

Extraordinary meeting of the Board of Directors of Banco de Portugal
11 August 2014
6:00 p.m.

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Present:

Governor Carlos da Silva Costa

Vice-Governor Pedro Miguel de Seabra Duarte Neves

Vice-Governor José Joaquim Berberan e Santos Ramalho

Board Members José António Silveira Godinho and João José Amaral Tomaz

Agenda:

Point one: Application to Banco Espírito Santo, S.A. of corrective measures.

Point two: Temporary waiver of compliance by Banco Espírito Santo, S.A. with the prudential rules and timely fulfilment of previously contracted obligations.

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 inevitable need of the measures taken by Banco de Portugal in its extraordinary meeting held on 3 August 2014 (8.00 p.m.), this deliberation, intended to clarify and adjust certain aspects of the measures referred to above, is deemed urgent under the terms and for the purposes of the provisions of Article 103 (1) (a) of the Administrative Procedures Code (*Código de Procedimento Administrativo*), with no prior hearing of the interested parties.

The minutes for these deliberations are approved, with a view to their immediate implementation, under Article 27 (3) and for the purposes of Article 27 (4) of the Administrative Procedures Code.

Deliberation:

Whereas:

1. Banco de Portugal, in the exercise of the powers conferred on it by Article 145-C (1) (b) of RGICSF, by deliberation of its the Board of Directors of 3 August 2014 (8:00 p.m.), decided to apply a resolution measure to Banco Espírito Santo, S.A. (BES), materialized in the partial transfer of its activity to a bridge bank set up for this purpose, called Novo Banco, S.A.;
2. Banco de Portugal, in the exercise of the powers conferred on it by Article 145-H, (1) of RGICSF, decided to approve the set of assets, liabilities, off-balance-sheet items and assets under management to be transferred to Novo Banco, S.A.;
3. Following the deliberation referred to in 2. above, a very significant and substantial part of the assets, liabilities, off-balance-sheet items and assets under management of

BES was transferred to Novo Banco, S.A;

4. With the transfer of the most significant share of the activity and property of BES to Novo Banco, S.A., from the date of the deliberation of 3 August 2014, the former 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;
5. The assumptions behind the application of measures intended to restrict BES activity were already to be seen on the date of that deliberation,

The Board of Directors decided the following:

Point one

Application to Banco Espírito Santo, S.A. of corrective measures

Pursuant to the provisions of Article 141 (1) and (2) of the RGICSF, taken together with the provisions of Article 139, Article 140 and Article 145-C (5), all of RGICSF, the following corrective measures are applied to Banco Espírito Santo, taking effect on 3 August 2014:

- (a) Prohibition to grant credit and invest funds in any types of assets (Article 141 (1) (e) of RGICSF), except where the investment of funds is necessary for the preservation and valuations of its assets;
- (b) Prohibition to take deposits (Article 141 (1) (f) of RGICSF);

Point Two

Temporary waiver of compliance with the prudential rules and timely fulfilment of previously contracted obligations

Pursuant to the provisions of Article 145-J (1) of RGICSF, the following measures are applied in relation to BES, taking effect on 3 August 2014:

- (a) Waiver, for the period of one year as of the date of this deliberation, of compliance with the prudential rules applicable; and
- (b) Waiver, for the period of one year as of the date of this deliberation, of the timely fulfilment of previously contracted obligations, except where such fulfilment is indispensable for the preservation and valuation of its assets, in which case Banco de Portugal may authorise, under a BES proposal, the operations required for the purpose.

The Governor,
The Vice-Governor,
The Vice-Governor,
The Board Member,
The Board Member,

The Secretary to the Boards,