

**ARTICLES OF ASSOCIATION OF  
BANCO SANTANDER TOTTA, S.A.**

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**CHAPTER I**

**Designation, Registered Office, Duration and Corporate Purpose**

**Article 1**

**(Form and Designation)**

The Company has the legal form of a Limited Liability Company and the designation **BANCO SANTANDER TOTTA, S.A.**

**Article 2**

**(Duration, Registered Office and Forms of Representation)**

1. The Company has an unlimited duration and its registered office is located in Lisbon, Parish of Santa Maria Maior, on Rua Áurea, number eighty-eight.
2. Upon a resolution of the Board of Directors, the Company can move its registered office to any other location within the same municipality or to a neighbouring municipality, as well as create agencies, branches, representative offices or any other form of representation either in Portugal or abroad.

**Article 3**

**(Corporate Purpose)**

1. The Company's corporate purpose is to engage in banking activity – receiving deposits or other refundable funds, granting loans at its own account and carrying out every type of transaction and providing every type of service permitted by law for Banks.
2. Under its mortgage loan activity, the Company exercises specialist intervention functions in the promotion of civil construction and public works, as well as in mortgage loans and other real estate transactions.
3. Without requiring the approval of the Shareholders General Assembly, the Company may freely associate, in any legal or contractual form, with legal entities and natural or legal persons, as well as participate, pursuant to the law, in partnership association contracts, in

complementary groups of companies and in European groups of economic interest, subject to the prior consent of the Audit Committee, and may also acquire or hold, at an early or later stage, shares or a part ownership in public limited companies, whatever their corporate purpose and despite these being subject to special laws.

## **CHAPTER II**

### **Capital, Shares and Bonds**

#### **Article 4**

##### **(Share Capital)**

The Company's share capital, fully subscribed and paid up, is of one thousand two hundred and fifty six million, seven hundred and twenty three thousand two hundred and eighty four euros, and is represented by one thousand two hundred and fifty six million, seven hundred and twenty three thousand two hundred and eighty four ordinary shares with a nominal value of one euro each.

#### **Article 5**

##### **(Shares, Bonds and New Issues)**

1. The share capital is represented by nominative shares in book-entry form.
2. The Board of Directors shall determine the conditions of any new issues, as well as the terms under which shareholders may exercise their pre-emptive subscription rights.
3. The Company may, in accordance with the law, issue any kind of shares, notably, preference shares without voting rights and other preferential shares, whether redeemable or not, the redemption of which may be made at the issue price, increased or not by a premium, upon resolution of the competent body .
4. The Company may issue any financial instruments or securities, including autonomous warrants on own securities, of any type that is or will eventually be permitted by law.
5. The Board of Directors may resolve, in accordance with the applicable law and except in cases where a resolution must be passed by the shareholders:
  - a) On the issue of bonds or of any other type of debt, in any form and for any amount, in legal tender in Portugal;
  - b) On the issue of autonomous warrants.
6. The amounts issued under this Article may be placed on the Portuguese market or on international markets, observing the legal provisions in force.

7. Shareholders shall have pre-emptive rights in the subscription of any securities convertible into shares or that confer the right to subscription of shares already held, unless these are issued in exchange of contribution in kind.

8. Upon approval by the Shareholders General Assembly, the Company may, when necessary, carry out transactions via the Board of Directors on shares, bonds and other own securities, in accordance with the law.

9. While remaining under the ownership of the Company, all social rights over own shares will remain suspended, except the right to receive new shares in the event of a capital increase by incorporation of reserves, unless the shareholders resolve otherwise.

#### **Article 5–A**

##### **(Ancillary Payments)**

1. On 21 September 2006, the shareholder Santander Totta SGPS, S.A. carried out ancillary payments to the Company in the amount of one hundred and thirty five million euros.

2. The ancillary payments carried out shall not be remunerated and are only reimbursable upon authorisation by the Bank of Portugal or by any other entity legally entitled to grant such authorisation, expressly requested from it by the Company, in which case these payments may be reimbursed upon resolution of the Board of Directors.

