



REGULATIONS OF THE FINANCIAL RISK COMMITTEE

of

CAIXA GERAL DE DEPÓSITOS, S.A.

November 17, 2016

CONTENTS

1.	PURPOSE.....	3
2.	APPROVAL AND ENTRY INTO FORCE	3
3.	BINDING NATURE	3
4.	RESPONSIBILITIES.....	3
5.	NOMINATION AND COMPOSITION	6
6.	MEETINGS.....	7
7.	RESOLUTIONS	8
8.	MINUTES	8
9.	LEAVE OF ABSENCE RULES.....	8
10.	SUPPORT STRUCTURES	8
11.	CONFLICTS OF INTEREST.....	9
12.	INTERPRETATION	9
13.	AMENDMENTS	9
14.	FINAL PROVISIONS.....	9

REGULATIONS OF THE FINANCIAL RISK COMMITTEE

1. PURPOSE

These Regulations of the Financial Risk 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 Financial Risk Committee.

3.2. Any member of the Financial Risk 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. The Financial Risk Committee is responsible for reviewing the policy for the management of all the financial risks inherent to the activities of CGD and all the 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**”), in particular liquidity, interest rate, exchange, market and credit risks.

4.2. The Financial Risk Committee must, in particular:

- (a) Review the management policy for the CGD Pension Fund;
- (b) Advise the Board of Directors on the risk appetite, risk strategy and general policies of the CGD Group, both current and future, concerning risk assumption, management, control, hedging and reduction factors;

- (c) Analyse specific categories of risks, particularly credit risks (based on internal rankings), reviewing and assessing the default risks of the obligations to which CGD and the CGD Group are subject to by law;
- (d) Assist the Board of Directors in overseeing the implementation of the risk strategy of CGD and the CGD Group;
- (e) Analyse whether the conditions of the products offered and of the services provided to customers take into consideration the business model and risk strategy of CGD and of the CGD Group and, if necessary, submit to the Board of Directors the corresponding correction plans;
- (f) Analyse the suitability of allocating resources to the management of the risks regulated in the Legal Framework of Credit Institutions and Financial Companies and in other existing national and European law;
- (g) Evaluate processes and methodologies for assessment of assets and of external risk ratings and the models related to these risks;
- (h) Monitor and guarantee that the risk management systems at CGD are suited to its profile and strategy;
- (i) Exercise all powers attributed to the risk committee under the Legal Framework of Credit Institutions and Financial Companies.

4.3. To undertake the tasks referred to in the preceding paragraph, the Financial Risk Committee must:

- (a) With regard to financial risks, supervise:
 - (i) The liquidity management and the medium- and long-term financing plan, including the contingency plan;
 - (ii) Market risks, interest risks, risks of settlement of foreign exchange transactions and credit risks associated with derivatives;
 - (iii) Risks associated with portfolios of bonds, shares and other securities;
 - (iv) Financial assets withdrawable from Banco de Portugal and the European Central Bank;
 - (v) The situation, investments and liabilities of the CGD Pension Fund.
- (b) With regard to credit risks, supervise:
 - (i) The development of the credit portfolio and of defaults;

- (ii) The analysis of defaults greater than €250,000.00 (two hundred and fifty thousand euros);
 - (iii) The development of impairments;
 - (iv) The analysis of the 50 (fifty) highest impairments;
 - (v) The development and analysis of companies under observation without impairments;
 - (vi) Development of credit risks by category:
 - more than €10,000,000.00 (ten million euros) and less than €25,000,000.00 (twenty-five million euros);
 - more than €25,000,000.00 (twenty-five million euros) and less than €75,000,000.00 (seventy-five million euros);
 - more than €75,000,000.00 (seventy-five million euros) and less than €300,000,000.00 (three hundred million euros);
 - more than €300,000,000.00 (three hundred million euros).
 - (vii) The analysis of any sectors with higher risk that the Financial Risk Committee may designate at any time for this purpose;
 - (viii) Development of properties received in payment and respective impairments greater than €250,000,000.00 (two hundred and fifty million euros);
 - (ix) Risk of concentration of total gross credit exposure of each borrowing, including all the companies that, at any time, are controlled by or in the same group as that company, irrespective of the location of their registered office, operational headquarters or principal place of business, and also of groups of customers related to each other;
 - (x) Risk of exposure to the State, including, without limitation, municipalities and state-owned enterprises, provided it exceeds 10 (ten per cent) of the own funds of CGD according to the last audited balance sheet approved;
- (c) At the request of the Executive Committee, give a written opinion on any transaction resulting in total gross exposure (i) to a non-sovereign entity (including, for this purpose, all the companies that are controlled by or in the same group as that entity, irrespective of the location of their registered office, operational headquarters or principal place of business) greater than €300,000,000.00 (three hundred million euros) or (ii) to a sovereign entity, as referred to in Annex II (*Sovereign Entities*) of the Regulations of the Executive Committee, greater than 10 (ten) per cent of the consolidated own funds of CGD according to the last audited balance sheet approved.

