



Information on Banif - frequently asked questions

[last update: 15 January 2016]

A. Measures applied to Banif – Banco Internacional do Funchal, S.A. (Banif)

1. Why has a sale of business tool been applied to Banif in the context of a resolution?

It has been decided to sell the business of Banif and most of its assets and liabilities to Banco Santander Totta, in the context of a resolution measure, with a view to ensuring total protection of the households' and companies' savings entrusted to Banif, both deposits and senior bonds issued by Banif, as well as the financing to the economy and the continuity of the financial services provided by this institution up until now.

In the wake of the in-depth investigation procedure opened by the European Commission on the State aid received by Banif, and considering the possibility that this aid could be considered illegal and therefore its reimbursement would be required, the shareholders and members of the Board of Directors of Banif have started the process for the sale of the institution.

On 19 December the Ministry of Finance informed Banco de Portugal that it had not been possible to sell Banif's assets and liabilities through a voluntary sale process, since all the proposals submitted by potential buyers implied additional State aid. This determined that the sale would have to be made in the context of a resolution.

2. Which measures have been applied to Banif?

National authorities have decided to apply the following measures to Banif, in the context of a resolution:

- 1) To sell the business of Banif and most of its assets and liabilities to Banco Santander Totta;
- 2) To transfer some of Banif's assets to an asset management vehicle specifically set up for this purpose.

This asset management vehicle, called Oitante, S.A., was set up by Banco de Portugal to receive and manage the rights and obligations transferred, with view to their subsequent sale or wound up.

3. What are the consequences of the application of these measures to Banif?

As a result of the application of the sale measure in the context of a resolution, Banif ceased to be in a position to carry on its banking activity, given that the most significant part of its business was sold to Banco Santander Totta or transferred to Oitante, S.A..

The business sold to Banco Santander Totta will continue to be carried out as usual.



Banif's authorisation will be withdrawn within an appropriate time frame, with the consequent winding up under normal insolvency proceedings.

These insolvency proceedings will only focus on Banif's assets as at the date of withdrawal of its authorisation.

4. What is an asset management vehicle?

An asset management vehicle is a legal person, other than a bank, created to:

- a. Receive and manage part of or all the activity of one or more banks with a financial distress or that have become insolvent;
- b. Maximise its business with a view to its subsequent sale or winding up.

An asset management vehicle, since it is not a bank, does not have to meet all the regulations required of banks operating in the market.

5. Who holds Oitante S.A.'s share capital?

The share capital of Oitante, S.A., to the amount of €50,000, is fully underwritten by the Resolution Fund.

6. What is the destination of Banif's property which has not been sold or transferred?

The property of Banif which has not been sold to Banco Santander Totta nor transferred to Oitante, S.A. will continue to be held by Banif and will be managed by directors appointed by Banco de Portugal.

Banif's property as at the date of withdrawal of the authorisation to exercise its business will be part of its insolvent estate in the context of the judicial liquidation proceeding.

7. Who has been appointed to Banif's corporate bodies?

Banco de Portugal has appointed the new members of Banif's corporate bodies, as follows:

a. Board of Directors:

Chair: Miguel Morais Alçada;

Vice-chair: Carla Sofia Pereira Dias Rebelo;

Board Member: António Henriques.

b. Board of Auditors:

Chair: Issuf Ahmad;

Board Member: Elsa Cristina Costa Pires Santana Ramalho;

Board Member: Teresa Sofia Teixeira dos Santos Duarte.



B. Banif's customers

1. What are the consequences for Banif's customers?

Banif's customers will be customers of Banco Santander Totta, and Banif's branches will be branches of that institution. Customers will be able to carry out all operations as usual, both over the counter and online.

Deposits. The measure applied by Banco de Portugal ensures the safety of the deposits that had been made with Banif. Hence, the customers' legal or contractual rights remain unchanged.

All deposits made with Banif are transferred to Banco Santander Totta, except the following, which will remain with Banif: deposits held by persons and entities whose participation, whether direct or indirect, was within the two-year period preceding the date of application of the resolution measure, equal to or higher than 2% of the share capital of Banif or who have been members of the Board of Directors of Banif, unless it is shown that they were not at the origin of the credit institution's financial difficulties and have not contributed to aggravate that situation, due to action or failure to act in the performance of their function.

Without prejudice to any legal or contractual provisions stipulating otherwise, the deposits transferred to Banco Santander Totta:

- a. Will have exactly the same characteristics as they had before with Banif, in particular, the same balance, maturities and operating conditions;
- b. May continue to operate as usual, with no restrictions (except those already existing in accounts held with Banif);
- c. Continue to benefit from the guarantee provided by the Deposit Guarantee Fund, under the terms and in line with the limits set out in the law.

Loans: There is no change in the contractual conditions agreed with Banif regarding the loans granted by Banif and transferred to Banco Santander Totta or to Oitante, S.A.

Therefore, the payments of the outstanding principal and interest and other charges will continue to be made by the borrowers/debtors in the same terms as they did to Banif.

2. How do I find out if my investment is a deposit?

Banks must inform customers regarding the characteristics of their products. Prior to offering deposits to customers, banks must provide customers with the following:

- a. In the case of simple deposits, a [standardised information sheet](#);
- b. In the case of indexed or dual deposits, an [information leaflet](#).

The deposit agreement, which must be provided to the customer, shall include all the characteristics indicated in the abovementioned documents.

For further clarifications, please contact Banco Santander Totta.



