The BPI Group’s Corporate Governance Report

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BPI complies fully with the CMVM’s recommendations relating to:

- the governance of quoted companies;
- the exercise of postal voting in open companies;
- the disclosure of information via the Internet.

The remuneration system of Banco BPI’s Board of Directors and its public disclosure comply with the principles and objectives laid down in the CMVM’s Recommendations on Corporate Governance, namely Recommendation no. 8, without expliciting the remuneration of each one of its members.

The present remuneration system (in force since 2001) is described in a separate chapter of the Report and includes, for the members of the Board of Directors’ Executive Committee a variable component denominated in shares and options, with its own rules which are defined and made public in each financial year. This component was created with the express goal of reinforcing the alignment of the Bank’s principal executives with the Institution’s and Shareholders’ interests.

In turn, the information model about the Board of Directors’ remuneration conditions, adopted since 2001, includes the following details:

- total, aggregate amount of all the remuneration earned by members of the Board of Directors, distinguishing between executive and non-executive members and between fixed and variable remuneration;
- individualised indication of the percentage of variable remuneration which the share incentive and options scheme (RVA) represents for each member of the Board of Directors’ Executive Committee in respect of the period covered by the Report;
- individualised indication of the quantity of shares and options attributed to each member of the Board of Directors’ Executive Committee under the share incentive and options scheme (RVA).

Having considered the interests of BPI and its present and future Shareholders, market needs and the objectives invoked in the CMVM’s recommendations, the Board of Directors’ Executive Committee is of the opinion that expliciting the individual remuneration of its members does not add any important information to these interests, needs and objectives vis-à-vis the practices already followed by the Bank. It has, however, accepted ahead of time the essence of CMVM Recommendation no. 8, in terms of which the remuneration of the members of the management body must be structured in such a way to permit an alignment of their interests with those of the company and must be the object of annual disclosure in individual terms.
Banco BPI’s Board of Directors hereby submits for the consideration of its Shareholders and the market its “Report on the BPI Group’s Corporate Governance” for 2003, in compliance with its information and transparency duty, and in conformity with prevailing regulations.

BPI’s Board of Directors has endeavoured to present a report that is increasingly complete, with the concern of responding positively to the initiatives1 of the Securities Market Commission (Comissão do Mercado de Valores Mobiliários – CMVM) and to refine the bank’s governance model and its reporting policy, in conformity with the orientations published by various European bodies, in particular, the European Commission.

Refinements to the 2003 Report
Of all the improvements made to the BPI Group’s Corporate Governance Report, the following should be highlighted:

- succinct description of the activity carried out and the principal decisions taken by Banco BPI’s governing bodies in 2003;

- revision of the areas of responsibility and the rules for the functioning of Banco BPI’s Board of Directors, the Executive Committee of Banco BPI’s Board of Directors and of the Audit and Internal Control Committee, by virtue of the alterations to the respective regulations in 2003;

- provision of complementary information about the remuneration of the members of the Board of Directors;

- information about the remuneration and independence of Banco BPI’s external auditors;

- in-depth review of the theme “ethics and professional conduct” namely, aspects associated with the prevention of conflicts of interest, violation of professional confidentiality, diligence and loyalty in stock broking activity, the combat against terrorism, money laundering and prevention of insider trading;

- enumeration of the proposals presented at the Shareholders’ General Meeting in the last four years and respective voting, as well as the preliminary agenda for the Annual General Meeting to be held on 20 April 2004 and the channels available for obtaining information about the event;

- the Investor Relations Division’s activity in 2003, including detailed information about the content and functionalities of the Investor Relations web site.

1) Embodied in the approval of CMVM Regulation no.11 / 2003 and in the revision of its “Recommendations on Corporate Governance”. 

1. Introduction
## 2. Guiding principles of the BPI Group’s governance policy

<table>
<thead>
<tr>
<th>Guiding principles of the BPI Group’s governance policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Transparency in management</strong></td>
</tr>
<tr>
<td>Internal information – in such a manner that the members of the Board of Directors, the members of the Audit Board and the members of the Audit and Internal Control Committee can carry out their oversight and supervisory functions with simplicity and efficacy.</td>
</tr>
<tr>
<td>External information – in such a manner that the Shareholders, authorities, auditors, investors and the community can broadly assess the quality and conformity of the information provided and the results attained.</td>
</tr>
<tr>
<td>2. <strong>Independence</strong></td>
</tr>
<tr>
<td>of the executive management vis-à-vis any individual Shareholder or specific interests.</td>
</tr>
<tr>
<td>3. <strong>Equity</strong></td>
</tr>
<tr>
<td>in the relationship with Shareholders, Customers and Employees.</td>
</tr>
<tr>
<td>4. <strong>Loyalty</strong></td>
</tr>
<tr>
<td>through the implementation of mechanisms which impede the occurrence of conflict of interest situations.</td>
</tr>
<tr>
<td>5. <strong>Efficiency</strong></td>
</tr>
<tr>
<td>in the functioning and interaction of the company’s governing and supervisory bodies.</td>
</tr>
<tr>
<td>6. <strong>Rigour</strong></td>
</tr>
<tr>
<td>in the management of the various risks underlying the Group’s operations.</td>
</tr>
<tr>
<td>7. <strong>Sharing</strong></td>
</tr>
<tr>
<td>through the adoption of committee-type models in decision-making processes and in the fostering of team spirit.</td>
</tr>
<tr>
<td>8. <strong>Performance and merit</strong></td>
</tr>
<tr>
<td>as fundamental criteria governing the remuneration policy as concerns Employees and Directors.</td>
</tr>
<tr>
<td>9. <strong>Harmony</strong></td>
</tr>
<tr>
<td>in the alignment between the interests of the Shareholders and those of Directors and Employees.</td>
</tr>
<tr>
<td>10. <strong>Creation of value</strong></td>
</tr>
<tr>
<td>as the ultimate goal of BPI’s Directors and Employees.</td>
</tr>
</tbody>
</table>
3. Structure, division of duties and functioning of the BPI Group's principal management and control bodies

3.1. THE STRUCTURE OF THE GROUP'S GOVERNANCE AND SUPERVISION

The BPI Group's major strategic guidelines are defined by Banco BPI's Board of Directors. These guidelines, which are periodically sanctioned by the Shareholders' General Meeting, are then implemented by the Executive Committee of Banco BPI's Board of Directors whose activity is systematically monitored by the latter.

Thus, the Board of Directors approves the annual operating plan and budget, assesses the Group's performance against the operating plan, deliberates about the taking of significant stakes in financial institutions, the acquisition of large positions in the capital of other companies and monitoring the evolution of credit and market risks, appraises the management of the pension funds and evaluates the behaviour of the investment portfolio and the management of the pension funds relative to the principal institutions which compete in the market and analyses all the opinions of rating agencies, supervisory entities and financial analysts with respect to the BPI Group's activity. At the plenary meetings – in 2003 seven such meetings were held – the Group's quarterly results and respective market announcements are approved.

The Executive Committee of Banco BPI's Board of Directors is the executive body responsible for the management of the Group's business operations. Its most important functions include the allocation of capital, evaluating the profitability of the main business areas, financial risk management, deciding on and monitoring credit risks, making decisions concerning investment or disinvestment in equity interests and defining human resources policy.

In order to ensure that all of the BPI Group's risk areas are monitored at close quarters, the Management Board set up an Internal Control Committee in 1999, which was recently renamed the Audit and Internal Control Committee.

This body includes four non-executive directors, two of whom are deputy-chairmen of the Board of Directors and has as its chief duties the appointment of the external auditors, the formulation of annual programmes for the internal and external audits, the monitoring of internal control procedures at the Group's two Portuguese banks, and overseeing the areas whose activities give rise to the most important operating risks borne by the BPI Group.

The Audit Board is responsible for monitoring all of Banco BPI's activity, ensuring compliance with the law and the company's statutes.

The Remuneration Committee fixes the remuneration of the members of Banco BPI's governing bodies, and evaluates the members of the Executive Committee of Banco BPI's Board of Directors and Banco Português de Investimento's Board of Directors for the purpose of calculating the respective annual variable remuneration.

The Company Secretary, besides performing the functions contemplated by the law, is responsible for relations with the various supervisory authorities, namely, the Bank of Portugal, CMVM (Securities Market Commission), Instituto de Seguros de Portugal (Insurance Institute of Portugal) and the Direcção Geral de Impostos e Inspeção de Finanças (Tax Department). Banco BPI's Secretary also has to prepare the minutes of Board of Directors and Executive Committee meetings, and then circulating these amongst all the members, while ensuring that supporting documents are made available at the Management Board meetings.

Banco BPI's statutes are available on the Investor Relations website located at the address www.ir.bpi.pt.

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1) In liaison with the representative for relations with the Securities Market.
3.2. GENERAL MEETING
Composition, mode of participation and attributions
Banco BPI’s General Meeting (GM) is the governing body where shareholders entitled to vote – that is, all those owning at least one thousand Banco BPI shares – deliberate and vote on matters of vital importance in the life of the company.

**Principal powers of the General Meeting:**

- Election of members of the Board of Directors, the Audit Board, the Remuneration Committee and the General Meeting Committee;
- Consideration of the Board of Directors’ annual report, discussion and voting on the consolidated and individual accounts, as well as on the Audit Board’s opinion;
- Review of the strategic orientation and policies adopted;
- Deliberation about the appropriation of the annual results, capital increases and the issue of bonds convertible into shares or with the right to subscribe for shares;
- Deliberation about changes to the statutes.

Shareholders owning less than one thousand shares can group together so as to attain this number and thus acquire the right to vote. In terms of the Company’s statutes, the votes cast by one single shareholder, whether in his own name or as the representative of another or others, that exceed twelve and a half per cent of the company’s share capital, shall not be taken into account.

Shareholders have three ways to participate at GM’s: personal attendance, representation (by other shareholders or third parties), postal voting and, for the first time at the Annual General Meeting to be held on 20 April 2004, shareholders may cast their vote by electronic means.

**Composition of the General Meeting Committee**

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Rui Manuel Chancerelle de Machete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy-Chairman</td>
<td>Vasco Manuel Airão Marques</td>
</tr>
<tr>
<td>Secretaries</td>
<td>Galucho – Indústrias Metalomecânicas, S.A. (represented by Vitalina Justino Antunes)</td>
</tr>
<tr>
<td></td>
<td>Produtos Sarcol, Lda. (represented by Estela M. Barbot)</td>
</tr>
</tbody>
</table>

Functioning rules
Pursuant to the law, the Annual General Meeting must meet before the end of May.

The Committee Chairman must convene an extraordinary General Meeting whenever this is requested by the Board of Directors, by the Audit Board, by shareholders owning shares corresponding to at least 5% of the share capital or in other cases contemplated in the law.

The General Meeting can deliberate at its first convocation irrespective of the number of shareholders present or represented, with the exception of motions relating to alterations to the Bank’s statutes or merger and demerger operations or the company’s dissolution, amongst other special situations envisaged in the law. For these cases it is necessary that shareholders owning shares corresponding to at least one third of the company’s capital must be present or represented. At the second convocation, the Meeting can deliberate irrespective of the number of shareholders present or represented and the capital represented by them.

At the last three Meetings held on 3 April 2002, 8 November 2002 and 10 April 2003, shareholders owning shares corresponding to 57.2%, 60.4% and 59.3% of the voting rights, respectively, were present or represented.

The Shareholder or Shareholders owing shares corresponding to at least 5% of the share capital can request that certain matters be included in the order of business of a General Meeting already convened or to be convened.

During the course of General Meetings, any shareholder can request that information be supplied so that he can form a substantiated opinion about the matters being deliberated. Notwithstanding the faculty expressed in the previous paragraph, the motions presented to the Shareholders’ meeting have as rule been at the initiative of the Board of Directors.

**Results of the Shareholders’ Meetings since 2000**

The motions presented in General Meeting have consistently been approved by all or almost all of the shareholders present or represented thereat as can be seen from the table below:
Annual General Meeting in 2003

Banco BPI’s Shareholders’ General Meeting met once in 2003, on 10 April. It was attended by Shareholders or their representatives owning shares corresponding to 59.3% of the voting rights, with Shareholders having deliberated and approved the following motions:

<table>
<thead>
<tr>
<th>Motion</th>
<th>In favour</th>
<th>Abstentions</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco BPI individual and consolidated annual report and accounts for the financial year ended December 31, 2002.</td>
<td>99.986%</td>
<td>0.014%</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation of net income for 2002, including the payment of a 8 cents dividend per share to be attributed to each of the 760 000 000 shares in issue at 31 December 2002.</td>
<td>100.000%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vote of confidence and praise to the Board of Directors and Audit Board, extended each and every member of the governing bodies, for the manner in which they carried out their respective mandates during 2002.</td>
<td>99.546%</td>
<td>0.446%</td>
<td>0.009%</td>
</tr>
<tr>
<td>Amendments to Articles 2, 7, 8, 11, 14, 16, 17 and 18 of the Company’s Articles of Association.</td>
<td>100.000%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition and disposal of own shares.</td>
<td>99.988%</td>
<td>0.002%</td>
<td>-</td>
</tr>
<tr>
<td>Ratify the co-optation made to fill a vacancy on the Board of Directors.</td>
<td>99.986%</td>
<td>0.002%</td>
<td>-</td>
</tr>
</tbody>
</table>
BPI adopts the policy of publicly announcing at the conclusion of the General Meeting, the results of the Shareholders' deliberations via the announcement publicised on the CMVM’s website (www.cmvm.pt), and sent to the general and specialist media bodies and through BPI’s Investor Relations website (www.ir.bpi.pt).

Annual General Meeting – 20 April 2004

The next Annual General Meeting will be held on 20 April, at 11:00, at the Fundação de Serralves in the city of Oporto. The Board of Directors will propose to the Shareholders the deliberation and vote of the following motions:

1. To receive and, if deemed fit, adopt Banco BPI’s individual and consolidated annual report and accounts for the financial year ended December 31, 2003;

2. To resolve on the proposed appropriation of net income for 2003;

3. To review the Company’s management and supervision;

4. To resolve the fulfilment of a vacancy in the Board of Directors;

5. To resolve on the proposed amendments to Article 12 of the Company’s Articles of Association;

6. To resolve on the acquisition and disposal of own shares.

BPI is permanently concerned with encouraging Shareholder participation in the company’s affairs, in particular, at General Meetings. To this end, it actively promotes the exercise of voting rights – in person, by proxy or by postal or electronic mail, making available to Shareholders all the information and means needed to participate at these meetings, well beyond what is required by law. All the information is provided to Shareholders simultaneously in Portuguese and English.

Preparatory information for the Shareholders’ General Meeting of 20 April 2004 and available information media

<table>
<thead>
<tr>
<th>Communication channels</th>
<th>Made available by BPI</th>
<th>Other channels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In person</td>
<td>Internet</td>
</tr>
<tr>
<td>Elements required by law or regulations²</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Meeting notice</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Board of Directors’ Proposals:</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Alteration to the Statutes</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Other proposals</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Report and accounts⁵ for the 2003 financial year</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Other management and supervisory positions exercised in other companies by members of governing bodies</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Included in the Board of Directors’ Report, individual and consolidated accounts, legal certification of accounts and opinion of the Audit Board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name, qualifications and professional experience of a new member to propose to the Board of Directors</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Additional elements made available by BPI</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Drafts of proxy vote forms</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Request for the issue of a registration and mobilisation declaration</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bailled papers for the exercise of postal voting</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Drafts forms for the exercise of voting by means electronic</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Clarification of matters</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Banco BPI’s Statutes and Regulations</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Results of voting on the proposals</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

1) At Banco BPI’s head office (Investor Relations Division, Rua Tenente Valadim, n.º 284, 3.º andar, Porto) and in Lisbon, at Public Relations Division, at Largo Jean Monnet, n.º 1, 1.º andar.
2) Postal address: Shareholders’ General Meeting – April 2004, Departamento de Títulos - Área de Fundos e Serviços, Rua Tenente Valadim, 284, 4100-476 Porto.
3) Companies Code (article 289) and CMVM Regulations (no. 11/2003).
4) Sent to Shareholders entitled to 5 or more voting rights.
5) Directors’ Report, individual and consolidated accounts, legal certification of accounts and opinion of the Audit Board.

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3.3. BOARD OF DIRECTORS

Responsibilities of the Board of Directors

Banco BPI’s Board of Directors is the governing body charged with pursuing the company’s general interests, through the practice of all the acts necessary or appropriate for carrying out the activities falling under the company’s objects. The Board of Directors has delegated the company’s day-to-day management to an Executive Committee within the limits defined in the respective regulations.

Specific responsibilities of the Chairman of the Board of Directors

The Chairman of the Board of Directors is responsible for coordinating the Board’s activity, chairing the respective meetings and overseeing the execution of its deliberations. It is also the Chairman’s duty to act as the institution’s front-line representative before the public powers and other authorities.

The Board of Directors’ principal responsibilities

- appointing members to the Executive Committee and systematically monitoring its activity;
- approving the strategic plan, as well as the BPI Group’s annual operating plan and budget, periodically monitoring its execution;
- approving and monitoring risk exposures in excess of 15% of shareholders’ equity;
- annually evaluating the Bank’s internal rating system, applied to all the companies with credit risk and whose turnover exceed EUR 1.25 million;
- monitoring the BPI Group’s principal financial holdings;
- making decisions regarding strategic investments and partnerships;
- monitoring the evolution of the liabilities and assets of the Group’s staff pension funds;
- preparing the annual report and accounts and proposals for the appropriation of net profit for submission to the General Meeting;

- proposing to the General Meeting any alterations to the memorandum and articles of association, share capital increases and bond issues which fall outside its jurisdiction (bonds convertible into shares and bonds with the right to subscribe for shares);
- decide on the issue of bonds when this falls within its authority;
- approve the code of conduct of the companies controlled by the Group.
- representing the company in and out of court, as plaintiff and defendant, to institute and contest any legal or arbitration proceedings, to confess, withdraw or reach agreement on any actions;
- to acquire, sell or encumber any assets or rights;
- to appoint authorised signatories for the practice of specific acts, defining the extension of their respective mandates.
Structure
Banco BPI’s Board of Directors is presently composed of 19 members, seven of whom make up the Executive Committee.

Structure of Banco BPI’s Board of Directors

| Chairman | Artur Santos Silva |
| Deputy-Chairmen | Carlos da Câmara Pestana | Fernando Ulrich | Rui Octávio Matos de Carvalho |
| Members | Alfredo Rezende de Almeida | António Domingues | António Farinha Morais | Armando Leite de Pinho | Fernando Ramirez | Isidro Fainé Casas | João Sanguinetti Talone | José Pena da Amaral | Klaus Dührkop | Manuel de Oliveira Violas | Manuel Ferreira da Silva | Maria Celeste Hagatong | Diethart Breipohl | Roberto Egydeo Setúbal | Tomaz Jervell |

1) Representing Caixa Holding, S.A.
2) Representing RAS International, N.V.
3) Representing IPI – Itaúsa Portugal, SGPS, S.A.
4) Representing Cotesi – Companhia de Têxteis Sintéticos, S.A.
5) Representing Arsopi – Indústria Metalúrgica Arlindo Soares de Pinho, S.A.

Members of the Board of Directors are elected for three-year periods, with re-election always being permitted.

Independence of Members’ of the Board of Directors

The Board is composed of nineteen members. In terms of the criteria laid down in CMVM Regulation 11/2003, five directors of Banco BPI are classified as “non independents” by virtue of the fact that they exercise management functions at companies which can be considered to be BPI competitors; namely:

- The directors Carlos da Câmara Pestana and Roberto Egydeo Setúbal exercise management functions at Itaú Group companies;
- The directors Isidro Fainé Casas and Fernando Ramirez exercise management functions at “La Caixa” Group companies;
- The director Diethart Breiphol exercises management functions at Crédit Lyonnais and Banco Popular Español.

Additionally, it should be pointed out that the non-executive director Klaus Dürkop represents the shareholder Allianz which owns 8.8% of BPI’s capital at 31 December 2003; the non-executive director Armando Leite de Pinho represents the Allianz–group, and persons and entities with whom he is related own 2.9% of BPI’s capital; the non-executive director Manuel de Oliveira Violas is Chairman of the Board of Directors of Violas SGPS, S.A. which owns a stake of 2.9% in BPI’s capital and the non-executive director Tomaz Jervell is Chairman of AutoSueco, Lda’s Management Board, a company which controls 1.6% of BPI’s share capital.
Functioning rules

The Board of Directors can only pass resolutions when the majority of its members are present or represented. Resolutions can only be passed by an absolute majority of votes, with the Chairman having the casting vote. Any member of the Board of Directors can be represented by another member of the Board of Directors, but none may represent at any meeting more than one member.

Information about non-executive members

With the object of keeping the non-executive directors permanently abreast of the Group's affairs, they are sent monthly information concerning the Group's consolidated economic and financial situation, as well as the performance of the principal business units, including the situation regarding Banco BPI's pension fund. This information gives an account of the most important changes that took place and compares, whenever possible, monthly and accumulated trends with budgeted and previous-year figures. In parallel, the non-executive directors are regularly informed of the main decisions taken by the Executive Committee by way of a document prepared by the Company Secretary, who attends and prepares the minutes of all the meetings of the Executive Committee.

