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**REGULATIONS OF THE RISK MANAGEMENT  
COMMITTEE**

**BANCO INTERATLÂNTICO, S.A.**

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## 1. SUBJECT MATTER

These Regulations set out the rules for the composition and appointment, competence, organisation and operation of the Risk Management Committee ('RMC' or 'Committee') of Banco Interatlântico ('BI'), in addition to all legal and statutory provisions, with which its interpretation shall comply.

## 2. COMPOSITION AND APPOINTMENT

- 2.1. The Risk Committee is composed of at least 3 (three) Members, mostly from the Board of Directors, who are not members of the Executive Committee.
- 2.2. Members of the Risk Management Committee are appointed by the Board of Directors, which shall also appoint its Chairman, whose corporate title will be Chief Risk Officer of the CGD Group or Central Risk Management Function Officer and who shall not chair any other Committee of the Board of Directors.
- 2.3. The Members of the Risk Management Committee must have the appropriate professional qualifications and experience to carry out the respective duties.

## 3. COMPETENCES

- 3.1. The Risk Management Committee is responsible for supporting and advising the Board of Directors regarding BI's risks, in individual and consolidated terms, namely through the following functions:
  - a) Assessing and promoting the effectiveness of the Risk and Compliance Functions;
  - b) Monitoring BI's risk strategy and risk appetite;
  - c) Advising the Board of Directors on BI's overall, current and future risk appetite and risk strategy as a credit institution, taking into account all types of risks, both financial and non-financial, in order to ensure that they are harmonised with the institution's business strategy, objectives, culture and corporate values;
  - d) Assisting the Board of Directors in overseeing the implementation of BI's risk strategy by top management;
  - e) Overseeing the consistency between all significant products and services offered to customers, as well as the institution's business model and risk strategy, submitting correction plans to the Board of Directors when that analysis shows that the aforementioned conditions do not adequately reflect the risks;
  - f) Examining whether the incentives set out in BI's remuneration policy take into account risk, equity, liquidity and expectations regarding income, including revenue dates;
  - g) Monitoring the management policies for all risks related to BI's activities, both financial and non-financial, namely business and strategy, solvency, liquidity, interest rate, credit, market, pension fund, operational, IT, *compliance* and reputational risks;



- h) Advising the Board of Directors on BI's current and future generic policies regarding risk assumption, management, control, hedging and risk mitigation factors;
- i) Analysing specific categories of risks, provided for by law and corporate regulations, monitoring and assessing the risks of non-compliance with the obligations to which BI is subject;
- j) Analysing the adequacy of the allocation of resources to the management of risks regulated by the national and European legislation in force, as well as by the corporate standards approved by BI;
- k) Assessing and promoting the effectiveness and efficiency of BI's internal control processes, namely by assessing the recommendations of the FGR, the Compliance Function, the 1<sup>st</sup> line of defence, internal or external auditors, and the Supervisor. Monitoring the proper implementation of the adopted measures;
- l) Assessing the processes, methodologies and models for assessing assets and external credit ratings and approving the most significant aspects of the rating and risk estimation processes;
- m) Analysing a range of possible scenarios, including stress scenarios, to assess how the institution's risk profile reacts to external and internal events;
- n) Monitoring the models for measuring risk and calculating internally adopted own funds;
- o) Issuing opinions on the appointment of external consultants that the supervisory function decides to hire for advice or support;
- p) Monitoring the rating and scoring models;
- q) Outlining and updating an action plan for all risks.
- r) Performing the other functions assigned to the Risk Committee provided for by law and corporate standards.