### **CHAPTER III**

#### **Governing Bodies**

##### **Article 6**

##### **(Governing Bodies)**

1. The Company's governing bodies are the Shareholders General Assembly, the Board of Directors and the Audit Committee.

2. Pursuant to the law, supervision of the Company will, as resolved by the General Assembly, also be performed by a Statutory Auditor or an Audit Firm.

3. The Company may have a Secretary and a substitute, to be appointed by the Board of Directors.

4. When a fixed number of corporate body members is not determined by the law or by the Company's articles of association, this number will be determined, in each case, by an election, without prejudice to it possibly being increased or reduced, either by way of an election or by appointment.

## **Article 7**

### **(Appointment and Terms of Office)**

1. The members of the Board of the General Assembly, of the Board of Directors and of the Audit Committee, as well as the Statutory Auditor, are appointed by the Shareholders General Assembly and hold office for a term of three years, their re-election being permitted one or more times.
2. Members elected to the Board of the General Assembly, to the Board of Directors and to the Audit Committee can be shareholders of the Company, or have no connection to it.
3. When legally permitted, those elected are considered appointed immediately following their election and, upon reaching the end of their term, these members will remain in office until a successor accepts the respective appointment.
4. Members of the administration and supervisory bodies will permanently abide by the requirements of adequacy, good repute, capability, experience, availability, independence and professional qualifications necessary for the exercise of their position, as established by the applicable regulations, while also submitting to the rules of periodic, individual and collective evaluation that may be established by the Company.

## **Article 8**

### **(Minutes)**

The resolutions passed by each of the Company's governing bodies, as well as the respective explanations of vote, must be duly recorded in minutes.

## **SECTION I**

### **Shareholders General Assembly**

## **Article 9**

### **(Responsibilities)**

The Shareholders General Assembly is specifically responsible for:

- a) Electing the Board of the General Assembly, the Board of Directors, the Audit Committee and the Statutory Auditor;
- b) Analysing the Board of Directors' report, and discussing and voting on the Company balance, accounts and any other legally required documentation;
- c) Resolving on the application of the profits of the financial year;
- d) Resolving on any amendments to the Company's articles of association and on capital increases, without prejudice to any authorisations granted to the Board of Directors for this purpose, under the terms of the law.
- e) Dealing with any other matters for which it was convened, or in relation to which it was conferred legal competence.

## **Article 10**

### **(Call and Constitution)**

1. The Shareholders General Assembly will meet at least once a year and whenever its Chair is requested to call a meeting, in accordance with the law, by the Board of Directors or by the Audit Committee, or by the holders of shares representing at least five per cent of the share capital. This request must be made in writing, bearing a notary certified signature or signature authenticated pursuant to the law, and precisely setting out the matters to be included on the agenda, as well as justification for the need to call a meeting.
2. The Shareholders General Assembly meetings are held at the Company's registered office or, if these cannot be held at the registered office under suitable conditions, at any other location in Portugal, duly identified in the respective meeting notice..
3. The Shareholders General Assembly is considered duly constituted to meet and resolve on first call when shareholders holding at least fifty per cent of the Company's share capital are either present in person or by proxy.
4. The Shareholders General Assembly is considered duly constituted to meet and resolve on second call whatever the number of shareholders present in person or by proxy and the amount of capital represented by their respective shares.