4.4. The Financial Risk Committee shall also be responsible for supervising:

- (a) The models for risk measurement and calculation of own funds adopted internally;
 - (b) EU Directives and guidelines of Banco de Portugal and of the European Central Bank concerning financial risks and credit risks;
 - (c) Rating processes.
- 4.5. The Financial Risk Committee must exercise its powers in constant interaction and communication with the risk management department, with the President of the Board of Directors and with the CGD Director responsible for the risk (Chief Risk Officer).
- 4.6. The Financial Risk Committee shall have access to information on the risk status and position of CGD and of the CGD Group and may determine the nature, quantity, format and frequency of information in respect of risks that it should receive. The Financial Risk Committee must set up, for this purpose, internal communication procedures with the Board of Directors and with the Executive Committee.
- 4.7. Without prejudice to its duty to report immediately any situations detected that it considers to be of high risk to the Board of Directors, the Financial Risk Committee must draw up a quarterly report providing the Board of Directors with information on its activities; this report must be submitted within 30 (thirty) days from the end of each calendar quarter.
5. NOMINATION AND COMPOSITION
- 5.1. The members of the Financial Risk Committee are nominated by the Board of Directors, which shall also appoint its President, who shall be an independent member of the Board of Directors.
- 5.2. The Financial Risk Committee shall be composed of 3 (three) to 6 (six) members, as defined by the Board of Directors.
- 5.3. The members of the Financial Risk Committee must be suitably qualified and have professional experience that is appropriate for the performance of their duties.
- 5.4. The members of the Financial Risk Committee may not be members of the Executive Committee and its President may not preside any other specialized committee of the Board of Directors.
- 5.5. If the Board of Directors so wishes, the Financial Risk Committee may include people who are not members of the Board of Directors and who are chosen taking into account their specialist knowledge in the scope of the Financial Risk Committee's

activities. Nevertheless, the number of members of the Financial Risk Committee who are not members of the Board of Directors or of the Supervisory Board shall always be less than half of the total number of its members.

- 5.6. Before commencing their duties, the members of the Financial Risk Committee who are not members of the Board of Directors must enter into a confidentiality agreement with CGD, undertaking to keep in the strictest confidence the work and resolutions of the corporate bodies, the affairs of CGD and of the CGD Group and matters associated with its management, as well as any other data and information of which they may gain knowledge in the exercise of their duties, including the duty of professional confidentiality under the terms of the Legal Framework of Credit Institutions and Financial Companies, duty of confidentiality which subsists even after termination of service.

6. MEETINGS

- 6.1. The Financial Risk Committee shall meet quarterly, as well as whenever convened by its President at his or her discretion or at the request of any of its members.
- 6.2. Except when an emergency meeting is called for the Financial Risk Committee to issue an opinion on matters falling within the scope of its responsibility, its meetings must be called at least 7 (seven) days in advance, with an express mention of the matters that are to be dealt with.
- 6.3. Notices of meetings may be made in writing (by post, fax or e-mail) or simply by 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 Secretariat of CGD up to 5 (five) days before the date of the meeting. The Secretariat of CGD shall, in good time, provide each member of the Financial Risk Committee with the preparatory documents for the meeting that have been submitted in accordance with the above.
- 6.5. Unless another location is designated in advance in the respective meeting notice, the meetings of the Financial Risk Committee shall be held at the headquarters of CGD.
- 6.6. The meetings of the Financial Risk Committee may be held by electronic means, including video conference or conference call, provided CGD ensures the authenticity of declarations and security of communications, making a record of their content and of the participants.
- 6.7. The meetings of the Financial Risk 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 proper functioning of the Financial Risk Committee and the holding of its meetings.

7. RESOLUTIONS

7.1. The resolutions of the Financial Risk Committee are adopted by a simple majority of the votes of its members.

7.2. Each member of the Financial Risk 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 Financial Risk 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 Financial Risk Committee who attended the respective meetings, for their analysis, approval and signing, as soon as possible after the meeting in question.

8.3. All minutes of the meetings of the Financial Risk 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 when necessary.

9. LEAVE OF ABSENCE RULES

9.1. Members of the Financial Risk 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. The permanent absence must be declared by the Financial Risk Committee.

10. SUPPORT STRUCTURES

The Financial Risk 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 Financial Risk 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 CGD Group entities. In the event of a conflict, the members of the Financial Risk 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 Financial Risk Committee.

12. INTERPRETATION

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

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 all matters that are not provided for in these Regulations.

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