OFFERING CIRCULAR

Banco Comercial Português, S.A.

(Incorporated with limited liability under the laws of Portugal)

EUR25,000,000,000

Euro Note Programme

Arranger

UBS Investment Bank

Programme Dealers

ActivoBank
BNP PARIBAS
Commerzbank
Goldman Sachs Bank Europe SE
IMI – Intesa Sanpaolo

Millennium Investment Banking
Société Générale Corporate & Investment Banking

Banco Santander Totta, S.A.
BofA Securities
Credit Suisse
HSBC
J.P. Morgan

Morgan Stanley
UniCredit

Barclays
Citigroup
Deutsche Bank
ING
Mediobanca – Banca di Credito Finanziario S.p.A.
NatWest Markets
UBS Investment Bank

The date of this Offering Circular is 20 May 2022

This offering circular (the "**Offering Circular**") replaces and supersedes the Offering Circular dated 20 May 2022 describing the Programme (as defined below). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes already in issue.

This Offering Circular comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. When used in this Offering Circular, "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended from time to time.

The Bank (as defined below) accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche (as defined below) of Notes issued under the Programme. To the best of the knowledge of the Bank the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*" below), the information on the websites to which this Offering Circular refers does not form part of this Offering Circular and has not been scrutinised by the Central Bank of Ireland (the "**Central Bank**") .

No Dealer (as defined below) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Bank in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Bank in connection with the Programme.

Neither the Issuer nor any Dealer nor any of their respective affiliates make any representation as to the suitability of any ESG Notes to fulfil environmental, social or sustainability criteria (as applicable) required by any prospective investors. None of the Dealers nor any of their respecitive affiliates have undertaken, nor are they responsible for, any assessment of the ESG Framework (as defined in this Offering Circular) or the monitoring of the use of proceeds (or amounts equal thereto) or the allocation of the proceeds of any ESG Notes. No Dealers nor any of their respective affiliates make any representation as to the suitability or content of the ESG Framework or the Second-Party Opinion (as defined in this Offering Circular).

No person is or has been authorised to give any information or to make any representation not contained in or consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank or any Dealer.

Neither this Offering Circular nor any other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Bank or any Dealer that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Notes. Each Investor (as defined below) contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes

an offer or invitation by or on behalf of the Bank or any Dealer to any person to subscribe for or to purchase any Notes.

Under the EUR25,000,000,000 Euro Note Programme (the "**Programme**"), Banco Comercial Português, S.A. (the "**Bank**", "**BCP**", "**Banco Comercial Português**", "**Millennium investment banking**", "**Millennium bcp**", "**Millennium**" or "**Issuer**") may from time to time issue notes denominated in any currency (subject to such currency being accepted by Interbolsa (as defined below)) agreed between the Issuer and the relevant Dealer (as defined below) in book entry form ("**Notes**", which expression shall include Senior Notes, Senior Non-Preferred Notes and Subordinated Notes (each as defined below)) that will be held through Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), as management entity of the Portuguese Centralised System of Registration of Securities ("**Central de Valores Mobiliários**").

The Final Terms for each Tranche of Notes will state whether the Notes of such Tranche are to be (i) senior Notes ("**Senior Notes**"), (ii) senior non-preferred Notes ("**Senior Non-Preferred Notes**") or (iii) subordinated Notes ("**Subordinated Notes**").

The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed EUR25,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Programme Dealers or Issue Dealers (each as defined herein) appointed under the Programme from time to time. The Programme Dealers and the Issue Dealers are herein together referred to as the "**Dealers**" and references to a "**Dealer**" are to a Programme Dealer or, as the case may be, an Issue Dealer. References to the "**relevant Dealer**" are references to the Dealer or Dealers with whom the Issuer has agreed or proposes to agree the terms of an issue of Notes under the Programme.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" below.

This Offering Circular has been approved as a base prospectus by the Central Bank as competent authority under the Prospectus Regulation. The Central Bank only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc (the "**Euronext Dublin Regulated Market**"), trading as Euronext Dublin ("**Euronext Dublin**") or on another regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") and/or that are to be offered to the public in any member state of the EEA in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to its Official List (the "**Official List**") and trading on the Euronext Dublin Regulated Market. The Programme provides that Notes may also be listed or admitted to trading on the regulated market of Euronext Lisbon ("**Euronext Lisbon Regulated Market**"). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market or admitted to trading on any other market which is not a regulated market for the purposes of MiFID II. Euronext Dublin Regulated Market and Euronext Lisbon Regulated Market are each regulated markets ("**Regulated Markets**") for the purposes of MiFID II on markets in financial instruments. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on Euronext Dublin or Euronext Lisbon.

This Offering Circular (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. The obligation to supplement this Offering Circular in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Offering Circular is no longer valid.

This Offering Circular comprises listing particulars (the "**Listing Particulars**") for the purposes of giving information with regard to the issue of Notes having a maturity of less than 365 days as commercial paper under the Programme during the period of 12 months after the date hereof. References throughout this document to Offering Circular shall be deemed to read Listing Particulars for such purpose. Application will be made to Euronext Dublin for such Notes to be admitted to listing and trading on Euronext Dublin Regulated Market as commercial paper. The issue of Notes having a maturity of less than 365 days as commercial paper under the Programme falls outside the scope of the Prospectus Regulation and the Listing Particulars and Final Terms prepared for any such issue have not been approved or reviewed by the Central Bank.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which will be delivered to the Central Bank and, if admitted to trading on the Euronext Dublin Regulated Market, to Euronext Dublin. Copies of Final Terms in relation to Notes to be listed on Euronext Dublin, other than those Notes having a maturity of less than 365 days, will also be published on the website of Euronext Dublin (https://live.euronext.com/).

The Programme has been rated (i) "Ba1/NP" (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively), "Ba3" (in respect of Subordinated Notes) and "Ba2" (in respect of Senior Non-Preferred Notes) by Moody's Investors Service España, S.A. ("**Moody's**"), (ii) "BB/B" (in respect of Senior Notes with a maturity of one year or more and Senior Notes with a maturity of less than one year), "B" (in respect of Subordinated Notes) and "B+" (in respect of Senior Non-Preferred Notes) by S&P Global Ratings Europe Limited ("**S&P**"), (iii) "BB/B" (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively), "B+" (in respect of Tier 2 Subordinated Notes) and "BB-" (in respect of Senior Non-Preferred Notes) by Fitch Ratings Ltd. ("**Fitch**") and (iv) "BBB (low)/R-2 (middle)" (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively), "BB" (in respect of Subordinated Notes) and "BB (high)" (in respect of Senior Non-Preferred Notes) by DBRS Ratings GmbH ("**DBRS**").

Each of Moody's, S&P and DBRS is established in the EEA and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Each of Moody's, S&P and DBRS is not established in the United Kingdom but it is part of a group in respect of which one of its undertakings is (i) established in the United Kingdom, and (ii) is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). The Programme ratings have been issued by each of Moody's, S&P and DBRS in accordance with the CRA Regulation before the end of the transition period and have not been withdrawn. As such, the ratings issued by each of Moody's, S&P and DBRS may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

Fitch is established in the United Kingdom and is registered in accordance with the UK CRA Regulation. Fitch is not established in the EEA and has not applied for registration under the CRA Regulation. The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited ("**FRIL**") in accordance with the CRA Regulation. FRIL is established in the EEA and registered under the CRA

Regulation. As such FRIL is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Tranches of Notes issued under the Programme may be rated by any one or more of the rating agencies referred to above or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to "*Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes*" in the "*Risk Factors*" section of this Offering Circular.

All financial information in this Offering Circular relating to the Bank for the years ended on 31 December 2020 and 31 December 2021 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended and all financial information in this Offering Circular relating to the Bank for the three month period ended 31 March 2022 has been extracted from the unaudited and un-reviewed earnings press release and earnings presentation of BCP and its subsidiaries ("**BCP Group**" or the "**Group**") for the three month period ended 31 March 2022.

The Notes will be registered by Interbolsa. Each person shown in the individual securities accounts held with an authorised financial intermediary institution entitled to hold control accounts with the Central de Valores Mobiliários on behalf of their customers (including any depositary banks appointed by Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg, respectively) (each an "**Affiliated Member**") as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a "**Certificate**") will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Notes and in accordance with that Affiliated Member's procedures and pursuant to Article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*). For further details of clearing and settlement of the Notes issued under the Programme see "Clearing and Settlement" below.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing such information. The Dealers expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme or to advise any Investor in the Notes issued under the Programme of any information coming to their attention. Investors should review, amongst other things, the most recent financial statements, if any, of the Bank when deciding whether or not to purchase any Notes.

IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NOTES WHERE THERE IS NO EXEMPTION FROM THE OBLIGATION UNDER THE PROSPECTUS REGULATION TO PUBLISH A PROSPECTUS

Restrictions on Public Offers of Notes in relevant Member States of the EEA where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus

Certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus. Any such offer is referred to as a "**Public Offer**". This Offering Circular has been prepared on a basis that permits Public Offers of Notes in each Member State in relation to which the Issuer has given its consent, as specified in the applicable Final Terms

(each specified Member State a "**Public Offer Jurisdiction**" and together the "**Public Offer Jurisdictions**"). Any person making or intending to make a Public Offer of Notes on the basis of this Offering Circular must do so only with the Issuer's consent to the use of this Offering Circular as provided under "*Consent given in accordance with Article 5(1) of the Prospectus Regulation*" below and provided such person complies with the conditions attached to that consent.

Save as provided above, the Issuer and the Dealers have not authorised, nor do they authorise, the making of any Public Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 5(1) of the Prospectus Regulation

In the context of a Public Offer of such Notes, the Issuer accepts responsibility, in each of the Public Offer Jurisdictions, for the content of this Offering Circular in relation to any person (an "**Investor**" or collectively the "**Investors**") who purchases any Notes in a Public Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to that giving of consent for the use of this Offering Circular are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

Neither the Issuer nor any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Public Offer and neither the Issuer nor any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, the Issuer has not authorised the making of any Public Offer by any offeror and the Issuer has not consented to the use of this Offering Circular by any other person in connection with any Public Offer of Notes. Any Public Offer made without the consent of the Issuer is unauthorised and the Issuer and, for the avoidance of doubt, the Dealers do not accept any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Offering Circular for the purposes of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Offering Circular and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

Specific Consent

(a) the Issuer consents to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Notes in any Public Offer Jurisdiction during the relevant Offer Period stated in the applicable Final Terms by:

(i) the relevant Dealer(s) or Manager(s) specified in the applicable Final Terms;

(ii) any financial intermediaries specified in the applicable Final Terms; and

(iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Bank's website (www.millenniumbcp.pt) and identified as an Authorised Offeror in respect of the relevant Public Offer; and

General Consent

(b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Notes in any Public Offer Jurisdiction during the relevant Offer Period stated in the applicable Final Terms by any financial intermediary which satisfies the following conditions:

(i) it is authorised to make such offers under applicable legislation implementing MiFID II; and

(ii) it accepts the Issuer's offer to grant consent to the use of this Offering Circular by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the "**Acceptance Statement**"):

> "We, [*insert legal name of financial intermediary*], refer to the offer of [*insert title of relevant Notes*] (the "Notes") described in the Final Terms dated [*insert date*] (the "Final Terms") published by Banco Comercial Português, S.A. (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Offering Circular (as defined in the Final Terms) in connection with the offer of the Notes in [*specify Member State(s)*] during the Offer Period and subject to the other conditions to such consent, each as specified in the Offering Circular, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Offering Circular) and confirm that we are using the Offering Circular accordingly."
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> The "**Authorised Offeror Terms**", being the terms to which the relevant financial intermediary agrees in connection with using this Offering Circular, are that the relevant financial intermediary:
>
> (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, and the relevant Dealer that it will, at all times in connection with the relevant Public Offer:
>
> (I) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "Rules"), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;
>
> (II) comply with the restrictions set out under "*Subscription and Sale and Transfer Restrictions*" in this Offering Circular which would apply as if it were a Dealer and consider the relevant manufacturer's target market assessment and distribution channels identified under the ["MiFID II product governance"] ["UK MiFIR product governance"] legend set out in the applicable Final Terms;
>
> (III) ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the

extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

(IV) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;

(V) comply with applicable anti-money laundering, anti-bribery, anti-corruption and *know your client* Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

(VI) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer, the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and *know your client* Rules applying to the Issuer and/or the relevant Dealer, as the case may be;

(VII) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(VIII) immediately inform the Issuer and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(IX) comply with the conditions to the consent referred to under "*Common Conditions to Consent*" below and any further requirements or other Authorised Offeror Terms relevant to the Public Offer as specified in the applicable Final Terms;

(X) make available to each potential Investor in the Notes this Offering Circular (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Offering Circular and the applicable Final Terms;

(XI) if it conveys or publishes any communication (other than this Offering Circular or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided

such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that the Issuer and the relevant Dealer do not accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within its respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in this Offering Circular;

(XII) ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(XIII) co-operate with the Issuer and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) and such further assistance as is reasonably requested upon written request from the Issuer or the relevant Dealer. For this purpose, relevant information is information that is available to or can be acquired by the relevant financial intermediary:

(1) in connection with any request or investigation by the Central Bank or any other regulator in relation to the Notes, the Issuer or the relevant Dealer; and/or

(2) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by the Central Bank and/or any other regulator of competent jurisdiction from time to time; and/or

(3) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or so as to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

(XIV) during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v)

comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer; and

(XV) either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests the relevant financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

(B) agrees and undertakes to indemnify the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons (each a "**Relevant Party**")) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer. Neither the Issuer nor any Dealer shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this provision; and

(C) agrees and accepts that:

(I) the contract between the Issuer and the relevant financial intermediary formed upon acceptance by the relevant financial intermediary of the Issuer's offer to use the Offering Circular with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

(II) subject to paragraph (IV) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and the relevant financial intermediary submit to the exclusive jurisdiction of the English courts;

(III) for the purposes of paragraphs (II) and (IV) herein, the Issuer and the relevant financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;

(IV) to the extent allowed by law, the Issuer and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and

(V) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (A)(II), (A)(III) and (B) above are together the "**Authorised Offerors**" and each an "**Authorised Offeror**".