3.2. In performing the competences mentioned in the previous paragraphs, the Risk Management Committee is responsible for:

- a) Regarding Business and Strategy Risk:
  - i) Monitoring the pursuit of the basic purposes set in terms of BI's business and strategy risk management, issuing recommendations to the Board of Directors on necessary adjustments to risk strategies as a result of changes in the Bank's strategy and business model, market developments or recommendations made by the Risk Management Division;
- b) Regarding Solvency Risks:
  - i) Following up on the monitoring and control of regulatory capital sufficiency and internal capital adequacy to BI's risk profile;
- c) Regarding Liquidity Risk, Balance Interest Rate and Market:
  - i) Following up on the monitoring of liquidity and the mid- and long-term financing plan, including the liquidity contingency plan;
  - ii) Following up on the monitoring of market, interest rates, settlement of exchange and credit operations risk associated with derivatives;



- iii) Following up on the monitoring of risks associated with the bond, equity and other security portfolios;
- iv) Following up on the evolution of realisable financial assets at Banco de Cabo Verde.
- d) Regarding Credit Risks:
  - i) Assessing the evolution of the loan portfolio and analysing defaults;
  - ii) Assessing the evolution of impairments and following up on the evolution of IFRS9 impairment stages;
  - iii) Following up on the evolution of the 50 (fifty) largest impairments;
  - iv) Following up on the evolution of credit risks by class:
    - v) Monitoring the geographic regions, sectors and entities with the highest risk designated as such at any given time;
  - vi) Following up on the evolution of the properties received as payment and respective impairments;
  - vii) Monitoring the risk of total gross credit exposure for each borrower, including all companies that, at any given time, are in a controlling or group relationship with the borrower, regardless of the location of their registered office, main office or effective headquarters of their administration or principal place of business, as well as for interconnected groups of customers;
  - viii) Monitoring the risk exposure to the State, including, without limitation, municipalities and public companies, when exceeding 10 (ten) percent of BI's own funds, as per the last audited and approved balance sheet;
  - ix) Providing a written opinion on any operation leading to a total gross exposure:
    - i. to a non-sovereign entity (including, for such purpose, all companies that are in a controlling or group relationship with it, regardless of the location of their registered office, main and effective office of their administration or principal place of business) higher than 10% of BI's Own Funds;
    - ii. to a sovereign entity referred to in Annex II (Sovereign Entities) higher than 10% of BI's Own Funds and for which there is no explicitly set risk appetite, or whose exposure is within the tolerance zone or in breach of the risk appetite established for the Sovereign Entity.
- e) Regarding Operational and IT Risk:
  - i) Monitoring the operational risk management model and the effectiveness of operational procedures;
  - ii) Assessing the effectiveness and adequacy of computer systems, in particular as regards the documentation of applications and the security of data, applications and equipment;
  - iii) Assessing the effectiveness of managing negative impacts on results or reputation resulting from maladjusted or defective technology that may compromise the availability, integrity, accessibility and security of infrastructure and data, including cybersecurity;
  - iv) Assessing the initiatives developed at BI to mitigate the IT risks identified or actually verified;



- v) Assessing the adequacy of the asset management and monitoring model to ensure their security and control;
  - vi) Monitoring the control of the risks inherent to outsourcing activities;
  - vii) Following up on the aggregate amounts of operating losses incurred, claims and individual losses materially more relevant;
  - viii) Following up on the development and updating of the business continuity plan;
  - ix) Assessing the management information system, both in the areas of business and budget control, and risk control;
  - x) Following up on the pursuit of the fundamental purposes set for IT risk management by the CGD Group;
- f) Regarding Compliance Risk:
- i) Promoting the pursuit of the fundamental purposes set in terms of compliance risk management by Banco de Cabo Verde in the supervisory directives aimed at credit institutions and financial companies, as well as the Group's corporate and supervisory standards;
  - ii) Assessing the effectiveness of compliance risk management, namely the procedures in place, any non-compliances detected and the activity reports prepared by the compliance function;
  - iii) Assessing the effectiveness of BI's financial intermediation activity supervision and control system;
  - iv) Being informed of any situations identified arising from breaches or non-compliance with any laws, regulations, specific determinations, contracts, rules of conduct and customer relationships, established practices or ethical principles that could cause BI or any of its employees to incur in any criminal and/or administrative offence;
  - v) Performing a critical review of transactions filed in the field of suspicious transactions concerning fraud and money-laundering risks;
  - vi) Being informed of the quarterly reports prepared on money laundering and terrorist financing prevention activities, containing statistical information and the types of processes related to such crimes and occurrences involving materially relevant amounts.
- g) Regarding Reputational Risk:
- i) Promoting the pursuit of the fundamental purposes set in terms of reputational risk management by Banco de Cabo Verde in the supervisory directives aimed at credit institutions and financial companies;
  - ii) Assessing the quality of the services provided to customers and their control, namely by reviewing complaint handling procedures and service quality surveys (SQS);
  - iii) Assessing communication processes with customers and authorities;
  - iv) Assessing the communication plan in crisis scenarios;