## **Article 11**

### **(Participation and Voting Rights)**

1. The Shareholders General Assembly is composed of the shareholders which, up to ten days before the date scheduled for the holding of the meeting, provide evidence to the Chair of the Board of the General Assembly of the registration or deposit with a financial intermediary, since the fifteenth day prior to the date scheduled for the holding of the meeting and until its close, of the minimum number of shares necessary to confer the right to vote.
2. Shareholders with voting rights may be represented at General Assemblies by means of a duly signed letter addressed to the Chair of the Board of the General Assembly and received at least ten days prior to the scheduled date of the meeting.
3. A legal person shareholder shall be represented at the General Assembly by means of a letter addressed to the Chair of the Board of the General Assembly and received up to the very start of the meeting, endorsed by whoever obliges the legal person and duly identifying its representative at the session.
4. Each share corresponds to one vote at the Shareholders General Assembly.
5. Postal vote is not permitted, neither is the sending by email of the information elements made reference to in Article 288, number 4 of the Portuguese Commercial Companies Code.
6. The Company shall only publish on its website the information established by mandatory legal provision, the disclosure of the information referred to in Articles 288 and 289 of the Commercial Companies Code being considered restricted by statutory prohibition, without prejudice to its provision to the shareholders under the terms established by law.
7. Shareholders not entitled to vote and noteholders may not attend General Assembly meetings, except in cases where invitations are expressly issued to them for this purpose by the Chair of the Board of the General Assembly.
8. Resolutions are approved by a majority of votes of the shareholders present at the General Assembly in person or by proxy, whenever a higher number is not required by law.
9. Abstentions will not be counted towards the total votes for any resolution.

### **Article 12**

#### **(Board of the General Assembly)**

1. The Board of the General Assembly is composed of a Chair, a Vice-Chair and a Secretary.
2. The Shareholders General Assembly is convened at least thirty days in advance and the respective meeting notice should expressly detail the matters to be discussed.

3. The Shareholders General Assembly is convened by the Chair of the Board or by whoever replaces him/her, subject to the time limits and terms established by law, and on first call a second meeting date may be immediately scheduled, at least fifteen days later, in case the General Assembly is not duly constituted on first call, thus leading to the application of the rules with respect to a General Assembly held on second call.

## **SECTION II**

### **Board of Directors**

#### **Article 13**

##### **(Responsibilities)**

The Board of Directors is responsible for managing and representing the Company, and for performing all acts necessary or appropriate to the pursuit of the activities falling within its corporate purpose, notably:

- a) Managing the Company's business and performing all acts and transactions with respect to its corporate purpose that do not fall under the competence of the Company's other governing bodies;
- b) Ensuring that the Company is equipped with an appropriate and transparent structure capable of promoting an effective and sensible management, at the level of both the individual and the Group, while also guaranteeing a suitable flow of information between the Company's governing and supervisory bodies, as well as between these bodies and its internal control functions, or even, whenever necessary, the top level management;
- c) Defining the Company's general policies and strategy, by approving its strategic, business and operational plans, as well as its budget and the legal documents presenting its accounts;
- d) Defining the Company's global risk policies, including its level of risk tolerance and its risk management framework;
- e) Defining a policy of selection, evaluation and succession for people holding vital positions in the Company, as well as a remuneration framework that is consistent with the risk strategies defined;
- f) Ensuring the creation of an appropriate and effective internal control framework that includes efficient risk control, compliance and internal audit functions, as well as the creation of a suitable financial information and accounting framework;

- g) Taking all decisions it may deem strategic, according to the amount involved, the level of risk or specific characteristics;
- h) Representing the Company, in or out of court, actively or passively, with the power to waive, transact and confess in any legal proceedings, as well as to establish arbitration agreements;
- i) Resolving on the matter of bond or other securities issues, pursuant to the law;
- j) Buying, selling or, by any means, disposing of or encumbering rights, notably those linked to stakes or to movable and immovable assets;
- k) Establishing the Company's technical and administrative structure of organisation and its rules of internal functioning;
- m) Appointing representatives, legal or otherwise, with such powers as it may deem appropriate, including the power to appoint substitutes;
- n) Replacing, by co-option, any Directors declared permanently absent, the co-opted members' term lasting until the end of the period the replaced Directors were originally elected for, without prejudice to the ratification of such appointment at the very next Shareholders General Assembly;
- o) Drafting the Company's Annual Report, Balance Sheet and Annual Accounts, to be submitted for assessment by the Shareholders General Assembly;
- p) Exercising any other responsibilities granted to it by law or by the Shareholders General Assembly.

#### **Article 14**

##### **(Composition)**

1. The Board of Directors is composed of a minimum of three and a maximum of fifteen members.
2. In cases where the Chair of the Board of Directors is not appointed by the Shareholders General Assembly, the Board may select its own Chair, as well as one or more Vice-Chairs, if it so resolves.
3. The term of office of members of the Board of Directors is renewable one or more times.
4. Directors' responsibilities should be secured by the means permitted by law, in the minimum importance legally established, and will remain in the event of re-appointment.