Any Authorised Offeror falling within paragraph (b) above who meets the conditions set out in paragraph (b) and the other conditions stated in "*Common Conditions to Consent*" below and who wishes to use this Offering Circular in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Offering Circular in the context of the relevant Public Offer are (in addition to the conditions described in paragraph (a) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

(a) is only valid during the Offer Period specified in the applicable Final Terms; and

(b) only extends to the use of this Offering Circular to make Public Offers of the relevant Tranche of Notes in Ireland and Portugal under the Programme, as specified in the applicable Final Terms.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Offering Circular.

The only Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any Member States are so specified) as indicated in paragraph (b) above, will be Ireland and Portugal under the Programme, and accordingly each Tranche of Notes may only be offered to Investors as part of a Public Offer in Ireland and Portugal under the Programme, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

BENCHMARKS REGULATION - Amounts payable on Floating Rate Notes and Reset Rate Notes (as described under "

Terms and Conditions of the Notes") will be calculated by reference the Euro Interbank Offered Rate ("**EURIBOR**"). As of the date of this Offering Circular, the administrator of EURIBOR (the European Money Markets Institute) is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (as amended from time to time, the "**EU Benchmarks Regulation**").

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered,

sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET - The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under Commission Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither UBS Europe SE as arranger (the "**Arranger**") nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, THE DEALERS (EXCEPT WHERE A DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAVE NO RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Dealers represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the terms indicated above. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, the EEA (including Portugal, the Republic of Italy and France), Japan and Singapore, see "*Subscription and Sale and Transfer Restrictions*" below.

The Notes may not be a suitable investment for all prospective Investors. Each potential Investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential Investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain Investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should

consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not and will not be registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act, unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities law of any state of the United States and any other jurisdiction (see "*Subscription and Sale and Transfer Restrictions*" below).

All references in this Offering Circular to (A) "**U.S. dollars**", "**USD**", "**U.S.$**", "**$**" and "**U.S. cent**" refer to the currency of the United States of America, (B) "**Sterling**", "**GBP**" and "**£**" refer to the currency of the United Kingdom, (C) "**Euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union amended from time to time, (D) "**PLN**" refers to Polish zloty and (E) "**CHF**" refers to Swiss francs.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

This Offering Circular is drawn up in the English language. In case there is any discrepancy between the English text and the Portuguese text, the English text stands approved for the purposes of approval under the Prospectus Regulation (EU) 2017/1129.

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, will be in compliance with all relevant laws and regulations and may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Offering Circular and certain documents incorporated by reference herein may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "Risk Factors" and "Description of the Business of the Group" and other sections of this Offering Circular. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Offering Circular, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Offering Circular, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's ability to achieve and manage the growth of its business;
- the performance of the markets in Portugal and the wider region in which the Issuer operates;
- the Issuer's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate; and
- actions taken by the Issuer's joint venture partners that may not be in accordance with its policies and objectives.

Any forward looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to the Issuer's obligations under applicable laws and regulations in relation to disclosure and ongoing information, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.

Capitalised terms used in this overview and not otherwise defined below have the respective meanings given to those terms elsewhere in this Offering Circular.

Description:	Euro Note Programme
Programme size:	Up to Euro 25,000,000,000 (or its equivalent in other currencies, all calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Issuer:	Banco Comercial Português, S.A.
Issuer Legal Entity Identifier:	JU1U6S0DG9YLT7N8ZV32
Arranger:	UBS Europe SE
Dealers:	Banco ActivoBank, S.A. Banco Comercial Português, S.A. Banco Santander Totta, S.A. Barclays Bank Ireland PLC BNP PARIBAS BofA Securities Europe SA Citigroup Global Markets Europe AG Commerzbank Aktiengesellschaft Credit Suisse Bank (Europe), S.A. Deutsche Bank Aktiengesellschaft Goldman Sachs Bank Europe SE HSBC Continental Europe ING Bank N.V. Intesa Sanpaolo S.p.A. J.P. Morgan AG Mediobanca - Banca di Credito Finanziario S.p.A. Morgan Stanley Europe SE NatWest Markets N.V. Société Générale UBS Europe SE UniCredit Bank AG and any other Dealers appointed in accordance with the Dealer Agreement.
Agent:	Banco Comercial Português, S.A., in its capacity as Agent, with head office at Praça Dom João I, 28, 4000-295 Oporto, Portugal.

Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme, including, *inter alia*, those set out under *Risk Factors* below. In addition, there are risk factors which are material for the purpose of assessing the other risks associated with Notes issued under the Programme. These are also set out in detail under *Risk Factors* below and include, *inter alia*, the dynamics of the legal and regulatory requirements and the risks related to the structure of a particular issue of Notes.
Distribution:	Notes may be distributed by way of private placement or public placement and in each case on a non-syndicated or syndicated basis.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see *Subscription and Sale and Transfer Restrictions*).
Currencies:	Subject to compliance with relevant laws, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Ratings:	Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. The rating of Notes will not necessarily be the same as the rating applicable to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Listing and Admission to Trading:	Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to its Official List and trading on the Euronext Dublin Regulated Market. Notes may also be listed or admitted to trading, as the case may be, on Euronext Lisbon or by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market or Notes admitted to trading on other regulated markets for the purposes of Directive 2014/65/EU, as amended, or on any other market which is not a regulated market. The relevant Final Terms will state on which stock exchange(s) and/or market(s) the relevant Notes are to be listed and/or admitted to trading (if any).
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including Portugal, France, Italy

	and Belgium), the United Kingdom, Japan and Singapore as set out in S*ubscription and Sale and Transfer Restrictions*.
United States Selling Restriction:	Regulation S, Category 2. TEFRA C or TEFRA not applicable as set out in the applicable Final Terms. See *Subscription and Sale and Transfer Restrictions*.
Use of Proceeds:	Proceeds from the issue of Notes will be used by the Issuer for its general corporate purposes or as otherwise set out in the applicable Final Terms.
Status and Subordination:	The Issuer may issue Senior Notes, Senior Non-Preferred Notes or the Subordinated Notes under the Programme. Senior Notes constitute direct, unconditional, unsubordinated and (subject to certain provisions of negative pledge to the extent specified as applicable to such Senior Notes in the applicable Final Terms) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations, from time to time outstanding. Senior Non-Preferred Notes constitute direct, unsubordinated and unsecured obligations of the Issuer and (save for certain obligations required to be preferred by law) will rank (i) *pari passu* among themselves and with all other obligations of the Issuer qualifying as Statutory Senior Non-Preferred Obligations, (ii) in the event of the bankruptcy of the Issuer, junior to any unsubordinated and unsecured obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations, and (iii) senior to any Junior Obligations. Payments in respect of any Subordinated Notes constitute direct, unconditional and unsecured obligations of the Issuer, save that the claims of the holders of the Notes in respect of payments pursuant thereto will, in the event of the winding-up of the Issuer (to the extent permitted by Portuguese Law), be wholly subordinated to the claims of all Senior Creditors of the Issuer.
Terms and Conditions of the Notes:	Final Terms will be prepared in respect of each Tranche of Notes, completing the Terms and Conditions of the Notes set out in *Terms and Conditions of the Notes*.
Clearing System:	Interbolsa. See Clearing and Settlement. Without prejudice to the foregoing, investors will be able to hold an interest in the Notes through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), who are clients of an Interbolsa Participant for these purposes.
Form of the Notes:	The Notes will be in book-entry form (*forma escritural*) and are *nominativas* (i.e. Interbolsa, at the Issuer's request, can ask the

Interbolsa Participants information regarding the identity of the holders of Notes and transmit such information to the Issuer) and thus title to such Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable CMVM regulations. No physical document of title will be issued in respect of the Notes. See *Clearing and Settlement*.

Transfer of Notes: The Notes may be transferred in accordance with the provisions of Interbolsa. The transferability of the Notes is not restricted.

Maturities: The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as set out in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: The Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms.

Cross Default: Senior Notes may contain a cross default provision if so specified in the applicable Final Terms and as further described below and in Condition 9(a) (*Event of Default relating to certain Senior Notes*).

Events of Default: If the Notes are specified as Senior Notes in the applicable Final Terms and Condition 9(a) (*Events of Default relating to certain Senior Notes*) is specified as being "Applicable", the terms of such Senior Notes will contain, amongst others, the following events of default:

(a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time;

(b) non-performance or non-observance by the Issuer of any of its other obligations (i.e. under the conditions of the Notes), in certain cases continuing for a specified period of time;

(c) acceleration by reason of default of the repayment of any indebtedness or default in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness by the Issuer, in any case so long as any such indebtedness exceeds the specified threshold; and

(d) events relating to the winding-up or dissolution of the Issuer.

The terms of the Subordinated Notes, the Senior Non-Preferred Notes and (where the Notes are specified as Senior Notes in the applicable Final Terms and Condition 9(b) (*Events of Default and Enforcement relating to Subordinated Notes, Senior Non-Preferred Notes and certain Senior Notes*) is specified as being "Applicable") certain of the Senior Notes will contain the following events of default:

(a) failure by the Issuer to make payments in respect of the Notes, continuing for a specified period of time, giving rise to the right of Noteholders to institute proceedings for the winding-up of the Issuer; and

(b) events relating to the winding-up or dissolution of the Issuer.

No acceleration may occur until a winding-up or dissolution of the Issuer.

Negative Pledge: In the case of Senior Notes where the applicable Final Terms specify that Condition 3 ("Negative Pledge") is "Applicable", the terms of such Senior Notes will contain a negative pledge provision, as further described in such Condition.

The terms of the Subordinated Notes, the Senior Non-Preferred Notes and, where the applicable Final Terms specify that Condition 3 ("Negative Pledge") is "Not Applicable", the Senior Notes will not contain a negative pledge provision.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Reset Rate Notes: Reset Rate Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate**"), all as further described in Condition 4(b).

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of

Floating Rate Notes. Interest periods will be specified in the applicable Final Terms.

In the event a Benchmark Event occurs (a) a Successor Rate or, failing which, an Alternative Reference Rate, and (b) in either case, an Adjustment Spread may be used for the purposes of determining the Rate of Interest.

Zero Coupon Notes: Zero Coupon Notes may be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms.

Redemption: The terms under which Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes.

The Issuer has the right to redeem Notes (i) upon certain taxation events, (ii) in the case of Subordinated Notes, Senior Non-Preferred Notes and certain Senior Notes upon a change in regulatory classification of the Notes and (iii) if so specified in the applicable Final Terms, at its option.

Substitution and Variation: If, in the case of any Series of Subordinated Notes, Condition 6(m) ("*Substitution and Variation of Subordinated Notes*") is specified as being "Applicable" in the relevant Final Terms and a capital event or tax event giving rise to a right by the Issuer to call the Notes has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 16(d), then the Issuer may, subject to certain conditions, substitute all (but not some only) of such Series of Subordinated Notes for, or vary the terms of such Series of Subordinated Notes (including changing the governing law of Condition 16(d) from English law to Portuguese law or any other European law that, after consultation with the regulator, the Issuer considers allows the Subordinated Notes to be tier 2 compliant notes) so that the Notes remain or become tier 2 compliant notes.

If in the case of Senior Notes or Senior Non-Preferred Notes, Condition 6(n) ("*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*") is specified as being "Applicable" in the relevant Final Terms, and an MREL disqualification event or tax event giving rise to a right by the Issuer to call the Notes has occurred or in order to ensure the effectiveness and enforceability of Condition 16(d), then the Issuer may, subject to certain conditions, substitute all (but not some only) of such Series of Notes for, or vary the terms of such Series of Notes (including changing the governing law of Condition 16(d) from English law to Portuguese law or any other European law that, after consultation with the regulator, the Issuer considers allows the Notes to be MREL compliant notes) so that the Notes remain or become MREL compliant notes.

Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note will be EUR 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Each Series will have Notes of one denomination only.
Taxation of the Notes:	All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by Portugal unless such deduction or withholding is required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted. In the case of Subordinated Notes and, where Condition 7(b) is specified as "Applicable" in the applicable Final Terms, Senior Notes and Senior Non-Preferred Notes, the requirement of the Issuer to pay additional amounts will be limited to payments of interest.
Governing Law:	English law, except that in relation to the status of Subordinated Notes and Senior Non-Preferred Notes and the form and transfer of Notes, the creation of security over Notes and the Interbolsa procedures for the exercise of rights under Notes will be governed by Portuguese law.

RISK FACTORS

An investment in the Notes involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Offering Circular prior to making any investment decision with respect to the Notes. The risks described below could have a material adverse effect on BCP's business, financial condition and results of operations or the value of the Notes. Additional risks and uncertainties, including those of which the BCP Group's management is not currently aware or deems immaterial, may also potentially have an adverse effect on the BCP Group's business, results of operations, financial condition or future prospects or may result in other events that could cause investors to lose all or part of their investment.

INTRODUCTION

The risk factors described below are those that the Issuer believes are material and specific to the Issuer and that may affect the Issuer's ability to fulfil each of its obligations under the Notes. The risk factors have been organised into the following categories:

1. Risks relating to the Issuer
    - 1.1 Risks relating to the Economic and Financial Environment
    - 1.2 Legal and Regulatory Risks
    - 1.3 Risks relating to Acquisitions
    - 1.4 Risks relating to the Bank's Business
2. Risks relating to Notes issued under the Programme
    - 2.1 Risks relating to the Structure of a particular issue of Notes
    - 2.2 Risks relating to Notes generally
    - 2.3 Risks relating to the Market generally
    - 2.4 Risks relating to ESG Notes

Within each category, the most material risks, in the assessment of the Issuer, are set out first. The Issuer has assessed the relative materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact. The order of the categories does not imply that any category of risk is more material than any other category.

1. RISKS RELATING TO THE ISSUER

1.1 Risks relating to the Economic and Financial Environment

Portuguese economy

In 2020, Portuguese economy recorded an unprecedented contraction of 8.4% stemming from the effects of the COVID-19 pandemic on activity, which turned out particularly pernicious to exports amid the collapse of tourism activity, private consumption and, to a lesser degree, investment.

In 2021, Gross domestic product ("**GDP**") grew 4.9%, which represented a strong recovery compared to the contraction recorded in the preceding year. The performance of the Portuguese activity benefited in particular from the easing of lockdown measures in the second quarter, which triggered a strong increase in consumption,

in a context of high levels of accumulated savings by the families and the strength of the labour market. Investment stayed high throughout the year, boosted by the implementation of the Recovery and Resiliency Plan (RRP), and exports recovered strongly, despite the less favourable performance of services associated with tourism.

The budgetary measures implemented in 2020, which proved vital in mitigating the adverse effects of the pandemic, resulted in a substantial deterioration of the public debt ratios, which, however, registered an improvement in 2021 (from 135.2% to 127.5%), in tandem with the strong recovery of economic activity.

In 2022, the Bank of Portugal predicts a slowdown of the Portuguese economy amid the geopolitical uncertainty triggered by the Russian invasion of Ukraine. The conflict in Ukraine is expected to have a negative impact on growth through: (i) the rise in energy and commodity prices; (ii) supply disruptions; (iii) tighter financing conditions arising from financial markets conditions; and (iv) a rise in uncertainty and its impact on confidence. Lower growth levels and higher inflation rates could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Global health crisis

Portugal remains vulnerable to COVID-19 pandemic-related uncertainty, mainly as a result of new and reportedly more contagious variants of the coronavirus. If this risk materialises supply shortages constraints could intensify, resulting in lower economic activity and additional inflationary pressures.

The uncertainty related to the unpredictability of the pandemic evolution could continue to affect, the behaviour and financial position of the Bank's customers and, therefore, the supply and demand of the products and services offered by the Bank and its risk costs.

Dramatic tightening in global financial market conditions

The acceleration of global inflation could entail a faster than anticipated tightening of monetary policy, with repercussions on global financial conditions. In addition, any unexpected contagion effects on the financial system from the sanctions on Russia, cyber-attacks, and high levels of uncertainty related to the Russia-Ukraine conflict could impact the stability of global financial markets.

The possibility of aggravation or persistence of adverse financing conditions could further weigh in on economic conditions, hindering the evolution of the banking business and, consequently, its profitability.

Risks of recession and/or slowdown of the Portuguese economy

The Bank of Portugal projected a recovery of the Portuguese economy in 2022, with the level of GDP expected to return to pre-pandemic levels by mid-2022. However, if the negative effects on trade flows, on commodity prices and on financial conditions intensify, such developments should negatively impact the Portuguese economy and lead to a recession in 2022 and/or recovery at a slower pace.

Any limitation to the growth of the Portuguese economy would predictably imply a fall of demand for credit, the cost of funding could rise and the credit quality of the loans' portfolio and other segments of the asset side of the Bank's balance sheet would deteriorate.

Risks related to high levels of indebtedness

The high levels of both corporate and households' debt increase the risks of widespread defaults in case of worsening of the economic condition and tightening of the financial conditions. Any deterioration in households' and companies' financial condition could lead to a fall in the demand for credit, and to a deterioration of the credit quality of the loans' portfolio and other segments of the asset side of the Bank's balance sheet.

The high level of Portuguese government debt could lead to relevant limitations on the ability of the Portuguese government to stimulate growth in response to a downturn as severe as the current economic shock. The high public-sector indebtedness is therefore an important factor of vulnerability, as any change in investors' perception of the sustainability of Portuguese debt may contribute to raise the Bank's cost of funding and to weaken the performance of the financial assets held in the Bank's portfolio – in particular, the Portuguese public debt securities.

Domestic political risks

The 2022 parliamentary elections in Portugal conferred an absolute majority to the party that formed the government. However, the risks of social unrest stemming from high food and energy prices and/or any supply disruption of essential consumer goods could lead to political instability and impact adversely the economic activity and the Portuguese Republic's credit profile. Any of these outcomes could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Risks related to the European Union

The Russia-Ukraine war underlines the need to strengthen coordination and cooperation in Europe, notably in defense and economic terms. In this context, any unforeseen political and/or legal obstacles to the implementation of policies and actions enacted by the European Union to support the European economy and ensure its territorial defense and energy and food supply could materially impact the integrity of the European Union. Any such outcome may affect the Portuguese sovereign credit profile, which may lead to concerns relating to the capacity of the Portuguese Republic to meet its funding needs. Any deterioration could have a direct impact on the value of the Bank's portfolio of public debt. Any permanent reduction of the value of public debt would be reflected in the Bank's equity position.

Monetary policy risks

The Bank is exposed to risks associated with any disruption to the European Central Bank's monetary and liquidity facilities introduced to avoid systemic stress in the financial system and to lift confidence and support the economic recovery. Any sudden change in monetary policy could have a substantial downward impact on the valuation of the Portuguese government's debt directly, or indirectly via contagion through the loss in value of the public debt securities of other countries in the European Monetary Union, which would in turn negatively impact the Bank directly through its investment book and indirectly by affecting the price and availability of the Bank's funding in the market and also by potentially lowering the demand for loans from households and corporations. In addition, any further substantial decline of European Central Bank's reference interest rates and/or the maintenance of negative interest rates for a protracted period would affect negatively the Bank's ability to generate net interest margin.

Risks to the real estate market

The current economic shock increases the risk of a significant devaluation of Portuguese real estate prices, including, without limitation, through a fall of demand by non-residents and the drop of tourism demand, which may lead to an increase in impairment losses in the assets held directly by the Bank as well as in the participating units of the restructuring funds held by the Bank, and to increased exposure in counterparty risk for loans guaranteed by real estate collateral and in pension fund assets retained by the Bank.

External-trade channel risk

The deterioration of economic activity in the main trading partners of Portugal, along with global supply disruptions, the risk of protectionist policies and the possible behavioural changes in Portuguese trading partners could impact negatively the performance of the Portuguese economy and lead to economic and financial

difficulties, which could have a material adverse effect on the Bank's business, financial condition, results of operations or its prospects.

Geopolitical risks

On 24 February 2022 Russia invaded Ukraine and launched a full-scale military attack against Ukraine. While Ukrainian and Russian negotiators commenced peace talks it is not yet certain how long the negotiations will take and whether they will lead to a peaceful resolution of the conflict. The war caused increased market volatility and may negatively affect the world's economy in general, and in particular the economy of the countries where the Group operates. The war has already caused a significant increase in prices of commodities and fuel and supply disruptions. This may put an additional financial strain on the Group's customers and affect their ability to perform their obligations towards the Group. The sanctions imposed on Russia may also negatively affect the financial condition of the Group's customers who conducted business in Russia or with Russian counterparts and who will not be able to sell their products and services in alternative markets.

Any of these factors, among other adverse factors, such as the escalation of protectionism and trade wars among the major world economic blocs and/or the intensification of other potential military conflicts, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Risks related to United Kingdom-EU departure agreement

The agreement reached between the EU and the United Kingdom (UK) in the end of December 2020 on the terms of the future cooperation reduced the uncertainty related to UK's departure from the EU, however, risks to the Portuguese economy deriving from the withdrawal of the United Kingdom from the EU remain, as the transition to the new UK-EU trading arrangements could reveal more difficult than expected. These could have a negative impact on the profitability of the Bank´s Portuguese operations, including through the deterioration of asset quality, given the importance of the United Kingdom as a market for Portuguese exports of goods and services (tourism, in particular) and also real-estate.

Other economies where the Bank operates

Poland

- Economic and geopolitical risks

The containment measures aimed at limiting the spread of the COVID-19 pandemic led to a significant drop of economic activity in Poland in 2020. In 2021, the Polish economy rebounded strongly. In 2022, however, the Russia-Ukraine conflict and its impact on the economic situation in Poland and abroad is the main source of uncertainty. The war caused increased market volatility and may negatively affect the Polish economy. In particular, the war has already caused a significant increase in prices of commodities and fuel. This may put an additional financial strain on customers and affect their ability to perform their obligations. The sanctions imposed on Russia may also negatively affect the financial condition of customers who conducted business in Russia or with Russian counterparts and who will not be able to sell their products and services on alternative markets.

The war has caused a number of Ukrainians to seek refuge in neighbouring countries. According to the Polish Border Guard up to 31 March 2022, almost two and a half million people crossed the border from Ukraine to Poland. Such a large number of refugees may put a significant strain on the Polish public services and may lead to increased government spending aimed at supporting the refugees. The circumstances may negatively affect Polish public debt.

Any deterioration of economic conditions in Poland and instability in financial markets may constrain economic activity and cause greater volatility of the Polish zloty ("**PLN**") exchange rate and, consequently, affect the Bank's results directly through financial operations and indirectly through repercussions on the clients' financial situation.

- Domestic political risks

Political and legal tensions with the European Union, particularly considering the negotiations to the approval of the Next Generation EU funds could adversely affect political and social stability in Poland and consequently its economic and financial situation, which would negatively impact the Bank's activity and results.

- Risks related to banking system policy

Risks related to the implementation of economic policy decisions, namely on the tax front, targeting the banking system by Polish authorities, could negatively affect investors' confidence and the economic activity and, consequently, negatively impact the profitability of the Polish banking sector.

Mozambique

- Commodity prices risks

Mozambique is an important exporter of aluminium and coal and has also important projects in progress related to natural gas. As weaker global demand drives down commodity prices, the Mozambican economy could face significant pressure on its public finances, on real economic activity and on its exchange rate, which could negatively impact the reform efforts that Mozambican authorities have been implementing in the last years in order to address the sovereign debt crisis. Any deterioration of economic and financial conditions could result in additional negotiations with the IMF and international creditors. In such circumstances, the Bank's business, financial condition, results of operations and prospects could be negatively affected.

- Domestic political risks

  i) Any deterioration of the economic and financial situation may contribute to the rise of political tensions (Frelimo and Renamo, the two main political parties in Mozambique, have been holding start-stop talks aimed at ending a military conflict that was resumed in 2013), which could negatively affect the Bank's business, financial condition, results of operations and prospects.

  ii) The natural gas industry in Mozambique has been crucial to both the expansion of economic growth and social change. Since 2017, the country has been struggling to control an insurgency orchestrated by militants linked to the Islamic State. This has contributed to exacerbate the levels of social vulnerability in Cabo Delgado. The progress of the LNG projects, crucial to the recovery of economic growth, has been affected as attacks have occurred in areas closer to the projects operations site. Additionally, the already tight public budget has seen significant pressures from increased military spending. In this context, if the scale and frequency of attacks in gas-rich Cabo Delgado Province intensifies it could hinder the natural gas industry activity and thereby the expansion of economic activity and social progress. Any of these factors could negatively affect the Bank's business, financial condition, results of operations and prospects.