Regulations and codes of conduct

It is the Board of Directors' responsibility to regulate its internal functioning through the drafting and approval of regulations. The Board of Directors' and the Executive Committee's regulations were last revised on 3 December 2003 and are available for consultation by the shareholders either at the company's head office or on the website www.ir.bpi.pt.

All the members of the Board of Directors are bound by a strict duty of confidentiality concerning matters discussed at Board of Directors' meetings and at the meetings, if applicable, of the Remuneration Committee and of the Audit and Internal Control Committee.

The members of the Board of Directors are similarly bound by rigorous duties of information and action with the object of ensuring that, in the performance of their functions, they are not put in a situation which could indicate the existence or possible existence of conflicts of interests.

Conflicts of interest

**Article 9 of the Board of Directors Regulations**

1. The members of the Board of Directors must disclose any interest, direct or indirect, which they, any member of their families or entities with which they have professional ties, may have in a company in respect of which the possibility is being considered of acquiring a participating interest, or where the BPI Group's Banks or companies are considering granting a loan or provide any service.

2. In the circumstances referred in the preceding paragraph, they must describe the nature and extent of such any interest and, in the case where this is substantial, they must refrain from taking part in the discussion and/or vote of any proposal that refers to the said operation.

Portuguese law\(^1\) provides that the directors, as well as the members of the Audit Board, are jointly liable to the company and to the company's creditors\(^2\) for culpable non-compliance with legal requirements and statutory duties.

The members of the Board of Directors owned in their own names at 31 December 2003, 0.5% of the share capital and represented shareholders or exercised management functions at shareholder companies which, at 31 December 2003, held shares corresponding to 48.3% of Banco BPI's capital.

Details of the other positions occupied by members of Banco BPI's Board of Directors at BPI Group or other companies are presented in the appendix at the end of this report.

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1) Companies Code – Chapter VII: "Civil responsibility for the constitution, management and supervision of the company".
2) When the company's net assets are inadequate to meet the aforementioned debts.
Exercise of the Board’s functions in 2003

The Board of Directors met seven times in 2003. At its meetings of 29 January and 3 March 2004, the Board of Directors analysed and deliberated about matters relating to 2003, in particular the approval of the year’s report and accounts and the proposed distribution of net profit to be presented to the shareholders. During the 2003 financial year and at the meetings of 29 January and 3 March 2004, Banco BPI’s Board of Directors deliberated and approved amongst others the following issues:

Main deliberations of the Board of Directors

Responsibility for defining the Group’s general policies
- 29 Jan. 2004: Reflection concerning the BPI Group’s strategic options over the medium term
- 24 Apr. 2003: Approval of the alteration to the BPI Group’s Budget for 2003
- 3 Dec. 2003: Approval of the BPI Group’s Plan and Budget for 2004

Responsibility for preparing the accounts and proposing the appropriation of net profit
- 27 Feb. 2003: Approval of the draft Report and Accounts and the Proposed Appropriation of Net Profit relating to 2002 and 2003, respectively, for presentation to the Shareholders’ General Meeting
- 3 Mar. 2004: Approval of the BPI Group’s Plan and Budget for 2004

Power to issue of bonds
- 24 Apr. 2003: Renewal / revision of the “Euro Medium Term Note Programme” (EMTN Programme) and increasing of the respective overall amount

Initiatives for the presentation of proposals to the Shareholders’ General Meeting
- 27 Feb. 2003: Approval of the proposals for the convening of the Shareholders’ Ordinary General Meetings held on 10 April 2003 and 3 Mar. 2004 to be held on 20 April 2004, respectively, as well as the proposals to be tabled by the Board of Directors at those Meetings

Legal powers
- 11 Sep. 2003: Approval of the proposed merger, by incorporation, of Crediuniverso – Serviços de Marketing, S.A. into Banco BPI, S.A.

Internal functioning rules
- 3 Dec. 2003: Approval of the appointment of Deputy-Chairman Fernando Ulrich to the post of Chairman of the Executive Committee of the Board of Directors with effect from the holding of the Shareholders’ General Meeting convened for 20 April 2004
- 24 Apr. 2003: Approval of the introduction of changes to the Board of Directors’, Executive Committee of the Board of Directors’ and the Audit and Internal Control Committee’s Regulations

Responsibility for pursuing the company’s general interests and undertaking the management of its business affairs
- 3 Feb. 2003: Consideration of the consolidated accounts relating to 2002 and 2003, respectively, and discussion about their public release
- 29 Jan. 2004: Consideration of the consolidated accounts relating to 2002 and 2003, respectively, and discussion about their public release
- 24 Apr. 2003: Consideration of consolidated accounts for the first and third quarters of 2003, respectively, and discussion about their public release
- 30 Jul., 23 Oct. e 3 Dec. 2004: Analysis of the performance of the principal investments which comprise BPI’s investment portfolio and approval on 30 July 2003, of the sale of the shareholding in Banc Post and the acquisition of 50% of Crediuniverso’s capital
- 30 Jul. 2003: Approval of the guarantee given by Banco BPI for the issue by BPI Capital Finance Ltd (or another subsidiary to be constituted for this purpose) of up to two hundred and fifty million euro in non-voting preference shares
- 30 Jul., 23 Oct. e 3 Dec. 2003: The Board of Directors was informed by the Chairman of the Audit and Internal Control Committee about the activity carried out by this body
- 3 Mar. 2004: Analysis of the state of the Portuguese economy and its prospects

Legal powers
- 23 Oct. 2003: Review of BPI’s commercial position in the Portuguese financial system by reference to a number of characteristics of perception by the markets, own attributes and products
- 23 Oct. 2003: Review of the quality of services provided by Banco BPI and by its branches (measured on the basis of the Service Quality Index)
ANNOUNCEMENT OF A CHANGE IN THE COMPOSITION OF BANCO BPI’S BOARD OF DIRECTORS

Eng. João Talone, a non-executive member of BPI’s Board of Directors, has decided to renounce his mandate which would have terminated at the end of 2004, thereby ending his professional career at the age of 80. His decision becomes effective at the next General Meeting scheduled to be held on 20 April.

Eng. João Talone obtained his degree in mine engineering from the Instituto Superior Técnico and concluded his studies by obtaining a masters degree at the University of Lovaina in 1948, with distinction. He then embarked on his professional career as Technical Manager of Companhia União Fabril Portuense (CUFP), the company which after its nationalisation gave origin to Unicer. He was the principle person responsible for CUFP’s considerable growth, having served as Director, Managing Director and then Chairman of the Board of Directors. As CUFP’s representative, he held the office of Director of CUCA, Angola’s pioneer and leading brewery. From 1972 until its nationalisation in 1975, he exercised successively the functions of executive Director of Banco Português do Atlântico, where he set up the area dedicated to the promotion and monitoring of industrial investments. He served on the Brewing Sector’s Restructuring Commission from 1975 to 1976 and was a Director of the Artois Group (Belgium), one of Europe’s leading brewing companies. After Unicer’s privatisation, he was appointed Deputy-Chairman of its Board of Directors, representing BPI. He was also a member of the United States Brewers Academy.

Eng. João Talone has participated in the BPI project since its inception, having been a promoter, founder and member of
SPI – Sociedade Portuguesa de Investimentos’s Management Board (the institution which subsequently gave origin to the Bank). He sat on its General Board and on its Special Committee until this body’s transformation into the Board of Directors, of which he has always been a member.

BPI’s Board of Directors and principal shareholders express their sincerest gratitude to Eng. João Talone for his invaluable contribution to the Group’s creation, affirmation and success.

The name of Dr. Pedro Barreto will be proposed to the General Meeting to occupy the vacant position on the Board of Directors. If elected by the General Meeting, Dr. Pedro Barreto will be appointed by the Board of Directors to its Executive Committee. Dr. Pedro Barreto, who is 38 years of age, holds a Business Management degree from the Lisbon Catholic University and attended the Stanford University (California) Executive Training Programme. He joined BPI in October 1988 and since November 1998 has held the position of Senior Manager of Individuals’ Marketing. In August 2000 he was appointed a member of Commercial Banking’s Executive Committee, having played an important role in the Bank’s modernisation and growth.

Oporto, 5 March 2004

Banco BPI’s Board of Directors
3.4. EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Responsibilities of the Executive Committee

The Executive Committee of Banco BPI’s Board of Directors (Executive Committee) is the body responsible for the overall management of the Group’s business activity. All the members of the Executive Committee play an active role in the day-to-day management of the Group’s business, and are responsible for one or more specific business areas in accordance with their profile and their individual specialist areas. Without prejudice to the greater or lesser focus of one or other member in a particular area, the decision-making process in matters relating to the Group’s strategic direction is done on a collective basis.

Wide powers are also vested in the Executive Committee of Banco BPI’s Board of Directors, necessary or appropriate for the exercise of banking activity.

Principal responsibilities of the Executive Committee

- Concession of loans and guarantees, provided that this does not result in an involvement in one only entity or Group of more than 15% of Banco BPI’s consolidated shareholders’ funds;
- Realisation of currency operations;
- Realisation of liability-side operations, including the issue of cash bonds and financial instruments of a similar nature;
- Investing or disinvesting in other companies, with the exception of the participating interest in Banks and Insurance Companies;
- Acquisition, sale or encumbering of any other securities, properties, movable goods and services;
- Admission of Employees, defining their remuneration and the exercise of disciplinary power;
- Opening and closure of branches or agencies;
- Nomination of the Bank’s representatives at the General Meetings of the companies in which it has equity interests;
- Nomination of the persons to serve on the governing bodies to which the Company has been elected;
- Issue of binding instructions to the companies over which there is full control;
- Representation of the Bank in and out of court;
- Constitution of authorised signatories for the performance of specified acts.

The Executive Committee is barred from all management acts which are not envisaged on the list included in its regulations.

Responsibilities of the Executive Committee’s Chairman

The Chairman of the Executive Committee is responsible for coordinating its activities, to convene and chair the Committee’s meetings, overseeing the execution of its deliberations. The responsibilities of the Chairman of the Board of Directors’ Executive Committee are perfectly delimited through the existence of two autonomous regulations which encapsulate the responsibilities of each one. Although the essence of these regulations is included in this Report, the full version of both can be consulted at the website www.ir.bpi.pt or on request to the Investor Relations Division (investor_relations@bpi.pt).

Composition of the Executive Committee

The Executive Committee is composed of seven independent executive directors.

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Artur Santos Silva</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy-Chairman</td>
<td>Fernando Ulrich</td>
</tr>
<tr>
<td>Members</td>
<td>António Domingues</td>
</tr>
<tr>
<td></td>
<td>José Pena do Amaral</td>
</tr>
<tr>
<td></td>
<td>Maria Celeste Hagatong</td>
</tr>
<tr>
<td></td>
<td>Manuel Ferreira da Silva</td>
</tr>
<tr>
<td></td>
<td>António Farinha Morais</td>
</tr>
</tbody>
</table>

In total, the members of the Executive Committee owned 0.2% of the company’s capital at 31 December 2003.
## Experience and professional qualifications of members of Banco BPI’s Executive Committee of the Board of Directors

### Artur Santos Silva (Chairman)

<table>
<thead>
<tr>
<th>Date of birth</th>
<th>22 May 1941 (62 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic qualifications</td>
<td>1985: Stanford Executive Program, Stanford University 1963: Law graduate from the Universidade de Coimbra</td>
</tr>
<tr>
<td>Principal positions held at the BPI Group</td>
<td>Chairman of Banco BPI’s Board of Directors  Chairman of Banco BPI’s Executive Committee  Chairman of the Board of Directors of Banco Português de Investimento  Chairman of the Board of Directors of Banco de Fomento Angola</td>
</tr>
<tr>
<td>Joined the BPI Group</td>
<td>1981: Chairman of SPI – Sociedade Portuguesa de Investimentos</td>
</tr>
<tr>
<td>Professional experience</td>
<td>1977-78: Vice-Governor of the Bank of Portugal 1975-76: Secretary of State for the Treasury 1968-75: Director of Banco Português do Atlântico 1963-67: Lecturer at the Faculty of Law at the Universidade de Coimbra, in the subjects of Public Finance and Political Economy</td>
</tr>
</tbody>
</table>

### Fernando Ulrich (Deputy-Chairman)

<table>
<thead>
<tr>
<th>Date of birth</th>
<th>26 April 1952 (51 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal positions held at the BPI Group</td>
<td>Deputy-Chairman of Banco BPI’s Board of Directors  Deputy-Chairman of the Executive Committee of Banco BPI’s Board of Directors  Deputy-Chairman of Banco Português de Investimento  Deputy-Chairman of Banco de Fomento Angola</td>
</tr>
<tr>
<td>Principal areas of responsibility at the BPI Group</td>
<td>Overall responsibility for retail banking, Accounting and Planning, Real Estate Financing and Asset Management</td>
</tr>
<tr>
<td>Joined the BPI Group</td>
<td>1983: Assistant Director of SPI – Sociedade Portuguesa de Investimentos</td>
</tr>
<tr>
<td>Professional experience</td>
<td>1981-83: Chief of the Office of the Minister of Finance and Planning 1979-80: Officer in the Secretariat for External Economic Cooperation of the Foreign Affairs Ministry (Relations with the EFTA, OECD and GATT) 1975-79: Member of the Portuguese Delegation at the OECD(Paris), responsible for economic and financial matters 1973-74: In charge of the Financial Markets section of the weekly newspaper “Expresso”</td>
</tr>
</tbody>
</table>

### António Domingues (Member)

<table>
<thead>
<tr>
<th>Date of birth</th>
<th>30 December 1956 (47 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic qualifications</td>
<td>1979: Economics graduate from the Instituto Superior de Economia (ISE); Prof. Beirão da Veiga prize for the highest classification in the degree course</td>
</tr>
<tr>
<td>Principal positions held at the BPI Group</td>
<td>Member of Banco BPI’s Board of Directors  Member of Banco BPI’s Executive Committee  Member of the Board of Directors of Banco de Fomento Angola  Chairman of the Executive Committee of Banco de Fomento Angola</td>
</tr>
<tr>
<td>Principal areas of responsibility at the BPI Group</td>
<td>Financial Division, International Division, Information Systems, Cards, Operations and Procurement, Security and Premises and Fixed Assets</td>
</tr>
<tr>
<td>Joined the BPI Group</td>
<td>1989: Director responsible for the Financial Division of Banco Português de Investimento</td>
</tr>
</tbody>
</table>
José Pena do Amaral (Member)

Date of birth 29 November 1955 (48 years)

Academic qualifications 1978: Economics graduate from the Instituto Superior de Ciências do Trabalho e da Empresa

Principal positions held at the BPI Group Member of Banco BPI's Board of Directors

Principal areas of responsibility at the BPI Group Communication, Brand, Quality, Training, Insurance, Protocol Banking, Automatic Banking, Motor Car Finance and Personal Loans

Joined the BPI Group 1986: Advisor to the Management of Banco Português de Investimento

Professional experience
1986-96: Consultant of Casa Civil of the President of the Republic for European Affairs
1983-85: Head of the Office of the Minister of Finance and Planning; Permanent member of the Portuguese Ministerial delegation in the negotiations for Portugal’s accession to the European Economic Community
1982-83: Member of the Office of the consultants Jalles & Vasconcelos Porto; Correspondent of the newspaper “Expresso”, Rádio Televisão Portuguesa and “Deutsche Welle” in Brussels
1980-82: Head of the Delegation of “ANOP” in Brussels
1979-80: Editor of the Economic Supplement of the "Diário de Notícias"
1975-80: Journalist for the “Diário de Notícias”

Maria Celeste Hagatong (Member)

Date of birth 2 July 1952 (52 years)

Academic qualifications 1977: Finance graduate from the Instituto Superior de Economia da Universidade Técnica de Lisboa

Principal positions held at the BPI Group Member of Banco BPI's Board of Directors

Principal areas of responsibility at the BPI Group Corporate Banking, Wholesale Banking, Corporate Marketing, Institutional Banking and Project Finance

Joined the BPI Group 1985: Manager of Financial Services at the Directorate-General of the Treasury of the Ministry of Finance

Professional experience
1984-85: Member of the Board of Directors of the Fonds de Rétablissement du Conseil de L’Europe
1974-77: Responsible for the Department of Local Finance of the Ministry for Internal Administration

Manuel Ferreira da Silva (Member)

Date of birth 25 February 1957 (47 years)

Academic qualifications 1982: MBA, post-graduate course in Business Management from the Universidade Nova de Lisboa in collaboration with the Wharton School (University of Pennsylvania)
1980: Economics degree from the Economics Faculty of the Universidade do Porto.

Principal positions held at the BPI Group Member of Banco BPI's Board of Directors

Principal areas of responsibility at the BPI Group Investment Banking, Private Equity, Investor Relations and Risk Analysis and Control

Joined the BPI Group 1983: Technical member of the Department of Financial Operations of SPI – Sociedade Portuguesa de Investimentos

Professional experience
1980-89: Lecturer at the Economics Faculty of the Universidade do Porto
1981-83: Assistant Director of the Navy’s Centre of Operational Investigation

António Farinha Morais (Member)

Date of birth 2 August 1951 (52 years)

Academic qualifications 1974: Finance graduate from the ISCEF

Principal positions held at the BPI Group Member of Banco BPI's Board of Directors

Principal areas of responsibility at the BPI Group Individuals and Small Businesses Network, Individuals Loan Risks, Emigration

Joined the BPI Group 1996: Central Manager responsible for Banco BPI's Individuals and Small Businesses Network

Professional experience
1992-96: Director of Banco de Fomento e Exterior and of Banco Borges & Irmão
1992: Director of Companhia de Seguros Aliança
1989-91: Director of Banco Pinto & Sotto Mayor
1984-89: Director of the companies SEFIS and Eurofinanceira (BFE Group)
1981-89: Director of Financial Services and Capital Markets of Banco de Fomento e Exterior
1978-81: Technical analyst of investment projects at Banco de Fomento e Exterior
1975-82: Lecturer at the Instituto Superior de Ciências do trabalho e a Empresa and at the Instituto Superior de Contabilidade e Administração de Lisboa
1967-78: Administrative and financial manager for a group of 4 companies
Change in the Chairmanship of Banco BPI’s Executive Committee

Banco BPI’s Board of Directors approved a resolution on 3 December 2003 appointing the Deputy-Chairman Fernando Ulrich to the office of Chairman of the Executive Committee of the Board of Directors, with effect from the holding of the Shareholders’ General Meeting convened for 20 April 2004. The following is a reproduction of the announcement made at the time.

(Important fact)

At its meeting held in Lisbon on 3 December 2003, Banco BPI’s Board of Directors unanimously approved the appointment of Deputy-Chairman Fernando Ulrich to the position of Chairman of the Board of Directors’ Executive Committee, with effect from the date of the next General Meeting which is expected to be held in April 2004.

Mr Fernando Ulrich’s appointment was proposed by the Chairman of the Board of Directors, Mr Artur Santos Silva, who will cease executive functions on the same date, after the approval of the 2003 accounts, that is, the year in which he turned sixty two years of age. In terms of article 26(3) of the Statutes, 62 is the age limit for the exercise of executive functions at the Bank. This age limit for the exercise of executive functions on the Board of Directors was fixed in 1998 following a proposal put forward by the Chairman of the Board of Directors, Artur Santos Silva.

The officers serving on BPI’s governing bodies are elected in General Meeting for terms of three years (renewable). The Board of Directors members appoint from amongst their number the members of the Executive Committee and its Chairman. The present mandate terminates in April 2005, with those currently in office being the Board Chairman, Artur Santos Silva, and the Deputy-Chairmen, Carlos da Câmara Pestana, Ruy de Carvalho and Fernando Ulrich, as well as the Board members.

The members of BPI’s Board of Directors expressed their heartfelt appreciation for the Artur Santos Silva’s remarkable achievements as leader and founder of BPI, the first private financial institution created in Portugal since 1974. They manifested their satisfaction with the fact that he will continue to serve as the Bank’s Board of Directors Chairman, as well as the Chairman of the Audit and Internal Control Committee.

The members of the Board of Directors congratulate themselves with the appointment of Fernando Ulrich as the Executive Committee’s Chairman, thereby underscoring his decisive role in the BPI Group’s growth since he joined in July 1983, and his excellent working relationship with the Board of Directors’ Chairman, Artur Santos Silva. This affinity is considered to be especially important for ensuring proper coordination between the Board of Directors and its Executive Committee in this new phase of the Bank’s evolution, when the two management bodies will be chaired for the first time by different persons.

Lisbon, 3 December 2003

The Board of Directors

Functioning rules

The Executive Committee can only adopt resolutions when the majority of its members are present, with such decisions requiring an absolute majority of the votes. The Chairman has the casting vote. Proxy voting is not permitted. The directors who are members of the Executive Committee relinquish their positions on the Committee once the accounts relating to the financial year in which they celebrate their sixty-second birthday are approved. The Executive Committee met 51 times in 2003.
Specialised Executive Committees

The Executive Committee meets at least once a month for the purpose of dealing with matters of general interest relating to Banco BPI and its subsidiaries. It is involved on a weekly basis with the specialised areas of the Group’s management, for which three specific committees were created:

- Executive Committee for Commercial Banking
- Executive Committee for Credit Risks
- Executive Committee for Market Risks

3.4.1. Executive Committee for Commercial Banking

The Executive Committee for Commercial Banking is presided over by the Deputy-Chairman of the Executive Committee of Banco BPI’s Board of Directors. It is the body responsible for managing the technological infrastructure, the central support structures of the commercial networks and for the activity relating to following Customer segments: Individuals, Small Businesses and Companies.

