

Lisbon, 11 of October 2016

Your Excellency
Ana Gomes
Member of
European Parliament

Subject: Reply to the letter dated May 3, 2016 - Origin of the wealth of Ms. Isabel dos Santos

We acknowledge your communication dated May 3, 2016, concerning the origin of the wealth of Ms. Isabel dos Santos, daughter of the President of Angola Mr. Jose Eduardo dos Santos, in the context of the acquisition of qualified holdings by Ms. Isabel dos Santos, in Portuguese banks, which deserved our careful attention.

The answers of the Bank of Portugal are attached, as far as permitted, in the light of the duty of secrecy laid down in Article 80 of the General Regime of Credit Transactions and Financial Companies, approved by Decree-Law n. 2298 / 92, of December 31 ("RGICSF"):

Best regards,

Chief of Staff

Marta Abreu

ATTACHMENT

1. " Did the Bank of Portugal seek information on the origin of Ms. Isabel dos Santos' wealth in the exercise of its powers regarding the aforementioned Article 103 (2) of the Portuguese Framework Law of Credit and Financial Institutions, with respect to investments of Ms.

Dos Santos in Portuguese credit and financial institutions, namely Banco Português de Investimento (BPI) and in BIC Portugal? If not, why, since the information I compiled was mostly collected from public sources?”

The Bank of Portugal, in the exercise of the powers provided for in Article 103 (2) of the RGICSF, analyses the informative elements attached to the qualified participation plan, requests the additional elements and information and performs the assessments it considers necessary for the purpose of verifying the criteria established in number 2 of that Article.

In this context, it is the responsibility of the Bank of Portugal to determine, inter alia, the origin of the funds proposed by the proposed acquirer for the acquisition of the qualifying holding, in order to assess the criteria established in items a) and e) of number 2 of Article 103.2 of the RGICSF.

To this effect, detailed information on the own financial resources' use and their origin is requested, which must be accompanied by the relevant supporting documents or, if other financial resources belong to another entity, information on the use of loans contracted with the banking system, access to sources of capital and financial markets or any type of financial relationship with other shareholders of the company.

The type of information requested enables Bank of Portugal to check, with a reasonable degree of certainty, the origin of the funds used in the acquisition.

In the ambit of these cases, Bank of Portugal has fulfilled its legal duties in this respect.

2. " Does the Bank of Portugal assess the independence of the administrators responsible for the compliance sector in the abovementioned financial institutions, as well as their suitability and competence to carry out these functions?"

The Bank of Portugal assesses and decides on the suitability of members of the management and supervision boards of credit institutions, and financial companies subject to its direct supervision, regardless of their respective roles or functions.

This evaluation focuses on the adequacy of proposed directors with respect to their suitability, professional qualifications, independence of spirit and availability, according to the National and European legislation. The Bank of Portugal also identifies the existence of actual or potential conflicts of interest and the manner in which these conflicts of interest are being managed or will be managed by the institution and by the owners themselves (also taking into account the rules in this respect set forth in the Code of Companies and in the RGICSF). This assessment takes place either at the time of the communication of the intention of acquiring a qualified participation, or during the exercise of the positions in question and at the time of renewal of the mandates.

It should also be pointed out that, in relation to significant credit institutions, the bulk of the assessment on members of the administration and financing bodies is the responsibility of the European Central Bank, with decisions being taken by the Governing Council. The assessment of the members of the boards of directors and supervisors of credit institutions shall also be the responsibility of the European Central Bank whenever this is done in the context of a qualifying holding or the establishment of a new

entity.

3. "Taking into account the information I have collected, does the Bank of Portugal still make a positive assessment of the suitability of Ms. Isabel dos Santos as acquirer of shares in these supervised institutions? "

The Bank of Portugal continuously monitors the information collected from agents with responsibilities in the institutions it oversees and in this context will take due account of the information that you have transmitted.

4. " What is the supervision model of BIC Portugal, in the light of the governance model of the Group (BIC Angola and BIC Portugal) led by Ms. Isabel dos Santos? Does the Bank of Portugal ensure consolidated supervision of the Group, including its operation in Angola? If not, why? And, if not, how can the Bank of Portugal guarantee that the Angolan side of the Group operates in Angola or other jurisdictions, such as Cape Verde, in accordance with European and international anti-money laundering regulations and does not use BIC Portugal as the final vehicle or intermediary for money laundering operations?"

The Bank of Portugal exercises the supervision of credit institutions and financial companies based in Portugal in accordance with the applicable legislation.

