

REGULATIONS
OF THE RISK COMMITTEE
OF CAIXA GERAL DE DEPÓSITOS, S.A.





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1. OBJECTIVES

These Regulations set out the rules for the composition and the appointment, competencies, organization and functioning of the Risk Committee (“RC” or “Committee”) of Caixa Geral de Depósitos, S.A. (“CGD”), in addition to all legal and statutory provisions, with which its interpretation shall comply.

The regulatory framework should contribute to accomplishing the Risk Committee’s charge: supporting and advising the Board of Directors in assessing and managing financial as well as non-financial risks, as CGD strives to comply with all the regulatory, supervisory and additional legal demands.

2. COMPOSITION AND APPOINTMENT

- 2.1. The Risk Committee is composed of 3 (three) to 6 (six) Members of the Board of Directors, who are not Members of the Executive Committee.
- 2.2. The Members of the Risk Committee and its Chairperson shall be appointed by the Board of Directors. The Chairperson of the Risk Committee shall not chair any other Committee of the Board of Directors.
- 2.3. The Risk Committee shall comprise a majority of independent Members and be chaired by an independent Member.
- 2.4. The Members of the Risk Committee shall hold the professional qualification and experience required for carrying out their duties.

3. COMPETENCIES

- 3.1. The Risk Committee (RC) shall support and advise the Board of Directors (BoD) on matters related to the management of all risks, financial as well as non-financial, of CGD S.A. as well as the members of CGD Group when pursuing their activities. This includes:
 - (a) Advising the Board of Directors on the monitoring of CGD’s current and future risk strategy and risk appetite, that is, the overall level of risk CGD is willing to accept in order to achieve its objectives while implementing its business strategy. The risk appetite accounts for both financial and non-financial risks and has to be in line with the corporate culture and the values of the institution;
 - (b) Assessing and promoting the effectiveness of the Risk Management Function and of the Compliance Function, processes and procedures put in place to monitor financial (credit, market, liquidity etc.) and non-financial risks (operational, IT, compliance, reputational, etc.). More specifically, this means assessing whether the internal functions dedicated to discharging these roles do have the adequate resources (budgets and skills) to perform their role appropriately. The RC shall issue an opinion on activity plans, ex ante, and must assess the annual activity reports, ex post;
 - (c) More specifically, assisting the Board of Directors in overseeing top management’s implementation of CGD’s risk strategy and the corresponding limits set, includes:
 - (i) Monitoring management policies pertaining to all risks linked with CGD’s activities: business and strategy, solvency, internal governance, liquidity, credit, interest rate risk in the banking book, market, pension fund, operational, IT, compliance and reputational risks;
 - (ii) To advise the Board of Directors on CGD Group’s general policies regarding risk taking, risk management and risk control through, inter alia, hedging or risk mitigation factors, etc.;
 - (iii) To examine whether the incentives established in CGD’s remuneration policy foster a risk culture adequately accounting for the risks incurred to own funds, liquidity and stakeholders’ expectations concerning sustainable results;
 - (iv) Overseeing the alignment between all material financial products and services offered to clients and with the business model and risk strategy of the institution, assessing the risk inherent to the offered financial products and services, taking into account the alignment between the prices



assigned to and the profits gained from those products and services, whilst ensuring that adequate remediation plans are timely presented to the Board of Directors in the event that analysis reveals that the terms of products and services do not clearly evidence their risks;

(d) To perform the remaining functions assigned to the Risk Committee provided for in Article 115-L (1) of the Legal Framework of Credit Institutions and Financial Companies.

3.2. To perform the aforementioned functions, RC shall:

(a) Assess the effectiveness of processes and procedures put in place to monitor all of the risk categories;

(b) Assess the effectiveness and efficiency of internal control processes in the CGD Group;

(c) Assess the recommendations of internal and external auditors and monitor the appropriate implementation of the adopted remediation measures;

(d) Follow up on the most significant aspects of the rating/scoring methodologies;

(e) Review a number of possible scenarios, including stress scenarios, so as to assess the way the institution's risk profile would react to external and internal events;

(f) Assess specific risk categories, namely credit risk and the ones mentioned in Articles 115-N to 115-V of the Legal Framework of Credit Institutions and Financial Companies, monitoring and assessing the risks of non-compliance with the duties to which CGD is bound.