The Committee is composed of five Banco BPI executive directors – Fernando Ulrich, António Domingues, José Pena do Amaral, Maria Celeste Hagatong and António Farinha Morais – a non-executive director of the investment bank – Manuel Menezes – and two central managers from Banco BPI – Benjamim Pinho and Pedro Barreto – whose areas of responsibility are referred to in the table below:

Principal areas of responsibility of Commercial Banking’s Executive Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Areas of Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fernando Ulrich</td>
<td>Overall responsibility for retail banking, Accounting and Planning, Property Financing and Asset Management</td>
</tr>
<tr>
<td>José Pena do Amaral</td>
<td>Communication, Brand, Quality, Training, Insurance, Protocol Banking, Automated Banking, Motor Car Finance and Personal Credit</td>
</tr>
<tr>
<td>Maria Celeste Hagatong</td>
<td>Corporate Banking, Wholesale Banking, Corporate Marketing, Institutional Banking and Project Finance</td>
</tr>
<tr>
<td>António Farinha Morais</td>
<td>Individuals and Small Businesses Network, Credit Risks – Individuals, Emigration</td>
</tr>
<tr>
<td>Manuel Menezes</td>
<td>Audit and Inspection, Securities and Transfer, Organisation, Equipment Leasing, Factoring, Documentary Credits and Customer Resources</td>
</tr>
<tr>
<td>Benjamim Pinho</td>
<td>Credit Risks – Companies</td>
</tr>
<tr>
<td>Pedro Barreto</td>
<td>Operational and Strategic Marketing and New Channels (Internet, Telephone Banking and Electronic Banking)</td>
</tr>
</tbody>
</table>

3.4.2. Executive Committee for Credit Risks

The Executive Committee for Credit Risks is the body that takes the principal decisions relating to aspects referring to the concession, monitoring and recovery of loans. This body includes (besides members of Banco BPI’s Executive Committee) two directors of the investment bank – Francisco Costa and Maria do Carmo Oliveira, responsible for the South and North Wholesale Banking areas, respectively – the central manager – Benjamim de Pinho – responsible for the Credit Risk Division, the central manager – Filipe Cartaxo – responsible for Institutional Banking, and the central managers of Corporate Banking – Maria Isabel Lacerda (Large Companies Northern Division), João Alvares Ribeiro (Medium-sized Companies Northern Division), João Coutinho (Large Companies Southern Division) and Joaquim Pinheiro (Medium-sized Companies Southern Division). Since February 2004 the Central Manager João Ermida, responsible for the Markets Division, has also formed part of this body.
3.4.3. Executive Committee for Market Risks

The Executive Committee for Market Risks is the body charged with analysing the conformity of the positions and mechanisms associated with the evaluation of interest, currency and equities risks. This body comprises, besides members of Banco BPI’s Executive Committee, the director of the investment bank Rui Martins dos Santos, responsible for the Risk Analysis and Control areas and the Department of Economic and Financial Studies, and the central manager Isabel Castelo Branco, responsible for the Financial Divisions of the Group’s two banks and the central manager José Manuel Toscano, head of the Group’s International Division. Since February 2004, the Central Manager João Ermida has also joined this body.

The policy, procedures and allocation of powers amongst the Group’s various bodies and departments on matters relating to the control and management of the Group’s risks – credit risk, market risk, liquidity risk and operational risk – are described in detail in a separate chapter of the directors’ report.
3.5. BOARD OF DIRECTORS’ AUDIT AND INTERNAL CONTROL COMMITTEE

The Audit and Internal Control Committee, created within the ambit of the Board of Directors and set up within the ambit of the Board of Directors, has been functioning since 1999 and comprises four non-executive directors. In terms of the Board of Directors’ regulations, the Audit and Internal Control Committee may only comprise members with non-executive functions. The independence of this Committee’s members vis-à-vis the Executive Committee is aimed at ensuring proper compliance with the duties entrusted to it.

Composition of the Audit and Internal Control Committee

| Chairman | Ruy Octávio Matos de Carvalho |
| Members  | Carlos da Câmara Pestana       |
|          | Alfredo Rezende de Almeida     |
|          | Caixa Holding, S.A., Sociedad Unipersonal (Fernando Ramirez) |

Responsibilities of the Audit and Internal Control Committee

The Audit and Internal Control Committee is responsible for:

- Overseeing the existence of a proper system of internal control at the banks, insurance and asset management companies controlled by the BPI Group, and the effective compliance with their objectives;
- Choosing the external auditors;
- Supervising the activities of the internal and external auditors of the BPI Group’s Banks.

The Committee sets the following objectives with a view to fulfilling the mission entrusted to it:

Principal objectives of the Audit and Internal Control Committee

1. Assess the Group’s efficiency in the use of its resources and in the establishment of control mechanisms which protect it against possible losses arising from the exercise of its business activity, namely, credit, market, liquidity and operating risks.
2. To guarantee the integrity, reliability and up-to-date content of the accounting and financial information which feeds the management information system;
3. To ensure the conformity of the operations and businesses conducted by the Group’s Banks with legal provisions and other requirements issued by the supervising authorities, as well as with the BPI Group’s general regulations and policies;
4. To approve and monitor the execution of the external and internal audit programmes, namely, appraising the recommended changes to procedures advocated by the external auditors;
5. To approve the fees payable to the external auditors for audit services;
6. To consider the internal control reports to be sent annually to the Bank of Portugal by all the BPI Group banks and financial companies, and to collaborate in all the inspections conducted by the Bank of Portugal, CMVM, Insurance Institute of Portugal (ISP) and the Tax Department General Inspectorate.
7. to prevent the BPI Group’s involvement in money laundering operations;
8. To analyse economic provisions relating to the loan portfolio, specific provisions for participating interests and for the securities portfolio;
9. analysing loss incidents arising from Customer or Employee fraud;
10. To review exposures to credit risks of more than 5% but less than 15% of Banco BPI’s consolidated shareholders’ funds
11. To review defaulting loans in excess of 90 days where the credit risk exposure exceeds EUR 500 thousand
12. To monitor closely unrealised losses on the securities and participating interests portfolio
13. To monitor the situation of the staff pension funds of the Banks controlled by the BPI Group
14. To analyse Customers’ complaints systematically reported in the reports prepared by the Quality Division
The Committee's activity in 2003

The Audit and Internal Control Committee monitored the work leading to the introduction of the IFRS and the changes stemming from the Basle II accord. It also kept abreast of the main aspects addressed at the monitoring meetings held by the rating agencies which evaluate Banco BPI.

The BPI Group's internal and external auditors participated in the meetings of the Audit and Internal Control Committee, which were also attended, but without any voting right, by the Chairman of the Executive Committee of the Board of Directors, and by the BPI Group director responsible for the internal control and audit of the BPI Group's Banks, by senior management members responsible for this area, as well as by those whose presence was deemed necessary in view of the matters included in the meeting agenda.

The Audit and Internal Control Committee met 4 times in 2003.

Summary of activity of the Audit and Internal Control Committee in 2003

Assess the Group's efficiency in the use of its resources and in the establishment of control mechanisms which protect it against possible losses arising from the exercise of its business activity (risk management)

17 June  Analysis within the ambit, objectives and developments of a project which is aimed at streamlining the management of operating risk, as well as with a view to the progressive approximation to the rules contemplated in the Basle II Accord

19 November  Take stock of the situation relating to the «Operating Risk» project and preparing the groundwork for a study of the impact, on the calculation of the Bank's regulatory capital, of the methods proposed in the Basle II Accord for measuring operating risks.

To ensure the conformity of the operations and businesses conducted by the Group's Banks with legal provisions and other requirements issued by the supervising authorities, as well as with the BPI Group's general regulations and policies

17 June  Comparison of the conclusions of the Basle Committee's survey covering international banking practice in the area of internal audit and banking supervision with the BPI Group’s practice.

To guarantee the integrity, reliability and up-to-date content of the accounting and financial information which feeds the management information system

To approve and monitor the execution of the external and internal audit programmes, namely, appraising the recommended changes to procedures advocated by the external auditors

19 March  Analysis of the conclusions and suggestions put forward by Deloitte & Touche in the wake of their review of the existing procedures at the Securities, Transfers and Credit Division in the areas of Corporate Guarantees and Loans.

19 March  Appraisal of the work carried out by the Audit and Inspection Division covering the Central Services, Foreign Department and Affiliated Companies in the 2nd half of 2002, and approval of the Audit Plan for the last four months of 2003

19 March  Appraisal of the work carried out by the Audit and Commercial Inspection Division in the 2nd half of 2002

19 March  Approval of the Plan for audit / review procedures to be effected by the External Auditors in 2003

17 June  Analysis of the conclusions and suggestions put forward by Deloitte & Touche in the wake of their review of the existing procedures at the Human Resources Division covering the calculation of pension obligations, the control of the information sent to BPI Pensions and salaries and pensions processing.

17 June  Analysis of the conclusions and suggestions put forward by Deloitte & Touche in the wake of their review of the method of classifying the operations managed by the Finance Division, discussion of aspects arising from the forthcoming introduction of the International Financial Reporting Standards (IFRS).

24 September  Appraisal of the work carried out by the Audit and Inspection Division covering the Central, Foreign and Affiliated Companies Centres in the 1st half of 2003, and approval of the Audit Plan for the last four months of 2003

24 September  Appraisal of the work carried out by the Audit and Commercial Inspection Division in the 1st half of 2003

24 September  Analysis of the conclusions and suggestions put forward by Deloitte & Touche in the wake of their review of the existing procedures at the Central Services, Transfers and Loans Division.

24 September  Review of the internal control reports relating to the companies BPI Fundos and SOFINAC.

19 November  Appraisal of the work carried out by the Audit and Inspection Division covering the Central Services, Foreign Department and Affiliated Companies in the months of July, August, September and October.

19 November  Analysis of the conclusions and suggestions put forward by Deloitte & Touche in the wake of their review of the existing procedures at the Private Banking Department of Banco Português de Investimento

19 November  Analysis of the conclusions and suggestions contained in a document issued by Deloitte & Touche relating to Banco BPI’s and Banco Português de Investimento’s tax matters.

To approve the fees payable to the external auditors for audit services

19 November  Establishing the terms of the collaboration with Deloitte & Touche for 2004, including their fees.

To consider the internal control reports to be sent annually to the Bank of Portugal by all the BPI Group banks and financial companies, and to collaborate in all the inspections conducted by the Bank of Portugal, CMVM, ISP – Instituto de Seguros de Portugal and the DGCI – Diecção Geral de Contribuições e Impostos (inland revenue)

17 June  Review of the Internal Control Reports relating to Banco BPI and Banco Português de Investimento to be sent to the Bank of Portugal

17 June  Reading the letters received from the Bank of Portugal regarding the opinions of the supervisory bodies on the internal control system

24 September  Review of the Internal Control Reports relating to the companies BPI Fundos and SOFINAC to be sent to the Bank of Portugal

To analyse economic provisions relating to the loan portfolio, specific provisions for participating interests and for the securities portfolio

19 March  Exchange of views concerning compliance with a Bank of Portugal circular which requires the preparation by the External Auditors, of a half-yearly report on the quantity of economic provisions relative to the risk implicit in the loan portfolio.

19 November  Analysis of the reported submitted by the external auditors in compliance with the guidelines laid down by the Bank of Portugal regarding the quantification of the economic provisions relative to the risk implicit in Banco BPI’s loan portfolio as at 30 June.
## Activity of the Audit and Internal Control Committee in 2003 (cont.)

### Analisar as ocorrências geradoras de prejuízos resultantes de fraudes de Clientes ou Colaboradores

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 March</td>
<td>Report listing occurrences detected by the Bank's Audit and Inspection Division (DAISP and DAIC) in the 2nd half of 2002 which resulted in losses; corrective measures and disciplinary sanctions applied</td>
</tr>
<tr>
<td>24 September</td>
<td>Report listing occurrences detected by the Bank's Audit and Inspection Division (DAISP and DAIC) in the 1st half of 2003 which resulted in losses; corrective measures and disciplinary sanctions applied</td>
</tr>
<tr>
<td>19 November</td>
<td>Report listing occurrences detected by the Bank's Audit and Inspection Division (DAISP and DAIC) in the 3rd quarter of 2003 which resulted in losses; corrective measures and disciplinary sanctions applied</td>
</tr>
<tr>
<td>19 November</td>
<td>Review of a document containing a list of the most common shortfalls and omissions detected in audit and inspection work and which are the loophole that most favour the practice of frauds and impede the identification of their perpetrators</td>
</tr>
</tbody>
</table>

### To review exposures to credit risks of more than 5% but less than 15% of Banco BPI's consolidated shareholders’ funds

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 September</td>
<td>Analysis of the Bank’s exposure to credit risks falling between EUR 5 and EUR 15 million, including an evaluation of the companies with “C” class ratings or in respect of which the amounts involved are very material</td>
</tr>
</tbody>
</table>

### To review defaulting loans in excess of 90 days where the credit risk exposure exceeds EUR 500 thousand

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 September</td>
<td>Analysis of cases where Customers are in default for amounts of more than EUR 100 thousand and in respect of whom the Bank has an exposure of more than EUR 500 thousand</td>
</tr>
</tbody>
</table>

### To monitor closely unrealised losses on the securities and participating interests portfolio

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 September</td>
<td>Analysis of the unrealised losses associated with investments (in the light of Bank of Portugal Notice 4 / 2002), the provisions set aside to cover these and the impact on own funds</td>
</tr>
</tbody>
</table>

### To monitor the situation of the staff pension funds of the Banks controlled by the BPI Group

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 March</td>
<td>Review of the returns presented by the Bank’s Pension Fund in 2002, as well as the composition of its assets portfolio</td>
</tr>
<tr>
<td>24 September</td>
<td>Review of BPI Fundos’s activity, with special emphasis on the trend in profitability (by asset category) of the portfolios and in the signing-up of new clients</td>
</tr>
</tbody>
</table>
3.6. AUDIT BOARD

Responsibilities of the Audit Board

It is the Audit Board’s function to supervise the Company’s affairs and to verify strict compliance with the law and its statutes. Consequently, the Audit Board prepares an annual report on its work and issues an opinion on the annual report and accounts, as well as on the proposed appropriation of net profit / loss, presented to the General Meeting by the Board of Directors.

Members of the Audit Board have proper technical qualifications – that is, in the areas of law, accountancy and financial management – as well as professional experience that enable them to comply in an effective and stringent manner with the responsibilities entrusted to them. It is important to note that in Portugal it is a legal requirement that one of the members in office, and one of the alternate members, of the Audit Board must be Portuguese statutory auditors («revisores oficiais de contas») or firms of such auditors («sociedades de revisores oficiais de contas»).

Composition of the Audit Board

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Jorge de Figueiredo Dias</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>José Ferreira Amorim</td>
</tr>
<tr>
<td>Magalhães, Neves &amp; Associados, SROC (Augusta Francisco)</td>
<td></td>
</tr>
<tr>
<td>Alternate Member</td>
<td>António Dias &amp; Associados, SROC (António Dias)</td>
</tr>
</tbody>
</table>

The Audit Board met five times during 2003.

Experience and professional qualifications of the members of the Audit Board (individuals)

Jorge de Figueiredo Dias, 66 years of age.
Chair Professor of Penal Law, Penal Process and Criminal Science at the Law Faculty of the Universidade de Coimbra. Was until 2003, President of this faculty’s Scientific Council, where he served as President of the Representatives Assembly, of the Management Council and the Pedagogical Council. He is an elected Member of the Universidade de Coimbra’s Senate representing the professors. He is Professor of the Law Faculties of the Universidade Católica Portuguesa, the University of Macau, the Paris University I (Panthéon – Sorbonne) and of the Universidade Val Paraíso (Chile); professor in charge and President of the Management Council of the Institute of European Economic Penal Law (Law Faculty of the Universidade de Coimbra); Member of the Management Council of the Fundação Luso-Americana para o Desenvolvimento; past President of the General Meeting of the Caixa Geral de Depósitos.

José Ferreira de Amorim, 78 years of age.
Chairman of the Board of Directors of SIMON – Sociedade Imobiliária do Norte, S.A. and RIAOVAR – Empreendimentos Turísticos e Imobiliários, S.A. Authorised signatory of SANOR – Sociedade Agrícola do Norte, Lda. From 1950 to 1987, he was a director-shareholder of companies belonging to the Amorim Group.
3.7. REMUNERATIONS COMMITTEE

Responsibilities of the Remuneration Committee
The Remuneration Committee’s function is to fix the remuneration of the members of Banco BPI’s governing bodies, and to formulate the remuneration policy and the retirement regime to apply to members of Banco BPI’s Executive Committee and to members of Banco Português de Investimento’s Board of Directors.

Composition of the Remuneration Committee
The Remuneration Committee is composed of three shareholders elected for three-year terms by the General Meeting, and who in turn elect a Chairman (who has the casting vote).

Presently, it is composed of the shareholders Itaúsa Portugal, Cotesi – Companhia de Têxteis Sintéticos, S.A. and Arsopi – Indústria Metalúrgicas Arlindo Soares de Pinho, S.A.

| Chairman | Itaúsa Portugal – Sociedade Gestora de Participações Sociais, S.A. |
| Members  | Cotesi – Companhia de Têxteis Sintéticos, S.A. |
|          | Arsopi – Indústrias Metalúrgicas Arlindo Soares de Pinho, S.A. |

Activity of the Remuneration Committee in 2003
On 28 January 2004, the Remuneration Committee revised – to become effective in 2004 and until the termination of its mandate – the monthly remuneration of the Members of Banco BPI’s Executive Committee, as well as that of the other Members of Banco Português de Investimento’s Board of Directors, who should receive an increase equivalent to the change applicable, in terms of the ACTV, to level 18.

The Remuneration Committee fixed on 17 April 2003 and on 28 January 2004 the amount of the variable remuneration to be paid to the members of Banco BPI’s Executive Committee, as well as to the other members of Banco Português de Investimento’s Board of Directors, in respect of the exercise of functions in 2002 and 2003 respectively.

The Remuneration Committee deliberated on 17 April 2003 and on 28 January 2004 about the conditions of the share incentive and options scheme (RVA – Programa de Remuneração Variável em Acções) to the members of Banco BPI’s Executive Committee, as well as to the other members of Banco Português de Investimento’s Board of Directors, with the cost of the options being fixed at 0.33 euro (2002) and 0.45 euro (2003), and the price of the shares at 2.14 euro (2002) and 3.13 euro (2003) respectively.

The Remuneration Committee was informed on 17 April 2003 of the amount and conditions of the home loans granted to the members of Banco BPI’s Executive Committee. It decided that the home loan operations not falling within the ACTV (collective employment agreement) for the Banking Sector should have the same conditions as those applicable to Banco BPI Customers.

The Remuneration Committee exercised the functions attributed within the ambit of the regime governing the retirement of BPI Group Directors, which regime was approved by the then General Board at its meeting held on 25 July 1995.

No Director has the authority to fix his own remuneration. The principles, criteria and amounts involved in the fixing of the remuneration of the officers sitting on Banco BPI’s governing bodies are dealt with in more detail in chapter seven (“Remuneration”) of this report.
3.8. BANCO PORTUGUÊS DE INVESTIMENTO’S MANAGEMENT

Banco Português de Investimento is the Group unit specialising in investment banking, namely Corporate Finance, Equities and Private Banking.

Banco Português de Investimento’s Management Board is made up of 11 members – with its chairman and deputy-chairman being the same as those on Banco BPI’s Executive Committee – 5 executive directors and 4 non-executive directors. The day-to-day business management is delegated to an Executive Committee composed of 4 executive directors and three central managers. This body is presided over by Manuel Ferreira da Silva, member of the Executive Committee of Banco BPI’s Board of Directors.

The Board of Directors can only pass resolutions when the majority of its members are present or represented. Resolutions can only be passed by an absolute majority of votes, with the Chairman having the casting vote. Any member of the Board of Directors can be represented by another member of the Board of Directors, but none may represent at any meeting more than one member. The Board of Directors meets quarterly, while the Executive Committee met 36 times in 2003.

As is the case at Banco BPI, all the members of the Board of Directors are bound by strict confidentiality rules concerning the matters discussed at the Board’s meetings, as well as by a set of internal rules. These are embodied in a code of conduct aimed at safeguarding against conflict of interest or situations involving the abuse of privileged information. This issue is dealt with in greater detail under point 11 – Ethics and Professional Conduct, of this report.

3.9. BPI GROUP’S CORPORATE GOVERNANCE MONITORING COMMITTEE

In April 2004, Banco BPI’s Board of Directors will deliberate about the creation of a Committee empowered to evaluate the BPI Group’s structure and governance.
Executive management, supervision and control
The composition and functions of the BPI Group’s management, supervisory and control bodies are detailed in points 3.1. to 3.8. of this report.

BPI Group functions
The BPI Group units grouped according to their functions are under the direct command of Banco BPI’s Executive Commission.

