



**REGULATIONS OF THE AUDIT AND INTERNAL CONTROL COMMITTEE**

**of**

**CAIXA GERAL DE DEPÓSITOS, S.A.**

November 17, 2016

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## REGULATIONS OF THE AUDIT AND INTERNAL CONTROL COMMITTEE

### 1. PURPOSE

These Regulations of the Audit and Internal Control Committee of Caixa Geral de Depósitos, S.A. (“CGD”) lay down rules regarding its responsibilities, organisation and operation, supplementing legislative and statutory provisions.

### 2. APPROVAL AND ENTRY INTO FORCE

2.1. These Regulations were approved at the meeting of the Board of Directors of CGD held on November 17, 2016, the date of their entry into force.

2.2. These Regulations shall be valid for an indeterminate period.

### 3. BINDING NATURE

3.1. These Regulations are binding on all the members of the Audit and Internal Control Committee.

3.2. Any member of the Audit and Internal Control Committee who is appointed after the date of approval of these Regulations shall be automatically and unconditionally subject thereto, without the need for any action or formality of acceptance for this purpose.

### 4. RESPONSIBILITIES

4.1. Irrespective of the powers attributed by law to the Supervisory Board and the powers of the Financial Risk Committee and bearing in mind the provisions of 4.2., it is the responsibility of the Audit and Internal Control Committee to:

- (a) Supervise the activities of the Executive Committee;
- (b) Ensure compliance with the legal and regulatory provisions, with the bylaws and with the rules issued by the supervisory authorities, as well as with general policies, rules and practices established internally;
- (c) Ensure the adequacy of and compliance with the accounting policies, criteria and procedures adopted and ensure that their supporting documents are in order;
- (d) Assess the statutory audit (*Revisão Legal de Contas*);

- (e) Review the procedure of preparation and disclosure of financial information;
  - (f) Assess and promote the effectiveness of internal control, non-financial risk management and internal auditing systems;
  - (g) Ensure the independence of the Audit Firm, namely when it provides additional services to CGD.
- 4.2. The powers attributed to the Audit and Internal Control Committee cover not only CGD, but also, without any limitation, all companies that, at any time, are controlled by or in the same group as CGD, irrespective of the location of their registered office, operational headquarters or principal place of business (“CGD Group”).
- 4.3. In the exercise of the power referred to in 4.1(b), the Audit and Internal Control Committee shall, in particular:
- (a) Promote, at CGD and other CGD Group companies subject to consolidated supervision, the pursuit of the fundamental objectives established in regards to internal control and non-financial risk management by Banco de Portugal and by the European Central Bank in supervision directives aimed at credit institutions and financial companies;
  - (b) Assess the reliability of prudential reports concerning the CGD Group and companies in this Group subject to this obligation;
  - (c) Take note of all the inspections undertaken by the European Central Bank, Banco de Portugal and other entities of CGD and other CGD group companies subject to consolidated supervision.
- 4.4. To exercise the powers set out in (c) to (e) of 4.1, the Audit and Internal Control Committee shall consider, in particular:
- (a) The financial statements concerning CGD and the opinions of the external auditors on those statements;
  - (b) The reliability of the accounting information;
  - (c) The assessment of income taxes.
- 4.5. To exercise the power provided for in 4.1(f), the Audit and Internal Control Committee shall have in particular the following duties in respect of CGD:
- 4.5.1 With regard to the internal control system:

- (a) Assess operational procedures, with a view to promoting efficient management of their activities, through an appropriate environment of control, sound risk management, an efficient information and communication system and an effective internal control monitoring process;
- (b) Approve the activity plans for internal auditing; after the Supervisory Board has stated its position thereon, ensure their review, evaluate the conclusions of their auditing actions and convey to the Executive Committee and to the Supervisory Board the recommendations it deems appropriate regarding the issues audited;
- (c) Approve the activity plans of the compliance support office, once the Supervisory Board has stated its position thereon, and evaluate the corresponding activity reports;
- (d) Examine the annual reports of the risk management functions, notwithstanding the power of the Financial Risk Committee with regard to financial risks, and the annual internal control reports of CGD Group entities and take notice of the annual report of the Supervisory Board on the adequacy and effectiveness of internal control and of the report from the Audit Firm on the internal control system underlying the process of preparing and disclosing financial information;
- (e) Review the activities of and issue an opinion on the external audit activity plans, to be assessed and approved by the Supervisory Board.