Angola

- Commodity prices risks

Given the reliance of Angolan economy on oil exports, any risks of global economic slowdown could create significant pressure on Angola's public finances, on the real economic activity and on its exchange rate, which could negatively impact the reform efforts that Angolan authorities have been implementing in the previous years in order to address economic and structural imbalances. In such circumstances, the Bank's business, financial condition, results of operations and prospects could be negatively affected.

1.2 Legal and Regulatory Risks

The Bank is subject to complex regulation that could increase regulatory (among which capital and liquidity) requirements.

The Bank conducts its business in accordance with applicable regulations and is subject to related regulatory risks, including the effects of amendments to laws, regulations and policies applicable in Portugal and in other countries where the Bank operates. Regulatory entities, including the European Commission, the European Banking Authority ("**EBA**"), the European Securities Market Authority ("**ESMA**"), the Single Resolution Board ("**SRB**"), the European Central Bank ("**ECB**"). Banco de Portugal as well as Comissão do Mercado de Valores Mobiliários ("**CMVM**") and Autoridade de Supervisão de Seguros e Fundos de Pensões ("**ASF**"), under their respective competencies, have implemented significant changes to the Bank's regulatory framework, particularly in relation to capital and liquidity adequacy and the scope of the Bank's operations. These changes are continuously being updated and revised, adjusting to past experience or to new business trends and other changes may be implemented in the future. Consequently, the Bank could face diverse, additional and/or more intense regulation that could adversely and significantly impact the results of its operations.

In May 2019, the Council adopted a comprehensive legislative package (the "**Banking Package**") implementing some of the final elements of the Basel III framework ("**Basel III**") at the European level by way of amendments to Regulation No. 575/2013/EU of the European Parliament and of the Council, of 26 June 2013, as amended (the "**Capital Requirements Regulation**" or "**CRR**") and Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, as amended (the "Capital Requirements Directive" or "**CRD IV**"), that together establish the basis for the prudential regulatory framework for credit institutions, and on the framework for the recovery and resolution of banks in difficulty, notably Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014, as amended (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") and Regulation No. 806/2014/EU of the European Parliament and of the Council, of 15 July 2014 (the "**SRM Regulation**").

Some of these changes have already been enacted (and some have been brought forward as a response to the COVID-19 pandemic), while others will enter into force in the coming years together with changes stemming from the adoption of the Basel III reforms. On 27 October 2021, the European Commission published a proposal aiming to finalise the EU's implementation of this framework, scheduled to apply as from 1 January 2025, subject to transition periods. Amendments to existing framework comprise, among others, fit and proper requirements, the application of output floors on risk weighted assets ("**RWA**") for internal ratings-based ("**IRB**") banks, possibility to revert from internal ratings-based approach to standardised, higher risk weights for equity exposures, changes on the market risk and operational risk and requirements to identify and manage environmental, social and governance risks.

The Bank also operates under Decree-Law No. 298/92, of 31 December 1992 (as amended) (the "**Banking Law**"), applicable to credit institutions in Portugal. A new regime that establishes the rules for the banking activity (the "**Banking Activity Code**"), which aims to replace the Banking Law and transpose the European directives relating to the Banking Package has been subject to public consultation and is now under analysis by the Ministry of Finance. The proposed Banking Activity Code introduces changes and/or updates on matters of, among others, internal governance, conflicts of interest and related parties, non-cooperative offshore tax jurisdictions, duties of information and administrative procedures and supervisor enforcement.

A targeted consultation by the European Commission is underway towards a legislative proposal for the EU's macro-prudential framework for the banking sector, which could introduce changes to the buffer framework.

Also, changes to RWA could come from adjustments on internal models, such as those associated with changes to calibration or further to supervisory requirements.

The implementation of new or revised regulations may increase capital requirements and could result in additional preparatory work, disclosure needs, restrictions on certain types of transactions, limitations to the Bank's strategy, the need to take strategic actions, which may include raising additional capital, and/or limitations to, or modification of, the Bank's earnings derived from margin, fees, capital gains or other sources of income. Any of the above may reduce the business volume and the yield of the Bank's investments, assets or holdings, which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. For further details on banking regulation please see "*Description of the Business of the Group – Recent developments on the banking regulation*".

Furthermore, a global systemically important institution ("**G-SII**") could face additional requirements. Although it is currently not anticipated that Portuguese banks may be classified as G-SIIs, there is no assurance that this will not change in the future. The Bank is currently classified as an "other systemically important institution" ("**O-SII**"), and as such it is subject to concurrent additional capital requirements, which could increase and lead to lower returns on equity. The revision of the macro prudential framework may also impact the setting of the O-SII buffer namely given the EBA's paper on further harmonization of O-SII buffers methodologies and calculation at the EU level, issued on 22 December 2020.

The Banking Union may impose additional regulatory requirements that may impact the Bank's results.

The European Commission established a common regulation (the Single Rule Book) and a common supervisory architecture which comprises the Single Supervisory Mechanism ("**SSM**"), the Single Resolution Mechanism ("**SRM**") and the European Deposits Insurance Scheme ("**EDIS**"). The regulatory framework under the Banking Union and future modifications to it may result in, or require changes to, the strategic positioning of financial institutions, including their business model and risk exposure, and could result in additional costs in order to ensure compliance with the new requirements and may potentially restrict the Bank's ability to comply with its financial undertakings regarding debt and equity instruments. See further "*Description of the Business of the Group – Recent developments on the banking regulation*".

Single Supervisory Mechanism

The Banking Union assigned the role of direct banking supervisor to the ECB to ensure that the largest banks in the Euro zone and in each Member State, which includes the Bank, are independently supervised under common rules. The Bank is currently in compliance with Supervisory Review and Evaluation Process ("**SREP**") requirements. If the Bank's regulatory ratios (capital and/or liquidity) fall below the thresholds specified or guided by the relevant regulatory entities (including pursuant to the SREP) the Bank may need to adopt additional measures to strengthen those regulatory ratios (including at unfavourable terms), such as an acceleration of deleveraging, the reduction of RWA, divestments, issuance of liabilities and other measures that may include rights issues. Furthermore, any additional capital adequacy requirements imposed on the Bank may result in the need to increase its capital buffers in order to fulfil more demanding capital or liabilities ratio requirements, thereby increasing the costs to the Bank and reducing the return on equity. Any of the aforementioned situations could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

During the SREP, the supervisor not only defines banks' capital and liquidity requirements (e.g. Pillar 2 capital requirements ("**P2R**") and Pillar 2 capital guidance ("**P2G**")) but may also decide to impose additional measures on banks, including liquidity and qualitative measures, or minimum coverage levels for credit risk through deductions to capital. See further "*Description of the Business of the Group – Recent developments on the banking regulation*".

A change in the prudential supervision framework may:

- impose additional capitalisation demands on the Bank, in particular if the ECB requires the reclassification of assets and/or a revision of coverage levels for impairment, backstop provisions, more

demanding internal model parameters which could result in the Bank being subject to additional capital requirements, or to any future stress tests;

- given the classification of the Bank as an O-SII, lead to higher combined capital buffer requirements; and

- lead to a higher countercyclical capital buffer and capital conservation buffer.

If, following a capital requirement exercise, such as a stress test, capital quality or risk management assurance exercise or equivalent exercise, a capital deficit is identified, it could adversely affect the cost of funding for the Bank and have a materially adverse impact on its business, financial condition, results of operations and prospects.

The Bank is also currently compliant with the CRD required liquidity related ratios, i.e., the liquidity coverage ratio ("**LCR**") which requires banks to hold sufficient unencumbered high quality liquid assets to withstand a 30-day stressed funding scenario, and the net stable funding ratio ("**NSFR**") reflecting the amount available of stable funding to its amount of required stable funding.

These requirements may change in the future, a scenario which could have an impact on the Bank's capital and liquidity needs and adversely affect the Bank's business, financial condition, results of operations and prospects. For more information on the topics above see further "*The results of additional stress tests could result in a need to increase capital or a loss of public confidence in the Group" and "Description of the Business of the Group – Recent developments on the banking regulation*".

Single Resolution Mechanism

- The BRRD (which implementation into Portuguese law was completed by Law No. 23-A/2015, of 26 March, as amended, encompassing several changes to the Banking Law) establishes a framework for the recovery and resolution of credit institutions and investment companies which contemplates that capital instruments (such as the Subordinated Notes) may be subject to non-viability loss absorption, in addition to the application of the general bail-in tool (which may apply to any of the Notes). As such, the use of resolution tools and powers provided for by the Banking Union may disrupt the rights of shareholders and creditors. In particular, the power of the authorities to transfer the shares or all or part of the assets of an institution to a private purchaser without the consent of shareholders affects the property rights of shareholders. In addition, the power to decide which liabilities to transfer out of a failing institution based upon the objectives of ensuring the continuity of services and avoiding adverse effects on financial stability may affect the equal treatment of creditors. For further details please see "*Description of the Business of the Group – Recent developments on the banking regulation*".

- To avoid having institutions structuring their liabilities in a way that prevents the effectiveness of the bail-in or other resolution tools and to avoid the risk of contagion or a bank run, the BRRD requires that institutions meet a robust minimum requirement for own funds and eligible liabilities ("**MREL**") at all times. In order to meet MREL requirements, the Bank may need to issue MREL-eligible instruments, impacting its funding structure and financing costs. Such mechanisms and procedures, besides having the capacity to restrain the Bank's strategy, could increase the average cost of the Bank's liabilities, in particular, without limitation, the cost of Additional Tier 1, Tier 2 instruments and other MREL eligible instruments and thus negatively affect the Bank's earnings. These instruments may also result in a potential dilution of the percentage of ownership of existing shareholders, given their potential convertibility features under application of a resolution or other measure or in accordance with their terms. The aforementioned instruments might be viewed by investors as riskier than other debt instruments, primarily due to the risk of capital losses, missed coupon payments, insufficient maximum distributable amount buffer, conversion into capital instruments and lack of available distributable items. As a result, investor appetite for these instruments may decline in the future, which could render the Bank unable to place them in the market. In this case, the Bank would have to issue Common Equity Tier 1

("**CET1**") capital to meet the mentioned regulatory requirements or issue Additional Tier 1, Tier 2 or other regulatory eligible instruments that would entail an associated coupon expense which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. See "*Description of the Business of the Group – Trends Information*" for more information on MREL requirements applicable to the Issuer.

- Decree-Law No. 31-A/2012, of 10 February, which amended the Banking Law, also introduced the creation of the privileges accorded to claims associated with loans backed-up by deposits under the Deposit Guarantee Fund ("**DGF**"), as well as credit secured by the DGF, the Integrated Mutual Agricultural Scheme (which, in Portugal, is formed by the Central Mutual Agricultural Bank (*Caixa Central de Crédito Agrícola Mútua*) and its associated banks) or the Portuguese Resolution Fund (*Fundo de Resolução*) (the "**Resolution Fund**"), arising from the potential financial support that these institutions might give in the context of the implementation of resolution measures, in each case within the limits of the applicable laws.

- The financial resources of the Resolution Fund result essentially from the initial and periodical contributions paid by member institutions, the proceeds from the bank levy, created by Law no. 55-A/2010, of 31 December, and the returns on the investment of its financial means.

- Under Article 153-O of the Banking Law, the Resolution Fund may be required to finance the implementation of the resolution measures applied by Banco de Portugal and the resulting general and administrative expenses. At the present date, there is no reliable estimate of the potential losses to be incurred by the Resolution Fund, notably those that have been publicly mentioned as potentially arising from (i) the sale of Novo Banco, S.A. ("**Novo Banco**") (including, without limitation, the contingent capitalisation mechanism), (ii) the litigation relating to Banco Espírito Santo, S.A. ("**BES**"), (iii) the resolution process of Banco Internacional do Funchal, S.A. ("**BANIF**") and related expenses, and (iv) the amount and timing of the Bank's contributions to the Resolution Fund and the reimbursement of the loans granted by the Bank to the Resolution Fund. Thus, the impact of the BES and BANIF resolution processes on the Bank, a participant in the Resolution Fund, could depend on external factors not controlled by the Bank, including the proceeds from the Resolution Fund's assets, the future funding needs and contingent liabilities of the Resolution Fund including, without limitation, those related to the sale of Novo Banco to Lone Star. For further details on the Resolution Fund and related contributions of the Bank see "*Description of the Business of the Group – Recent developments on the banking regulation*".

- The amount of the periodical contribution for the Resolution Fund is calculated every year pursuant to Regulation 1/2013 of Banco de Portugal, as amended by Regulations 8/2014 and 14/2014, using a base rate which is published by Banco de Portugal. There can be no assurance that in the future Banco de Portugal will maintain the current base rate. Increases in the base rate in future years may reduce the Bank's profitability. See "*Description of the Business of the Group – Recent developments on the banking regulation*".