#### **Article 15**



### **(Meetings and Resolutions)**

1. Board of Directors meetings will be held at the Company's registered office, provided that an alternative location is not selected by the Board for convenience purposes, at least once every three months and whenever its Chair or two other Directors convene a meeting.
2. The Board of Directors may not validly pass resolutions without the majority of its members being present in person or by proxy given that resolutions are passed by absolute majority vote of those members present or represented, in accordance with the law.
3. Any Director may be represented at meetings by another Director, and is permitted to vote by post, under the terms established by law.
4. In the event that a Director fails to attend Board meetings three times, whether consecutive or not, during his/her term in office and without providing justification deemed acceptable by the Board of Directors, the Director in question will be declared permanently absent.
5. Board of Directors meetings may be held through electronic means, provided that the Company assures the authenticity of the statements and the security of communications, duly registering their content and respective intervening parties.

### **Article 16**

#### **(Delegation of Powers and the Executive Committee)**

1. The Board of Directors may delegate, in two or more Directors, the powers foreseen in Article 407 of the Portuguese Commercial Companies Code.
2. The Board of Directors may delegate the day-to-day management of the Company to an Executive Committee, in which case the respective resolution must set the limits of this delegation and detail the composition of the Executive Committee, identifying its Chair, as well as the terms of its operation. The Executive Committee may also have a Vice-Chair, who is to be appointed in the same manner.
3. The Chair of the Executive Committee, who will hold the casting vote in Committee meetings, is responsible for:
  - a) Ensuring that the members of the Board of Directors are provided with all relevant information regarding the activity and resolutions of the Executive Committee;
  - b) Ensuring compliance with the delegation limits set, with the Company's strategy and with the Executive Committee's duties of cooperation before the Chair of the Board of Directors;

c) Coordinating the activities of the Executive Committee, leading the Committee meetings and ensuring the implementation of its resolutions.

4. The Executive Committee will, in principle, operate in accordance with that established for the Board of Directors, without prejudice to any amendments the Board of Directors may resolve to introduce to its way of functioning, which must necessarily include the following specifications:

a) Although representation is permitted, the Executive Committee may only validly pass resolutions when the majority of its members are present;

b) The Executive Committee shall meet whenever so required by corporate interests and at least twice a month.

5. The Board of Directors may authorise the Executive Committee to entrust certain matters to one or more of its members, as well as the exercise of certain powers that may be delegated to these members.

## **Article 17**

### **(Other Committees)**

1. The Board of Directors may resolve to create other committees besides the Executive Committee.

2. Once their creation has been approved, each committee will have its own statutes, duly approved by the Board of Directors.

## **SECTION III**

### **Audit Committee**

## **Article 18**

### **(Responsibilities)**

In addition to any other responsibilities conferred to it by law, the Audit Committee is specifically responsible for:

a) Supervising the Company's management;

b) Ensuring the observance of the law and of the Company's articles of association;

c) Verifying the consistency of the books, accounting records and of any supporting documents;

- d) Verifying the accuracy of the financial statements;
- e) Supervising the effectiveness of the Company's risk management, internal control and internal audit systems;
- f) Receiving any notifications of irregularities, submitted by shareholders, Company employees, or others;
- g) Supervising the preparation and disclosure of financial information;
- h) Proposing to the Shareholders General Assembly the appointment of the Statutory Auditor;
- i) Supervising the statutory audit of the Company's accounts and financial statements;
- j) Supervising the independence of the Statutory Auditor, notably as regards the provision of any additional services;
- k) Contracting the provision of services by experts who assist one or several of its members in the exercise of their duties. The hiring and remuneration of such experts must take into account the importance of the matters committed to their attention and the economic position of the Company.

