SUPERVISORY BOARD

TERMS OF REFERENCE

(Approved at the meeting of the Supervisory Board on 5 March 2009, amended at the meetings of 21 May 2009, 19 July 2010, 28 September 2011 and 26 September 2012)
TERMS OF REFERENCE OF THE SUPERVISORY BOARD
OF
BANCO BPI, S.A.

1
(Scope)

Banco BPI’s Supervisory Board is governed by the provisions of the law, the Articles of Association, and these Terms of Reference.

2
(Membership)

The Supervisory Board is made up of no less than three and no more than five members and also of two alternate members, all elected at the General Meeting of Shareholders.

3
(Responsibilities)

In carrying out its functions, assigned in accordance with statutory and legal provisions, particularly those set out in Article 420 of the Companies Act, it is the responsibility of the Supervisory Board:

1. to monitor compliance with legal and regulatory requirements, articles of association, rules issued by supervisory authorities, and also with general policies, internal rules and best practice;

2. to ensure that the key targets set by Banco de Portugal and Portuguese Securities Market Commission on internal control and risk management in the guidelines on supervision addressed to credit institutions and financial companies are met by Banco BPI and the other companies of the Group subject to consolidated supervision;

3. to assess the accuracy of prudential reports concerning the Group and companies of the Group under this obligation;

4. to verify the adequacy and to oversee the compliance with accounting policies, criteria and practices adopted, and also that all supporting papers are in order;

5. to express an opinion on the report, accounts and motions made by the Board of Directors;

6. to oversee the financial reporting and disclosure process carried out by the company;

7. to provide:
   a) any and all opinions which, under the terms of the law, are its responsibility, particularly the opinion set out in paragraph 5 above and those outlined in Article 85 (8) and Article 109 (3) of the Legal Framework of Credit Institutions and Financial Companies;
   b) any opinion on any business prior to its conclusion, transacted between the company and shareholders with qualifying holdings or any entity with which they are in any relationship, under the terms of Article 20 of the Securities Code, regardless of the amount concerned, whenever it is carried out under conditions other than market conditions or falling outside the company’s ordinary business;
   c) any other opinion herein set out;

8. with respect to the Statutory Auditor:
   a) to propose its appointment to the General Meeting;
   b) to oversee the statutory audit of the accounting documents of the company;
c) to oversee the independence of the Statutory Auditor and, within that scope, consider and resolve, after hearing the Audit and Internal Control Committee, on the supply of additional services by the Statutory Auditor to the company and the companies of its Group, as well as on the conditions thereof;
d) to propose to the General Meeting its removal from office on fair grounds;

9. with respect to the external auditor of the company:
a) to submit to the Board of Directors the proposal concerning the external auditor to be engaged by the company, including not only the proposal on who should supply those services, but also on the proposed remuneration;
b) to represent the company, for any and all purposes, before the external auditor, acting, in particular, as the first contact of the company with the auditor and the first recipient of its reports;
c) to seek to ensure that the company provides the appropriate conditions for the external auditor to render its services;
d) to oversee the independence of the external auditor and, within that scope, to consider and decide, after hearing the Audit and Internal Control Committee, on the supply of additional services by the Statutory Auditor to the company and the companies of its Group, as well as on the conditions thereof;
e) to adopt, after hearing the Audit and Internal Committee, the annual report on the activities of the External Auditor;
f) to assess the external auditor’s activity;

10. to monitor all inspections carried out by Banco de Portugal, CMVM (the Portuguese market regulator), Instituto de Seguros de Portugal (the Portuguese Insurance Institute), Direcção Geral de Impostos (the Directorate-General for Taxation) and Inspecção Geral de Finanças (the General-Inspectorate of Finance) on Banco BPI and the other companies of the Group subject to consolidated supervision;

11. to ensure that the internal control, internal audit and risk management systems are effective, by:
a. assessing the operational procedures to ensure that the activities concerned are properly managed, through appropriate risk management and complete, reliable and timely accounting and financial information, and that the monitoring scheme is appropriate, namely by:
i) assessing the operational procedures to ascertain the existence of an appropriate control and risk management environment, particularly with respect to the following risks:
   • Operational risk;
   • Compliance risk;
   • Credit risk;
   • Market risk;
   • Interest rate risk;
   • Currency risk;
   • Liquidity risk;
   • Reputation risk;
ii) monitoring any audit report of the Audit and Inspection Department, the External Auditor and the Compliance Department, informing the Board of Directors of any recommendations deemed convenient on audited matters;
iii) meeting regularly with the entities referred to in the preceding sub-paragraph ii);
b. providing opinions on the activity reports of the Audit and Inspection Department and the Compliance Department, to be approved by the Audit and Internal Control Committee;
c. considering the annual reports prepared by the departments responsible for:
   iv) Compliance;
   v) Risk Management;
   vi) Internal Audit;

d. considering the Statutory Auditor’s opinion on the appropriateness and efficiency of the internal control system underlying the financial reporting and disclosure process;

e. providing an annual opinion, under the terms set by Banco de Portugal, on:
   vii) the effectiveness, adequacy and consistency of the internal control, risk management and internal audit systems of Banco BPI and of the Group;
   viii) the internal control reports produced by the Boards of Directors of Banco BPI, the Group and of the companies under Banco de Portugal’s supervision, on a consolidated basis;

f. to receive and act on any wrongdoing reported by shareholders, employees of the company and others.