- v) Assessing the monitoring of compliance with BI's Code of Conduct and being informed of the deficiencies found in this monitoring, as well as of breaches of the Code;
  - vi) Being informed of credit rating agency reports on BI.
- 3.3. The evolution of financial and non-financial risks listed in sections 3.2.(a) to (h) of these Regulations shall be monitored by assessing a set of reports produced as often as the Risk Committee deems appropriate in view of the nature of the risk in question, namely, through the quarterly assessment, the Risk Appetite Report, the Non-financial Risk Monitoring Report and the Integrated Risk Report.
- 3.4. The Risk Management Committee exercises its competences in constant coordination and communication with the Risk Management Office, the Credit Risk Division, the Compliance Division, the Information Systems Division, the Chairman of the Board of Directors, the Chairman of the Executive Committee, BI Directors in charge of Risk (Chief Risk Officer), the Credit Risk Office and the Technology Office.
- 3.5. The Risk Management Committee has access to information on BI's risk situation, and, where necessary and appropriate, to the risk management function and the compliance function of the credit institution (as well as, if necessary, subsidiarily, to the audit function) and to external expert advice, and may determine the nature, quantity, format and frequency of the risk-related information of which it should be the recipient.
- 3.6. The Risk Management Committee shall immediately report to the Board of Directors any situations detected deemed to be of high risk.

#### **4. ACTIVITY PLAN AND REPORT**

- 4.1. Every year, the Risk Management Committee shall approve the activity plan for the following year, which it shall submit to the Board of Directors by 15 December.
- 4.2. Every year, the Risk Management Committee shall prepare an activity report, providing the Board of Directors with information about its activity.
- 4.3. The Activity Report shall include, namely, the assessment of the degree of fulfilment of the Activity Plan, main constraints and possible action measures, and shall be submitted to the Board of Directors in the first quarter of each year.

#### **5. MEETINGS**

- 5.1. The Risk Management Committee shall meet at least once every quarter and whenever convened by its Chairman or at the request of any of its members.
- 5.2. The meetings of the Risk Management Committee shall be convened at least 5 (five) days in advance, or less if necessary, provided that such notice time is sufficient to allow the participation of all Committee members. Notice may be sent in writing, by any means of communication and sent to the address (e-mail or other) provided by the Risk Management Committee members, or by simple verbal



communication by the Chairman. The scheduling of meetings, with date and time, approved at a Risk Management Committee meeting or notified by the Chairman of the Risk Management Committee, shall be equivalent to a notice of such meetings.

- 5.3. The notice convening each meeting, to be sent under the terms of the preceding paragraph, shall contain the respective Agenda for the meeting.
- 5.4. The Agenda shall be determined by the Chairman of the Risk Management Committee, and any Member of the Committee may request the inclusion of items on the Agenda, addressing such request to the Chairman as early as possible in relation to the date of the meeting and accompanied by the respective supporting documents.
- 5.5. Supporting documents regarding the various items on the agenda shall be distributed to all members of the Risk Management Committee 5 (five) days in advance, preferably with the notice of the meeting, or, if this is not possible, with enough time to allow for their analysis in due time by the Members of the Risk Management Committee.
- 5.6. Unless otherwise determined in the respective notice, the meetings of the Risk Committee shall be held at BI's registered office.
- 5.7. Meetings of the Risk Management Committee may be held using telematic means, such as video-conference or conference call, provided that BI ensures the authenticity of the declarations and the security of the communications, while registering their contents and the respective intervening parties.
- 5.8. Meetings of the Risk Management Committee shall be presided over by the respective Chairman, or, in case they cannot attend, by a member of the Committee elected by the other members to do so.
- 5.9. The Secretary, or the person appointed for that purpose, shall support the functioning of the Risk Committee and the holding of its meetings.
- 5.10. In addition to the members of the Audit, Control and Conflict-of-Interest Committee, Directors, company staff or even third parties may be present at the respective meetings, provided that they are invited or authorised by the Chairman or whoever replaces them at that meeting, depending on the convenience of the matters to be analysed.