- In the event of a shortage of funds, a negative financial impact, of an uncertain nature, on the Resolution Fund and, indirectly, on the Portuguese banking sector, could occur. The definition of the financing structure of a possible shortage (in terms of type of contribution, its distribution in time and any recourse to temporary loans) will depend on the amount of such hypothetical shortage. See "*Description of the Business of the Group – Recent developments on the banking regulation*".

- This situation has been disclosed in the financial statements of the Bank as a contingent liability, with no impacts recorded on the financials or capital ratios of the Bank. There can be no assurance that such accounting treatment will be maintained in the future, and as such there is no guarantee that the Bank's business, financial condition, results of operations, prospects and capital ratios will not be affected by the factors described above.

– The impact of the above is uncertain and the Bank can give no assurance that the current understanding/framework/accounting treatment and related contributions will not be changed in the future (including that recourse to special contributions may occur) thus negatively impacting BCP's financial condition, including a negative impact on net income, capital ratios, earnings and long-term targets.

European Deposit Insurance Scheme

The establishment of EDIS is contingent on certain political decisions, in particular as to whether it should be a system based on the reinsurance between the several national deposit guarantee funds or a mutualisation mechanism at European level. The decision and implementation processes of the guarantee scheme may have material adverse effects on the Bank's business activity, liquidity, financial condition, results of operations and prospects.

Directive 2014/49/EU of the European Parliament and of the Council, of 16 April 2014, concerning the deposit guarantee systems carried the harmonisation of the deposit guarantee system in force in each of the Member States, including Portugal. The changes contemplate the introduction of size and risk-based contributions by entity and harmonisation of products and depositors covered, maintaining, however, the principle of a harmonised limit per depositor and not per deposit.

According to the BRRD, and consequently the Banking Law, as amended, including, without limitation, the amendments of Law No.23-A/2015, of 26 March, banks must ensure that by 3 July 2024, the financial resources available to a deposit guarantee scheme ("**DGS**") amount to a target-level of 0.8% of the amount of DGF-covered deposits.

If, after this target level is reached for the first time, the available financial resources are less than two thirds of the target level, Banco de Portugal will set the periodic contributions at a level that allows the target level to be reached within six years. If the available financial resources are not sufficient to reimburse the depositors, in the event of unavailability of deposits, DGS members must pay ex-post contributions not exceeding 0.5% of the DGF-covered deposits for the exercise period of the DGF. In exceptional circumstances, the DGS can request a higher amount of contribution with the approval of Banco de Portugal.

The exemption from the immediate payment of *ex-ante* contributions shall not exceed 30% of the total amount of contributions raised. This possibility depends on the credit institutions undertaking irrevocable payment commitments, to pay part of or the whole amount of the contribution which has not been paid in cash to the DGF, that are fully backed by collateral composed of low-risk assets unencumbered by any third-party rights and partly or wholly pledged in favour of the DGF at the DGF's request.

The additional indirect costs of the deposit guarantee systems may be significant and can consist of costs associated with the provision of detailed information to clients about products, costs of compliance with specific regulations on advertising for deposits or other products similar to deposits. They can therefore affect the activity of the relevant banks and consequently their business activities, financial condition, results of operations and prospects.

The resolutions adopted by the European Commission regarding financial services and products in the context of disclosure compliance and investor protection, changes in consumer protection laws and the legal changes regarding the temporary framework relating to COVID-19 may limit the business approach and fees that the Bank can charge in certain banking transactions.

Several European Commission regulatory initiatives regarding financial services and products have been transposed/implemented in the past few years, including:

(1) The Markets in Financial Instruments Directive II, Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, as amended ("**MiFID II**"), which has been transposed into Portuguese law by Law No. 35/2018, of 20 July 2018, and is already in force, and the Markets in Financial Instruments Regulation, Regulation (EU) No. 600/2014 of the European Parliament and of the Council, of 15 May 2014, as amended ("**MiFIR**"). Some areas of the MiFID II and MiFIR frameworks are currently under revision.

(2) Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, as amended, relating to packaged retail and insurance-based investment products ("**PRIIPs**"), complemented by Delegated Regulation (EU) No. 653/2017 of the Commission, of 8 March 2017, as amended, which applies from 1 January 2018. On 4 January 2018, the CMVM issued a "Circular" regarding PRIIPs subject to the CMVM's supervision, outlining further applicable requirements and Law 35/2018, of 20 July 2018 introduced the legal framework for PRIIPs in Portugal;

(3) The Payment Services Directive, Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, as amended, ("**PSD 2**") was transposed into Portuguese law by Decree-Law no. 91/2018, of 12 November 2018, creating new types of payment services and reinforcing customer protection and security.

(4) The European Market Infrastructure Regulation, Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, as amended ("**EMIR**"), which sets out procedures regarding over-the-counter ("**OTC**") markets and derivatives, namely on clearing;

(5) The EU Benchmarks Regulation, Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, introduces a regime for benchmark administrators that ensures the accuracy and integrity of benchmarks. The EU Benchmarks Regulation has been amended by Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021, granting the European Commission powers on the LIBOR transition in the European Union. Permanent cessation occurred after 31 December 2021 for all Euro and CHF LIBOR tenors and certain pounds sterling, YEN and USD LIBOR settings and will occur after 30 June 2023, for certain other USD LIBOR settings.

(6) The European Commission has published a legislative proposal for a regulation on Digital Operational Resilience in the EU financial services sector ("**DORA**"), focusing on Information and Communications Technology ("**ICT**") risk requirements, which also includes an oversight framework for critical third-party providers, such as cloud service providers, in order to mitigate ICT risks.

Also, the European Union General Data Protection Regulation, approved by the Regulation (EU) 2016/679 of the European Parliament and of the Council, of 27 April of 2016, as amended ("**GDPR**"), replaces the Data Protection Directive 95/46/EC and was designed to harmonise data privacy laws across Europe, to protect and empower all European Union citizens' data privacy and to reshape the way organisations across the region approach data privacy.

Furthermore, Decree-Law No. 107/2017, of 30 August 2017, lays down the rules on switching of payment accounts, the comparability of commissions, as well as the access to payment accounts with basic features, transposing Directive 2014/92/EU, of the European Parliament and of the Council of 23 July 2014. Changes in consumer protection laws in Portugal and other jurisdictions where the Bank has operations could limit the fees that banks may charge for certain products and services, such as mortgages, unsecured loans, credit cards and fund transfers and remittances. See "*Description of the Business of the Group – Recent developments on the banking regulation*".

Compliance with these obligations entails increased operational and financial costs for the Bank and may also affect the provision of financial services to customers, and therefore impact on the Bank's overall results. Furthermore, some of them are being revised or their full implementation is only foreseen in the coming years.

The implementation of these legal initiatives could affect the regular functioning of the market and significantly impact the Bank's business, financial condition, net income and prospects.

Changes in Portuguese legislation regarding banking commissions and other changes

The Economic and Social Stabilization Programme approved by the Portuguese Government established an additional solidarity contribution charged to banks.

Law no. 53/2020, of 26 August 2020, and Law no. 57/2020 of 28 August 2020, set out rules for the protection of consumers of financial services by implementing restrictions on the application of certain bank fees.

The Ukraine-Russian war intensified the uncertainty context, namely concerning future actions by regulators and authorities' initiatives that could result in either further restrictions or further relief measures.

Though COVID-19 related measures and related initiatives to finance extraordinary costs seem to be ending as the pandemic impact seems to be decreasing, there is the risk of further pandemic waves and that the impacts of the Ukraine conflict may trigger support legislative or regulatory initiatives in order to limit or suspend other types of bank commissions or determine additional contributions to the effort of financing the State budget and other expenditures.

Further limitations or reductions of commissions charged by banks in Portugal may adversely affect the business and performance of the Issuer.

The economy is currently recovering from the shock caused by the outbreak of the COVID-19 pandemic. The implementation of these other initiatives that may arise in the future, and which content is unknown, could impact the Bank's business, financial condition, net income, capital, RWA and prospects namely after the end of moratoria when private individuals and firms need to revert to usual payment of instalments and the prudential temporary framework is gradually being phased out.

The Bank is subject to compliance risk, which may lead to claims of non-compliance with regulations and lawsuits by public agencies, regulatory agencies and other parties.

Furthermore, as the Bank operates in a highly regulated industry, it may be subject to claims of non-compliance with regulations and lawsuits by public agencies, regulatory agencies and other parties. The Bank's regulators frequently conduct inspections and request information in respect of the Bank's or its clients' activities and transactions. Any inspections or other proceedings that are unfavourable to the Bank may result in sanctions, limitations on its business opportunities, or a reduction of its growth potential, and may have an adverse effect on the Bank's ability to comply with certain contractual obligations or retain certain commercial relationships.

Among other's, the Bank is subject:

– to provisioning requirements, minimum cash level, credit qualification, record-keeping, privacy, liquidity, permitted investments, contingency, and other prudential and behavioural requirements which have associated costs; any increase or change in the criteria of these requirements could have an impact on the Bank's operations and results;

– to rules and regulations related to the prevention of money laundering, bribery and terrorism financing. Compliance with anti-money laundering, anti-bribery and counter-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences and consequences in the Bank's relationship with its clients,

partners, service providers and other third parties. Although the Bank believes that its current anti-money laundering, anti-bribery and counter-terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, the Bank cannot guarantee that it has in the past or will comply, at all times, with all applicable rules or that its regulations for fighting money laundering, bribery and terrorism financing as extended to the whole Group are applied by its employees under all circumstances;

– to competition regulations. In particular, the Bank is subject to laws prohibiting the abuse of a dominant market position and prohibiting agreements and/or concerted practices between business entities that aim to prevent, restrict or distort competition, or have the effect of preventing, restricting or distorting competition. In cases where the Bank is found to have infringed the relevant rules of Portuguese and/or European Union competition law, the Bank is subject to the risk of fines of up to 10% of its consolidated annual turnover in addition to a public announcement of any sanctions issued; and

– in addition to penalties imposed by the European Commission and/or the competent competition authorities, the Bank may be ordered by these entities or by national courts, as applicable, to discontinue certain practices, comply with behavioural or structural remedies, or pay damages to third parties that demonstrate that they have been harmed by the Bank's infringement of competition rules, whether based on an earlier infringement decision by the relevant authority or independent of any such decision. The Bank may also be subject to similar consequences in other jurisdictions where it is active, as imposed by competition authorities or national courts of such jurisdictions. This can lead to material adverse effects on the Bank's business, financial condition, results of operations and prospects.

The Bank is subject to obligations and costs resulting from the legal and regulatory framework related to the prevention, mitigation and monitoring of asset quality.

Several regulatory and legislative initiatives have been and continue to be put in place to address asset quality issues, with particular focus on the non-performing exposures ("**NPEs**") and/or non-performing loans ("**NPLs**") as authorities highlight credit risk and heightened levels of NPLs as key risks facing euro area banks.

In compliance with the ECB's banking supervision, the Bank has been implementing a NPE reduction plan which is closely monitored by the ECB and is globally aligned with the ECB's Guidance on NPL and subsequent Addendum, which addresses the main aspects of the strategy, governance and operations relating to an efficient disposal of NPLs, but adjustments and recommendations can follow from the regular monitoring performed by the supervisor.

BCP's NPE reduction plan is closely monitored by the ECB. Further requirements imposed by the ECB may arise from the follow-up discussions and new regulations on the matter. This could adversely and significantly impact the Bank's business, results of operations, financial condition, including capital position, and prospects.

The implementation of the legal and regulatory framework currently envisaged, as well as any potential additional regulatory or self-regulation measures, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. See "*Description of the Business of the Group – Trends Information and Recent developments on the banking regulation*" for further details on the implementation of the Bank's NPL strategy and on regulatory developments regarding NPLs and NPEs.

Changes to tax legislation, regulations, higher taxes or lower tax benefits could have an adverse effect on the Bank's activity. Implementation of legislation relating to taxation of the financial sector could have a material adverse effect on the Bank's results of operations.

The Bank might be adversely affected by changes in the tax legislation and other regulations applicable in Portugal, the European Union and other countries in which it operates, as well as by changes in the interpretation of legislation and regulation by the competent Tax Authorities. In addition, the Bank might be adversely affected by difficulties in the interpretation of or compliance with new tax laws and regulations. The materialisation of

these risks may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The various measures approved by the Portuguese Republic to ensure budgetary consolidation, stimulate the economy and support the banking system have led to a considerable increase of public debt levels. In the context of low growth, the need to restore the balance of public finances in the medium term led to increased tax costs through the expansion of the tax base, the increase in tax rates and/or reduction of tax benefits, as well as the increase in restrictions on tax planning practices, which may directly affect the Bank's net income. Moreover, changes in legislation may require the Bank to bear additional costs associated with participation in financial stabilisation mechanisms and resolution funds at a national and European level.

