

AUDIT AND INTERNAL CONTROL COMMITTEE

BANCO BPI, S.A.

TERMS OF REFERENCE

**(Adopted at the meeting of the Board of Directors held on 25 July 2008,
as amended at the meeting of the Board of Directors of 6 March, 18 June 2009, 21 July 2010 and
25 July 2011)**

**AUDIT AND INTERNAL CONTROL COMMITTEE
BANCO BPI, S.A.**

TERMS OF REFERENCE

- 1. Membership**
- 2. Duties**
- 3. Meetings**
- 4. Minutes**
- 5. Support Staff Structure**

ARTICLE 1 – Membership

1. The Audit and Internal Control Committee comprises three to six members of the Board of Directors, who are not members of the Executive Committee as set out in Article 16 (3) (a) and Article 18 of Banco BPI, S.A.'s Articles of Association and, if deemed fit by the Board of Directors, by persons who are not members of that board, nominated at the Board's discretion for their expertise in the Audit and Internal Control Committee's business.
2. The number of members of the Audit and Internal Control Committee who are not members of the Board of Directors shall always be less than half of total membership.
3. The members of the Audit and Internal Control Committee are appointed by the Board of Directors and the Board of Directors shall also appoint a Chairman and, if deemed appropriate, a Deputy-Chairman.

ARTICLE 2 – Duties

1. Without prejudice to the legal duties of the Supervisory Board and the duties of the Financial Risk Committee, it is the responsibility of the Audit and Internal Control Committee:
 - a) to monitor the Executive Committee's activity;
 - b) to ensure compliance with legal and regulatory requirements, the articles of association and rules issued by supervisory bodies, as well as with any general policies and internal rules and practices;
 - c) to ensure that accounting policies, criteria and practices adopted are appropriate and complied with, and that the supporting documents are in order;
 - d) to monitor the statutory audit;
 - e) to monitor the financial reporting and disclosure process;

- f) to review and promote the effectiveness of internal control, risk management and internal audit systems;
 - g) to oversee the Statutory Auditor's independence, and in particular where the Statutory Auditor provides additional services to the Company.
2. In accordance with the duties mentioned in sub-paragraph b) of the preceding paragraph, it is the Audit and Internal Control Committee's responsibility:
- a) to endeavour to ensure that, at Banco BPI, as in the other companies of the Group subject to supervision on a consolidated basis, the key internal control and non-financial risk management objectives set by Banco de Portugal and the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários - CMVM*) and outlined in the supervisory guidelines for credit institutions and financial companies are pursued;
 - b) to assess the accuracy of prudential reports concerning the Group and the companies of the Group under this obligation;
 - c) to oversee all inspections carried out by *Banco de Portugal* (the Portuguese central bank), the Portuguese Securities Market Commission (*CMVM*), the Portuguese Insurance Institute (*Instituto de Seguros de Portugal*), the Directorate-General for Taxation (*Direcção-Geral de Impostos*), and the General-Inspectorate of Finance (*Inspecção-Geral de Finanças*) on Banco BPI and on the other companies of the Group subject to supervision on a consolidated basis.
3. In accordance with the duties set forth in sub-paragraphs c) to e) of paragraph 1, the Audit and Internal Control Committee shall review, in particular:
- a) Banco BPI's financial statements and external auditors' opinions thereon;
 - b) the reliability of the accounting information;
 - c) tax on profit calculation;
4. In accordance with the duties set forth in sub-paragraph f) of paragraph 1, it is duty of the Audit and Internal Control Committee, with regard to Banco BPI:
- 4.3. In respect of its internal control system:
- a) to review operating procedures, for an efficient management of its activities, through an appropriate control environment, sound risk management, effective information and communication system and effective internal control monitoring process;
 - b) to approve the business plans of the Internal Audit, following the Supervisory Board's opinion thereon, to monitor them, assess the conclusions drawn from audits and inform the Executive Committee and the Supervisory Board of any recommendations deemed appropriate on matters audited;
 - c) to approve the business plans of the Compliance Department, following the Supervisory Board's opinion thereon and to consider its business reports;
 - d) to review annual reports on risk management, without prejudice, in respect of financial risks, to the responsibilities of the Financial Risk Committee, compliance and internal audit functions, the internal control annual reports of BPI Group's entities, and to become aware

of the annual opinion of the Supervisory Board on the adequacy and effectiveness of the internal control and the opinion of the statutory auditor on the internal control system underlying the financial reporting and disclosure process;

- e) to monitor the External Auditor's activity and to issue opinions on the business plans of the External Auditors, to be discussed and approved by the Supervisory Board.

4.2. In respect of the non-financial risk management system:

(i) Operational risk

- a) to assess the adequacy and effectiveness of operational procedures and to monitor measures taken towards any improvement thereof;
- b) to review the operational risk management model;
- c) to review the adequacy and effectiveness of computer systems, particularly in respect of IT documentation, and also the security of data, applications and equipment;
- d) to confirm the existence of assets and their security;
- e) to review the control of outsourcing risks;
- f) to keep informed of the aggregate values of operating losses, most relevant losses and, immediately upon occurrence, individual losses in excess of 2 million euro;
- g) to monitor the evolution and updates of the business continuity plan;
- h) to assess the reliability of the management information system, both in the business and budgetary control area and in the risk control area;
- i) to keep informed of key statistical data on client complaints;
- j) to keep informed of Banco BPI's anti-money laundering and terrorist financing preventing measures, the most relevant processes connected with these crimes and, immediately upon occurrence, with transactions involving more than 1 million euro.