## **6. RESOLUTIONS**

- 6.1. The Risk Management Committee cannot resolve without the majority of its Members being present or represented.
- 6.2. The resolutions of the Risk Management Committee shall be taken by simple majority of the votes issued, and the Chairman, or whoever may substitute them, shall have a casting vote in the event of a tie.

## **7. MINUTES**

- 7.1. Minutes of all meetings of the Risk Management Committee shall be drawn up, which shall include the mentions provided for in the applicable rules, namely the company identification, the place, date, time and duration of the meeting, mention of the Members and other participants present in the meeting, their





participation in the meeting, the proposals submitted and the votes issued, the discussions, comments and contributions made by its Members and by all participants from BI Divisions during the meeting, the resolutions adopted, expressly stating the respective basic justification/reason and any explanations of vote made by the Members during the meeting.

- 7.2. Minutes shall be drawn up, approved and signed by the Members participating in the meeting and by its secretary as soon as possible after the meeting or at the immediately following meeting.
- 7.3. All minutes of the Risk Management Committee meetings shall be kept in the corresponding minutes book, in hard-copy or digital format, as determined by the company organisation, and a digital copy of those minutes must also be kept in a secure and restricted-access file.
- 7.4. Minutes shall be drawn up in Portuguese, without prejudice to the possibility, where necessary, of being translated into English.

## **8. COORDINATION WITH THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE, SUPERVISORY BOARD AND SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BODY**

- 8.1. Coordination between the Risk Management Committee and the Board of Directors, Executive Committee, Supervisory Board and other Special Committees of the Board of Directors shall be ensured by the Chairman of the Risk Commission and the Chairman of each body in question.
- 8.2. Coordination with the other Special Commissions can also be ensured through:
  - a) the participation of members of the Risk Management Committee in those Committees;
  - b) the occasional presence of members of the Risk Management Committee at the meetings of other Committees;
  - c) the sharing of the agendas and minutes of the meetings of the Risk Management Committee with other Special Committees.
- 8.3. Without prejudice to the other procedures established, whenever deemed convenient, the Risk Management Committee may request from the heads of the various BI Divisions the information it deems necessary to perform its duties including information regarding the Group's activities.

## **9. SUPPORT STRUCTURES**

- 9.1. The Risk Management Committee may use all the means it deems necessary, including the hiring of external consultants and use the necessary funds to do so.
- 9.2. The Risk Management Committee may appoint, whenever it may deem necessary, one or more supporting members with experience in their areas of competence, to provide information and perform works with a view to substantiating its analyses and conclusions.



## **10. CONFLICTS OF INTEREST**

The Global Policy for the Prevention and Management of Conflicts of Interest in force at BI and published in the Internal Regulations System shall apply to the prevention and management of situations constituting actual or possible conflicts of interest.

## **11. AMENDMENTS**

- 11.1. Amendments to these Regulations shall be approved by a majority of the Members of the Board of Directors.
- 11.2. Without prejudice to the competence of the Board of Directors, the Risk Committee shall submit proposals to revise these Regulations whenever it may deem necessary.

## **12. FINAL PROVISIONS**

- 12.1. The provisions of the Regulations of the Board of Directors shall apply in all situations not provided for in these Regulations.
- 12.2. In case of conflict between any of the precepts of these Regulations and those of the Regulations of the Board of Directors, the provisions of the latter shall prevail.