



Banco Comercial Português, S.A.

**Regulations of the Model
Monitoring and Validation Sub-
Commission of Banco Comercial
Português, S.A.**

**REGULATIONS OF THE MODEL MONITORING AND VALIDATION SUB-COMMISSION OF
BANCO COMERCIAL PORTUGUÊS, S.A.**

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1. POWERS

- Monitoring the performance and confirming the validity of the rating systems and the various models used by the Bank within the scope of the risk management function (e.g. PD, LGD, CCF, market risks, ICAAP), based on the technical analysis of the models, the results of the performance indicators, the conclusions of the monitoring and validation exercises, in their qualitative and quantitative validation components (including backtesting and representativeness analyses);
- Definition of the measures needed to improve the quality of the models;
- Monitoring the results of the risk assessment of the models and defining concrete measures to mitigate them;
- Definition and monitoring of the model risk management framework and material changes related to the models used, taking into account the principles defined in the Model Risk Management policy;
- Monitoring the results and conclusions of validation exercises, including, where applicable, recommendations identified and, where justified, the results of monitoring model performance;
- Monitoring of the conclusions of the GAVM's assessment of the corrective measures presented by the model owners to remedy the recommendations previously issued;
- Presentation of proposals to the Risk Commission for approval of material changes relating to the models used in the Bank's risk management function.

2. FREQUENCY

Quarterly

3. MEMBERS

Members with voting right:

- Directors: CRO
- Coordination Managers: GAVM (secretary) DCR, DRAT, ROFF, DTMI⁽¹⁾, Model Owner(s)⁽¹⁾, Model Validator(s)⁽¹⁾

Any other executive director may take part in the meeting and shall have the right to vote.

In their absence, the Coordinating Managers of the aforementioned Divisions may propose to the directors who are part of the Sub-Commission a representative to replace them in the event of their absence, who, if accepted and belonging to the Top Management, will have the right to vote.

Non-voting guests

DAU (with observer status)

Employees of the Bank who are relevant to the topics under discussion may be invited to attend occasionally.

These employees will only take part in the meeting during the items that have justify the invitation.

4. QUORUM FOR RESOLUTIONS

3 members with voting rights, 1 of whom is an executive director.

5. DELEGATION OF POWERS

- The Model Monitoring and Validation Sub-Commission shall bind the Bank, including in relation to third parties, provided that its resolutions fall within the scope of the powers defined in these Regulations.
- Always in compliance with the internal regulations that apply to this Sub-Commission and its Divisions, the powers of the Executive Committee (EC) necessary for the performance of its duties and the inherent competences that the Board of Directors has not reserved for itself or for the other Commissions are delegated to it.
- Should any of the executive directors in attendance at the Sub-Commission decide that the matter should be submitted to the Risk Commission or the Executive Committee for deliberation, the delegation provided for in the preceding paragraphs shall lapse.

6. RESOLUTIONS

- Only the executive directors in attendance and the members of the Sub-Commission may vote.
- The Sub-Commission's decisions are taken by simple majority.
- Any of the executive directors in attendance may suspend appraisal of an item under discussion in the Sub-Commission and submit it for decision by the Risk Commission or the EC.
- Unanimous Written Resolutions may be adopted, provided that all members agree: executive directors and other members with voting rights.

7. CALL FOR MEETINGS

The secretary provides support for the meetings, ensures that the notice of the meeting is sent to the members in good time, and at the same time to the executive directors who are not members of the Sub-Commission, together with the respective agenda and supporting documents.

8. MINUTES OF MEETINGS

- The secretary draws up the minutes of the meetings in such a way that all participants can be properly identified, that the matters analyzed can be understood and that the decisions taken are meaningful and well-founded.
- Once approved, the minutes will be submitted to the next EC meeting for information.
- In the absence of the secretary, the directors in attendance shall appoint one from among the members with voting rights.

(1) Depending on the agenda

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Main changes: general revision of the document