4.5.2 With regard to non-financial risk management system:

- (a) Operational risk:
  - (i) Assess the effectiveness and adequacy of operational procedures and review the measures taken with a view to their improvement;
  - (ii) Assess the operational risk management model;
  - (iii) Assess the effectiveness and adequacy of the IT systems, particularly with regard to software documentation and to data, software and hardware security;
  - (iv) Verify the existence and safety of assets;
  - (v) Assess control of the risks associated with outsourcing;
  - (vi) Take note of the aggregate amounts of operational losses, of major defaults and, on an immediate basis, individual losses of more than €200,000.00 (two hundred thousand euros);

- (vii) Review the development and updates of the business continuity plan;
  - (viii) Assess the reliability of the management information system, both in the area of business and budget control and in the area of risk control;
  - (ix) Take note of the main statistical data on customer complaints;
- (b) Compliance risk (other than as provided for in 4.5.1(c):
- (i) Assess the effectiveness of compliance risk management, examining the established procedures and any verified defaults;
  - (ii) Assess the effectiveness of the supervision and control system of CGD's financial intermediation activities;
  - (iii) Take note of situations identified pursuant to the breach or nonconformity regarding laws, regulations, specific orders, contracts, rules of conduct and client relations, adopted practices and ethical principles, that may result in CGD or its employees committing an illicit act of administrative or criminal nature;
  - (iv) Take note of the quarterly reports issued regarding the prevention of money laundering and the financing of terrorism containing statistical information and the type of proceedings related to these crimes as well as the occurrences involving amounts greater than € 50,000.00 (fifty thousand euros).
- (c) Reputational risk:
- (i) Evaluate the quality of the services provided to customers and their control, in particular through the analysis of complaint handling procedures and service quality questionnaires;
  - (ii) Evaluate the communication processes with customers and authorities;
  - (iii) Evaluate the communication plan for crisis scenarios;
  - (iv) Assess the control of compliance with the CGD Code of Conduct and take note of the deficiencies detected in that control, as well as of any breaches of the Code;
  - (v) Take note of rating agency reports on the rating assigned to CGD.

- 4.5.3 With regard to the internal auditing system, and to the provisions of 4.5.1(b), the Audit and Internal Control Committee must:
- (a) Obtain regularly updated information on the areas or matters covered by the audits carried out by the internal audit department in the last 3 (three) years;
  - (b) Examine the activities carried out, in each period of six months, by the internal audit department;
  - (c) Review the evolution of the main procedures carried out by the internal audit department.
- 4.6. In order to carry out the responsibility provided for in 4.1(f), the Audit and Internal Control Committee must also, in respect of the CGD Group:
- (a) With regard to internal control and internal auditing systems, comply with the responsibilities set forth in 4.5.1(a) to (d) and 4.5.3, regarding the CGD group companies subject to consolidated supervision;
  - (b) With regard to the non-financial risk management system, comply with the responsibilities described in 4.5.2 regarding CGD group companies subject to consolidated supervision, with any adaptations resulting from the specific nature, characteristics and activities of each company.
- 4.7. In accordance with the power provided for in 4.1(g), the following are responsibilities of the Audit and Internal Control Committee:
- (a) Supervise the activities of the Audit Firm;
  - (b) Propose to the Supervisory Board the fees to be paid to the Audit Firm for the provision of the audit service to CGD and other CGD group companies;
  - (c) Propose for approval to the Supervisory Board the hiring of additional services to be provided by the Audit Firm to CGD and other CGD group companies, as well as respective remuneration conditions.

## 5. NOMINATION AND COMPOSITION

- 5.1. The members of the Audit and Internal Control Committee are nominated by the Board of Directors, which shall also appoint, from the independent Vice-Presidents, its President.
- 5.2. The Audit and Internal Control Committee shall be composed of 3 (three) to 6 (six) members, as defined by the Board of Directors.