3. Will the interest on the deposits transferred be paid by Banco Santander Totta?

Yes. Interest on deposits sold to Banco Santander Totta will be paid by the latter at the end of the period and under the terms and conditions agreed upon with Banif. Interest is calculated according to the interest rate agreed with Banif.

Therefore, without prejudice to any legal or contractual provision stipulating otherwise, depositors will have no losses, given that no changes have been made to the interest rates agreed between the depositors and Banif.

4. As a customer of Banif, whom shall I liaise with from now on? Is any action required from me?

The customers of Banif will henceforth be customers of Banco Santander Totta and the branches of Banif will become branches of Banco Santander Totta. No further action is required from you and this transfer is cost free for customers.

5. May I continue to use the branch of Banif where I usually do business?

Yes. The branches of Banif are now the property of Banco Santander Totta and are operating normally. Therefore, Banif's customers may continue to go to their usual branches.

6. May I continue to use the banking services provided by Banif? Is any action required from me?

You may continue to use all banking services previously provided by Banif as usual, with no further action being required from you.

7. May I continue to use my home banking service (online banking)?

Yes. You may continue to use the home banking service (online banking) as usual, with no further action being required from you.

8. May I continue to make payments, withdrawals and transfers? May I continue to use my debit and credit cards and cheques issued by Banif?

Bank accounts that were opened with Banif and that have been transferred to Banco Santander Totta continue to be operated as usual, i.e. with no further restrictions (except those restrictions already in place in accounts held with Banif). Hence, the holders of these accounts may:

- a. Make payments, debit and credit movements, bank transfers and all other usual banking operations;

Maintenance of the NIB (Bank Identification Number) and IBAN (International Bank Account Number): To avoid any disturbance for customers, the NIB and IBAN of your bank accounts are identical to those assigned by Banif. Hence, all banking operations continue to have the NIB and IBAN of accounts opened with Banif as a reference;



- b. Use debit and credit cards issued by Banif, which from now on are associated with the corresponding bank accounts with Banco Santander Totta;
- c. Use cheques supplied by Banif to make payments, regardless of whether they have been written or not.

Blank cheques: If a cheque supplied by Banif has not been written yet it may be used to make payments, taking as a reference the balance on bank accounts held with Banco Santander Totta.

Written cheques: If a cheque supplied by Banif has been written but not yet deposited, it may be deposited, since all other banks should accept the deposit of cheques in this situation.

9. What will happen to the direct debits authorised through my bank account?

The sale of business from Banif to Banco Santander Totta does not have any impact on direct debits.

Direct debits already authorised remain valid, therefore further action is not required from you. Payments authorised under direct debit operations will continue to be processed as usual, with no disruption.

10. What happens to payments into my bank account (e.g. credit of my wage)?

There will be no changes as regards payments usually received in bank accounts.

The NIB (Bank Identification Number) and IBAN (International Bank Account Number) of the bank accounts remain unchanged. Hence, all payments received, as for example wages, will continue to take place as usual, with no further action being required from you.

11. What happens to the loan Banif granted me? How will I pay the outstanding principal and interest on those loans?

Loans granted by Banif to its customers remain unchanged.

Customers that have taken out loans from Banif will now liaise with Banco Santander Totta and should pay outstanding principal, interest and other charges to the latter, under the exact same terms as agreed with Banif.

12. May I request a new loan or the renewal of my credit lines?

Yes. Banco Santander Totta will carry out its business in normal conditions. Hence, new loans or the renewal of credit lines may be requested.



C. Banif shareholders

1. What are the consequences for the shareholders of Banif?

The application of the resolution measure is governed, among others, by the principle that Banif shareholders primarily bear the losses arising from the financial imbalance of Banif.

The fact that certain assets and liabilities of Banif have been sold or transferred does not alone award its shareholders the right to any compensation.

However, no shareholder of Banif will face, due to the resolution measure, greater losses than he would have incurred if the bank had entered into liquidation at the time the resolution measure was applied (the so-called 'no creditor worse off' principle).

2. Are the shareholders of Banif being expropriated?

No. The resolution measure is not an expropriation. When situations threatening the stability of the financial system occur, the law empowers Banco de Portugal to reallocate a credit institution's assets, with legally defined limits and conditions.

In this case, the shareholders of Banif no longer have available the set of assets and liabilities that have been sold to Banco Santander Totta or transferred to Oitante, S.A..

D. Other creditors

1. What are the consequences for the other creditors of Banif?

The creditors of Banif whose credit claims have been sold to Banco Santander Totta will maintain the same rights as prior to the application of the sale measure in the context of a resolution. The content of contractual relationships between Banif and its counterparties has not been affected.

As such, and without prejudice to any other legal or contractual provision, credit claims with Banco Santander Totta will have exactly the same characteristics as they had before with Banif.

2. What are the consequences for bondholders in Banif?

The unsubordinated bonds issued by Banif shall be repaid by Banco Santander Totta at their maturity date, as customers' credit claims on those bonds have been sold to Banco Santander Totta.

In turn, subordinated bonds have not been sold to Banco Santander Totta, and therefore remain in Banif, with this entity continuing to be a creditor regarding these bonds.

For information on the characteristics of the products you had with Banif, please contact Banco Santander Totta.



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3. How do I find out if I hold a bond?

Prior to offering bonds, banks and other financial intermediaries are required to provide their customers with all the information they need in order to make an informed and reasoned decision.

For information on the characteristics of the products you had with Banif, please contact Banco Santander Totta.