Central structures
This group embraces the entire universe of shared services (of the back-office kind) which acts as direct support to the Group’s other units by undertaking the development and maintenance of its operational, physical and technological infrastructure.

Credit risks
The Executive Committee for Credit Risks is the body that takes the principal decisions concerning the aspects relating to the concession, monitoring and recovery of lending operations. At a more operational level, credit risk management is segregated by five segments: individuals, small businesses, companies, institutional banking and securities. The manner in which the various risks are managed at the BPI Group is comprehensively dealt with in a separate chapter in the Directors’ Report.

Market risk
The Executive Committee for Market Risks is the body that makes the main decisions concerning the activities which entail market risks for BPI. It is primarily responsible for formulating overall strategy and operating regulations, fixing the limits for treasury exposures to be adhered to by the Finance Division, and defining the parameters for the management of long-term structural positions (interest rate or currency risks) and fixing the global limits for value-at-risk (VaR).

Marketing
The marketing function is carried out in a segregated manner according to the segmentation between Individuals and Small Businesses, on the one hand, and Companies on the other. In the case of Individuals and Small Businesses Marketing, this function is undertaken by two Divisions which report to the same executive head: Strategic Marketing – concentrated above on the management of the systems CRM (Customer Relationship Management) – and Operational Marketing – focusing on the coordination of the sales function. The Marketing Division – Companies handles all aspects relating to communication, information and the management of databases associated with commercial activity directed at corporate Customers.

Product units
The development of the banks’ commercial products and services is segregated by specialised Divisions (product units), part of which – property financing, motor vehicle, cards, asset management, leasing and factoring – simultaneously serving the individuals, small businesses and companies segments. The Bank’s range of liability-side products, such as time deposits, unit trust funds, structured products and capitalisation insurance, is concentrated as a single unit denominated “Customer Resources”.

Channels
BPI possesses a multi-channel distribution network, fully integrated, composed of 483 retail branches, homebanking services (BPI Net), telephone banking (BPI Directo), specialised branches and structures dedicated to the corporate and institutional segment, 4 wholesale centres, 44 corporate centres (medium and large-sized) and 5 institutional centres. Outside Portugal, BPI is engaged in commercial banking business in Angola and Mozambique, through two local-law banks – Banco de Fomento (100% held by the BPI Group) and BCI Fomento (30% held by the BPI Group), respectively. It also has a number of branches and representative offices which essentially provide support to Portuguese emigrant communities.

Brand and quality
Quality, Training, Communication and Brand Management are managed under the direction of the same member of Banco BPI’s Executive Committee. This arrangement has as its goal prioritising service quality, thereby entailing close coordination between the quality, technical and behavioural programmes, as well as those covering brand communication and development.

4. The Group’s functional organisation chart
THE GROUP’S FUNCTIONAL ORGANISATION CHART

Banco BPI

Company Secretary

Banco BPI’s Board of Directors

General Meeting

Audit Board

Audit and Internal Control Committee

External Auditors

Internal Auditors

Banco BPI’s Executive Committee

Group functions
Accounting and Planning
Legal
Financial Management
Risk Analysis and Control
Human Resources
Investor Relations
Public Relations
Financial and Economic Studies

Executive Committee for Credit Risks

Central structures

Business Areas

Informations Systems
Organization
Securities, Transfers and Loans
Operations and Procurement
Premises and Fixed Assets
Securities

Individuals and Small Businesses Banking

Credit Risks

Large and Medium-sized Companies, Wholesale Banking, Institutional Banking, Project Finance, Internacional

Marketing

Operacional Marketing
Strategic Marketing

Product Factories

Customer Resources
Personal Loans
Cards

Channels

Real Estate Financing
Motor Car Financing
Leasing, Factoring and Documentary Credits

Channels

Traditional network
Investment Centres
Balcoes in-store
Automatic Banking

Telephone Banking
BPI Online / BPI Net
Housing shops
Other Real Estate Channels
Other Motor Car Finance Channels

Emigration

Internacional

Executive Committee for Commercial Banking

Domestic Commercial Banking

Corporate Banking, Institutional banking and Project Finance

Overseas Commercial Banking

Banco de Fomento Angola

Banco BPI Cayman

BCI – Fomento 1 Mozambique

Executive Committee for market Risks

Asset Management

Private Equity

Equities

Corporate Finance

Private Banking

Investment Banking

Private Banking

External Auditors

BPI Suisse

Madrid

Representative offices

Paris

Geneva

Hamburg

Newark

Caracas

Johannesburg

Banco de Fomento

Angola

1) 30% shareholding.
5. Risk Management

5.1. RISK MANAGEMENT PRINCIPLES
Risk management at the BPI Group is based on the permanent identification and analysis of exposure to different risks – counterparty risk, country risk, market risks, liquidity risk, operating and legal risks – and on the adoption of strategies aimed at maximising profitability within predefined and duly supervised limits. Management is complemented a posteriori by analysis of performance indicators.

5.2. DIVISION OF RESPONSIBILITIES IN RISK CONTROL AND MANAGEMENT
The policy, procedures and allocation of powers amongst the Group’s various bodies and departments on matters relating to the control and management of the Group’s risks are described in detail in a separate chapter of the directors’ report.

Matrix of responsibilities for risk management and control

<table>
<thead>
<tr>
<th>Category</th>
<th>Identification and analysis of exposure</th>
<th>Strategy</th>
<th>Limits and control</th>
<th>Evaluation of Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit / Counterparty risk</td>
<td>AAA: Ratings and Scorings (PDs, LGD) for all loan segments</td>
<td>AAA: CEBC, CERC: Overall strategy and approval of substantial operations</td>
<td>CA, CERC, DRC, AAA, AAA, DM and risk areas of the Credit Departments: Limits</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>AAA: Debt securities and loans to Financial Institutions – identification of external Ratings</td>
<td>DRC and Credit Divisions: Approval of operations</td>
<td>CA, CACI, CEBC, AAA, AAA, Internal and external Auditors, Bank of Portugal: Control</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>DRC – Empresas: Expert System</td>
<td>AAA: Exposure to derivatives</td>
<td>AAA: Exposure to derivatives</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>AAA: Overall analysis of exposure to credit risk</td>
<td>AAA: Overall analysis of exposure to credit risk</td>
<td>AAA: Overall analysis of exposure to credit risk</td>
<td>AAA</td>
</tr>
<tr>
<td>Country Risk</td>
<td>DIG: Analysis of individual country risk</td>
<td>AAA: Overall strategy</td>
<td>AAA: Overall strategy</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Recourse to external Ratings and analyses</td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA</td>
</tr>
<tr>
<td>Market risk</td>
<td>AAA: Analysis of risk by Books / instruments and global risks – interest rates, currencies, shares, commodities</td>
<td>AAA: Analysis of risk by Books / instruments and global risks – interest rates, currencies, shares, commodities</td>
<td>AAA: Analysis of risk by Books / instruments and global risks – interest rates, currencies, shares, commodities</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA</td>
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<td></td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>Finance Department, Equities Department and Markets Department: Individual risk analysis of liquidity, by instrument</td>
<td>AAA: Analysis of overall liquidity risk</td>
<td>AAA: Analysis of overall liquidity risk</td>
<td>AAA</td>
</tr>
<tr>
<td>Operating Risks</td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA: Overall organisation</td>
<td>AAA: Overall organisation</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>DORG and all the Departments: Identification of critical points</td>
<td>AAA: Regulations</td>
<td>AAA: Regulations</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>AAA: Analysis of overall exposure</td>
<td>AAA: Regulations</td>
<td>AAA: Regulations</td>
<td>AAA</td>
</tr>
<tr>
<td>Legal risks</td>
<td>Legal Division</td>
<td>AAA: Analysis of overall liquidity risk</td>
<td>AAA: Analysis of overall liquidity risk</td>
<td>AAA</td>
</tr>
</tbody>
</table>

AAAC – Asessoria de Auditoria e Controle de Riscos (Audit and Risk Control Advisory Services);
CA – Conselho de Administração (Board of Directors);
CACI – Comité de Auditoria e de Controle Interno (Audit and Internal Control Committee);
CEBC – Comissão Executiva da Banca Comercial (Commercial Banking Executive Committee);
CERC – Comissão Executiva de Riscos de Crédito (Credit Risk Executive Committee);
CERM – Comissão Executiva de Riscos de Mercado (Market Risk Executive Committee);
DIG – Direcção Internacional do Grupo (The Group’s International Division);
DORG – Direcção da Organização (Organisation Division);
DRC – Direcção de Riscos de Crédito (Credit Risk Division).
6. External Auditors

Deloitte – Portugal, a member firm of the international network Deloitte Touche Tohmatsu, are the BPI Group’s external auditors. The partner in charge of the audit of Banco BPI’s consolidated financial statements is Maria Augusta Cardador Francisco.

The firm of Portuguese Statutory Auditors (societé de Révises Oficiais de Contas – SROC) responsible for the Legal Certification of Accounts is Magalhães, Neves e Associados. This company belongs to the Deloitte – Portugal network.

6.1. INDEPENDENCE

BPI recognises and subscribes to the concerns manifested, amongst others, by the CMVM (Securities Market Commission), by the Commission of the European Communities and by IOSCO1 regarding the safeguarding of auditors’ and statutory auditors’ independence vis-à-vis the audit and/or statutory audit Client. BPI believes that this independence – in spirit and in fact – is essential for ensuring the public’s trust in the reliability of their reports and in the credibility of the financial information published.

BPI is of the opinion that its auditors and statutory auditors are independent within the context of the regulatory and professional requirements applicable and that their objectivity is not compromised. BPI has incorporated into its governance practices and policies several mechanisms which safeguard the independence of the auditors / ROCs. Namely:

- the appointment of the external auditor is the responsibility of the Audit and Internal Control Committee, which as referred to in a separate chapter, is mandatorily composed solely of members with no executive functions;

- the companies which audit the BPI Group’s accounts, as well as the persons in charge of the relevant audit work, have no interest – effective or imminent – financial, commercial, employment, family or of any other nature – other than those which result from the normal course of their professional activity – in BPI Group companies, capable of leading a reasonable and informed third party to conclude that such interests could compromise the auditor’s independence;

- the BPI Group does not contract persons who maintain professional ties with the Auditor or the Portuguese Statutory Auditors.

On the other hand...

- the Companies Code provides that the members of the Audit Board – of which the Portuguese Statutory Auditors (Revisores Oficiais de Contas – ROCs) form part – are elected by the General Meeting, which reinforces their independence vis-à-vis the Company’s management team;

- the Statutory Auditors’ Professional Statutes provide that anyone who has served in the last three years as a member of a company’s administrative or management bodies, cannot exercise the function of ROC of the same company. In the same manner, the ROC’s and partners in a firm of ROCs who in the last three years have acted as the statutory auditors of companies or entities, are barred from exercising functions as members of such companies’ or entities’ administrative or management bodies.

As a principle, BPI refrains from entering into any employment contract with an auditor or ROC before a significant period of time has transpired after the termination of auditor or ROC relationship. Indeed, no auditor or ROC has ever been admitted by BPI during the course of its more than 22-year history.

At the same time, Deloitte – Portugal (BPI’s appointed external auditor) has, according to information supplied by it to BPI, implemented policies and procedures designed to ensure that its world-wide network provides quality services and complies with all the applicable independence and ethical rules. These policies and practices are based on those issued by IFAC (International Federation of Accountants) and complemented by national or other more stringent rules, namely, those issued by the SEC (U. S. Securities and Exchange Commission), those envisaged in the Sarbanes Oxley Act and the European Commission’s recommendation of 16 May 2002 on auditors’ independence.

The disclosure of the independence and ethics control system is assured by means of strict standards which are periodically updated and made available to all persons working for the Deloitte firm via Intranet. Internal training courses are held periodically dealing with independence and ethics, attendance of which is compulsory.
6.2. REMUNERATION

The remuneration paid to Deloitte and its network\(^1\) for services rendered to BPI Group companies in 2003 amounted to EUR 1.4 million. This figure is broken down in the table below according to the nature of the work and the company to whom the services were provided:

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Amounts in thousands of euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Banco BPI</td>
</tr>
<tr>
<td>Statutory audit</td>
<td>425</td>
</tr>
<tr>
<td>Other attest services</td>
<td>69</td>
</tr>
<tr>
<td>Tax consulting</td>
<td>310</td>
</tr>
<tr>
<td>Other services</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>818</strong></td>
</tr>
</tbody>
</table>

Deloitte and its network did not provide any service to the BPI Group in areas such as financial information technology, internal audit, valuations, legal defence, recruitment, amongst others, which are capable of generating situations of conflict of interest and loss of quality of the audit and statutory audit work.

The terms of the remuneration due for the statutory audit for 2004 have already been approved.

6.3. OTHER SAFEGUARD MECHANISMS

The Audit and Internal Control Committee will approve all the remuneration payable to the external auditors, as well as all the services which might be rendered to the BPI Group.

In April 2004, Banco BPI’s Board of Directors will deliberate on the alterations to be introduced to the regulations of the Audit and Internal Control Committee, with the object of attributing to the Committee the powers that will permit refining the mechanisms for safeguarding the independence of the external auditors, namely, subjecting all the services to be rendered by the external auditors and respective remuneration to the Committee’s prior consideration.

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\(^1\) The network of BPI’s auditors comprises Deloitte and the Statutory Audit firm (SROC) Magalhães, Neves & Associados, and conforms with the definition of “Network” set out by the European Commission in its Recommendation no. C (2002) of 16 May 2002.
7. Remuneration

7.1. REMUNERATION POLICY
BPI’s remuneration is founded on five pillars:

- **Performance**
  - The remuneration of BPI’s Directors and Employees is directly associated with the performance levels attained:
    - by the Bank;
    - by the business or business-support unit to which the person concerned is associated;
    - by their individual merit.
  - The criteria used in ascertaining the performance level and relative weight of each one of the forementioned areas varies according to the functions and degree of responsibility of the person concerned.

- **Competitiveness**
  - BPI seeks to offer to its Directors and Employees remuneration packages which are competitive taking into account market practice for a given area of specialisation, degree of responsibility and geographical area. With this policy, BPI aims to attract and retain the most efficient and lucrative people who display the most potential for the organisation.

- **Strategy**
  - The remuneration which is attributed to a specific Employee is also influenced by BPI’s specific needs and priorities at any given moment, as well as by the importance and singularity of the person’s contribution to the organisation.

- **Equity**
  - BPI remuneration practices are founded on uniform, consistent, fair and balanced criteria.

- **Alignment with the Shareholders**
  - All the Directors, Managers and part of the Employees have a portion of their remuneration which is anchored to the performance of Banco BPI shares on the stock exchange.

The remuneration attributed to BPI Group Directors and Employees includes a fixed and a variable component, with the weight of the latter in the total increasing with each one’s level of responsibility and merit.

The annual attribution of variable remuneration to the Group’s senior staff with the highest responsibility results from the individual assessment made by Banco BPI’s Executive Committee.

Employees at the Individuals and Small Businesses commercial network also benefit from a variable component that is dependent upon their commercial performance and which is designated SIM – Sistema de Incentivo e Motivação, (Incentive and Motivation System), the conditions of which are revised quarterly.

In point 7.3 – Variable Remuneration in Shares programme (Portuguese initials – RVA) detailed information is provided about this important instrument for reinforcing the alignment of Employees’ and Directors’ interests with those of the Shareholders.

7.2. REMUNERATION OF MEMBERS OF BANCO BPI AND BANCO PORTUGUÊS DE INVESTIMENTO BOARDS OF DIRECTORS

The amount of the fixed remuneration of the Board of Directors and of the Executive Committee, as well as the variable remuneration of the Chairman and Deputy-Chairman of the Executive Committee of Banco BPI’s Board of Directors are fixed by the Remuneration Committee.

As concerns the other members of Banco BPI’s Executive Committee and the other members of Banco Português de Investimento’s Board of Directors, the Chairman of Banco BPI’s Board of Directors, taking into account in particular the performance of each one, proposes the amounts to be attributed by way of variable remuneration to the Remuneration Committee, which considers these proposals and approves the remuneration due.

The following remuneration was paid to the members of Banco BPI’s Board of Directors for the exercise of their functions in 2002 and 2003 (in thousands of euro):

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Remuneration of members of Banco BPI
Board of Directors

Figures in thousands of euro

<table>
<thead>
<tr>
<th></th>
<th>Fixed</th>
<th>Variable</th>
<th>Total</th>
<th>Fixed</th>
<th>Variable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive1,2</td>
<td>1,668</td>
<td>2,845.0</td>
<td>4,513</td>
<td>1,649</td>
<td>2,825.0</td>
<td>4,474</td>
</tr>
<tr>
<td>Non Executive</td>
<td>486.8</td>
<td>–</td>
<td>486.8</td>
<td>486.8</td>
<td>–</td>
<td>486.8</td>
</tr>
<tr>
<td>Total</td>
<td>2,154.8</td>
<td>2,845.0</td>
<td>4,999.8</td>
<td>2,136.2</td>
<td>2,825.0</td>
<td>4,961.2</td>
</tr>
</tbody>
</table>

1) The Banco BPI Board of Directors was designated until 20 December 2002 as BPI SGPS’s Board of Directors
2) The variable portion of Banco BPI executive directors’ remuneration were up until 2002, deliberated by the Remuneration Committee on a date subsequent to the holding of the Annual General Meeting; since 2003 it is deliberated at the time the results are released. The aggregate amount of the remuneration paid to the Executive Directors cannot exceed 5% of the year’s net profit (article 25 of the statutes).
3) Remuneration earned for functions exercised not only at Banco BPI, but also at all the companies over which Banco BPI has a controlling or group relationship, in conformity with the changes introduced to the Annex to the CMVM’s Regulation no. 7 / 2001 and by CMVM Regulation no. 11 / 2003.

It is BPI Group policy that members making up Banco BPI’s Executive Committee and the Directors of Banco Português de Investimento may only serve on the governing bodies of other companies as representatives of BPI. The remuneration attributed to them for the exercise of these positions are considered in the global remuneration fixed by the Remuneration Committee. These Directors are also barred from exercising any other remunerated functions.

7.3. SHARE INCENTIVE SCHEME (PORTUGUESE INITIALS – RVA)
Global description
The BPI Group has a variable remuneration programme in shares (Portuguese initials – RVA) which entails the awarding of a portion of the variable remuneration in the form of Banco BPI shares and share options. This programme has been on force at the Group since the beginning of the 2001 financial year.

The programme encompasses all the executive directors of Banco BPI and the directors of Banco Português de Investimento, and all Employees whose annual variable remuneration is equal to or exceeds EUR 2,500.

The RVA constitutes an important management instrument for the Group’s human resources and strengthens the alignment of Directors’ and Employees’ interests with the ultimate goal of the Group and its Shareholders – the creation of value:

- encourages individual merit, given that since its is a variable component of remuneration, the amount thereof grows in step with the individual’s performance and merit;
- aligns the interests of the Directors and Employees with those of the Shareholders, given that the income is intrinsically tied to the performance of the BPI share on the stock exchange, while the importance of this incentive relative to the total remuneration rises with the level of responsibility. This stimulus is intensified by the existence of the option to buy BPI shares, thereby permitting the leveraging of the gains from the future appreciation of the shares, while a negative trend in the share price returns a nil value to the options.
- boosts fidelity and retain talents – given that the RVA incentive is made available to the beneficiary in phases, from the award date to the end of the third year thereafter, and under the condition that the beneficiary maintains a connection with the Group. This effect is all the more important the higher the individual’s responsibility and merit and constitutes an important means for the positive selection of human resources.

Extension of the RVA programme
The variable component of remuneration, which up until 2000 was paid wholly in cash, began to be paid with effect from 2001 to Directors and Employees covered by the RVA partly in cash and partly in shares and options. For these, the portion of the share and options component (RVA) of variable remuneration varies between a minimum of 10% and a maximum of 50%, with the percentage rising commensurately with the level of the Employee’s or Director’s responsibility.

The number of Executive Directors of the banks, Managers and Employees of the BPI Group covered by the RVA-2003 was 2,168, or 36% of the Group’s permanent workforce in Portugal.
Attribution conditions

Share scheme

As a general rule, shares are attributed under a condition subsequent, in terms of which title thereto is transmitted immediately to the beneficiary. However, their free disposal takes place in a phased manner – 25% are released immediately on attribution, while the remaining 75% are placed at the beneficiary’s disposal at the end of the first, second and third year with effect from attribution date, and providing that the beneficiary continues to be employed by the Group on those dates under pain of the transfer of the other shares still not released being cancelled.

The Executive Committee, just as it did with respect to the RVA-2001, can also award shares subject to a condition precedent, whereby both the transfer of title and their free disposal occurs in a phased manner and simultaneously, with both being subject to the condition of the maintenance of an employment contract.

Option scheme

The options to purchase Banco BPI shares are transmitted to the beneficiary’s title on the attribution date. The options are not tradable. The options are exercisable between the end of the first year after their attribution – provided the employment relationship still exists (if not, the transfer is cancelled) – and the end of the fifth year after the attribution date.