4
(Meetings and resolutions)

1. The Supervisory Board meets every two months.
2. The Supervisory Board meets extraordinarily at the initiative of its chairman or at the request of any of its members, who shall submit a date and agenda for the purpose.
3. The meeting shall be convened within at least 5 business days.
4. In urgent matters, the Supervisory Board may meet without observing any previous formalities, provided that its members express their wish to meet and resolve on a particular matter.
5. Resolutions of the Supervisory Board shall be taken by majority, and any member of the Board disagreeing therewith shall cause the reasons for the disagreement to be duly set down in the minutes.
6. Minutes of the proceedings of each meeting shall be entered in a minutes book or on loose leaf paper, signed by all those in attendance.
7. The minutes shall always refer the names of the members present at the meeting, as well as a summary of matters dealt with and resolutions taken thereat.
8. Draft minutes shall be circulated to all members of the Board for approval, and they shall be subject to resolution at next meeting.

5
(Agenda)

1. The order of business shall be determined by the Chairman of the Supervisory Board.
2. Any member of the Board may request the inclusion of items on the agenda, upon request addressed to the Chairman, as soon as possible, together with the relevant supporting papers.
3. Supporting papers concerning the various items on the agenda shall be circulated to all members of the Board within at least 5 days, preferably together with the notice of meeting, or, where not feasible, as soon as possible, for them to be reviewed in due time.
6
(Attendance)

Besides the members of the Supervisory Board, the Statutory Auditor, Directors, management staff or even third parties may attend the meeting, provided that they are invited by the Chairman or the person replacing him/her at the meeting, as may be deemed convenient in accordance with matters to be discussed.

7
(Absences)

1. Any absence of a member of the Supervisory Board at any of its meetings shall, where possible, be previously communicated to its Chairman or the person replacing him/her.
2. Upon sufficient excuse, the Supervisory Board shall express its opinion at the very meeting on the absence excuse.

8
(Liaison with the Board of Directors)

1. Guidance on liaison between the Supervisory Board and the Board of Directors shall be ensured by the Chairman of the Supervisory Board and the Director appointed by the Board of Directors for the purpose.
2. The members of the Supervisory Board attending meetings of the Board of Directors, under the terms of Articles 421 and 422 of the Companies Act, shall previously inform the other members about their intention to attend, and subsequently they shall inform the other members on any matters related to the duties of the Supervisory Board dealt with at those meetings.
3. The Supervisory Board may seek information from the Executive Committee of the Board of Directors.

9
(Liaison with the Audit and Internal Control Committee)

1. Guidance on liaison between the Supervisory Board and the Audit and Internal Control Committee shall be assured between the Chairman of the Supervisory Board and the Chairman of said Committee.

2. The members of the Supervisory Board may attend all or part of any meeting of the Audit and Internal Control Committee, where items directly or indirectly connected with the duties of the Supervisory Board are discussed.

3. To that end, the members of the Supervisory Board may:
   a. access all papers distributed for the meetings;
   b. listen to any explanations given by the persons in charge of each department under analysis;
   c. raise questions and seek information about documents under analysis.
10
(Liaison with the Company’s Management)

1. The Supervisory Board, where it considers to be of interest, with the prior knowledge of the Executive Committee, may ask the persons in charge of the various Departments of the company about any information deemed necessary in order to perform its duties.

2. The Supervisory Board may:
   a. immediately seek information from the Audit and Inspection Department or the Compliance Department whenever they identify deficiencies or weaknesses showing or suggesting extremely serious conditions;
   b. ask, in exercising the authority set out in Article 3 (10) (ii) hereof, the reports therein mentioned;
   c. hold regular meetings as set out in Article 3 (10) (iii) hereof.

11
(Supporting Services)

The Supervisory Board may from time to time ask the Board of Directors, as deemed necessary, for the cooperation of, besides its advisors, one or more experts in its field of action, for the provision of information and to carry out work with a view to substantiate the relevant reviews and findings.

12
(Final Provisions)

1. All other matters not specifically set out in these Terms of Reference shall be governed by legal and statutory provisions in force.

2. These Terms of Reference shall enter immediately in force.