3.3. As part of the remit referred to in the previous paragraphs, it is incumbent upon the Risk Committee:

(a) With regard to Business and Strategy Risk:

(i) To monitor the pursuit of the main goals set out in CGD Group's business and strategy risk management, particularly in what concerns macroeconomic risk and climate and environmental risk, issuing recommendations to the Board of Directors on the necessary adjustments to risk strategies arising from changes in the Bank's strategy and business model;

(b) With regard to Solvency Risks:

(i) To monitor compliance with regulatory capital standards and the appropriateness of own funds in view of internal policies defined to implement CGD Group's and CGD's risk profile;

(ii) To follow up on the status, investments and liabilities of CGD's Pension Fund;

(c) With regard to Liquidity, Interest Rate and Market Risks:

(i) To monitor liquidity management and the medium and long-term financing plan, including the contingency liquidity plan;

(ii) To monitor market, interest rate, settlement of exchange and credit operation risks associated with derivatives;

(iii) To monitor the evolution of available financial assets at the Bank of Portugal and the European Central Bank;

(d) With regard to Credit risks:

(i) To assess the evolution of the credit portfolios and analyze defaults therein;

(ii) To assess the evolution of impairments and follow up on the evolution of the 50 (fifty) largest impairments;

(iii) To follow up on the evolution of credit risks by rating classes;

(iv) To monitor the geographies, the sectors and the Entities with the highest risk, as designated by the RC for this purpose at any given time;

(v) To follow up on the evolution of real estate received as payment and the corresponding impairment in excess of 1 (one) million euros;

(vi) To monitor the concentration risk of total gross credit exposure for each borrower and connected clients within the CGD Group;

- (vii) To monitor the risk of exposure to the State, including, but not limited to, municipalities and state-owned companies, when exceeding 10 (ten) percent of CGD's own funds, as per the last audited and approved balance sheet;
 - (viii) To issue a written opinion on any operation resulting in a gross total exposure:
 - i. to any entity, namely sovereign entities (including, for this purpose, all companies in a control or group relationship with CGD, regardless of the location of their registered office, main office or effective headquarters of their management bodies or their principal place of business) in excess of three hundred (300) million euros
 - or
 - ii. to one of the sovereign entities identified in the Delegation of Powers of the Board of Directors (exposure in sovereign debt or equivalent, including secured debt), in excess of 10 % of CGD's consolidated own funds, as per the last audited and approved balanced sheet.
 - (ix) To issue a written opinion on operations that result in an increase of credit risk concerning heightened risk debtors or economic group of debtors, prior to their submission to the Board of Directors.
- (e)** With regard to operational and ICT risks:
- (i) To monitor the operational risk management model and the effectiveness of operational procedures, namely:
 - i. to follow up on the drafting and updating of the business continuity plan;
 - ii. to assess the management information system, both in the areas of business and budget control, and of risk control;
 - (ii) To assess the effectiveness, adequacy and security of information systems, namely:
 - i. the effectiveness of the management of negative impacts on results or reputation stemming from maladjusted or faulty technology that may compromise availability, integrity, accessibility and security of infrastructures and data, including cybersecurity;
 - ii. the effectiveness and reliability of the data management procedures, and the adequacy of the data management platforms to support CGD operations, in what regards compliance, reporting, business support and analytics applications;
 - iii. the initiatives carried out in the CGD Group in order to mitigate the identified or effectively verified ICT Risks.
 - (iii) To assess the suitability of the IT asset management and monitoring model to ensure their security and control;
 - (iv) To monitor the control of the risks inherent to outsourcing activities;
 - (v) To follow up on the aggregate amounts of operating losses incurred, the most relevant claims and individual losses;
 - (vi) To assess the strategic development plans of IT platforms, in what concerns their impact on operational, compliance and future competitiveness of CGD operations;
 - (vii) To follow up on the pursuit of the fundamental goals laid out in terms of CGD Group's ICT risk management;
- (f)** With regard to compliance risk:
- (i) To promote the pursuit of the fundamental goals laid out in terms of compliance risk management by the Bank of Portugal and the European Central Bank in their supervisory guidelines addressed at credit institutions and financial companies;
 - (ii) To assess the effectiveness of compliance risk management, evaluating the instituted procedures and the Activity Reports drawn up by the compliance function;



- (iii) To acknowledge the identified situations that occurred as a consequence of breaches or non-compliance with laws, regulations, specific deliberations, contracts, rules of conduct and customer relationship, instituted practices or ethical principles that may cause CGD or its employees to incur in administrative and/or criminal offences;
- (iv) To acknowledge the quarterly reports concerning the prevention of money laundering and the countering of terrorism financing and fraud containing statistical information and the typology of processes related to these crimes and of the events involving materially relevant amounts.