For example, despite the *ex-ante* Contribution to the Single Resolution Fund to support the application of resolution measures at EU level, the Bank is still liable to the following bank levy and contributions:

Under Law No. 55-A/2010, of 31 December, and Ministerial Order ("*Portaria*") No. 121/2011, of 30 March, as amended, a bank levy is applicable to the Bank (EUR 29.4 million in 2020 and EUR 32.9 million in 2021) and will be applied over (a) the Bank's liabilities at a tax rate of 0.11% and (b) the notional amount of off-balance sheet financial derivatives, excluding hedging derivatives and back-to-back derivatives, at a tax rate of 0.0003%. The taxable base is calculated by reference to an annual average of the monthly balances of the qualifying items, as reflected in the relevant year's approved accounts.

The Bank is also liable to periodic special and additional contributions that must be paid to the Portuguese Resolution Fund, as stipulated in Decree-Law No. 24/2013 and Law No. 23-A/2015, of 26 March (EUR 15.0 million in 2020 and EUR 16.8 million in 2021). The periodic contributions are determined by a base rate, established by the Bank of Portugal through regulatory instruments, to be applied in each year and which may be adjusted to the credit institution's risk profile based on the objective incidence of those contributions, deducted from the liability elements that are part of the core capital and supplementary and from the deposits covered by the Deposit Guarantee Fund.

The Supplementary Budget for 2020 approved in the National Parliament on July 2020 introduced a Solidarity Surcharge due by credit institutions and Portuguese branches of credit institutions. The Solidarity Surcharge is levied on the same taxable bases of the above bank levy, as follows:

– Liabilities are subject to a rate of 0.02%; and

– The notional value of off-balance sheet derivative financial instruments is subject to a rate of 0.00005%.

A transitional regime in force during years 2020 and 2021 applied. For the Solidarity Surcharge due in 2020 and 2021, the taxable base was computed with reference to the accounts of the first semester of 2020 and the second semester of 2020. The Solidarity Surcharge due and paid in 2020 and 2021 amounted to EUR 5.8 million and EUR 6.2 million.

Additionally, on 14 February 2013 the European Commission published its proposal for a Council Directive for enhanced co-operation in the form of a financial transaction tax ("**FTT**"), of which Portugal would be a member. Currently, after the withdrawal of the Republic of Estonia as a Member State wishing to participate in the establishment of the enhanced cooperation, 10 countries are participating in the negotiations on the proposed directive, discussing the option of an FTT based on the French model of the tax, and the possible mutualisation of the revenues among the participating member states as a contribution to the EU budget.

The Spanish FTT entered into force on 16 January 2021.

At this stage, there can be no assurance that an FTT or similar additional bank taxes and national financial transaction taxes will not be adopted, at any moment, by the authorities of the jurisdictions where the Bank operates.

On 22 December 2021, the European Commission published its proposal for a Council Directive "on ensuring a global minimum level of taxation for multinational groups in the Union" aimed at implementing the OECD Pillar Two Model Rules on a 15% minimum effective tax rate in the EU Member States. The Draft Directive follows closely the OECD Model Rules, which set out the rules of the so-called Income Inclusion Rule (IIR) and Undertaxed Payment Rule (UTPR). The Draft Directive will need to be unanimously approved by all 27 Member States in order to be adopted.

At this stage, there can be no assurance on the approval of the Directive or on the timing of its implementation into the national systems.

Any such additional levies and taxes could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank also has ongoing ordinary course disputes with the Tax Authorities and, although it considers the provisions it has made regarding these disputes to be adequate to cover the risk of judgements against the Bank it is unable to ensure their sufficiency or the outcome of such disputes.

The regulatory framework for insurance companies may negatively impact the Bank's operations.

The Bank has partnership agreements with insurance companies for the placement of insurance products through the commercial distribution networks of the Bank, being remunerated for these insurance intermediation services ("**bank assurance activity**"). Also, the Bank holds a 49% stake in Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. ("**Millennium bcp Ageas**"). Measures, regulations and laws relating to insurance activities, including, but not limited to, additional requirements in terms of minimum capital requirements, supervisory review of firms' assessment of risk and enhanced disclosure requirements may have an impact on the Bank's business, financial condition, net income and prospects, directly, through commission's income, or indirectly, through the change of valuation of the Bank's equity stake in Millennium bcp Ageas. See "*Description of the Business of the Group – Recent developments on the banking regulation*".

1.3 Risks relating to Acquisitions

The Bank may be the object of an unsolicited acquisition bid.

In light of the ongoing trend in Europe towards consolidation in the banking sector, and like any listed company, the Bank could be the target of an unsolicited acquisition bid. If such an acquisition were to occur, there could be changes in its corporate strategy, the main focus of its business, or its operations and resources, which could have a material adverse effect on the Bank's business, financial condition or results.

The Bank or its subsidiaries may engage in mergers and/or acquisitions.

Although the Bank's strategic plan is focused on organic growth and while it has reinforced its commitment to its strategic goals, there is no guarantee that it will not participate in mergers and/or acquisitions in Portugal or elsewhere should such opportunities arise. In the event the Bank or any of its subsidiaries participates in mergers and/or acquisitions, there could be changes in its corporate strategy, in its organisation and structure, its main business focus, its resources, and in its financial condition and results of operations. Additionally, if the Bank or its subsidiaries were to engage in such an operation, it is possible that the Bank may not be able to extract all the cost and/or revenue synergies, totally or partially, associated with such mergers and/or acquisitions. The Bank may also have to bear additional personnel costs resulting from any restructurings needed to integrate acquired operations or businesses successfully. Moreover, future mergers or acquisitions could result in unexpected losses

due to unforeseen liabilities, which could have a material adverse effect on the Bank's business, financial condition or results of operations.

1.4 Risks relating to the Bank's Business

The Bank is exposed to risks related to FX-indexed mortgage loans.

Regarding mortgage loans granted by Bank Millennium S.A. ("**Bank Millennium**") in Poland in CHF until 2008, there are risks related to verdicts issued by polish courts in individual lawsuits against banks (including Bank Millennium) raised by borrowers of foreign exchange indexed ("**FX-indexed**") mortgage loans, as well as risks related with the possible application of a sector-wide solution, i.e. a solution applied to all contracts (Swiss Franc-denominated/indexed mortgage loans) in the Polish financial sector. The Polish Financial Supervisory Authority suggested a possible sector-wide solution in December 2020, which has, since then, been under consideration by Polish banks.

On 3 October 2019, the Court of Justice of the European Union ("**CJEU**") issued a judgment on Case C-260/18, in connection with the preliminary questions formulated by the District Court of Warsaw in the lawsuit against Raiffeisen Bank International AG. The judgment of the CJEU, as well as its interpretation of European Union Law, is binding on domestic courts.

Since then, the trend of court rulings, that had been mostly favourable to banks, begun to reverse. CJEU's judgment concerns only the situations where the national court has previously found the contract terms to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be identified as abusive in the circumstances of the lawsuit. It can be reasonably assumed that the legal issues relating to FX-indexed mortgage loans will be further examined by the national courts within the framework of the disputes considered, which could possibly result in the emergence of further interpretations relevant for the assessment of the risks associated with subject matter proceedings. This circumstance indicates the need for constant analysis of these matters. Further requests for clarification and ruling addressed to the CJEU and the Supreme Court of Poland with potential impact on the outcome of the court cases were already filed.

As at 31 December 2021, Bank Millennium had 11,070 loan agreements and 913 loan agreements from former Euro Bank, S.A. the subject of individual ongoing proceedings (excluding claims submitted by Bank Millennium against clients, i.e., debt collection cases) concerning indexation clauses of FX-indexed mortgage loans submitted to the courts (94% with courts of first instance and 6% with courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 1,512.4 million (EUR 329.94 million) and CHF 121.3 million (EUR 117.07 million).

The claims by the clients in individual cases refer mainly to the declaration of nullity of the contract and the obligation to reimburse due to the alleged abusive nature of the indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, Bank Millennium is a party to a group proceeding (class action) which aims to determine Bank Millennium's liability towards the group members based on alleged unjust enrichment (undue benefit) in connection with FX-indexed mortgage loans. It is not a lawsuit requesting the payment of a certain amount of indemnity. The judgment that may be issued in this case, if unfavourable to Bank Millennium, will not grant per se any credit rights required by the group members of this class action. The number of loan agreements covered by these proceedings is 3,281. At the current stage, the composition of the group members of this class action has been established and confirmed by the court. A decision on the admission of evidence will be taken by the court at a closed session. The next hearing is yet to be scheduled.

The advertising campaigns carried out in the public domain have been having an effect on the number of court disputes. Until the end of 2019, 1,981 individual claims were filed against Bank Millennium (in addition, 236

against former Euro Bank, S.A.), in 2020 the number increased by 3,007 (of which 267 relative to Euro Bank) while in 2021 the number increased by 6,149 (of which 417 relative to Euro Bank).

According to the Polish Bank Association (ZBP), data gathered from all banking institutions that granted FX-indexed mortgage loans show that the vast majority of lawsuits have obtained a final decision in favour of creditor banks until the year of 2019. However, after the CJEU decision was issued on 3 October 2019, regarding Case C-260/18, this trend has changed and most of those lawsuits have been decided against creditor banks, particularly in first instance proceedings. As far as Bank Millennium is concerned, until 31 December 2021 only 245 cases were finally resolved (210 of which were claims submitted by clients against Bank Millennium and 35 submitted by Bank Millennium against clients, i.e., debt collection cases). 60% of finalised individual lawsuits against Bank Millennium were favourable to the Bank, including remissions and settlements with plaintiffs. Unfavourable rulings (40%) included both invalidation of loan agreements as well as conversions into PLN+LIBOR. Bank Millennium submits appeals to the Supreme Court against unfavourable for Bank Millennium legally binding verdicts. On the other hand, the statistics of first instance court decisions have been much more unfavourable in recent periods and its number has also increased. In general, Bank Millennium submits appeals against first instance negative court rulings.

The outstanding gross balance of the loan agreements under individual court cases and class action against Bank Millennium on 31 December 2021 was PLN 4,382 million (EUR 955.95 million) of which the outstanding amount of the loan agreements under the class action proceeding was PLN 962 million (EUR 209.86 million).

If all Bank Millennium’s loan agreements currently under individual and class action court proceedings would be declared invalid without proper compensation for the use of capital, the pre-tax cost could reach PLN 4,020 million (EUR 876.98 million). Overall losses would be higher or lower depending on the final court jurisprudence in this regard.

In 2021, Bank Millennium created PLN 2,086.0 million (EUR 457.22 million) provisions and PLN 219.2 million (EUR 48.05 million) for former Euro Bank, S.A. originated portfolio. The final level of provisions for the Bank Millennium portfolio at the end of December 2021 was at the level of PLN 3,078.9 million (EUR 671.68 million), and PLN 253.7 million (EUR 55.35 million) for former Euro Bank, S.A. originated portfolio.

The methodology developed by Bank Millennium is based on the following main parameters:

(i) the number of current (including class actions) and potential future court cases that will appear within a specified (three-year) time horizon;

(ii) the amount of Bank Millennium's potential loss in the event of a specific court judgment, for which three negative judgment scenarios were taken into account:

- invalidity of the agreement;
- average NBP;
- PLN + LIBOR.

(iii) the probability of obtaining a specific court verdict calculated on the basis of statistics of judgments of the banking sector in Poland and legal opinions obtained. Variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases;

(iv) in the case of a loan agreement invalidity scenario, a new component recognised in the methodology, taking legal assessments into consideration, is the calculation of the Bank Millennium's loss taking into account the assignment of a minimum probability of receiving the settlement of a remuneration for the cost of use of capital;

(v) new component recognised in the methodology is the amicable settlement with clients in or out of court. Notwithstanding the Bank Millennium's determination to continue taking all possible actions to protect its interests in courts, the Bank has been open to its customers in order to reach amicable solutions on negotiated terms, case by case, providing favourable conditions for conversion of loans to PLN and/or early repayment (partial or total). As a result of these negotiations the number of active FX-indexed mortgage loans was materially reduced in 2021. As Bank Millennium is still conducting efforts to further signing of agreements which involved some costs, a scenario of further materialization of negotiations was added. However, it should be noted that:

- negotiations are conducted on a case-by-case basis and can be stopped at any time by Bank Millennium;
- as the effort was material in 2021, the probability of success is going down and at the same time, gradually most of the client base has had contact with Bank Millennium regarding potential negotiation of the conversion of the loans to PLN, so Bank Millennium is taking a conservative approach when calculating the potential future impact for the time being.

Legal risk from former Euro Bank, S.A.'s portfolio is fully covered by an indemnity agreement established with Société Générale, S.A..

Bank Millennium is open to negotiate case by case favourable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX-indexed mortgage loans decreased by 8,449 (including 69 confirmed in court) in 2021 compared to over 57,800 active loans agreements at the end of 2020. Cost incurred in connection with these negotiations totalled PLN 364.3 million (EUR 79.47 million) year to date and is presented mainly in "Net gains/(losses) from foreign exchange" in the income statement.