(ii) Compliance risk

In addition to the provisions set forth in paragraph 4.1 (c) above:

- a) to assess the effectiveness of compliance risk management, by reviewing procedures implemented and defaults registered;
- b) to assess the effectiveness of the supervision and control system of Banco BPI's financial intermediation activities;
- c) to become aware of the most relevant legal and contractual risk situations.

(iii) Reputation risk

- a) to monitor customer service quality and control, namely by reviewing complaint handling procedures and SQS (service quality survey);
- b) to review the means to communicate with shareholders and investors, customers and authorities;
- c) to assess the crisis communication plan;
- d) to assess the control on BPI Group's Code of Conduct compliance and to keep informed of weaknesses identified during such control, as well as of any breaches to the Code;

- e) to keep informed of rating agency reports on ratings allocated to Banco BPI.

4.3. In respect of the internal audit system

In addition to the provisions set forth in paragraph 4.1 (b) above:

- a) to obtain information, updated from time to time, about areas or matters covered by audits carried out by the Internal Audit over the past 3 years;
- b) to review activities undertaken by the Internal Audit every six months;
- c) to monitor developments in the most significant processes under the responsibility of the Internal Audit.

5. In accordance with the duties set forth in sub-paragraph f) of paragraph 1. above, it is also the responsibility of the Audit and Internal Control Committee, with regard to the BPI Group:

5.1. In respect of the internal control and internal audit systems, to comply with the authority and duties set out in paragraphs 4.1. a) to d) and 4.3, in respect of the companies of the Group subject to supervision on a consolidated basis;

5.2. In respect of the non-financial risk management system, to comply with the authority and duties set out in paragraph 4.2. in respect of the companies of the Group that are subject to supervision on a consolidated basis, as amended by virtue of the nature, features and business specific to each of them.

6. To perform the functions set forth in sub-paragraph g) of paragraph 1., it is the duty the Audit and Internal Control Committee:

- a) to oversee the Statutory Auditor's activity;
- b) to submit to the Supervisory Board the remuneration to be paid to the Statutory Auditor for supplying audit services to Banco BPI and the other companies of the Group;
- c) to put to the Supervisory Board for approval the contract award for additional services to be provided by the Statutory Auditor to Banco BPI and the other companies of the Group, as well as their remuneration conditions.

ARTICLE 3 – Meetings

1. The Audit and Internal Control Committee shall meet at least every two months or whenever convened by its Chairman.
2. Meetings shall be held each year on the date set at the last meeting of the previous year, at the latest.
3. Each notice of meeting, to be sent by the Chairman to the members of the Audit and Internal Control Committee within at least seven days, shall include the agenda of the meeting.

4. Any document concerning the meeting must be submitted no later than seven days before the date of the meeting.
5. Resolutions taken by the Audit and Internal Control Committee shall only be valid if the majority of its members are present or represented.
6. The meetings of the Audit and Internal Control Committee shall be attended by its Chairman, who shall guide its works. In the Chairman's absence, the meetings of the Audit and Internal Control Committee shall be chaired by its Deputy-Chairman, if any, or, otherwise by whom amongst their members is elected for the purpose by those members in attendance.
7. The meetings of the Audit and Internal Control Committee shall be attended, without voting right, by the Chairman or the Deputy-Chairman of the Executive Committee of the Board of Directors, but, if deemed fit, the meetings may be attended by the two of them, the members of the Supervisory Board, the person in charge of BPI Group's Internal Audit Department, the Statutory Auditor and the support staff members referred to in Article 5 (2) and (3) below.
8. Where deemed conducive to good working progress, the meetings of the Audit and Internal Control Committee may also be attended by directors and managers in charge of the areas in respect of which matters are to be discussed.
9. The presence of any other member of the BPI Group at meetings of the Audit and Internal Control Committee shall be previously agreed with the Chairman of the Audit and Internal Control Committee.

ARTICLE 4 - Minutes

Concise minutes of the meetings of the Audit and Internal Control Committee shall be drawn up and shall cover key issues discussed and also conclusions adopted, of which information shall be provided to the Board of Directors at the meeting following the meeting of the Committee to which they relate.

ARTICLE 5 – Support Staff Structure

1. The Audit and Internal Control Committee shall appoint, if deemed fit, one or more support staff members, who shall have the requisite knowledge and experience to carry out their functions, for the provision of information and to assist in substantiating analyses and conclusions. Any information provided shall include:
 - a) developments in projects and surveys under way at Banco BPI and in other companies of the Group subject to supervision on a consolidated basis, related with the internal control system;
 - b) developments in initiatives and production of guidelines by domestic and international banking supervision authorities, in terms of internal control.

2. The Audit and Internal Control Committee shall have a secretariat headed by an individual who shall work under the direction of the Chairman of the Audit and Internal Control Committee.
3. The Audit and Internal Control Committee may also request support from a staff member to assist the secretariat in preparing and conducting meetings, and also in drawing up the minutes of the meetings.