<table>
<thead>
<tr>
<th>% of the RVA in variable remuneration</th>
<th>No. of persons covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman and Deputy-Chairman of Banco BPI Executive Committee</td>
<td>50%</td>
</tr>
<tr>
<td>Other Directors of Banco BPI Executive Committee</td>
<td>40%</td>
</tr>
<tr>
<td>Other Directors of Banco Português de Investimento</td>
<td>35%</td>
</tr>
<tr>
<td>Managerial staff, of whom:</td>
<td></td>
</tr>
<tr>
<td>Central Managers</td>
<td>*</td>
</tr>
<tr>
<td>Deputy central Managers</td>
<td>*</td>
</tr>
<tr>
<td>Managers</td>
<td>20%</td>
</tr>
<tr>
<td>Assistant and Deputy Managers</td>
<td>15%</td>
</tr>
<tr>
<td>Other Employees</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of the RVA in variable remuneration</th>
<th>No. of persons covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman and Deputy-Chairman of Banco BPI Executive Committee</td>
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</tr>
<tr>
<td>Other Directors of Banco BPI Executive Committee</td>
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<tr>
<td>Other Directors of Banco Português de Investimento</td>
<td>35%</td>
</tr>
<tr>
<td>Managerial staff, of whom:</td>
<td></td>
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<tr>
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<td>15%</td>
</tr>
<tr>
<td>Other Employees</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
</tr>
</tbody>
</table>

1) Executive Directors of BPI SGPS in 2001 and up until 20 December 2002.
2) Other Directors of Banco BPI and Banco Português de Investimento in 2001 and up until 20 December 2002.

1) The consolidation of the transfer of the shares which are released occurs on the dates they became freely disposable.
Right to dividends and right of preference in capital increases and voting rights at General Meetings

Banco BPI shares transferred to the ownership of a Director or Employee, either by the direct attribution of shares under the RVA scheme or through the exercise of the options attributed, are identical in nature to other Banco BPI shares and confer, in these terms, the identical rights, namely, as to dividends, preference in capital increases and voting at General Meetings.

In the case of the shares attributed under the condition precedent in 2001 and still not transferred to the Director or Employee, additional shares are attributed by way of adjustment for the payment of dividends or by capital increase through the incorporation of reserves and, in the case of a capital increase reserved for shareholders, the possibility exists of acquiring additional shares in the proportion set by the coefficient of subscription of the capital increase and a price identical to the subscription price.

For their part, in the case of options, the number held and the exercise price shall be adjusted by capital increases involving the incorporation of reserves or the subscription reserved for shareholders in such a way that the position of the holder of the options remains in substance identical to the situation before the occurrence of the fact.

Determination of value

The value of the shares for attribution purposes corresponds to the weighted average of the share price at the last 10 stock exchange sessions before the attribution date.

In the case of options their fair value is used, with the attribution value of the shares being the exercise price. The fair value of the options is calculated based on a model which, as regards its characteristics and assumptions, complies with accounting rules in force and reflects the best information available.

Determination of the quantity of shares and purchase options to attribute

The number of shares and options to be attributed results from the quotient between the variable remuneration portion to be attributed in the form of the RVA incentive scheme and the value laid down for the attribution of the shares and purchase options.

In the 2001 and 2002 RVA programmes, the weight of the share and options components on the amount of the RVA incentives was mandatorily identical (50% / 50%), whereas in the 2003 RVA programme the Directors and Employees were given the option to select the relative weight of each one of the components from amongst the following combinations:

- 50% shares / 50% options (previous regime);
- 75% shares / 25% options;
- 100% shares / 0% options.

Prohibition periods for the exercise of options and trading shares

Share trading

Trading in shares attributed under the RVA programme and those resulting from the exercise of are subject to the provisions embodied in the codes of conduct in force at the Group relating to the trading of Banco BPI shares by Directors and Employees.

Exercise of options

Options can be exercised at any moment during the exercise period. However, the sale of shares resulting from the exercise of options and, therefore, the realisation of the gain afforded under the option scheme, is subject to the prohibition periods laid down in the codes of conduct relating to the trading of Banco BPI shares by Directors and Employees.
Credit line for the exercise of options and maintenance of shares on hand
At the start of 2004, an RVA Credit Line was created which is now available to the Bank’s Employees and Executive Directors who wish to exercise the RVA options and retain in portfolio the shares thus acquired.

As regards the use of the credit line by members of the Executive Committee, the Audit Board and the Bank of Portugal gave their approval, at the same time as the Remuneration Committee was informed.

An amount, with a minimum limit of EUR 2 500 and up to 75% of the market value of shares to be acquired as a consequence of the exercise of the respective options, is made available under this credit line, up to a maximum of 100% of the amount required for the exercise of the options.

Approval, regulation, directives and responsibilities for the execution and modification of the RVA
The general lines of the RVA scheme were approved by the General Board1 on 10 December 1998. At the Shareholders’ General Meeting of 21 April 1999, the Chairman of the Board of Directors presented to the Shareholders a proposal authorising the acquisition and sale of treasury stock by the company for the purpose of making the execution of the incentive scheme viable. This motion was carried with 99.99% of the votes in favour, and has been endorsed in following years.

The general provisions of the RVA scheme, as well as powers of the governing bodies to execute and amend it, are set out in specific regulations. The RVA Regulations were approved by the General Board on 25 February, with alterations being introduced on 3 March 2004.

RVA execution directives
The actual aspects of the RVA Scheme’s execution are regulated in a number of directives approved by the Board of Directors, which are binding on the Executive Committee’s actions.

Powers of the Executive Committee for the execution / modification of the RVA incentive scheme
In the regulations of the RVA share incentive scheme, the principal functions attributed to the Executive Committee for the programme’s execution / modification are:

- fixing the maximum number of shares and options to be awarded each year, as well as the criteria (of which the evaluation of each Employee always forms part) and the conditions underlying the distribution of these benefits amongst the Group’s Employees;
- the adoption, at each attribution, of a model for valuing options which permits a more reasonable and realistic calculation of their fair value;
- interpreting the RVA regulations and covering any loopholes;
- making occasional changes to the RVA’s contractual provisions, such as for example, bringing forward the option maturity dates or dispensing with the verification of the suspensive conditions.

The annual execution of the RVA scheme, responsibility for which is vested in the Executive Committee by delegation of the Board of Directors, is overseen by the Audit and Internal Control Committee and by the Board of Directors itself.

2003 share incentive programme
Fixing of the attribution price of shares and purchase options
In terms of the RVA regulations, the Executive Committee designated 23 February 2004 for purposes of the attribution of shares and purchase options in respect of the 2003 financial year.

The price of the shares was fixed at 3.13 euros and corresponded to the weighted average of the 10 stock exchange sessions which took place between 9 and 20 February 2004.

---

1) Management body in the BPI Group’s previous governance model.
The value of the options, for an exercise price identical to the share attribution value, was fixed at 0.45 euro. In accordance with the powers laid down in the RVA Regulations, the Executive Committee used the Black-Scholes model for valuing the options, taking into consideration the following parameters:

- estimated life of the option 3.3 years (2/3 of the contractual maturity);
- estimated volatility of 21.5%;
- risk-free interest rate of 3% for the estimated life of the option.

The Executive Committee requested the firm Watson Wyatt to give an independent opinion on the methods and procedures adopted by BPI in the 2003 RVA programme for the purpose of determining the value of the options at attribution and their accounting treatment in accordance with the IAS. Watson Wyatt’s opinion was issued on 25 February 2004 and states that the approach used by BPI to determine the value of the option and the assumptions made – namely, the estimated average life of the option and estimated volatility – are reasonable and realistic and result in a reasonable option valuation. Watson Wyatt confirmed that BPI’s approach is acceptable for purposes of attributing options and that in their opinion, it conforms to the international accounting standard IFRS2.

**Attribution of shares and purchase options**

In 2003, the variable remuneration of the Executive Committee of Banco BPI’s Board of Directors amounted to EUR 2.8 million. Of the amount of variable remuneration received, EUR 1.3 million referred to RVA incentives, that is, 45.3% of the variable remuneration figure.

EUR 1.3 million was attributed by way of variable remuneration in respect of 2003 to the members of Banco Português de Investimento’s Board of Directors (who are not members of Banco BPI’s Executive Committee). Of this figure, 35% corresponded to RVA incentives.

### Composition of variable remuneration relating to 2003

<table>
<thead>
<tr>
<th></th>
<th>Cash</th>
<th>RVA 2003</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Share scheme</td>
<td>Options scheme</td>
</tr>
<tr>
<td>Comissão Executiva do Banco BPI</td>
<td>1 544</td>
<td>692</td>
<td>589</td>
</tr>
<tr>
<td>Conselho de Administração do Banco Português de Investimento</td>
<td>842</td>
<td>227</td>
<td>227</td>
</tr>
<tr>
<td>Quadros Directivos e outros Colaboradores</td>
<td>22 366</td>
<td>2 207</td>
<td>1 409</td>
</tr>
<tr>
<td>Total</td>
<td>24 751</td>
<td>3 125</td>
<td>2 225</td>
</tr>
</tbody>
</table>

1) Does not include the members of the Executive Committee of Banco BPI’s Board of Directors.
2) Group Employees covered by the RVA scheme.

1) Banco BPI’s Remuneration Committee deliberated about the amount of variable remuneration attributed to the members of the Executive Committee of Banco BPI’s Board of Directors and of Banco Português de Investimento’s Board of Directors on 28 January 2004.
The number of shares awarded to Banco BPI executive directors under the 2003 RVA programme is about 221 thousand.

### Share attribution

<table>
<thead>
<tr>
<th>Manner of attribution</th>
<th>RVA 2001 (Figures adjusted for dividends and the 2002 share capital increase)</th>
<th>RVA 2002</th>
<th>RVA 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under condition subsequent and under condition precedent</td>
<td>Under condition subsequent</td>
<td>Under condition subsequent</td>
</tr>
<tr>
<td>Attribution date</td>
<td>21 March 02</td>
<td>22 February 03</td>
<td>23 February 04</td>
</tr>
<tr>
<td>Attribution price</td>
<td>2.67 euro</td>
<td>2.54 euro</td>
<td>2.14 euro</td>
</tr>
<tr>
<td>No. of shares attributed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco BPI Executive Committee</td>
<td>215 875</td>
<td>218 996</td>
<td>265 307</td>
</tr>
<tr>
<td>Banco Português de Investimento’s Board of Directors</td>
<td>86 888</td>
<td>89 452</td>
<td>96 501</td>
</tr>
<tr>
<td>Managerial staff and other Group Employees</td>
<td>635 277</td>
<td>679 497</td>
<td>810 723</td>
</tr>
<tr>
<td>Total</td>
<td>938 040</td>
<td>987 945</td>
<td>1 172 529</td>
</tr>
</tbody>
</table>

1) Attribution price of the RVA-2001 adjusted for the capital increase realised in May 2002.
2) The number of shares initially attributed under the RVA 2001 was adjusted by the payment of dividends and by the share capital increase realised by BPI SGPS (now Banco BPI) in May 2002. The adjustments entailed the attribution of an additional 37 211 shares (against the payment of EUR 1.75 per share) to Directors, managerial staff and Employees as an adjustment for the capital increase realised and 12 754 shares as adjustment for the distribution of dividends in respect of the 2001 financial year. In this last point, it is important to note that only the Director or Employees who opted for the suspensive condition regime – in terms of which the shares in a captive situation remain in legal terms the Bank’s property – were the object of the forementioned adjustment. Those members who opted for the condition subsequent regime received a dividend relating to all the shares – captive and available – in cash.
3) BPI SGPS’s Executive Directors in 2001 and up until 20 December 2002.
4) Other Directors of Banco BPI and Banco Português de Investimento in 2001 and up until 20 December 2002.

The following is the calendar for the availability of the shares awarded under the RVA-2001, RVA-2002 and RVA-2003 programmes:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>21 Mar. 2002</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25%</td>
<td>21 Mar. 2003</td>
<td>22 Feb. 2003</td>
<td>-</td>
</tr>
<tr>
<td>25%</td>
<td>-</td>
<td>-</td>
<td>23 Feb. 2007</td>
</tr>
</tbody>
</table>

1) The effective availability occurs after compliance with the essential procedures for the contracting of the award operation.
The number of options attributed to Banco BPI’s executive directors under the 2003 programme is 1,310 thousand.

### Attribution of share purchase options

<table>
<thead>
<tr>
<th>Attribution date</th>
<th>RVA 2001 (Figures adjusted by the 2002 share capital increase)</th>
<th>RVA 2002</th>
<th>RVA 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exercise period</td>
<td>21 March 02 to 21 March 07</td>
<td>22 February 04 to 22 February 08</td>
<td>23 February 05 to 23 February 09</td>
</tr>
<tr>
<td>No. of shares that may be acquired for each option held</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Exercise price</td>
<td>2.67 euro</td>
<td>2.54 euro</td>
<td>2.14 euro</td>
</tr>
<tr>
<td>Value of each option</td>
<td>0.65 euro</td>
<td>0.62 euro</td>
<td>0.33 euro</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of options granted</th>
<th>Banco BPI Executive Committee</th>
<th>Banco Português de Investimento’s Board of Directors</th>
<th>Managerial staff and other Group Employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>859,725</td>
<td>346,818</td>
<td>2,607,040</td>
<td>3,813,583</td>
</tr>
</tbody>
</table>

1) As a consequence of BPI SGPS’s share capital increase (now Banco BPI) realised in May 2002, the exercise price of the options resulting from the RVA-2001 was adjusted from EUR 2.67 to EUR 2.54 and the number of options attributed under the RVA-2001 programme increased by 5%.

2) BPI SGPS Executive Directors in 2001 and up until 20 December 2002.

3) Other Directors of Banco BPI and Banco Português de Investimento in 2001 and up until 20 December 2002.

4) In terms of the RVA regulations, the number of shares which are object of the options granted in the year cannot exceed 1% of Banco BPI’s share capital at the date of the attribution of the forementioned incentives. Simultaneously, the total number of shares which are object of the options in force (matured or not) cannot exceed at any point in time 5% of Banco BPI’s share capital.

5) Assuming that no options are exercised or extinguished during 2004.

### Record of the programme for the attribution of share purchase options – 2001, 2002 and 2003

<table>
<thead>
<tr>
<th>RVA-2001 (number of options)</th>
<th>Executive Committee of Banco BPI</th>
<th>Banco Português de Investimento’s Management Board</th>
<th>Managers and other Employees</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granted in March 20021, 4</td>
<td>904,216</td>
<td>364,767</td>
<td>2,741,681</td>
<td>4,010,664</td>
</tr>
<tr>
<td>exercised in 2000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>extinguished in 2002</td>
<td>0</td>
<td>0</td>
<td>24,414</td>
<td>24,414</td>
</tr>
<tr>
<td>RVA-2001 options do existing at 31 Dec. 02</td>
<td>904,216</td>
<td>364,767</td>
<td>2,717,267</td>
<td>3,986,250</td>
</tr>
<tr>
<td>exercised in 2003</td>
<td>0</td>
<td>0</td>
<td>78,634</td>
<td>78,634</td>
</tr>
<tr>
<td>extinguished in 2003</td>
<td>0</td>
<td>0</td>
<td>12,570</td>
<td>12,570</td>
</tr>
<tr>
<td>RVA-2001 options do existing at 31 Dec. 03</td>
<td>904,216</td>
<td>364,767</td>
<td>2,626,063</td>
<td>3,895,046</td>
</tr>
<tr>
<td>RVA-2001 exercisable options at 31 Dec. 03</td>
<td>904,216</td>
<td>364,767</td>
<td>2,626,063</td>
<td>3,895,046</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RVA-2002 (number of options)</th>
<th>Granted in February de 20032</th>
<th>1,720,457</th>
<th>625,761</th>
<th>5,251,558</th>
<th>7,597,776</th>
</tr>
</thead>
<tbody>
<tr>
<td>exercised in 2003</td>
<td>0</td>
<td>0</td>
<td>11,210</td>
<td>11,210</td>
<td></td>
</tr>
<tr>
<td>extinguished in 2003</td>
<td>0</td>
<td>0</td>
<td>25,008</td>
<td>25,008</td>
<td></td>
</tr>
<tr>
<td>RVA-2002 options do existing at 31 Dec. 03</td>
<td>1,720,457</td>
<td>625,761</td>
<td>5,215,340</td>
<td>7,561,558</td>
<td></td>
</tr>
<tr>
<td>RVA-2002 exercisable options at 31 Dec. 03</td>
<td>0</td>
<td>0</td>
<td>71,896</td>
<td>71,896</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RVA-2003 (number of options)</th>
<th>Granted in February de 20043</th>
<th>1,310,003</th>
<th>503,614</th>
<th>3,131,802</th>
<th>4,945,419</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exercisable in 2004</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>RVA-2003 options do existing at 31 Dec. 044</td>
<td>1,310,003</td>
<td>503,614</td>
<td>3,131,802</td>
<td>4,945,419</td>
<td></td>
</tr>
</tbody>
</table>

1) BPI SGPS Executive Directors in 2001 and up until 20 December 2002 (date on which BPI SGPS was transformed into Banco BPI).

2) Other Directors of Banco BPI and Banco Português de Investimento in 2001 and up until 20 December 2002.

3) Number of options granted adjusted for BPI SGPS’s (now Banco BPI) share capital increase realised in May 2002.

4) In terms of the RVA regulations, the number of shares which are object of the options granted in the year cannot exceed 1% of Banco BPI’s share capital at the date of the attribution of the forementioned incentives. Simultaneously, the total number of shares which are object of the options in force (matured or not) cannot exceed at any point in time 5% of Banco BPI’s share capital.

5) Assuming that no options are exercised or extinguished during 2004.
### Current situation of the programme for the attribution of options to purchase shares – 2001, 2002 and 2003

<table>
<thead>
<tr>
<th>TOTAL RVA SCHEME</th>
<th>Executive Committee of Banco BPI¹</th>
<th>Banco Português de Investimento’s Management Board²</th>
<th>Managers and other Employees</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of options:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options do existing at 31 Dec. 03</td>
<td>2,624,673</td>
<td>990,528</td>
<td>7,841,403</td>
<td>11,456,604</td>
</tr>
<tr>
<td>Attribution of 2003 RVA options (in Feb.2004)</td>
<td>1,310,003</td>
<td>503,614</td>
<td>3,131,802</td>
<td>4,945,419</td>
</tr>
<tr>
<td>Subtotal (Options do existing in Feb.04)¹</td>
<td>3,934,676</td>
<td>1,494,142</td>
<td>10,973,205</td>
<td>16,402,023</td>
</tr>
<tr>
<td>Options not exercisable until 31 Dec. 04</td>
<td>1,310,003</td>
<td>503,614</td>
<td>3,131,802</td>
<td>4,945,419</td>
</tr>
<tr>
<td>Options exercisable until 31 Dec. 04</td>
<td>2,624,673</td>
<td>990,528</td>
<td>7,841,403</td>
<td>11,456,604</td>
</tr>
</tbody>
</table>

**Number of shares needed for the exercise of:**

<table>
<thead>
<tr>
<th></th>
<th>Executive Committee of Banco BPI¹</th>
<th>Banco Português de Investimento’s Management Board²</th>
<th>Managers and other Employees</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options granted (and not exercised)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of 2004</td>
<td>1,720,457</td>
<td>625,761</td>
<td>5,143,444</td>
<td>7,489,662</td>
</tr>
<tr>
<td>At the end of 2004</td>
<td>1,310,003</td>
<td>503,614</td>
<td>3,131,802</td>
<td>4,945,419</td>
</tr>
<tr>
<td>Options exercisable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of 2004</td>
<td>904,216</td>
<td>364,767</td>
<td>2,697,959</td>
<td>3,966,942</td>
</tr>
<tr>
<td>At the end of 2004</td>
<td>2,624,673</td>
<td>990,528</td>
<td>7,841,403</td>
<td>11,456,604</td>
</tr>
</tbody>
</table>

1) BPI SGPS Executive Directors in 2001 and up until 20 December 2002 (date on which BPI SGPS was transformed into Banco BPI).
2) Other directors of Banco BPI and Banco Português de Investimento in 2001 and up until 20 December 2002
3) After the attribution of the 2003 RVA options.
4) Assuming that no options are exercised or extinguished during 2004.

### Accounting treatment

BPI records the full cost of variable remuneration attributed, including those associated with the RVA, in the income statement for the period in which the attribution is made, in the account “Personnel costs”. To this end, the shares are recorded at the attribution value and the options attributed are recorded at fair value (on attribution date this is identical to attribution value).

At 31 December 2003, the above-mentioned hedging activity did not generate any cost or loss for the BPI Group. Should these occur, such losses or costs will be disclosed in the accounts for the relevant period.

### RVA scheme cover (hedging)

The BPI Group executes its own hedging of the RVA share and option scheme, holding for this purpose in its portfolio shares earmarked to meet the obligations stemming from the attribution of shares under a condition precedent and options. In order to cover the options scheme, BPI uses its own model.
Returns on the 2001 and 2002 RVA programmes

The effective value of the incentive attributed under the RVA Scheme is dependent upon the behaviour of the Banco BPI share price on the stock exchange.

On the basis of the market value of the shares, plus the dividends received and the intrinsic value of the options attributed to the Directors and Employees covered by the RVA Scheme, the value of the incentive at 2 March 2004 (last stock exchange session before the approval of the present report by the Board of Directors) corresponds, in relation to the attribution value, to an annual average capital growth of 10.7% for the 2001 RVA and 135.4% for the 2002 RVA.