(g) With regard to reputational risk:

- (i) To promote the pursuit of the fundamental goals laid out in terms of reputational risk management by the Bank of Portugal and the European Central Bank in their supervisory guidelines addressed at credit institutions and financial companies;
- (ii) For that purpose the RC should be provided with reports analyzing:
 - i. the quality of the provision of services to customers and the corresponding monitoring, namely through the assessment of complaint processing and the service quality survey (IQS);
 - ii. the process of communication with customers and the authorities;
 - iii. the communication plan in the event of a crisis;
 - iv. the monitoring of the compliance with CGD's Code of Conduct and acknowledge the detected gaps in this monitoring.
- (iii) To acknowledge the reports on CGD from risk rating agencies and reputational surveys, as well as any other relevant reports conducted regarding the Group.

(h) With regard to CGD's Pension Fund risk:

- (i) To follow up on the management policy pertaining to CGD's Pension Fund and to monitor its underlying risks.

- 3.4.** The competencies of the Risk Committee apply not only to CGD, but also to the companies that are, at any given time, in a controlling or group relationship with the Bank, irrespective of the location of their registered office, main headquarters and effective head office of their management bodies or their primary place of business ("CGD Group").
- 3.5.** The evolution of financial and non-financial risks listed in the pertinent paragraphs of these Regulations shall be monitored through reports which adequately (concise, emphasizing the main issues, appropriate risk metrics, timely delivery) allow for an informed judgement of risks to be monitored and managed. They should be produced with a frequency established by the Risk Committee, supporting an overall assessment and the proper representation of issues to the Board.
- 3.6.** The Risk Committee shall exercise its powers in constant interaction and communication with the Risk Management Division, the Rating Division, the Models Validation Office, the Credit Risks Division, the Compliance Division, the Information and Technology Division, the Chairperson of the Board of Directors, the Chairperson of the Executive Committee, the CGD Board Members in charge of risk management (Chief Risk Officer) and of the Credit Risks Division.
- 3.7.** The Risk Committee shall have access to the risk information on CGD and the CGD Group and, whenever necessary and suitable, to the credit institution's risk management and compliance functions (as well as to the audit function, if necessary) and to external expert advice and may determine the nature, amount, format and frequency of the risk information it requires.
- 3.8.** The Risk Committee shall immediately report to the Board of Directors any event it deems to be high risk.

4. ACTIVITY PLAN AND ACTIVITY REPORT

- 4.1. The Risk Committee shall annually approve the Activity Plan for the following year and submit it to the Board of Directors by 15 December.
- 4.2. The Risk Committee shall prepare one Activity Report per half-year, providing the Board of Directors with information on the Committee's activity. The last half-yearly report shall include the activities carried out during the calendar year.
- 4.3. The Activity Reports shall include, *inter alia*, the assessment of the degree of compliance with the Activity Plan, the main constraints and potential action plans and the activities referred to in paragraphs 8.1 and 8.2 below, and shall be submitted to the Board of Directors by the end of the month following each calendar quarter.

5. MEETINGS

- 5.1. The Risk Committee shall hold regular meetings at least 11 (eleven) times a year, in different calendar months, and whenever convened by its Chairperson or at the request of any of its Members.
- 5.2. Meetings of the Risk Committee shall be convened at least 5 (five) days in advance, or on a shorter notice, if necessary, provided that it allows for the timely participation of all Members of the Committee. The meeting may be convened via any written means of communication and sent to the addresses (e-mail or otherwise) provided by the Members of the Committee, or may be addressed by the Chair by simple verbal communication. The scheduling of meetings, with the corresponding date and time, approved during a meeting of the Risk Committee or communicated by the Chairperson of the Committee is equivalent to convening said meetings.
- 5.3. The convening of each meeting, to be carried out pursuant to the preceding paragraph, shall be accompanied by information on the Agenda of the meeting.
- 5.4. The Agenda shall be determined by the Chairperson of the Risk Committee, and any Member of the Committee may request the inclusion of items in the Agenda. This request shall be submitted to the Chairperson as soon as possible before the date of the meeting together with the corresponding supporting documents.
- 5.5. Supporting documents for the several Agenda items shall be made available to all Members of the Risk Committee at least 5 (five) days prior to the date of the meeting, preferably at the same time as the notice of the meeting or, if this is not possible, with due notice, so as to allow its timely analysis by the Members of the Risk Committee.
- 5.6. Unless otherwise indicated in the notice, the meetings of the Risk Committee shall be held at CGD's head office.
- 5.7. The meetings of the Risk Committee may be held using telematic means, such as videoconference or conference call, provided that CGD ensures the authenticity of the statements and the security of the communications, as well as the recording of the contents and the corresponding participants.
- 5.8. The meetings of the Risk Committee shall be chaired by its Chairperson, or, in his/her absence or impediment, by the Member of the Committee appointed for that purpose by the other Members.
- 5.9. The Company Secretary and the Head of the Corporate Support Division shall appoint the Secretary of the Committee, who will be responsible for providing technical advice and supporting the conduction of the meetings.
- 5.10. In addition to the Members of the Risk Committee, Directors, Company officers or third parties may also be present at the meetings, provided they are invited or authorized by the Chairperson or his/her alternate at such meeting, whenever suitable, in view of the matters to be discussed.