In accordance with current legislation, Portuguese Banco BIC, S.A. is not subject to supervision on a consolidated basis, since the Portuguese Banco BIC, S.A., Banco BIC (Angola), S.A. and Banco BIC Cabo Verde, S.A. do not constitute a financial group for that effect. Accordingly, each of the credit institutions is subject to supervision by the competent supervisory authority in the country where it is based.

However, in view of the close relationship between the Portuguese Banco BIC , S.A., Banco BIC (Angola), S.A. and Banco BIC Cabo Verde, S.A. and the aforementioned lack of supervision on a consolidated basis in Portugal, the Bank of Portugal has adopted a more intrusive supervision model that includes the strengthening of the diligences with regard to the Portuguese Banco BIC, S.A. In this context, the Bank of Portugal has conducted and will conduct inspections, whenever it deems appropriate, in particular as regards the areas of the company's governance, the internal control system and money laundering.

5. "Does the Bank of Portugal consider, with regard to the acquisitions of Ms. Isabel dos Santos in Portuguese supervised institutions that there are no reasonable grounds to suspect that these important financial transfers constitute money laundering crimes or that such acquisitions could increase the risk of the use of supervised financial entities to commit such crimes?"

As mentioned above, the Bank of Portugal, after notifying the holder of a qualifying participation in an entity subject to its supervision, assesses whether the proposed acquirer meets the conditions that ensure a sound and prudent management of a given credit institution, accounting for the adequacy of the proposed acquirer, its likely influence on the credit institution and the soundness of the financial perspective of the project, in accordance with the set of criteria set forth in Article 103 (2) of the RGICSF, which includes - in its item e) - the possible "existence of sufficient grounds to suspect that, in relation to the proposed acquisition, an operation susceptible of being considered money laundering or

terrorist financing has taken place, is currently being attempted or has been attempted, or that the proposed acquisition could increase the risk of its occurrence.

For the purposes of benchmarking the abovementioned criteria, the Bank of Portugal collects the information in Section III of Annex I to the Notice of the Bank of Portugal no. 5/2010, which includes the source of the funds used for this purpose as well as the sources and channels used for the transfer of funds.

Following the analysis of the project initially submitted by the proposed acquirer, the Bank of Portugal may carry out additional investigations, requesting the additional elements that, for investigative purposes, considers necessary, in order to obtain the necessary safety with respect to the verification of the criteria referred above, including that set out in subparagraph (e).

Taking into account all available information, and after scrutiny thereof, the Bank of Portugal decides whether there are grounds for opposing a proposal for the acquisition of a qualifying participation, in the light of the criteria set forth in Article 103.2 (2) of the RGICSF.

Apart from the acquisition of qualifying participations, it is not the responsibility of the Bank of Portugal, as part of the verification of compliance of MLFT preventive duties, to find the origin of the wealth of clients of financial institutions per se, instead, it is its obligation to verify if such institutions meet those duties, which include the adoption of enhanced diligence measures in respect of business relationships or occasional transactions involving Politically Exposed Persons (in particular for determining the origin of their wealth).

6. 6. " Does the Bank of Portugal hold credible information and evidence to prove the origin of Ms. Isabel dos Santos' wealth as legitimate and therefore in contradiction with the conclusions of the document that I attach? Can the Bank of Portugal make this information public or send it to me, subject to confidentiality?"

The Bank of Portugal is, among others, responsible for verifying the origin of the funds used in the qualifying shareholding, which corresponds to part of the wealth of the proposed acquirer. In this context, the origin of the portion of such assets to be used for the qualified holding is relevant and not the origin of the wealth as a whole, and the Bank of Portugal, under the terms set out above, promoted the necessary investigations. See answer to question 5.

The Bank of Portugal is subject to the duty of secrecy under Article 80 of the RGICSF and can only share with you any information received within the scope of the procedures in question upon authorisation of the person concerned or under the terms provided for in criminal law and criminal procedure.

7. The Bank of Portugal, in the context of these inspections, confirmed that these institutions have adopted appropriate risk-based procedures to determine that Ms Isabel dos Santos was a Politically Exposed Person, that it was necessary to have approval from senior management to establish business relationships with her, that appropriate measures were taken to determine not only the origin of the funds of these transactions, but also the origin of Ms. Isabel dos Santos' wealth, and that there is a continued strong monitoring of established business relationships?"

The Bank of Portugal, in the exercise of the functions conferred on it with regard to the prevention of MLFT, does not publicly pronounce on supervisory actions that belong to the domain of the relationship that it maintains with its supervised institutions.

The institutions involved in the cases referred by you are subject to compliance with the duties of MLFT and the Bank of Portugal has not identified any irregularities.