### Annual average return – Exit on 2 March 2004

<table>
<thead>
<tr>
<th></th>
<th>Share scheme</th>
<th>Option scheme</th>
<th>Total RVA</th>
<th>ROI for Banco BPI Shareholder</th>
<th>ROI for market (PSI Geral)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RVA-2001 (attribution date: 21 Mar. 02)</td>
<td>+16.7%</td>
<td>+4.1%</td>
<td>+10.7%</td>
<td>+16.7%</td>
<td>+4.2%</td>
</tr>
<tr>
<td>RVA-2002 (attribution date: 22 Feb. 03)</td>
<td>+53.6%</td>
<td>+214.2%</td>
<td>+135.4%</td>
<td>+52.2%</td>
<td>+39.7%</td>
</tr>
</tbody>
</table>

Note: it is assumed that during the period the RVA beneficiary subscribed for the maximum quantity of shares to which he was entitled in the 2002 capital increase, and did not sell shares or exercise options. On 2 March 2004, the share portfolio was valued using the closing price, while in relation to the options portfolio, their intrinsic value was taken into account, that is, the difference between the closing price on 2 March and the exercise price of the options.

1) Last stock exchange session before the approval of the report by the Board of Directors (Banco BPI share's closing price of 3.21 euro).

It should be noted that the purchase options at the attribution date start from a nil or close to zero intrinsic value, but provide leverage for capital gains on the stock exchange, while a negative trend in the share price translates itself into a nil value of the incentive. In this way, the RVA Scheme demands minimum levels of capital appreciation for the shares on the stock exchange in accordance with the value fixed for the attribution of the shares and options, in order for the effective value of the incentive to be higher than the attribution value.

Starting from these levels, the RVA Scheme provides the Directors and Employees concerned a lever for maximising the incentive. This effect becomes more evident the higher the responsibility level, given that the relative importance of the RVA scheme on variable remuneration is indexed to the level of responsibility.

### The BPI share price

Market share price and stock exchange appreciation which equates the value of RVA incentive to the attribution value

<table>
<thead>
<tr>
<th>BPI share price on attribution date1 (in euro)</th>
<th>Break-even2 (in euro)</th>
<th>Share price appreciation to reach break-even</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 RVA Share scheme</td>
<td>2.54</td>
<td>2.54 3</td>
</tr>
<tr>
<td>Options scheme</td>
<td>2.54</td>
<td>3.16 4</td>
</tr>
<tr>
<td>2001 RVA Programme</td>
<td>2.54</td>
<td>3.04</td>
</tr>
<tr>
<td>2002 RVA Share scheme</td>
<td>2.14</td>
<td>2.14 3</td>
</tr>
<tr>
<td>Options scheme</td>
<td>2.14</td>
<td>2.47 4</td>
</tr>
<tr>
<td>2002 RVA Programme</td>
<td>2.14</td>
<td>2.43</td>
</tr>
<tr>
<td>2003 RVA Share scheme</td>
<td>3.13</td>
<td>3.13</td>
</tr>
<tr>
<td>Options scheme</td>
<td>3.13</td>
<td>3.58</td>
</tr>
<tr>
<td>2003 RVA Programme2</td>
<td>3.13</td>
<td>3.53</td>
</tr>
</tbody>
</table>

Note: overall value of the 2001 and 2002 RVA incentives was attributed in equal parts in the form of BPI shares and BPI share purchase options.

1) Banco BPI share price for the purpose of the RVA attributions (average share price of the previous ten stock exchange sessions).
2) Market price of the BPI shares which equates the value of the RVA incentive to the attribution value.
3) Attribution value of the shares. In the case of the share scheme, the dividends relating to 2001 and 2002 and received by the beneficiaries of the 2001 and 2002 RVA programmes, were not taken into account. Had this been done, the break-even would have been reached at a price of 2.38 euro for the 2001 RVA share scheme and at a price of 2.06 euro for the 2002 RVA 2002 share scheme.
4) Exercise price plus attribution value of the options.
5) A group of 50% in shares and 50% in options was assumed.
7.4. PENSION PLANS FOR DIRECTORS OF THE BANKS

The pension plan for the Directors of the BPI Group’s Banks is embodied in two regulations: one which applies to the Directors of the Executive Committee of the ex-BPI SGPS and to the ex-members of the Elected Management who, after 9 years of service, continue to perform management functions at any Bank controlled by it; and the other which applies to the Directors of Banco BPI (ex-BFB).

In terms of benefits, the regulations prescribe the payment of retirement (old age or disability) and survivors’ pensions, calculated in accordance with fixed monthly salary earned in the month before retirement date and the number of years service, with the maximum benefit (100%) being attained in the 16th year.

The pensions paid by the Social Security or by other BPI Group pension plans are deducted from the pensions payable under the Directors’ plan.

For purposes of calculating the obligations allocated to the Directors’ pension plan, account is also taken of the application of the regulations for the Directors of the Banco Fonsecas & Burnay (incorporated in Banco BPI) to the Directors of Banco Português de Investimento, so that the universe of Directors covered at 31 December 2003 was as follows:

<table>
<thead>
<tr>
<th>Number of persons</th>
<th>Current</th>
<th>Retired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of persons</td>
<td>15</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Obligations (th. euro)</td>
<td>10 201</td>
<td>3828</td>
<td>14 029</td>
</tr>
</tbody>
</table>

As referred to in note 4.19 to the accounts, these obligations are being recognised as costs by way of an annual uniform instalment at a rate of 7% and over a period which corresponds to the remaining active life of the Directors concerned.

At 31 December 2003, the balance on the account «provisions for pensions of Directors» includes EUR 12 544 thousand, which covered 89.4% of the present value of the obligations for past services corresponding to the complementary retirement and survivors’ pension plan for the Directors of Banco BPI, Banco Português de Investimento and Banco Fonsecas & Burnay (incorporated in Banco BPI).

7.5. LOANS TO MEMBERS OF BANCO BPI’S BOARD OF DIRECTORS

In terms of established policy, the members of the Executive Committee of Banco BPI’s Board of Directors benefit from the subsidised home loan regime in force at the Banks for all their Employees. Hence, at 31 December 2003, the overall balance on mortgage loans granted to members of the Executive Committee of the Board of Directors for the purpose of acquiring their own homes amounted to EUR 972 thousand.

The terms and conditions – risk evaluation, interest rates, guarantees furnished, term, etc. – under which loans are granted to the members of the Executive Committee of Banco BPI’s Board of Directors are identical to those applied to the Group’s other Employees.

As regards the Executive Committee in office, at 31/12/2003 the situation was as follows:

<table>
<thead>
<tr>
<th>Number of persons</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time of service (in years)</td>
<td>10.4</td>
</tr>
<tr>
<td>Obligations (th. euro)</td>
<td>6 359</td>
</tr>
</tbody>
</table>
7.6. INSURANCE OF BANCO BPI’S EXECUTIVE DIRECTORS

The Executive Directors of Banco BPI in current service benefit, as do their Employees, from a range of insurance policies which cover life, illness and accident risks.

<table>
<thead>
<tr>
<th>Policy</th>
<th>Risks covered</th>
<th>Capital insured (in thousands of euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group life assurance</td>
<td>Illness</td>
<td>424</td>
</tr>
<tr>
<td></td>
<td>Accident (involuntary cause)</td>
<td>848</td>
</tr>
<tr>
<td></td>
<td>Traffic accident</td>
<td>1,272</td>
</tr>
<tr>
<td>Personal accident insurance</td>
<td>Accident</td>
<td>127</td>
</tr>
<tr>
<td>Work accident insurance</td>
<td>Dead or professional disability</td>
<td>Pension 1</td>
</tr>
<tr>
<td>Health insurance2</td>
<td>Illness or accident</td>
<td>25 (per year)</td>
</tr>
</tbody>
</table>

1) to himself / herself (or surviving spouse) and to children (if dependents).
2) covers the respective family.

The costs borne by the BPI Group with respect to the above policies totalled EUR 35.3 thousand in 2003.

In addition, the BPI Group bears the cost of EUR 6.2 thousand for contribution to the SAMS relating to three Executive Directors of Banco BPI who benefit from this medical aid scheme.
8. Shareholder control and transferability of shares

8.1. SHAREHOLDER CONTROL

Banco BPI has not adopted any defensive clause impeding the free transferability of the shares and the unrestricted review by shareholders of the performance of Board members.

At 31 December 2003, the share capital held by shareholders represented on the Board of Directors and on the Audit Board stood at 48.2%. The percentage of the corresponding voting rights, taking into account own shares held by the Group and the statutory limitation, was 43.4%. Banco BPI’s capital at that date was held by 19,740 shareholders.

Banco BPI’s statutes stipulate that the votes cast by a single shareholder, in his own name and also as the representative of another or others, which exceed 12.5% of the company’s total votes, shall not be counted.

The BPI Group’s Directors and Senior Employees do not benefit from any indemnity clause of an extraordinary nature, in terms of which they are entitled to be compensated in the event of a change occurring in the control of the company (commonly referred to as “golden parachutes”).

8.2. EXERCISE OF VOTING RIGHTS AND SHAREHOLDER REPRESENTATION

There are no shareholder agreements of the type referred to in article 19 of the Securities Code relating to the exercise of company rights, or to the transferability of Banco BPI shares; in particular, there is no voting or defence agreement for warding off takeover bids.

A preferential rights’ agreement was entered into in 1986 between certain of BPI’s most significant shareholders, which specifies that any of the contracting parties wishing to transfer all or part of the shares covered by the agreement is bound to give preference on such disposal to the other contracting parties, upon the same terms and conditions.

This agreement is presently endorsed by six of Banco BPI’s shareholders who at 31 December 2003 represented 44.7% of Banco BPI’s share capital. This agreement has been successively renewed for periods of three years, the last of which occurred on 21 August 2003. Any renouncement of this accord must be communicated with a minimum of six months’ prior notice.
9. Exercise of voting rights and shareholder representation

9.1. ENCOURAGING THE EXERCISE OF VOTING RIGHTS
Banco BPI actively encourages the exercise of the right to vote, either directly – in person or by correspondence (postal or electronic) – or by proxy.

Under this policy, BPI has implemented a series of measures designed to combat shareholder absenteeism at General Meetings, amongst which the following:

- acceptance of vote by correspondence, both postal and electronic, and placing at Shareholders’ disposal ballot papers;
- ample disclosure of the convening of General Meetings (by postal, electronic mail and by the Internet), the topics to be discussed thereat and the different ways of exercising the right to vote;
- detailed description in the meeting notice and preparatory documents1 for the General Meeting which are sent to Shareholders2, the procedures to be adopted for those opting for postal or proxy voting (regime enshrined in the statutes).

It should also be pointed out that Banco BPI’s Board of Directors, in a positive response to the CMVM’s most recent recommendations, will propose to its Shareholders that at the next General Meeting the amendment to article 12 of the company’s statutes be approved, with a view to shortening the prior period for the deposit and blocking of shares for purposes of taking part in the General Meeting from 15 to 5 business days.

The proposals to be submitted for consideration and deliberation at the Meeting, as well as any other preparatory information, are placed up to 15 days prior to the date set for the meeting, at the disposal of shareholders at Banco BPI’s head office (Rua Tenente Valadim, 284, Oporto) and on the site www.ir.bpi.pt. The sending of any one of the above-mentioned material, including copies of ballot (voting) papers for the exercise of postal voting, may also be requested via a publicly-disclosed e-mail address.

9.2. ATTRIBUTION OF VOTING RIGHTS
A shareholder can vote provided he owns at least 1 000 Banco BPI shares on the 15th day prior to the date set for the General Meeting. The registration of ownership must be proved to Banco BPI by 6 p.m. of the fifth working day prior to the date set for the meeting. Every 1 000 shares correspond to one vote.

9.3. PROCEDURES RELATING TO PROXY REPRESENTATION
At its own initiative BPI pursues a policy of sending to shareholders the full content of proposed matters to be included in the order of business, as well as proxy forms, accompanied by a self-addressed postage-paid envelope.

Proxy representations must be communicated by letter addressed to the Chairman of the General Meeting Board, with the signature duly certified (by a notary, lawyer or legal clerk or by the company). This letter must be received at Banco BPI’s head office by 6 p.m. on the fifth day prior to the date set for the General Meeting.

The Chairman of the Shareholders’ General Meeting Committee is as a rule available to represent shareholders, expressing in a clear manner his voting intentions where the shareholder does not stipulate any specific instructions.

9.4. PROCEDURES RELATING TO POSTAL VOTING
BPI sends annexed to the notice convening the General Meeting, ballot papers addressed to the Chairman of the General Meeting Board, by means of which the shareholder can express in a clear form his vote. Each ballot paper, available in Portuguese and English, must be signed and this signature duly certified (by a notary, lawyer or legal clerk). Ballot papers must be received at Banco BPI’s head office by 6 p.m. on the fifth working day prior to the date set for the General Meeting.

Postal votes count towards the constitution of the General Meeting quorum and are interpreted in the light of the matters appearing in the meeting notice, and do not express any voting intention as concerns new matters.

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1) Also available on the Internet at the website www.ir.bpi.pt
2) To the Shareholders with the right to at least 5 votes.
The postal votes are opened by the Chairman of the General Meeting Committee, who is responsible for checking their authenticity, conformity with the rules and non-existence of duplicate votes taking into account the presence of the respective Shareholders at the General Meeting.

Votes by correspondence are only considered after the votes casts in person on each one of the motions have been counted. The Chairman of the General Meeting informs those present of the number and results of the votes received by correspondence.

The manner in which the scrutiny of votes cast by correspondence at the General Meeting is conducted is set out in documents made available by BPI for the exercise of voting by correspondence, as well as being described in a separate section of the Investor Relations’ website devoted to this event.

The Company Secretary is charged with ensuring the confidentiality of the votes received by correspondence until the day of the General Meeting. On that date, this responsibility is transferred to the Chairman of the General Meeting Committee up to the moment of voting.

The postal vote cast by a shareholder who is present or represented at the General Meeting shall be ignored.

Although voting by correspondence by its very nature constitutes an alternative to shareholder representation, nothing prohibits that both forms be cumulative.

9.5. PROCEDURES RELATING TO VOTING VIA ELECTRONIC MEANS

BPI offers its Shareholders for the first time at the General Meeting to be held on 20 April 2004, the possibility of casting votes by electronic means.

The procedures required for voting by electronic means are in part similar to those required for postal voting. That is:

BPI sends beforehand to its Shareholders, as an annex to the General Meeting preparatory documents, a draft – available in Portuguese and English – that allows them to opt for the system of electronic voting. This draft can also be obtained for the website www.ir.bpi.pt or upon request to the Investor Relations Division. The draft must be signed and the signature must be authenticated by a notary, lawyer or legal clerk.

In the draft the Shareholder is asked, amongst other details, to provide a password and indicate his e-mail address. This document must be received at the Bank’s head office together with the respective declaration of share deposit and blockage, by 18.00 hours of the fifth business day before the date set for the General Meeting.

At the end of the fifth business day prior to the Meeting date, BPI sends an email to the Shareholder indicating his counter password which, jointly with the initial password, will give him access to an electronic ballot paper on a page at the site www.ir.bpi.pt. The Shareholder can exercise his voting right on the fourth and third business days before that set for the Meeting.

1) To the Shareholders with the right to at least 5 votes.
The BPI Group’s entities operating on the market as institutional investors – the fund-management companies, the pension-fund management company, the investment bank and the development capital companies – are bound to the rules designed to ensure the diligent, efficient and critical use of the rights attaching to the negotiable securities of which they are the holders or whose management has been entrusted to them, namely as concerns information and voting rights.

The asset-management entities belonging to the BPI Group, besides the traditional investment criteria associated with the risk / return relationship, also take into consideration in the investment decision-making process, the following factors:

- quality of the system of governance and supervision;
- transparency in the provision of information;
- good environmental practices.

On the other hand, BPI, on its own initiative, does not invest in companies operating in the pornography or arms industry. However, BPI could be the holder of financial interest in companies associated with these businesses through the investment in the participating units of unit trust funds managed by non-Group companies, or through other forms of indirect investment.
11. Code of ethics and professional conduct

11.1. COMMITMENT TO STRICT STANDARDS OF ETHICS AND PROFESSIONAL CONDUCT

The professional activity of the members of governing bodies and of Employees of the companies belonging to the BPI Group universe, is governed by the following principles:

- respect for absolute independence with respect to the interests between the Company and its Customers, between personal interests and those of the Company, and those of the Customers amongst themselves;
- professional competence;
- personal integrity.

With the aim of safeguarding absolute respect for all the standards of an ethical and professional conduct nature at each of the BPI Group's companies, Employees, members of governing bodies, service providers and external consultants are obliged to declare in writing that they have full knowledge of the norms appearing in the following documents:

- codes of conduct of the respective associations, namely, the Associação Portuguesa de Bancos (APB) and the Associação Portuguesa das Sociedades Gestoras de Patrimónios e de Fundos de Investimento (APFIN);
- BPI's own codes, adapted in accordance with the type of activity carried out by each one of the banks and investee companies, and which in certain instances contain even more restrictive rules than those embodied in directives issued by the associations to which they belong and/or by the supervisory authorities. BPI's code of conduct was approved for the first time in March 1994, since when its has been revised occasionally.

Breach of the duties envisaged in the aforesaid codes is punishable according to the gravity of the infringement, the degree of the perpetrator's culpability and the consequences of the act, through the application of a sanction which is graduated on a case-by-case basis, ranging from a verbal admonishment to dismissal with just cause. Disciplinary responsibility is independent of responsibility of a civil, minor offence and criminal nature.

11.2. EQUITY AND SAFEGUARDING AGAINST CONFLICT OF INTERESTS

The members of Banco BPI's Board of Directors are bound to communicate any interest, direct or indirect, that they, any member of their families or any entities to which they are professionally connected, may have in the Company in respect of which the possibility of the assumption of an equity interest, or a loan or any service by BPI Group Companies or Banks, is being considered. In such circumstances, the Directors must inform the nature and extent of such interest and, where this is substantial, they must refrain from taking part in the discussion and/or voting of any proposal that such operation may entail.

As concerns the Customers of the BPI Group’s Banks and Companies, every Customer is accorded equal treatment in all situations where there is no motive of a legal and/or contractual nature to proceed otherwise. This does not contradict the practice of differentiated conditions on the realisation of operations after having weighed the attendant risks, their profitability and/or the Customer’s return.

11.3 VIOLATION OF PROFESSIONAL SECRECY AND CONFIDENTIALITY

In contacts with Customers and the markets, members of the governing bodies and Employees of BPI Group companies must exercise the utmost discretion and practise professional secrecy regarding the services provided to their Customers and, furthermore, about facts or information relating to such Customers or third parties, knowledge of which stems from the exercise of the respective activities. This duty only ceases by way of the written authorisation of the person concerned or in the cases expressly envisaged in the law. The duty of professional secrecy continues even after the cessation of functions as member of the governing bodies or as Employee.

The ethical and professional conduct regulations imposed upon those who work for the BPI Group are intended to guarantee professional confidentiality, the defence of Customers' interests and the prohibited use of privileged information for personal gain.

BPI Group's codes of conduct in force are available for consultation or download at the website www.ir.bpi.pt or upon request to the Investor Relations Division (see contacts under point 12.2 of this report).
11.4. STOCK BROKERAGE ACTIVITY

Dealing for own account

There are strict rules governing everything that refers to the execution of operations involving securities dealing for one’s own account (including family) in the companies specialising in this type of business activity, such as Banco Português de Investimento and BPI Fundos.

An example of these rules is the case where securities acquired by Employees and members of the governing bodies of these companies could only be sold 30 days after purchase, which limits the risk of improper involvement in speculative operations. Compliance with this rule can only be waived by the decision of a Director or, when it involves a member of a governing body, by deliberation of the Board of Directors taken after submission of a written petition submitted by the interested party. To the present date, no member of a governing body has ever requested the Board of Directors to waive compliance with this rule.

In general terms, it is important to stress the obligation imposed on all the Group’s Employees and Directors to communicate within 24 hours to management, all the operations realised involving securities (excluding bonds issued by entities with sovereign or equivalent risk), except in the case where the Group’s stockbroking channels have been used (which is tantamount to communication of the operation for this purpose). In the case of Employees involved in stockbroking activity, use of the Group’s stockbroking channels is compulsory.

Acting for the account of Customers

Employees of the BPI Group’s Banks which are involved in stockbroking activity are bound to the duties laid down in the code of conduct of the Associação Portuguesa de Bancos (Portuguese Association of Banks) which provides that they must, in the execution of any operations entrusted to them, serve their Customers with diligence, loyalty and discretion, namely:

- carrying out the transactions with speed and upon the best conditions afforded by the market;
- abstaining from attributing to themselves the same securities when they have Customers who have requested them at the same or a higher price or, on the other hand, abstaining from selling securities which they hold instead of identical stocks in respect of they have received orders to sell by the Customers at the same or lower price.

In parallel, the Banks must inform their Customers of all the material aspects that they require in order to form an informed decision about the transaction they intend to enter into, alerting them, above all, of the nature of the inherent risks and the financial consequences that their eventual realisation will imply.

