Regulations of the Committee for Risk Assessment

Article 1  
(Name)

The Board of Directors shall establish, within 30 days after its election, a Committee for Risk Assessment (CRA) and appoint its Chairperson.

Article 2  
(Composition)

1. The Committee for Risk Assessment is composed of three to five non-executive directors and the majority of its members must be independent.
2. The Chairperson of the CRA must be independent and cannot chair the Board of Directors or any other of its Committees.
3. The members of the Committee for Risk Assessment must possess the appropriate knowledge, competences and experience enabling them to understand and supervise the Bank's risk strategy as well as the Bank's risk appetite.

Article 3  
(Meetings)

1. The Committee may only validly adopt resolutions provided that a majority of its members is present and may adopt resolutions in writing.
2. The Committee will meet, in general, every two months and whenever convoked by its Chairperson.
3. Meetings must be called with a minimum prior notice of 5 business days, and the call notice must expressly mention the issues to be handled at the meeting.
4. The meetings may be held through electronic means, if the authenticity of the statements, their security and confidentiality, as well as the recording of their contents, is ensured.
5. As a general rule, except when duly justified, the documentation for the meetings must be sent to the members of the Committee at least 5 business days prior to the date scheduled for the meeting.
6. Resolutions shall be adopted by a majority of the votes present and, in case of a tie, the Chairperson shall have the casting vote.
7. Minutes shall always be written up of the meetings of the Committee.
8. The Head of the Board of Directors’ Support Office will act as the Committee's Secretary.

Article 4  
(Competences)

1. The competences of the Committee for Risk Assessment are to:
a. Advise the Board of Directors on risk appetite and risk strategy, including the policies for identifying, managing and controlling the Bank's risks;
b. Assist the Board of Directors body in the supervision of the execution by the top management of the Bank's risk strategy;
c. Analyse if the conditions of the main products and services offered to customers take into consideration the Bank's business model and risk strategy;
d. Examine if the incentives established in the remunerations policy take into consideration the risk, capital, liquidity and expectations concerning income;
e. Monitor the management of material risks to which the Bank is exposed, using appropriate indicators and metrics;
f. Support the Board of Directors in the assessment of the risk strategies of the main subsidiaries abroad;
g. Assess the impact of changes to the Bank's perimeter on the Bank’s risk profile and whether such changes are compatible with the approved risk appetite;
h. Assess whether the profile and structure of risk management matches the Bank’s profile and strategy, in accordance with the requirements set by the General Framework for Credit Institutions and Financial Companies and by the remaining domestic and European legal requirements in effect;
i. Monitor the effectiveness of policies, methodologies and models used to valuate assets, especially observing the valuation results of the respective impairment;
j. Monitor the effectiveness of capital and liquidity contingency plans, as well as the business continuity plan;
k. Regularly follow the report on key risk indicators;
l. Hire experts to assist one or more of its members in the performance of its functions being the respective costs paid by the Bank;
j. Give an opinion on the technical and professional adequacy of the candidate to Risk Officer.

2. While carrying out its functions, the Committee for Risk Assessment has specific functions delegated by the Board of Directors, which are to:

   a. Monitor the risk identification process;
   b. Monitor and intervene in the process to review the Group’s Risk Appetite Framework, issuing an opinion for the Board of Directors on its adequacy and monitor the evolution of the Risk Appetite Statement;
   c. Follow-up capital (ICAAP) and liquidity (ILAAP) planning processes issuing an opinion for the Board of Directors with the respective conclusions;
   d. Analyse and approve the conclusions of the regular procedures for monitoring ICAAP and ILAAP;
e. Approve the scenarios proposed for internal stress tests, as well as the respective results;

f. Monitor and intervene in the process to revise the Recovery Plan, issuing an opinion for the Board of Directors.

g. Monitor the evolution of the process for preparing and executing the NPEs reduction plan.

3. For the exercise of its functions, the Committee for Risk Assessment has access to information on the Bank's risk situation and is entitled to determine the nature, quantity, format and frequency of the information concerning risks that it should receive.

4. For the appropriate exercise of its functions, the Committee for Risk Assessment implements internal procedures to communicate with the Board of Directors and with the Executive Committee.

5. The Committee will inform the Board of Directors of its activities by means of a detailed quarterly report, without prejudice to the duty of reporting to the Chairperson of the Board of Directors any and all situations the Committee finds and deems to be of high risk.

Article 5
(Relations established with the Bank’s divisions)

1. The Committee for Risk Assessment may summon or request information to any Bank Manager or Employee and will hold regular meetings with the Heads of the Risk Office, of the Research, Planning & ALM Division and of the Office for Regulatory and Supervision Monitoring and with the Chief Economist.

2. Should the Risk Office or the RPALMD find any situation they classify as high risk, their Heads shall immediately report it to the Chairperson of the Committee for Risk Assessment.