6. RESOLUTIONS

- 6.1. The Risk Committee may not deliberate without the presence or representation of the majority of its Members.
- 6.2. The decisions of the Risk Committee shall be made by simple majority of the votes cast, the Chairperson or his/her alternate having a casting vote in the event of a tie.

7. MINUTES

- 7.1. The minutes of the Risk Committee should document the debates, comments and contributions made by its members and by all participants during the meeting, the deliberations adopted, with an explicit indication of the respective justification / fundamental reason, and statements of voting made by any member during the meeting, description of any recommendations made and identification of matters that need to be followed up in future meetings.
- 7.2. Minutes of all meetings of the Risk Committee shall be drawn up and must contain the information provided for in the applicable rules, namely, the identification of the company, the place, date, time and duration of the meeting, the name, position and signature of all participants in the meeting, as well as express indication of the form of participation and of the members not present, the proposals presented and the respective supporting documentation.
- 7.3. Minutes of the meetings must be drafted and approved by the Members participating in the meeting in the shortest possible time after the meeting, or at the meeting immediately thereafter, and must also be signed by the person acting as secretary of the meeting.
- 7.4. All minutes of the Risk Committee meetings shall be kept in the corresponding minutes book, by paper or electronic means, according to the Company's logistics, and a copy of each minutes shall be filed in a secure digital format with restricted access.
- 7.2. The minutes shall be drafted in English and their Portuguese translation incorporated therein.

8. ARTICULATION WITH THE BOARD OF DIRECTORS, THE EXECUTIVE COMMITTEE, THE AUDIT COMMITTEE, THE BOARD OF DIRECTORS' SPECIAL COMMITTEES AND THE COMPANY'S MANAGEMENT BODIES

- 8.1. The articulation between the Risk Committee and the Board of Directors, the Executive Committee, the Audit Committee and the other Special Committees of the Board of Directors shall be ensured by the Chairperson of the Risk Committee and by the Chairpersons of each of the bodies concerned.
- 8.2. The articulation with the other Special Committees may also be ensured through:
 - (a) The participation of Members of the Risk Committee in those Committees;
 - (b) The occasional attendance of Members of the Risk Committee in the meetings of other Committees;
 - (c) The sharing of Agendas and minutes of meetings of the Risk Committee with the remaining Special Committees.
- 8.3. Without prejudice to other established procedures, the Risk Committee, whenever deemed appropriate, may request that the heads of CGD's Divisions provide the necessary information for the performance of its duties, including information concerning Group Entities.

9. SUPPORT STRUCTURES

- 9.1. The Risk Committee may use any means at its disposal, including hiring external consultants, and use the necessary funds for that purpose.
- 9.2. The Risk Committee may appoint, whenever deemed necessary, one or more resources, with acquired experience in its areas of responsibility, so as to provide information and carry out projects supporting the corresponding assessments and conclusions.

10. CONFLICTS OF INTEREST

The prevention and management of situations that constitute actual or potential conflicts of interest is regulated by the Global Conflict of Interest Prevention and Management Policy in force at CGD, published in the Internal Standards System.

11. AMENDMENTS

- 10.1. Amendments to these Regulations shall be approved by the majority of the Members of the Board of Directors.
- 10.2. Without prejudice to the remit of the Board of Directors, the Risk Committee shall submit proposals for the revision of these Regulations whenever deemed necessary.

12. FINAL PROVISIONS

- 12.1. The provisions of the Regulations of the Board of Directors shall apply to all matters not provided for in these Regulations.
- 12.2. In case of conflict between the articles of these Regulations and the Regulations of the Board of Directors, the provisions of the latter shall prevail.



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