With regard to the provision of portfolio management services, the Banks and the Investment Fund Management Companies must ensure that their Customers are informed about the risk level to which they are subjected, the degree of discretion granted to the management entity and all the commissions and other expenses they will be charged.

11.5 COMBAT AGAINST TERRORISM AND MONEY LAUNDERING

In terms of standards promulgated at both national and Community level and with a view to preventing the use of the financial system for money-laundering purposes, the Group’s Banks are obliged to communicate to the relevant authorities the realisation of operations which arouse suspicions in this domain.

In this context, Bank Employees must inform their respective superiors and the Human Resources Division about operations realised and/or to be realised which, by their nature, amount or characteristics, may indicate the use of funds derived from illicit activities.

It competes to Executive Committee and respective Division, backed by the Internal Audit Division, to analyse any occurrences and give the adequate pursuing to them, as well as to take the necessary measures to prevent the BPI Group’s involvement in operations associated with money laundering. The Audit and Internal Control Committee is, systematically, informed of the evolution of the occurrences and its consequences.
11.6. PREVENTION OF INSIDER TRADING

Employees and Directors who, during the exercise of their functions, obtain information which has not been made public and which could influence prices on any market, are bound by a strict duty of secrecy, and must abstain from carrying out any transactions in the securities involved until such information becomes public.

In terms of Banco BPI’s and Banco Português de Investimento’s code of conduct, the members of Management or others with a professional category on a par with or above a Manager, as well as those Employees involved in the preparation of the annual report and accounts or the issue of shares or securities convertible into shares, are prohibited from dealing in Banco BPI shares, as well as in securities convertible into shares or those which confer such rights:

a) in the period falling between the 15th day before the end of each quarter or each financial year, and the day the corresponding results are disclosed, which considering BPI’s normal practice, means the barring of trading in Banco BPI shares in approximately half the stock exchange sessions in the year;

b) in the period falling between the decision of BPI’s management to propose the issue of shares representing its share capital or of securities convertible into shares or those which confer such rights, and the respective public announcement.

Banco BPI and its Directors are also bound by strict communication duties imposed by law and by the CMVM’s Regulations, such as the obligation to within a period of 7 business days, the first-mentioned have to inform the second-mentioned which must then inform the CMVM, of any operations realised in Banco BPI shares.

In order to strengthen the measures aimed at averting situations of abuse arising from the possession of privileged information, BPI also pursues a policy of:

- disclosing results on the same day the Board of Directors approves them;
- waiting till the close of the stock exchange session before disclosing important facts;
- informing the CMVM and placing on the Investor Relations site the presentations made at the «BPI’s Annual Conference with Analysts and Investors», the last two of which the Group’s strategic objectives were analysed and revised.

11.7. BUSINESS DEALINGS BETWEEN BPI AND MEMBERS OF THE BOARD OF DIRECTORS, THE AUDIT BOARD, THE HOLDERS OF QUALIFIED SHAREHOLDINGS OR COMPANIES BELONGING TO THE GROUP

There were no business dealings or operations in 2003 between the company on the one hand, and the members of the Board of Directors, the audit Board, the holders of qualified shareholdings or Group companies, on the other, which were materially relevant and cumulatively, which were carried out other than under market conditions (applicable to similar operations) or beyond the scope of the bank’s normal day-to-day business operations.
12. Communication with the market

12.1 PRINCIPLES GOVERNING THE DISCLOSURE OF FINANCIAL INFORMATION AND OTHER IMPORTANT FACTS

Principles underlying the disclosure of financial information and other important facts

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency</td>
<td>By supplying the market all relevant information that allows the formation of substantiated judgement about the evolution of activity and the results achieved, as well as the prospects for growth, earnings and existing risks;</td>
</tr>
<tr>
<td>Consistency</td>
<td>In the maintenance of the criteria used in the provision of information and clarification of the motives underlying changes thereto, when they occur, so as to ensure the comparability of the information between the reporting periods;</td>
</tr>
<tr>
<td>Simplicity</td>
<td>Through the use of plain language, in the use of explanatory notes for complex issues and in the inclusion of a glossary and formulary in the Annual Report;</td>
</tr>
<tr>
<td>Availability</td>
<td>In the adoption of a proactive, open and innovative stance in communication with the market;</td>
</tr>
<tr>
<td>Materiality</td>
<td>In the disclosure of all the information which is relevant and in the attribution to each piece of information a degree of visibility and detail commensurate with its importance;</td>
</tr>
<tr>
<td>Initiative</td>
<td>In the adoption of communication of practices and the provision of information which, although not binding, are appreciated by the market.</td>
</tr>
</tbody>
</table>

12.2. INVESTOR RELATIONS DIVISION

Concept and responsibilities

Banco BPI attaches special importance to the maintenance of a frank and transparent relationship with financial analysts, investors, shareholders, authorities, mass media and other market participants.

Stemming from this permanent preoccupation, BPI set up in 1993 a structure exclusively dedicated to relations with investors and with the market. The Investor Relations Division reports directly to Banco BPI’s Executive Committee and has as its mission providing the market with accurate, regular, timely and unbiased information concerning the BPI Group, with particular emphasis on information that could have a material impact on the Banco BPI share price.

The Investor Relations Division has as its principal functions guaranteeing, to the Authorities and to the market, compliance with legal and regulatory reporting obligations to which Banco BPI is bound, responding to the information needs of investors, financial analysts and other interested parties, and lending support to the Executive Committee in aspects relating to Banco BPI’s presence on the market as a listed entity.

Within the scope of the first-mentioned responsibilities, of particular importance is the disclosure of information classified as “relevant fact” or “other communications”, the furnishing of quarterly information concerning the Group’s activity and results, and the preparation of the annual and interim reports and accounts.

BPI has been disclosing information every quarter covering its activity and the consolidated results since the last quarter of 1991. Since it was listed on the stock exchange in 1986, BPI adopts a policy of commissioning a full-scope external audit when the law requires merely a limited review.

In the sphere of advisory support given to the Executive Committee, we highlight the monitoring of the Banco BPI share price in its multiple facets, backing in the direct contact that the Executive Committee regularly has with financial analysts and institutional investors (national and foreign), covering both conferences and road shows and individual (one-on-one) meetings.

As regards this aspect, an important event is the Conference for Investors and Analysts which the Executive Committee has organised every year since 2001. BPI’s policy is to disclose to the market the information presented at these gatherings, issuing a press release summarising the most relevant aspects and reproducing the keynote presentations delivered during this event on the IR website.
The Investor Relations Division contact details are frequentes and widely broadcast. All the information of a public nature regarding the BPI Group can be requested from the Investor Relations Office via the contact page at the site www.ir.bpi.pt, by telephone (22 607 33 37), e-mail (investor_relations@bpi.pt), fax (22 600 47 38) or by letter (Rua Tenente Valadim, 284, 4100-476 Porto).

Activity in 2003
The Investor Relations Division (Portuguese initials DRI) developed intense activity in 2003. Besides the usual commitments stemming from legal and regulatory reporting obligations – which include responsibility for the preparation of Banco BPI’s Annual and Interim Reports (including the present report) and all the documents associated with the quarterly disclosure of results – as well as handling regular requests for information – by both the market and by the BPI Group’s internal personnel – the DRI was involved in:

- bank’s presentation in 5 conferences (organised by third parties) in Lisbon, Madrid, Paris and London.
- staging of 4 road shows, sponsored by internationally renowned brokers, held in London and in the Scandinavian region;
- realisation of more than 40 one-on-one meetings / presentations.

The road shows and the one-on-one presentations / meetings were attended by the deputy-chairman of the Board of Directors’ Executive Committee, Fernando Ulrich and/or by the Executive Committee member responsible for the Investor Relations Division, Manuel Ferreira da Silva.

The Annual Conference for Analysts & Investors was held on 18 March 2003 and was attended by 25 analysts (buy-side and sell-side) from 19 investment houses and 13 institutional investors.

12.3. INTERNET WEBSITE
«Investor Relations» Website – www.ir.bpi.pt
In June 2003, BPI carried out a major overhaul of its site dedicated to the disclosure of information of an institutional nature about the Group. This website – previously domiciled at www.bpi.pt – is now available at the address www.ir.bpi.pt, or, for those people who do not have access to the Internet, at the “Internet Kiosks” located at the greater part of Banco BPI branches.

The website (available in Portuguese and English) is split into six principal sections which cover – inter alia – the following subjects:

Amongst the website’s more than 200 contents / functionalities, the following merit special reference:

- interactive simulator for calculating the total return (i.e. assuming the reinvestment in dividends) on the investment in Banco BPI shares;
- extensive financial information that is completely updated four times a year on the actual day results are released;
- section about «debt» containing summary files and supporting documentation relating to the main public issues of subordinated senior debt and preference shares;
- interactive charts, including benchmarking with the market.
All the information of an institutional nature which is public and material is as a rule published on the website. For the most significant events, such as the Shareholders’ General Meeting, the payment of dividends and the quarterly disclosure of results, specific pages (portals) are also created for disclosing information and giving support for such events.

Users of the website also have the opportunity to register for and receive a daily email summarising the behaviour of Banco BPI shares on the stock exchange, an alert service whenever the share attains a predetermined percentage and news or new contents published on the site. The subscribers of these “mailing lists” can cancel their subscription at any moment by simply following the links appearing at the bottom of each email for this purpose.

The Investor Relations website complies fully with the CMVM’s recommendations about the use of the Internet as a means of disclosing information of an institutional nature.

In 2003 the IR site recorded a monthly average of 181 thousand pages views and 12.4 thousand visits.

**Electronic mail**

The announcements of important facts and other communications, besides being published on the Investor Relations site and on the CMVM’s information channel, are also sent by electronic mail to the supervision authorities, the media, analysts, as well as to all the institutional investors or to those individuals who expressly request these.

In the disclosure of Banco BPI’s 2003 consolidated results approximately 650 emails were sent by the Investor Relations Division. These messages were sent to persons or entities who expressly indicated their wish to be included in BPI’s mailing list. The DRI does not resort to spamming (the practice of sending unsolicited emails) and periodically reviews its base of contacts with a view to eliminating inactive addresses or recipients.

Generally speaking, all the documents issued in paper form (including preparatory documents for the General Meetings) are available for dispatch in electronic format upon request.

**12.4. REPRESENTATIVE FOR MARKET RELATIONS**

Mr. Rui de Faria Lélis – Director of Banco Português de Investimento – is Banco BPI representative for Market Relations.
13. Banco BPI Share

13.1. SHAREHOLDER RETURN

Banco BPI shares registered a gain of 33.9% in 2003, outstripping the market’s performance by an expressive margin. Indeed, the equities market posted a rise of 15.8% in Portugal\(^1\) and 13.7% in Europe\(^2\), while the European banking sector recorded a gain of 21.6%\(^3\). The return on investment (ROI) in BPI shares – which takes into consideration the share’s stock market appreciation and assumes the reinvestment of dividends in new BPI shares – was situated at 38.5% in 2003.

In the chapter entitled “Banco BPI Shares”, a detailed account is presented of the stock market behaviour of Banco BPI shares, which includes figures relating to earnings per share, dividends paid, stock prices, shareholders’ returns, liquidity data and stock market capitalisation and market appreciation indicators for the last five years. These historical series have been adjusted for events.

13.2. TREND IN BANCO BPI’S SHARE AND COMMUNICATION OF IMPORTANT FACTS TO THE MARKET

The chart below presents the behaviour of Banco BPI shares in 2003 and the communication to the market of important facts and other communications.

![Trend in Banco BPI's share price in 2003](image)

### Communication of important facts to the market

<table>
<thead>
<tr>
<th>No.</th>
<th>Date of communication to the market</th>
<th>1st stock exchange session after communication</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>03 Feb 2003</td>
<td>04 Feb 2003</td>
<td>Announcement of Banco BPI’s consolidated results in 2002</td>
</tr>
<tr>
<td>2</td>
<td>21 Feb 2003</td>
<td>21 Feb 2003</td>
<td>Date of the attribution of shares and options under the RVA scheme - (Programa de Remuneração Variável em Acções)</td>
</tr>
<tr>
<td>3</td>
<td>10 Mar 2003</td>
<td>11 Mar 2003</td>
<td>Notice convening SGM to be held on 10 April 2003</td>
</tr>
<tr>
<td>4</td>
<td>17 Mar 2003</td>
<td>18 Mar 2003</td>
<td>Revision of the operating objectives for 2003-4 announced at the annual conference with analysts and investors</td>
</tr>
<tr>
<td>5</td>
<td>14 Apr 2003</td>
<td>15 Apr 2003</td>
<td>Payment of dividends in respect of 2002 financial year</td>
</tr>
<tr>
<td>6</td>
<td>14 Apr 2003</td>
<td>15 Apr 2003</td>
<td>Results of the voting at the SGM held on 10 April 2003</td>
</tr>
<tr>
<td>7</td>
<td>15 Apr 2003</td>
<td>16 Apr 2003</td>
<td>BPI Pensions informs the market that it owns 2.32% of Banco BPI’s capital</td>
</tr>
<tr>
<td>8</td>
<td>24 Apr 2003</td>
<td>28 Apr 2003</td>
<td>Disclosure (release) of the BPI Group’s consolidated results for the 1st quarter of 2003</td>
</tr>
<tr>
<td>9</td>
<td>01 Jul 2003</td>
<td>02 Jul 2003</td>
<td>Banco BPI reaches agreement on the sale of the equity interest in Banc Post</td>
</tr>
<tr>
<td>10</td>
<td>10 Jul 2003</td>
<td>11 Jul 2003</td>
<td>Banco BPI and Modelo Continente, SGPS inform about the remodelling of the collaboration arrangement relating to the Crédito Universo Card</td>
</tr>
<tr>
<td>11</td>
<td>30 Jul 2003</td>
<td>31 Jul 2003</td>
<td>Announcement of Banco BPI’s consolidated results relating to the 1st half of 2003</td>
</tr>
<tr>
<td>12</td>
<td>23 Sep 2003</td>
<td>24 Sep 2003</td>
<td>Joint announcement referring to Auto-Estradas do Atlântico</td>
</tr>
<tr>
<td>13</td>
<td>29 Sep 2003</td>
<td>30 Sep 2003</td>
<td>Integration of Crediuniverso into Banco BPI</td>
</tr>
<tr>
<td>14</td>
<td>23 Oct 2003</td>
<td>24 Oct 2003</td>
<td>Announcement of Banco BPI’s consolidated results relating to the third quarter of 2003</td>
</tr>
<tr>
<td>15</td>
<td>31 Oct 2003</td>
<td>03 Nov 2003</td>
<td>Transfer amongst affiliates of the position held by “La Caixa” in Banco BPI’s capital</td>
</tr>
<tr>
<td>16</td>
<td>17 Nov 2003</td>
<td>18 Nov 2003</td>
<td>BPI raises position in SIC to 4.1%</td>
</tr>
<tr>
<td>17</td>
<td>03 Dez 2003</td>
<td>04 Dez 2003</td>
<td>Change in the Chairmanship of Banco BPI’s Executive Committee</td>
</tr>
</tbody>
</table>

Note: BPI adheres to a policy of disclosing important facts after the closing of the day’s stock exchange session, with the result that any possible effect on share prices is only felt in the next session.

1) Taking into consideration the trend in the PSI-20 index
2) Based on the evolution of the Dow Jones STOXX 600 index.
3) Taking as the reference the Dow Jones Europe STOXX Bank index.
14. Dividend Policy

The essential elements of the BPI Group’s dividend policy are:

- the Group’s consolidated net profit serves as the basis for calculating the dividend payment;

- maintenance of a historical pay-out of not less than 30%, while retaining earnings that ensure the availability of the financial resources required for the Group’s growth;

- fixing the dividend per share in adjusted terms by taking into account capital increases (in cash or by the incorporation of reserves) and stock splits.

In the table «Principal indicators of Banco BPI shares» included in the chapter “BPI Shares” of the Directors’ Report, it is possible to find information relating to the amount of earnings distributed, the pay-out ratio, the dividend per share and the dividend yield of the last 5 years. On the other hand, the www.ir.bpi.pt site has a section totally devoted to dividends which contains a complete history (since BPI’s creation) of information relating to this topic.
APPENDIX OF THE BPI GROUP’S CORPORATE GOVERNANCE REPORT

MANAGEMENT OR SUPERVISORY POSITIONS OCCUPIED BY MEMBERS OF BANCO BPI’S BOARD OF DIRECTORS IN OTHER COMPANIES

Artur Santos Silva, 62 years of age, has been exercising executive functions at the BPI Group for 22 years. He is Chairman of the Board of Directors of Banco Português de Investimento, S.A., of Banco de Fomento, SARL, of BPI Madeira, SGPS, Unipessoal, S.A. and of Inter-Risco – Sociedade de Capital de Risco, S.A. He is a Director of Banco BPI Cayman, Ltd. and of Viacer – Sociedade Gestora de Participações Sociais, Lda.

Carlos da Câmara Pestana, 72 years of age. He is Deputy-Chairman of the Board of Directors of Banco Itaú Europa, S.A. (Portugal). He is a member of the Board of Directors of BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A., of BPI Pensões – Sociedade Gestora de Fundos de Pensões, S.A., of BPI Vida – Companhia de Seguros de Vida, S.A., of BPI Capital Finance Limited, of BPI Global Investment Fund Management Company, S.A. and of Solo – Investimentos em Comunicação, SGPS, S.A. He is a member of the Board of Directors of Banco de Fomento, SARL, of BPI Madeira, SGPS, Unipessoal, S.A., of Companhia de Seguros Allianz Portugal, S.A. and of Inter-Risco – Sociedade de Capital de Risco, S.A. He is a Director of Banco BPI Cayman, Ltd. He is a non-executive member of the Board of Directors of Portugal Telecom, S.A. and PT Multipídia, S.A.

Fernando Ulrich, 51 years of age, has been exercising executive functions at the BPI Group for 20 years. He is Deputy-Chairman of the Board of Directors of Banco Português de Investimento, S.A. He is a member of the Board of Directors of BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A., of BPI Pensões – Sociedade Gestora de Fundos de Pensões, S.A., of BPI Vida – Companhia de Seguros de Vida, S.A., of BPI Capital Finance Limited, of BPI Global Investment Fund Management Company, S.A. and of Solo – Investimentos em Comunicação, SGPS, S.A. He is a member of the Board of Directors of Banco de Fomento, SARL, of BPI Madeira, SGPS, Unipessoal, S.A., of Companhia de Seguros Allianz Portugal, S.A. and of Inter-Risco – Sociedade de Capital de Risco, S.A. He is a Director of Banco BPI Cayman, Ltd. He is a non-executive member of the Board of Directors of Portugal Telecom, S.A. and PT Multipídia, S.A.

Ruy Octávio Matos de Carvalho, 71 years of age. He is Chairman of the Supervisory Board of EFACEC Capital, SGPS, S.A. He is Deputy-Chairman of Yura Internacional and Vittoria Capital. He is a Member of the Board of Directors of João Marques Pinto – Investimentos Imobiliários, S.A.

Alfredo Costa Rezende de Almeida, 69 years of age. He is Chairman of the Board of Directors of ARCO TÊXEIS – Empresa Industrial de Santo Tíno, S.A. and of ARCO FIO – Fiação, S.A. He is Deputy-Chairman of the Board of Directors of ARCO TINTO – Tinturaria, S.A. He is a member of the Board of Directors of Fábrica do Arco – Recursos Energéticos, S.A. He is an owner- Director of Casa de Ardas – Sociedade Agrícola e Comercial, Lda.

António Domingues, 47 years of age, has been exercising executive functions at the BPI Group for 14 years. He is a member of the Board of Directors of Banco de Fomento, SARL, BCI – Banco Comercial e de Investimentos, SARL (Mozambique), BPI Capital Finance, Limited, BPI Madeira, SGPS, Unipessoal, S.A., Digitalmarket – Sistemas de Informação, S.A., SIBS – Sociedade Inteirbicâncias de Serviços, S.A. and Unicir – Cartão Internacional de Crédito, S.A.

António Farinha Morais, 52 years of age, has been exercising executive functions at the BPI Group since the acquisition of the former BFE in 1996. Previously, he worked at BFE since 1978. He is a member of the Board of Directors of BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A. and BPI Global Investment Fund Management Company, S.A.


Caixa Holding, S.A., Sociedade Unipessoal – representada por Fernando Ramirez Mazarrado, 50 years of age. He is Deputy Director-General of the Caja de Ahorros y Pensiones de Barcelona “La Caixa”. He is Deputy-Chairman of the Board of Directors of INDF – Sociedade Gestora de Productos Financieros Derivados. He is a member of the Board of Directors of Societé Monegasque de Banque Privée, Bolsa de Barcelona, E-lacaixa, Caixabank Banque Privée (Suisse), Ibercierca y de Bolsas y Mercados Españoles – Sociedad Holding de Mercados y Sistemas Financieros, S.A. He is a member of the Executive Committee and of the Board of Directors of Gas Natural SDG, S.A.

Isidro Fainé Casas, 61 years of age. He is a Director-General of the Caixa de Ahorros y Pensiones de Barcelona “la Caixa”. He is Chairman of Abertis Infraestructuras, S.A. He is Deputy-Chairman of Telefónica, S.A. He is a member of the Board of Directors of Caixa Holding, S.A. and CaixaBank France.