As at 31 December 2021, Bank Millennium had to maintain additional own funds for the coverage of additional capital requirements related to FX-indexed mortgage portfolio risks (Pillar II FX buffer) in the amount of 2.82 percentage points (2.79 percentage points at the BCP Group level), part of which is allocated to operational/legal risk.

On 3 October 2019, the CJEU issued a judgment on Case C-260/18, responding to the request for a preliminary ruling from District Court of Warsaw in the lawsuit against Raiffeisen Bank International AG. The judgment of CJEU regarding the interpretation of European Union Law, is binding to the national judge who proceeded with the preliminary ruling, and this interpretation must be accepted by the other community judges who rule on the application of the same rules.

The referred judgment was based on the interpretation of Article 6 of Directive 93/13, concluding that it must be the following: (i) the national court can declare null a loan agreement if the removal of abusive terms detected compromises the subject matter of the agreement; (ii) the effects on the consumer's situation resulting from the annulment of the agreement must be assessed in the light of the existing or foreseeable circumstances at the time of the decision of the dispute, and the will of the consumer is decisive as to whether they wish to maintain the agreement; (iii) Article 6 prevents the integration of gaps in the contract caused by the removal of unfair terms from it solely on the basis of national legislation of a general nature or established customs; and, (iv) Article 6 precludes the maintenance of unfair terms in the contract which, at the time of the decision of the dispute, are objectively favourable to the consumer, in the absence of an express manifestation to that effect by the latter. It can be inferred from this decision that the CJEU considered doubtful the possibility of a loan agreement remaining in force in PLN while interest is calculated in accordance with LIBOR.

The CJEU's judgment applies only to situations where the national court has previously found the contract terms to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a certain contract term can be qualified as abusive in the specific circumstances of the lawsuit.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., in which the CJEU said that:

i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

ii) the terms of Directive 93/13 must be interpreted as meaning that, first, they do not preclude the national court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by that directive is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. Second, those provisions preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance, which it is for that court to determine;

iii) the consequences of a judicial finding that a term of a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

iv) it is for the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, to inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 7 May 2021, the Supreme Court, composed of seven judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

i) an abusive contractual clause (art. 3851 § 1 of the Civil Code of Poland), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively;

ii) if without the ineffective clause the loan agreement cannot be binding, the consumer and the lender may apply for separate claims for reimbursement of all amounts paid to the other part under the loan agreement (art. 410 § 1 in relation to art. 405 of the Civil Code of Poland). The lender may demand the reimbursement of outstanding amounts from the moment the loan agreement becomes permanently ineffective.

In this context, taking into consideration the recent unfavourable evolution to creditors of the court verdicts regarding FX-indexed mortgage loans, and if such a trend continues, Bank Millennium will have to regularly review the provisions allocated to court litigations and it may need to reinforce them.

It can be reasonably assumed that the legal issues relating to FX-indexed mortgage loans will be judged by national courts within the framework of the disputes considered, which could result in new legal interpretations relevant for the assessment of the risks associated with the subject matter of these proceedings. This circumstance justifies the need for constant monitoring of these matters. Further requests for clarification and ruling addressed to the CJEU and the Supreme Court of Poland with potential impact on the outcome of the court cases have already been filed and others may also be filed. The main consequence from both an increase of unfavourable court verdicts and the adoption of a sector-wide provision (despite in different magnitudes) related to cases in FX-indexed mortgages loans, is the possible need to increase the recognition of provisions for legal risks by Bank Millennium, thus affecting the results of the Bank and the consolidated results do BCP Group. Also, this would significantly impact both Bank Millennium's and BCP Group's capitalization levels, leading, in an extreme scenario, to the need of recapitalization by Bank Millennium.

The Bank is exposed to the credit risk of its customers.

The Bank is exposed to its customers' credit risk. Gross exposure to risk of credit (position in original risk) on 31 December 2021 was EUR 109.9 billion.

As at 31 December 2021, the breakdown of this exposure was the following: EUR 24.9 billion for central governments or central banks, EUR 1.2 billion for regional administrations or local authorities, EUR 0.5 billion for administrative entities and non-profit organisations, EUR 0.02 billion for multilateral development banks, EUR 2.8 billion for other credit institutions, EUR 71.9 billion for retail and companies customers and EUR 8.6 billion for other elements.

According to Banco de Portugal latest available data, Portugal's NPL coverage by loan loss reserves ("**LLR**") was 55.7% in September 2021 and the NPL ratio (loans only) stood at 4.0%. The Bank NPEs (loans only) as at 31 December 2021 were EUR 2.75 billion (4.7%) with a coverage by impairments of 68% and a coverage by impairments, collaterals and Expected Loss Gap of 118%. The Bank NPE ratio according to EBA definition stood at 3.2% as at 31 December 2021, which compares to 4.0% as at December 2020.

The risk of a worldwide economic slowdown as a result of the adverse effects of the war between Russia and Ukraine, namely through the worsening of inflationary pressures, restrictions in production chains and the increase in uncertainty and instability in international financial markets may prove to be a challenge in continuing reducing the exposure to problematic loans, at least at the same pace as in previous years, and also may create some pressure to increase somewhat the cost of risk in the next 12 to 24 months.

A general deterioration of the Portuguese economy (and/or of the global economy) and the systemic risk of financial systems due to structural imbalances could affect the recovery and value of the Bank's assets and require increased credit impairments, which would adversely affect the Bank's financial condition and results of operations. This could further increase the Bank's NPL and NPE ratios and impair the Bank's loan portfolio and other financial assets.

The Bank is exposed to further deterioration of asset quality.

The value of assets collateralising the Bank's secured loans could decline significantly as a result of a general decline in market prices or a decline in the value of the asset class underlying the collateral, which could result in an increase of the impairment recognised for the collateralised loans granted by the Group. In 2021, the Group's commercial activity continued its good performance, albeit at a more subdue pace, with further expansion of the volume of the loan portfolio. Finally, a decline in equity and debt market prices could also have an impact on the quality of the Bank's collateral linked to financial assets leading to a reduction in coverage ratios.

Although the Portuguese macroeconomic recovery and considering the Bank's older loan exposures to some of the more vulnerable sectors in the economy, in 2021, the Bank continued to increase the level of coverage through impairments.

Regarding exposures classified as NPEs as at 31 March 2018 (stock of NPEs as at 31 March 2018):

- For guaranteed NPEs older than 7 years, the NPE recommendation included in the 2019 SREP decision indicated 60% coverage by the end of 2021, with a linear adjustment path to full coverage by the end of 2025;

- For unsecured NPEs older than 2 years, the NPE recommendation included in the 2019 SREP decision indicated 70% coverage by the end of 2021, with a linear adjustment path to full coverage by the end of 2024.

Based on the SREP carried out in 2021, the ECB informed BCP of its supervisory recommendations regarding NPEs. The objective is to ensure that BCP has sufficient coverage of the stock and flow of NPE in the medium term.

A phased introduction to full application (i.e., 100% coverage) is considered to allow more time to resolve/reduce these exposures and to spread the financial burden of provisioning NPEs over time.

The Bank's consolidated gross loan portfolio, as at 31 December 2021, was EUR 58.2 billion (of which EUR 56.8 billion were recorded in the caption "Financial assets at amortised cost – Loans to customers", EUR 1.3 billion were recorded in the caption "Debt securities held associated with credit operations" and EUR 0.079 billion were recorded in the caption "Financial assets not held for trading mandatorily at fair value through profit or loss - Loans and advances to customers at fair value"). The ratio of NPEs (loans only) stood at 4.7% as at 31 December 2021, compared to 5.9% as at 31 December 2020. As at 31 December 2021, the loan portfolio in Portugal amounted to EUR 39.9 billion. In Portugal, the ratio of NPEs stood at 4.7% as at 31 December 2021, compared to 6.1% as at 31 December 2020.

NPEs in Portugal amounted to EUR 1.88 billion as at 31 December 2021, with EUR 0.5 billion of NPEs relating to individuals and EUR 1.4 billion to companies. 41% of NPEs are NPLs more than 90 days. NPE coverage as at 31 December 2021 was 140% for Companies (80% by LLRs, 41% by real estate collateral and 19% by other collateral and EL gap) and 91% for Individuals (35% by LLRs, 63% by real estate collateral and 0% by other collateral and EL gap). NPLs more than 90 days' coverage as at 31 December 2020 was 202% for Companies (141% by LLRs, 20% by real estate collateral and 40% by other collateral and EL gap) and 92% for Individuals (51% by LLRs, 48% by real estate collateral and 0% by other collateral and EL gap). Other NPE coverage as at 31 December 2021 was 107% for Companies (48% by LLRs, 53% by real estate collateral and 6% by other collateral and EL gap) and 89% for Individuals (21% by LLRs, 77% by real estate collateral and 1% by other collateral and EL gap).

Loan impairment (net of recoveries) amounted to EUR 348.9 million in 2021, recorded in the caption "Impairment for financial assets at amortised cost – Loans and advances to customers", EUR 509.9 million as at 31 December 2020, recorded in the caption "Loans impairment", and EUR 390.2 million as at 31 December 2019, recorded in the caption "Loans impairment". From 2011 to 31 December 2021, the Bank made impairment provisions amounting to EUR 9.0 billion. Cost of risk[1], measured by the proportion of loan impairment annualised charges (net of recoveries) compared to loans to customers (gross), stood at 60 basis points in 2021, compared to 92 basis points in 2020, 72 basis points in 2019 and 92 basis points in 2018. The persistence, or deepening, of the current crisis, general market volatility, sluggish economic growth and increased unemployment, coupled with inflation or a sharp increase in risk premiums required would lead to increased loan impairment costs and, consequently, to the reduction of the Bank's net income. In addition, the level of impairment and other reserves may not be sufficient to cover possible future impairment losses, and it may be necessary to create additional provisions of significant amounts. Any failure in risk management or control policies relating to credit risk could adversely affect the Bank's business, financial condition, results of operations and prospects.

In Poland, the NPL ratio as at 31 December 2021 was 2.2%, a decrease when compared to 2.7% as at 31 December 2020.

In Mozambique, the NPL ratio as at 31 December 2021 was 10.8%, a decrease when compared to 12.5% as at 31 December 2020.

Credit risk and deterioration of asset quality not only are mutually reinforcing, but also assume an important role in the current economic environment characterised by the adverse effects of the war between Russia and Ukraine, namely through the worsening of inflationary pressures and restrictions in production chains and the increase in uncertainty. If there is any reduction in the value of assets securing loans that have been granted or if the value of

[1] As used in this Offering Circular, "**Cost of risk**" means the ratio of impairment charges (net of recoveries) accounted to customer loans (gross).

assets is not sufficient to cover the exposure to derivative instruments, the Bank would be exposed to an even higher credit risk of non-collection in the case of non-performance, which, in turn, may affect the Bank's ability to comply with its payment obligations. The Bank cannot guarantee that it would be able to realise adequate proceeds from disposals of collateral to cover loan losses, or that in the fiscal year 2021 and/or in future reporting periods, it will not raise impairment charges from recent levels. Deterioration in the credit risk exposure of the Bank may have a material and adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is vulnerable to fluctuations in interest rates, which may negatively affect net interest income and lead to net loss and other adverse consequences.

As from the end of December 2021, the interest applied by the ECB to the main refinancing operations is 0%, while the one that applies to permanent deposit facilities is -0.5%. These two interest rates serve as determinant references for the level at which market interest rates are established (in particular, EURIBOR).

The Bank's profitability depends largely on its ability to generate a net interest income (the difference between the interest rates received in credit operations and the interest rates paid to deposits).

A significant part of the Bank's funding comes from retail deposits. In a negative interest rate environment, the Bank may not be able to reduce the remuneration rate of such deposits consistently with the reduction of the interest rate applicable to credit operations. On the other hand, very low interest rates may result in a reduction of deposits stock and force the Bank to resort to more expensive financing instruments.

The majority of the Bank's credit portfolio is comprised of variable interest rate loans, linked to EURIBOR. A continuous decline or maintenance of market interest rates at the current low levels could lead to the erosion of the Bank's net interest income, which the Bank (given the current environment in which it operates), may not be able to mitigate through the increase of its loan portfolio. This could result in material adverse effects on the Bank's business, financial condition, results of operations and prospects.

Interest rates are highly sensitive to many factors beyond the Bank's control, including policy changes of the monetary authorities and other national and international political constraints. Changes in market interest rates could affect the interest rates the Bank charges on interest-earning assets differently from those it pays on interest-bearing liabilities. These differences could reduce the Bank's net interest income.

An increase of interest rates in the Eurozone, as result of a non-trasitory surge in inflation, could increase the costs associated with debt repayment in Portugal and aggravate the financial conditions of the country in general, namely if the interest rate increase is not adequate for the particular macroeconomic conditions of the Portuguese economy. An increase in interest rates could reduce demand for loans and the Bank's capacity to grant loans to customers, contribute to increased loan default and/or increased interest expense with deposits. This could result in material adverse effects on the Bank's business, financial condition, results of operations and prospects.

