliance by BANIF – Banco Internacional do Funchal, S.A. with the prudential rules applicable, for the period of one year as of the date of this deliberation.

Furthermore, the Board decided to approve the minutes for these deliberations, with a view to their immediate implementation, under Article 34 (4) and for the purposes of Article 34 (6) of the Administrative Procedures Code.

The Board of Directors

The Secretary to the Boards