João Sanguineti Talone, 80 years of age. He does not exercise management or supervisory functions at other companies.

José Alberto Ferreira Pena do Amaral, 48 years of age, exercises executive functions at the BPI Group for 17 years. He is Chairman of the Board of Directors of Eurolocação – Comércio e Aluguer de Veículos e Equipamentos, S.A. He is a member of the Board of Directors of BPI Madeira, SGPS, Unipessoal, S.A. and Companhia de Seguros Allianz Portugal, S.A. He is a member of the Board of Directors of BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A. and BPI Rent – Comércio e Aluguer de Bens, Lda.

Klaus Dührkop, 50 years of age. He is Executive Deputy-Chairman of Allianz, AG. He is a member of the Board of Directors of RAS (Italy), Lloyd Adriático (Italy), Allianz Subalpina (Italy), Companhia de Seguros Allianz Portugal, S.A., Allianz Greece, Assurances Federale (France) and Koc Allianz (Turkey).

Manuel Ferreira da Silva, 46 years of age, exercises executive functions at the BPI Group for 20 years. He is a member of the Board of Directors of Banco Português de Investimento, S.A., Inter-Risco – Sociedade de Capital de Risco, S.A. and BPI Madeira, SGPS, Unipessoal, S.A.


Maria Celeste Hagatón, 51 years of age, exercises executive functions at the BPI Group for 18 years. She is a member of the Board of Directors of BPI Madeira, SGPS, Unipessoal, S.A.. She is a non-executive member of the Board of Directors of Banco Português de Investimento, S.A. and CVP – Sociedade de Gestão Hospitalar, S.A.

Riunione Adriatica di Sicurità, representada por Diethart Breipohl, 64 years of age. He is a member of the Supervisory Board of Allianz AG (München), Beiersdorf AG (Hamburg), Continental AG (Hanover), Karstadt Quelle (Essen), Mg Tecnologies AG (Frankfurt) and KM Europa Metal AG (Osnabrück). He is a member of the Board of Directors of Crédit Lyonnais (Paris), Assurances Gérales de France AGF (Paris), Banco Popular Español (Madrid) and Euler & Hermes (Paris).

Roberto Egydio Setúbal, 49 years of age. He is Deputy-Chairman of the Board of Directors, Director Chairman, Director-General and member of the International Consultative Committee of Banco Itaú Holding Financeira, S.A. He is Director Chairman and Director-General of Banco Itaú, S.A. He is Executive Director and Deputy-Chairman of Itaúsa – Investimentos Itaú, S.A. He is Chairman of the Board of Directors and Director Chairman of Banco Bemge, S.A., Banco Bem, S.A., Banco Banestado, S.A., Itaú Banco de Investimento, S.A., CIA Itauleasing de Arrendamento Mercantil, Investimentos Bemge, S.A., Itaúni Participaciones Internacional, S.A. and Itaú Diretora de Consórcios, Lda. He is Director Chairman of Banco Banerj, S.A., Itaú Capitalização, S.A., Itaú Previdência e Seguros, S.A., Itaucard Financeira, S.A. – Crédito, Financiamento e Investimento, Banco Itaú Europa, S.A., Itaú Bank, Ltd. and Banco Itaú Buen Ayre, S.A. He is a Director of Itaúsa Portugal, SGPS, S.A.

Tomaz Jervell, 59 years of age. He is Chairman of the Management Board of Auto-Suco, Lda. He is Chairman of the Board of Directors of Norbase, SGPS, S.A., Auto-Suco (Angola), SARL, Auto-Suco (Minho), S.A., Soma, S.A., Biosafe, S.A. and Vellar, SGPS, S.A. He is a member of the Management Board of Auto-Suco (Coimbra), Lda.
IV. MANAGEMENT BODY
Organisation charts relating to the division of responsibilities between the various bodies and company departments in the business decision-making process.

I. DISCLOSURE OF INFORMATION
List of specific commissions created at the company with indication of their composition and functions
Description of the system of risk control implemented at the company
Description of the issuer’s share price behaviour
Description of the dividend distribution policy
Description of the main characteristics of the share and options attribution plans adopted
Business dealings between the company on the one hand, and the members of its governing bodies, holders of qualified shareholdings or Group companies, on the other
Investor Support Office - functions, type of information available and access routes
Company site on the Internet
Identification of the market relations representative
Indication of the composition of the remuneration committee
Indication of the annual remuneration paid to the auditors and their network
Description of the means of safeguarding the auditor’s independence

II. EXERCISE OF VOTING RIGHTS AND REPRESENTATION OF SHAREHOLDERS
Existence of statutory rules on voting rights, namely, those that exclude the right to vote by correspondence
Existence of a model for the exercising of vote by correspondence
Possibility of exercising voting rights be electronic means
Prior period required for the deposit or blockage of shares for participation at general meetings
Requirement of a period of time elapsing between the receipt of the voting paper by correspondence and the holding of the general meeting
Number of shares which correspond to one vote

III. CORPORATE RULES
Existence of codes of conduct for the company’s bodies or other internal regulations
Description of the internal procedures for the control of risk in the company’s activity
Measures capable of interfering in the success of takeover bids (limiting the exercise of voting rights, restrictions on the transferability of shares, shareholder agreements, etc)

IV. MANAGEMENT BODY
Management body: distinction between executive and non-executive members and independent and non-independent members
Functions exercised by the members of the management body at other companies
Existence of an executive commission or other commissions with management responsibility, identifying the powers and responsibilities attributed to these committees and their composition
Delimitation of responsibilities between the Chairman of the management body and the Chairman of the executive committee
List of issues the executive committee is barred from dealing with
Information to the members of the management body relating to matters dealt with and decisions taken by the executive committee
List of disqualifications defined internally by the management body
Number of meetings of the management body during the year in question

Appendix

Details
Nature

0. DECLARATION OF COMPLIANCE
Detailed indication of the CMVM’s recommendations on corporate governance not adopted

I. DISCLOSURE OF INFORMATION
Organisation charts relating to the division of responsibilities between the various bodies and company departments in the business decision-making process.
List of specific commissions created at the company with indication of their composition and functions
Description of the system of risk control implemented at the company
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Description of the dividend distribution policy
Description of the main characteristics of the share and options attribution plans adopted

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List of issues the executive committee is barred from dealing with
Information to the members of the management body relating to matters dealt with and decisions taken by the executive committee
List of disqualifications defined internally by the management body
Number of meetings of the management body during the year in question
Description of the remuneration policy, including in particular the means for aligning Directors’ interest with those of the company.
Indication of remuneration earned, distinguishing between executive and non-executive directors and the variable from the fixed portion
Number of meetings of the management body during the year in question

Appendix
### Publications, communications and events in 2004

<table>
<thead>
<tr>
<th>Important dates</th>
<th>Investor Relations Division channels</th>
<th>CMVM Web site</th>
</tr>
</thead>
</table>
| **BPI 2004 calendar**
| Brochure PDF | Publication up to 30 days after the AGM | 21 Apr. 04 |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
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| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| **BPI Group Corporate Governance 2003**
| Brochure PDF | Publication up to 30 days after the AGM | 20 Apr. 04 |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| **Relatório anual 1º semestre de 2004**
| Brochure PDF | Publication up to 30 September | 15/30 Sep. 04 |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
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| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |
| Brochure PDF | Available for sending (contacts page) | Available on request |

| Disclosures of quarter results
| Announcement | Publication up to 30 days after the quarter, web (available by PDF) | 30 Apr. 04 |
| Announcement | Available for sending (contacts page) | Available on request |
| Announcement | Available for sending (contacts page) | Available on request |
| Announcement | Available for sending (contacts page) | Available on request |
| Announcement | Available for sending (contacts page) | Available on request |
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| Announcement | Available for sending (contacts page) | Available on request |
| Announcement | Available for sending (contacts page) | Available on request |
|
| **Events**
| **General Market Events**
| Notice | Publication up to 30 days before the AGM | 20 Apr. 04 |
| Notice | Available for sending (contacts page) | Available on request |
| Notice | Available for sending (contacts page) | Available on request |
| Notice | Available for sending (contacts page) | Available on request |
| Notice | Available for sending (contacts page) | Available on request |
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| Notice | Available for sending (contacts page) | Available on request |
| Notice | Available for sending (contacts page) | Available on request |
| Notice | Available for sending (contacts page) | Available on request |

### Important facts

#### Other institutional presentations
- Calendar of events available on the IR site
- Contacts available for clarification or remittance of information

#### Calendar of institutional events
- Available (including history)
- Contacts available for clarification or remittance of information

### Other reporting obligations

#### BPI in the Group
- 289

#### Other than theifr obligations
- Available
- Contacts available for clarification or remittance of information

### Contact details

#### CMVM
- Rua Tenente Valadim, 284, 4100-476 Porto
- www.cmvm.pt

#### Finance Division
- Largo Jean Monnet, n.º 1 in Lisbon;
- Telephone: 21 310 10 00
- Fax: 21 310 10 09

#### Investor Relations Division
- E-mail: investor_relations@bpi.pt
- Telephone: 22 607 33 37
- Fax: 21 310 10 09

### Contact details for clarification or remittance of information

#### BPI 2004 calendar
- Contact details available for the current financial year

### Contact details for matters regarding Dividends
- ag2004@bpi.pt

### Contact details for matters regarding Debt
- ag2004@bpi.pt

### Contact details for matters regarding EMTN programme
- ag2004@bpi.pt

### Contact details for matters regarding the SGM
- ag2004@bpi.pt

### Contact details for matters regarding the AGM
- ag2004@bpi.pt

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1) RAO – Relatório Anual Online.
2) RGO – Relatório de Governo Online.
3) No âmbito da apresentação dos resultados pela Comissão Executiva do Conselho de Administração do Banco BPI.
## Calendar of the main institutional events for 2004

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 January</td>
<td>4:30 p.m.</td>
<td>Release of 2003 results</td>
</tr>
<tr>
<td>29 January</td>
<td>4:30 p.m.</td>
<td>Press conference on 2003 activity and results</td>
</tr>
<tr>
<td>30 January</td>
<td>11:00 a.m.</td>
<td>Conference-call with analysts and investors regarding 2003 results</td>
</tr>
<tr>
<td>20 April</td>
<td>11:00 a.m.</td>
<td>Shareholders’ General Meetings</td>
</tr>
<tr>
<td>20 April</td>
<td>4:30 p.m.</td>
<td>Publication of Banco BPI(^2) 2003 Annual Report</td>
</tr>
<tr>
<td>21 April</td>
<td>4:30 p.m.</td>
<td>Release of 2004 first quarter results</td>
</tr>
<tr>
<td>21 April</td>
<td>4:30 p.m.</td>
<td>Press conference to present 2004 first quarter results</td>
</tr>
<tr>
<td>22 April</td>
<td>11:00 a.m.</td>
<td>Conference-call for analysts and investors to present 2004 first quarter results</td>
</tr>
<tr>
<td>1st half of May</td>
<td>-</td>
<td>Payment of dividends</td>
</tr>
<tr>
<td>May / June</td>
<td>-</td>
<td>BPI’s Annual Conference for Analysts and Investors</td>
</tr>
<tr>
<td>21 July</td>
<td>4:30 p.m.</td>
<td>Release of 2004 first half results</td>
</tr>
<tr>
<td>21 / 22 July</td>
<td>N.A.</td>
<td>Press conference and Conference-call for analysts and investors to present 2004 first half results</td>
</tr>
<tr>
<td>September</td>
<td>-</td>
<td>Publication of Banco BPI Interim Report</td>
</tr>
<tr>
<td>27 October</td>
<td>4:30 p.m.</td>
<td>Release of 2004 third quarter results</td>
</tr>
<tr>
<td>27 / 28 October</td>
<td>N.A.</td>
<td>Press conference and Conference-call for analysts and investors to present 2004 third quarter results</td>
</tr>
</tbody>
</table>

1) The date shown are purely indicative and are subject to alteration.

2) Assuming that the Shareholders approve the Board of Directors’ proposal relating to the 2003 Report and Accounts.

N.A. - not available.

On 23 April 2003, he was attributed, under the RVA 2002 scheme, 432,576 share options. The cost of each option was €0.33 and the price of the shares to be eventually acquired is €2.14.

**CARLOS DA CÂMARA PESTANA** – Made no transactions.

IPI – Itaú Portugal Investimentos, SGPS, Lda. acquired: on 13 February 2003, 104,067 shares at a price of €2.08; and, on 25 April 2003, 7,600,000 shares at a price of €2.20. On 31 December 2003, IPI – Itaú Portugal Investimentos, SGPS, Lda. held 122,323,944 shares.


On 23 April 2003, he was attributed, under the RVA 2002 scheme, 384,849 share options. The cost of each option was €0.33 and the price of the shares to be eventually acquired is €2.14.

**RUY OCTÁVIO MATOS DE CARVALHO** – Made no transactions.

**ALFREDO COSTA REZENDE DE ALMEIDA** – Made no transactions.

On 31 December 2003, the companies ARCO TÊXTEIS – Empresa Industrial de Santo Tirso, S.A. and ARCO FIO – Fiação, S.A., of which he is Deputy-Chairman of the Board of Directors, held 1,888,540, 743,230 and 849,750 shares, respectively.


On 23 April 2003, he was attributed, under the RVA 2002 scheme, 278,788 share options. The cost of each option was €0.33 and the price of the shares to be eventually acquired is €2.14.

**ANTÓNIO FARINHA MORAIS** – On 21 March 2003, acquired 4,067 shares that he was attributed, under condition precedent in the RVA 2001 scheme, by the price of €2.58. On 21 March 2003, acquired 720 shares that has subscribed, under the RVA 2001 scheme and under subsequent condition, in the capital increase, at a price of €1.75. On 23 April 2003, acquired, under the RVA 2002 scheme, 24,300 shares at a price of €2.14, of which part is under subsequent condition. Sold: on 29 April 2003, 5,000 shares at a price of €2.40; and, on 12 June 2003, 5,000 shares at a price of €2.69.

On 21 March 2004 and 2005, he will be transmitted the property of 4,065 and 4,065 shares that he was attributed under condition precedent in the RVA 2001 scheme. On the same dates, he will be transmitted the property of 720 and 720 shares that he subscribed, under the RVA 2001 scheme, and under condition precedent in the capital increase, at a price of €1.75.

On 23 April 2003, he was attributed, under the RVA 2002 scheme, 157,576 share options. The cost of each option was €0.33 and the price of the shares to be eventually acquired is €2.14.


On 31 December 2003, the companies Arsopi – Indústrias Metalúrgicas Arlindo S. Pinho, S.A., ROE, SGPS, S.A. and Security, SGPS, S.A., of which he is Chairman of the Board of Directors, held 2,291,271, 3,397,091 and 2,484,871 shares, respectively.

**DIETHART BREIPOHL** – Made no transactions.

On 31 December 2003, RAS International N.V., which nominated him to Banco BPI, S.A.’s Board of Directors, held 65,659,233 shares.
FERNANDO RAMIREZ MAZARREDO – Made no transactions.

On 25 April 2003, Caixa Holding, S.A., Sociedad Unipersonal, which nominated him to Banco BPI, S.A.’s Board of Directors acquired 7,600,000 shares at a price of €2.20. On 18 June 2003 and on 31 October 2003, Caixa Holding, S.A. Sociedad Unipersonal sold to its 100% owned subsidiary Catalunya de Valores – SGPS, Lda. 121,556,815 shares, respectively, at a price of €2.18. On 31 December 2003, this company held 121,556,379 shares.

ISIDRO FAINE CASAS – He is Director General of Caja de Ahorros y Pensiones de Barcelona (“la Caixa”) which totally controls Caixa Holding, S.A. Sociedad Unipersonal and, through this company, controls Catalunya de Valores – SGPS, Unipersonal, Lda.

Does not hold any shares.

JOÃO SANGUINETTI TALONE – Made no transactions.

JOSÉ ALBERTO FERREIRA PENHA DO AMARAL – On 23 April 2003, acquired, under the RVA 2002 scheme, 22,430 shares at a price of €2.14. On 30 April 2003, sold 20,000 shares at the average price of €2.38. On 12 June 2003, sold 10,636, 4,364 and 5,000 shares at the prices €2.65, €2.66 and €2.67, respectively.

On 23 April 2003, he was attributed, under the RVA 2002 scheme, 145,455 share options. The cost of each option was €0.33 and the price of the shares to be eventually acquired is €2.14.

KLAUS DÖHRKOP – Does not hold any shares.

MANUEL SOARES DE OLIVEIRA VIOLAS – Made no transactions.


On 23 April 2003, he was attributed, under the RVA 2002 scheme, 151,516 share options. The cost of each option was €0.33 and the price of the shares to be eventually acquired is €2.14.

On 31 December 2003, his wife Maria do Carmo Guedes de Oliveira held: 37,705 shares, of which he was attributed 13,085 on 23 April 2003 under the RVA 2002 scheme; and 129,990 share options, of which he was attributed 84,849 on 23 April 2003 under the RVA 2002 scheme.

MARIA CELESTE MAGATONG – On 21 March 2003, acquired 4,944 shares she was attributed under condition precedent in the RVA 2001 scheme, at a price of €2.58. On 21 March 2003, acquired 877 shares she has subscribed, under condition precedent in the RVA 2001 scheme, in the capital increase at a price of €1.75. On 23 April 2003, acquired, under the RVA 2002 scheme, 26,169 shares at a price of €2.14. On 7 May 2003, sold 5,000 shares at a price of €2.42.

On 21 March 2004 and 2005, she will be transmitted the property of 4,946 and 4,946 shares she was attributed under condition precedent in the RVA 2001 scheme. On the same dates, she will be transmitted the property of 876 and 876 shares she has subscribed, under the RVA 2001 scheme, and under condition precedent, in the capital increase at a price of €1.75.

On 23 April 2003, she was attributed, under the RVA 2002 scheme, 169,697 share options. The cost of each option was €0.33 and the price of the shares to be eventually acquired is €2.14.

ROBERTO EGYDIO SETÚBAL – Does not hold any shares.

TOMAZ JERVELL – Made no transactions.

On 31 December 2003, the companies Norsócia, SGPS, S.A. and Auto Maquinaria Tea Aloya, SL, of which he is a member of the Board of Directors, held 6,018,395 and 6,037,256 shares, respectively.
The RVA (i.e., the Portuguese initials for the share incentive and options programme) is a scheme under which a portion of the variable remuneration of BPI Group Executive Directors and Employees is attributed in the form of BPI shares and share options.

The RVA encompasses Banco BPI’s Executive Committee and the Board of Directors of Banco Português de Investimento, as well as all those Employees whose variable remuneration is equal to or exceeds EUR 2,500.

The portion of the individual variable remuneration which corresponds to the RVA varied between 10% and 50%, the relevant percentage increasing in accordance with the Director’s or Employee’s level of responsibility:

- Chairman and Deputy-Chairman of Banco BPI’s Executive Committee: 50%
- Other Directors of Banco BPI’s Executive Committee: 40%
- Other Directors of Banco Português de Investimento: 35%
- Central Managers: 30%
- Coordinating Managers: 25%
- Managers: 20%
- Assistant Managers and Sub managers: 15%
- Other employees: 10%

The RVA contemplates two modes: the attribution of BPI shares and the attribution of options to purchase BPI shares. In the 2001 RVA and 2002 RVA, each mode represented roughly half of the individual attribution; in the 2003 RVA, the Director or Employee can opt, in the apportionment of shares/options, from amongst the following proportions: 50%/50%, 75%/25% or 100%/0%.

The shares attributed under the RVA are available to the beneficiary in a gradual manner: 25% at the time awarded, and 25% at the end of each one of the following three years.

The shares awarded under the 2001 RVA were subject to a condition subsequent (transfer of title was fully effected on the date of attribution) or a condition precedent (transfer of title is effected as and when the shares become available), in accordance with the beneficiary’s option. The shares awarded under the 2002 RVA and the 2003 RVA was subject to a condition subsequent.

The share purchase options are exercisable between the first and fifth years commencing on the date of attribution.

The Directors and Employees who have been covered by the RVA and who are working for BPI Group companies can apply for a loan for the sole purpose of acquiring Banco BPI shares resulting from the exercise of the options awarded under this programme. The individual loans granted under this credit line satisfy amongst others the following rules:

- amount available: up to 75% of the amount corresponding to the market value of the shares.
- period: four years starting on the date the loan is used.
- interest rate: Euribor 12 months, plus a spread of 0.75 percentage points.
- security: lien over the shares acquired as a consequence of the exercise of the respective options.

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<tbody>
<tr>
<td>Jorge Figueiredo Dias</td>
<td></td>
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</tr>
<tr>
<td>José Ferreira Amorim</td>
<td></td>
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<td></td>
<td>4,980,000</td>
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<tr>
<td>Magalhães, Neves &amp; Associados</td>
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<td>0</td>
<td></td>
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</tr>
</tbody>
</table>

**JORGE FIGUEIREDO DIAS** – Does not hold any shares.

**JOSÉ FERREIRA AMORIM** – Made no transactions.

**MAGALHÃES, NEVES & ASSOCIADOS** – Does not hold any shares.