8. "Did the Bank of Portugal give a positive evaluation to the compliance systems of such institutions, even when highly exposed to business relationships and capital from a prominent Angolan PEP such as Ms. Isabel dos Santos, sometimes even in partnership with Angolan state-owned companies?"

The Bank of Portugal, in the ambit of the functions it exercises in the prevention of MLFT, ensures compliance with the MLFT's preventive duties, and cannot interfere in the risk appetite of the institutions supervised, and in particular in the choice of clients with whom these institutions maintain business relationships with or carry out occasional transactions, except in the strict framework of corrective measures or when the law expressly determines the refusal of the establishment or cessation of a customer relationship.

The circumstances indicated in your letter, as well as the red flags (which are purely indicative) in the FATF guidelines for Politically Exposed Persons, are indicators to be weighed by the institutions supervised in the detection of Politically Exposed Persons, in adopting the corresponding enhanced due diligence duties, the possible examination of potentially suspicious operations or conduct and, if this is the case, the exercise of the duty of communication to the Financial Intelligence Unit and the judicial authorities.

In this context, it is incumbent upon the Bank of Portugal to assess the robustness of these procedures (among others designed to prevent MLFT) in view of the existing risk, by determining the extent of the respective supervision measures in accordance with the rating internally assigned to each one of its supervised institutions.

However, the Bank of Portugal cannot express an opinion, individually, on the classifications which it internally allocates to its supervised institutions in view of the risk and the robustness of the controls implemented, since such notices are based on the weighing of several elements on which the legally prescribed duty of secrecy lies. Without prejudice to adequate feedback on the findings of its monitoring and the overall quality of systems, these internal ratings are not even known to the supervised institutions, otherwise the margin of appreciation given to them in the conduct of their own risk analyses will be compromised.

In any case, the Bank of Portugal has adopted the supervision measures necessary to ensure compliance with the MLFT's preventive duties according to the actual identified risks including in relation to procedures adopted in relation to Politically Exposed Persons.

9. " Did the Bank of Portugal give a positive evaluation of these procedures and decisions with accurate and reliable information on the source of Ms. Isabel dos Santos' wealth, taking into account the FATF guidelines on Recommendations 12 and 22 (Politically Exposed Persons), in particular the

"red flags"?"

In the exercise of its supervisory functions intended to prevent MLFT, including in the preparation of periodic or ad hoc inspection actions, the Bank of Portugal shall take into account the information of the public or reserved domain that is brought to itself and which is relevant on the assessment of the risk and quality of the checks instituted by the supervised institutions. In the same way, the current model of supervision integrates the best international practices in MLFT, including as regards the verification of the requirements with regard to Politically Exposed Persons, which take into account the FATF guidelines, as set forth in Article 37(2) of the Bank of Portugal Notice No. 5/2013.

10. "Does the Bank of Portugal not see a risk to the integrity of the Portuguese financial system having a prominent PEP, originating from a high risk third country such as Angola, to control as shareholder financial and credit institutions as well as establish important business relationships with them in the acquisition of holdings in non-financial institutions? Does such control not interfere with the genuine abundance of compliance rules of the obliged entities, in particular with respect to the capital from prominent persons of the Angolan regime??"

The presence of Ms. Isabel dos Santos in the Portuguese financial system, as well as the fact that she is a Political Exposed Person of the Republic of Angola, are factors that are taken into consideration in assessing the risk of money laundering and terrorist financing.

As mentioned above, the Bank of Portugal has adopted a model of enhanced supervision, which considers the idiosyncratic characteristics of each institution, including with regard to the shareholder structure, the governance model, the internal control system, among others.

Under this model, inspections were carried out to the Portuguese Banco BIC, S.A.

In this context, as well as to any entity subject to its supervision, the Bank of Portugal shall, in the light of the information at its disposal, apply the prudential measures to ensure the integrity of the Portuguese financial system and to promote financial stability.

The Bank of Portugal reiterates that, from the point of view of MLFT prevention, it does not, as a rule, condition the risk appetite of its supervised institutions and, in particular, the choice of clients with whom these institutions maintain business relationships, without prejudice of its powers to require an intensification of the controls implemented in situations of greater risk. Thus, a possible increase in exposure to risk must correspond to a strengthening of the controls adopted, without this necessarily compromising compliance with the MLFT's rules of compliance, which follow a risk-based approach.

Finally, it should be noted that, following a decision taken in the FATF Plenary of February 2016, Angola ceased to be included in the list of jurisdictions whose regimes show strategic deficiencies in the field of the MLFT.

Lisbon, 11th of October 2016