#### **Article 19**

##### **(Composition)**

1. The Audit Committee is composed of a minimum of three and a maximum of five members, one of which will be appointed its Chair.
2. The members of the Audit Committee are appointed by the Shareholders General Assembly at the same time as the other members of the Board of Directors. The lists proposed for the latter body must identify the members intended to form the Audit Committee and also specify its respective Chair.

#### **Article 20**

##### **(Meetings and Resolutions)**

1. The Chair of the Audit Committee is responsible for convening and leading the Audit Committee meetings, and holds a casting vote.
2. The Audit Committee ordinarily meets at least once every two months and whenever the Chair sees fit, or if any of its members requests a meeting.

3. In principle, the Audit Committee meets at the Company's registered office; it may however meet at any other location in Portugal, whenever the Chair deems it appropriate, or by electronic means, in accordance with the law.
4. The Audit Committee is only duly constituted to pass resolutions if the majority of its members is present.
5. Members of the Audit Committee are considered permanently absent, and may be declared as such by this body, when they have failed to attend at least three meetings, consecutive or not, without having provided justification deemed acceptable by this body, in which case the member in question must be replaced under the legally applicable terms.

## **SECTION IV**

### **Statutory Auditor**

#### **Article 21**

##### **(Designation and Responsibilities)**

1. The Shareholders General Assembly must submit the Company accounts to the examination and verification of a Statutory Auditor or of an Audit Firm not belonging to any other of the Company's bodies.
2. The Company's Statutory Auditor and his/her substitute are appointed by the Shareholders General Assembly, based on a proposal from the Audit Committee.
3. The Statutory Auditor exercises the duties established by law and in the Company's articles of association, and may also be heard regarding other matters, at the request of the Chairs of the Board of Directors or of the Audit Committee.

## **SECTION V**

### **Company Secretary**

#### **Article 22**

##### **(Designation and Responsibilities)**

1. The Company Secretary and his/her substitute are appointed by the Board of Directors and their respective term of office will coincide with the term of the Board of Directors under which they were appointed.
2. The responsibilities of the Company Secretary are those foreseen by law.

## **CHAPTER V**

### **Final Provisions**

#### **Article 23**

##### **(Binding Provisions)**

1. Without prejudice to cases where the law attributes representation of the Company to one sole Director, the Company is legally bound:
  - a) By the Chair of the Board of Directors, jointly with one other Director;
  - b) By two Directors who are also members of the Executive Committee;
  - c) By two Directors who are also members of the Audit Committee, within the scope of its respective competency;
  - d) By one member of the Board of Directors and an attorney, in accordance with the terms of the respective power of attorney;
  - e) By attorneys, with respect to actions or types of actions defined in the respective powers of attorney.
2. The Board of Directors may resolve, under the terms and within the limits set by law, that certain Company documents be signed by mechanical means or by stamp.
3. For everyday business matters, the signature of one Director is considered sufficient.

#### **Article 24**

##### **(Application of Net Income and Advanced Distribution of Profits)**

1. With respect for that established by law and the rules applicable to required reserves, the Shareholders General Assembly shall freely resolve on the application of the net income of the financial year, and may also resolve on its non-distribution to shareholders whenever the corporate interest so determines, with that set out in Article 294 of the Portuguese Commercial Companies Code being hereby expressly ruled out.
2. The Company may advance payments on profits to its shareholders, in accordance with the law.

#### **Article 25**

### **(Remuneration and Pensions)**

- 1.** The remuneration provided to the members of the Company's governing bodies and to the Statutory Auditor or Audit Firm will be determined by the Shareholders General Assembly or by a Remuneration Committee, appointed by the former, for three-year periods.
- 2.** The remuneration provided to Directors may partially consist of a percentage of the calculated profits, which may not exceed one per cent of such profits, after deduction of the amount for legal reserves.
- 3.** The executive members of the Board of Directors will be entitled to receive a complementary retirement, old age or disability pension, pursuant to the regulation approved by the Shareholders General Assembly.

### **Article 26**

#### **(Dissolution and Liquidation)**

- 1.** The Company will be dissolved in the cases and in accordance with the terms established by law.
- 2.** The Company's liquidation will be governed by the applicable legal provisions and by the resolutions of the Shareholders General Assembly.