- 5.3. The members of the Audit and Internal Control Committee must have the appropriate qualifications and professional experience for the performance of their duties.
- 5.4. The Audit and Internal Control Committee shall be composed solely by directors that do not integrate the Executive Committee and its President may not preside any other specialized committee of the Board of Directors.

## 6. MEETINGS

- 6.1. The Audit and Internal Control Committee shall meet at least once per trimester, as well as whenever convened by its President or at the request of any of its members.
- 6.2. Except when an emergency meeting is called for the Audit and Internal Control Committee to issue an opinion on matters that fall within the scope of its responsibility, its meetings must be called at least 7 (seven) days in advance, with express mention of the matters to be dealt with.
- 6.3. Notices of meetings may be made in writing (post, fax or e-mail) or by simple oral communication, including by telephone.
- 6.4. As a general rule, preparatory documents for meetings of which the preliminary analysis is considered advisable should be delivered to the Secretary of CGD up to 5 (five) days before the date of the meeting. The Secretary of CGD shall, in good time, provide each member of the Audit and Internal Control Committee with the preparatory documents for the meeting that have been submitted in accordance with the foregoing.
- 6.5. Unless another location is designated in advance in the respective meeting notice, the meetings of the Audit and Internal Control Committee shall be held at the headquarters of CGD.
- 6.6. The meetings of the Audit and Internal Control Committee may be held through the use of electronic means, including video conference or conference call, provided that CGD ensures the authenticity of the statements made and security of communications, making a record of their content and of the participants.
- 6.7. The meetings of the Audit and Internal Control Committee shall be presided by its President, or, if the President is absent or unable to attend, by the member of the committee chosen by the other members for that purpose.
- 6.8. The Secretary of CGD shall provide support for the functioning of the Audit and Internal Control Committee and the holding of its meetings.



7. RESOLUTIONS

- 7.1. The resolutions of the Audit and Internal Control Committee are adopted by a simple majority of the votes of its members.
- 7.2. Each member of the Audit and Internal Control Committee is entitled to 1 (one) vote. The President has a casting vote in the event of a tie.

8. MINUTES

- 8.1. The Secretary of CGD must draw up minutes of all the meetings of the Audit and Internal Control Committee, setting out therein the proposals submitted, the resolutions passed and the vote declarations made by any member during the meeting.
- 8.2. The Secretary is responsible for circulating draft minutes to each member of the Audit and Internal Control Committee who attended the respective meetings, for their analysis, approval and signing, as soon as possible after the meeting in question.
- 8.3. All the minutes of the meetings of the Audit and Internal Control Committee shall be kept in hard copy form in the corresponding minute book, of which scanned copies shall be made for storage in secure computer files with restricted access.
- 8.4. The minutes shall be drawn up in Portuguese, without prejudice to English translations being prepared, where necessary.

9. LEAVE OF ABSENCE RULES

- 9.1. Members of the Audit and Internal Control Committee who, without a justification accepted by the committee, fail to attend more than two of its meetings held in a financial year, incur in a situation of permanent absence.
- 9.2. Permanent absence must be declared by the Audit and Internal Control Committee.

10. SUPPORT STRUCTURES

The Audit and Internal Control Committee may appoint, when deemed necessary, one or more individuals, with experience in the areas for which it is responsible, to provide information and carry out work aimed at supporting its analyses and findings.

11. CONFLICTS OF INTEREST

The members of the Audit and Internal Control Committee may not vote on matters in relation to which they have, either themselves or through third parties, interests in conflict with those of CGD or any companies of the CGD Group; in the event of a conflict, the members of the Audit and Internal Control Committee must immediately inform its President or, if the President is in a situation of conflict of interest, he/she shall immediately inform another member of the Audit and Internal Control Committee.

## 12. INTERPRETATION

The interpretation of the provisions of these Regulations must comply with applicable legal and statutory rules.

## 13. AMENDMENTS

Any changes to these Regulations, whether by modification or elimination of some of the articles thereof or by the inclusion of new provisions, must be adopted by a majority of the members of the Board of Directors.

## 14. FINAL PROVISIONS

14.1. The provisions of the Regulations of the Board of Directors shall apply to any matters that are not provided for by these Regulations.

14.2. In the event of conflict between provisions of these Regulations and provisions of the Regulations of the Board of Directors, the provisions of the latter shall prevail.