Interest rate changes or volatility may materially and adversely affect the Bank's net income, business, financial condition, results of operations and prospects.

Law No. 32/2018, of 18 July, amending Decree-Law No. 74-A/2017, of 23 June 2017, on credit agreements for consumers relating to residential real estate property, entered into force on 19 July 2018 and, in the context of residential loan agreements, imposes on banking institutions the obligation to reflect the existence of negative rates in the calculation of interest rates applicable to the loans. According to this law, when the sum of the relevant index rate (such as EURIBOR) and the relevant margin is negative, this negative interest rate amount will have to either (i) be discounted from the principal amounts outstanding of the relevant loans or (ii) be converted into a credit which may in the future set off against positive interest rates (and ultimately be paid to the borrowers if it has not fully been set off at maturity). This could result in material adverse effects on the Bank's business, financial condition, results of operations and prospects.

The Bank is exposed to concentration risk, including concentration risk in its credit exposure.

The Bank is exposed to the credit risk of its customers, including risks arising from the high concentration of individual or economic group exposures in its loan portfolio. The Group's 20 largest performing exposures (non-NPE), as at 31 December 2021, in terms of Exposure at Default and using the concept of "Groups of Clients/Corporate Groups", excluding the risk classes of "Banks and Sovereigns" stood at 6.1% which compares to 6.9% as at 31 December 2020.

The Bank also has high sectoral concentration in its loan book. As at 31 December 2021, the Bank's credit exposure to the real estate and civil construction sectors was 3.3% (real estate activities) and 3.0% (construction companies) of the total loan portfolio at the amortized cost (gross). On that date, 48.3% of the loan portfolio consisted of mortgage loans, the exposure to retail and wholesale commerce was 7.3% and the exposure to service sector companies was 14.3%.

As at 31 December 2020, the Bank's credit exposure to the real estate and civil construction sectors was 3.4% (real estate activities) and 3.2% (construction companies) of the total loan portfolio at the amortized cost (gross). On that date, 47.5% of the loan portfolio consisted of mortgage loans, the exposure to retail and commerce was 7.2% and the exposure to service sector companies was 14.8%.

Concentration is common for most of the main Portuguese banks, given the small size of the Portuguese market, and has been noted by the rating agencies as a fundamental challenge facing the Portuguese banking system. Rating agencies have been particularly critical of the Bank's exposure to larger customers and, especially, exposure to its shareholders. Although the Bank carries out its business based on strict risk control policies, in particular with respect to credit risk, and seeks to increase the diversification of its loan portfolio, it is not possible to guarantee that the exposure to these groups will not be increased or that exposure will fall in the future. If exposure increases in the future, it could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is exposed to a contraction of the real estate market.

The Bank is highly exposed to the Portuguese real estate market by means of the credit granted to construction companies, real estate activities, and mortgage loans, which represented 3.0%, 3.3% and 48.3% of the consolidated loan portfolio at the amortized cost, respectively, as at 31 December 2021 in assets related to its operations or obtained in lieu of payment, and indirectly through properties securing loans or through funding of real estate development projects (assets received in lieu of payment in Portugal represented 0.5% of total assets of the Bank as at 31 December 2021), and through the exposure to closed-ended real estate funds and to the pension fund and real estate properties in the Bank's balance sheet.

Assets held on the Bank's balance sheet received in lieu of payment (real estate assets only) decreased from EUR 804 million as at 31 December 2020 to 565 million as at 31 December 2021 (impairments of EUR 140 million as at 31 December 2020 and 116 million as at 31 December 2021). The coverage of assets received in lieu of payment stood at 17.4% as at 31 December 2020 and 20.5% as at 31 December 2021. On 31 December 2021, the Bank sold 1,708 properties, from its stock of properties, for EUR 244 million, above its book value of EUR 213 million.

The exposure to closed-end investment funds, whose units were received following operations where properties were recovered in lieu of payment and that, in accordance with IAS/IFRS, were subject to consolidation, represented EUR 279 million as at 31 December 2021 (EUR 310 million as at 31 December 2020). The item Investment Properties includes the amount EUR 2.9 million as at 31 December 2021 and EUR 7.9 million as at 31 December 2020, concerning properties held by Fundo de Investimento Imobiliário Imosotto Acumulação, by Fundo de Investimento Imobiliário Imorenda and by Fundo de Investimento Imobiliário Fechado Fundipar.

The Bank also performed a set of transactions involving the sale of financial assets for funds specialising in the recovery of loans, including Fundo Recuperação Turismo FCR, Fundo Reestruturação Empresarial FCR, FLIT, Fundo Recuperação FCR, Fundo Aquarius FCR, Discovery Real Estate Fund and Fundo Vega FCR.

The item Properties, which includes the real estate booked in the pension fund's financial statements and used by Group companies, in the pension fund amounted to EUR 240 million recorded as at 31 December 2021, and EUR 240 million as at 31 December 2020.

Accordingly, the Bank is vulnerable to a contraction in the real estate market. A significant devaluation of prices in the Portuguese real estate market would lead to impairment losses in the assets directly held and to an increased exposure to counterparty risk for loans guaranteed by real estate collateral and in pension fund assets retained by the Bank, adversely affecting the Bank's business, financial condition and results of operations. Mortgage loans represented 48.3% of the total loan portfolio as at 31 December 2021) (47.5% as at 31 December 2020), with a low delinquency level and an average loan-to-value ratio of 60%. Although Portugal did not face a housing bubble during the recent financial crisis as did other European countries, such as Ireland and Spain, the economic and financial crisis still had an impact on the real estate market. Portuguese banks are granting a low amount of new mortgage loans with very low spreads, and real estate developers have encountered a difficult market for sales. Moreover, there was a reduction in public works activity that severely affected construction companies, which had to redirect their activities to foreign markets. Furthermore, difficult credit conditions associated with the contraction of tourism have affected certain real estate developers that had been involved with tourism related projects, in particular in the southern part of Portugal. All of the aforementioned effects have increased delinquency among construction companies and real estate developers, impacting the Bank's NPEs (loans only) and contributing to the increase in impairment charges.

A significant devaluation of prices in the Portuguese real estate market may lead to an increase in impairment losses in the assets held directly and in the participating units of the restructuring funds, and increased exposure in counterparty risk for loans guaranteed by real estate collateral and in pension fund assets retained by the Bank. Any of the foregoing could have a materially adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank holds units issued by specialised credit recovery closed-end funds that are subject to potential depreciation, for which reimbursement may not be requested and for which there is no regularly functioning and liquid secondary market.

The Bank performed a set of transactions comprising the sale of financial assets (namely loans to corporate customers) to funds specialising in loan recovery. These funds currently manage such corporate debtors and/or the assets received as collateral for the credit exposures with the objective of maximising their value through the implementation of turn-around business plans and their eventual sale to industry players or other investors. The credit exposures sold through these transactions were removed from the Bank's balance sheet, as the transactions result in the transfer of a substantial portion of the risks and benefits associated with the assets to the funds, in addition to control exercised over such assets.

The funds specialised in credit recovery that purchased the financial assets from the Group are closed-end funds, wherein the participants have no ability to request the reimbursement of their investment throughout the contractual life of the fund. Furthermore, given their intrinsic characteristics and those of the underlying assets, there is no regularly functioning and liquid secondary market operating for the participation units themselves.

These participation units are held by several banks, which were the sellers of the loans, in proportions that vary through the tenor of the funds, though subject to the constraint that no bank may hold more than 50% of the capital of each fund.

Currently, a sale process for some of these funds and the corresponding fund management entity is under way. There is still no certainty as to the outcome of such process or the achievable sale price, but a discount over the

assets' current net book value may be required, which would imply capital losses for the Bank. However, the Bank has booked provisions in the line item of Other Provisions for these potential sales, namely to address what management currently deems to be the potential negative impacts on the Bank's financial statements of the sale of the participation units.

The Bank's current exposure to funds specialised in the recovery of loans, recorded in the caption "Financial assets not held for trading – mandatorily at fair value through profit or loss", was EUR 787 million as at 31 December 2021 (gross of the above mentioned provisions). For further details on this topic, please also see "*The Bank is exposed to market risk, which could result in the devaluation of investment holdings or affect its trading results.*"

A possible deterioration in the prospects for recovery of the loans transferred to specialised closed-end funds may result in the devaluation of the net assets attributable to unit holders ("**NAV**") of the held participation units and may lead to the recognition of additional impairments.

As a consequence of the negative impacts of COVID-19, especially considering the higher impact of the pandemic in economic sectors such as tourism and real estate (two of the most represented sectors in the loans transferred to these funds), there is the risk of depreciation of the NAV of the participation units held by the Bank, as well as a delay and a deterioration in the terms of the potential sale of the participation units. This could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is exposed to counterparty risk, including credit risk of its counterparties.

The Bank routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients.

Sovereign credit pressures may weigh on Portuguese financial institutions, limiting their funding options and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity concerns have adversely impacted, and may continue to adversely impact, interim institutional financial transactions in general. Concerns about, or a default by, one financial institution could lead to significant liquidity problems and losses or defaults by other financial institutions, as the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing and other relationships. Many of the routine transactions the Bank enters into expose it to significant credit risk in the event of default by one of its significant counterparties. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-side liquidity pressures or losses or ultimately to an inability of the Bank to repay its debt. In addition, the Bank's credit risk may be exacerbated when the collateral it holds cannot be enforced upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure. A default by a significant financial and credit counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Exposure to credit risk may also derive from the collaterals of loans, interbank operations, clearing and settlement and trading activities as well as other activities and relationships. These relationships include those with retail customers, brokers and dealers, other commercial banks, investment banks and corporate borrowers. Most of these relationships expose the Bank to credit risk in the event of default by the counterparty or customer.

Adverse changes in the credit quality of customers and counterparties of the Bank, a generalised deterioration of the Portuguese or global economies or the systemic risk of financial systems due primarily to structural imbalance could affect the recovery and value of the Bank's assets and require increased impairments, which would adversely affect the Bank's business, financial condition, results of operations and prospects.

As the Bank expands its business activities, penetrates new market segments and adopts or acquires, directly or through subsidiaries, new business models, such as consumer lending to new-to-bank customers, or franchisee-owned branch networks, it may acquire customers with lower credit quality, which, if such new pursuits were to

grow and acquire a significant weight in the business portfolio, could adversely affect the Bank's business, financial condition, results of operations and prospects.

The Bank sells capitalisation insurance products with guaranteed principal and unit linked products, exposing the Bank to reputational risk in its role as seller, and financial risk indirectly arising from the Group's shareholding in Millenniumbcp Ageas.

Off-balance sheet customer funds, as at 31 December 2021 totalled EUR 18.9 billion, consisting of assets under management (EUR 5.8 billion), assets placed with customers (EUR 6.5 billion) and insurance products (EUR 6.7 billion), including unit linked products (EUR 1.4 billion) and capitalisation insurance (EUR 5.1 billion), with only the latter being able to ensure capital or a minimum income.

All financial insurances are predominantly placed with retail investors, those being in their majority issued and accounted by Millenniumbcp Ageas (in which the Bank has a 49% shareholding) and registered by the equity method. Therefore, adverse changes in the underlying assets, a general deterioration of the global economy, or the systemic risk of financial systems due to structural imbalances may affect the recovery and value of such assets, entailing reputational risks for the Bank as a seller of these products as well as financial risks indirectly arising out of the shareholding held by the Group in Millenniumbcp Ageas. Any of the foregoing could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is exposed to the risk of interest rate repricing of credit granted to customers.

Mortgage loans represented 48.3% of BCP's total loan portfolio at the amortized cost (consolidated) as at 31 December 2021. The average spread of the mortgage loans portfolio in Portugal stood at 1.29%; 48.2% of the balance of mortgage loans had spreads under 1%. As at 31 December 2021, 57% of the contracts and 38% of the balance of the mortgage loans portfolio in Portugal were indexed to EURIBOR 3 months, and 24% of the contracts and 40% of the balance of the portfolio were indexed to EURIBOR 12 months.

The Bank, along with other banks in Portugal, limited the granting of new mortgage loans. During the year to 31 December 2021, 23,079 new mortgage credit operations were contracted with an average spread of 1.07%, compared to 16,035 new mortgage credit operations contracted with an average spread of 1.19% in 2020. The Bank cannot unilaterally change the contractual terms of the loans that make up its portfolio of mortgage loans and it has proven extremely difficult to negotiate the extension of the maturity of these contracts. The resulting limitation of this contractual rigidity has a significant impact on net interest income. In addition, given the current low demand for credit by companies, the Bank may also experience difficulties in changing the mix of its loan portfolio which would make it difficult to offset the impact of reduced spreads on mortgages in the average spread of the loan portfolio.

After a period in which banks implemented policies of interest rate repricing on loans, mainly directed at loans to companies, a reduction of corporate and consumer loans spreads may be observed in the future, given the weak credit dynamics in the Portuguese corporate sector and the increasing competition in the banking sector. This could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. Furthermore, a continuation of the historically low interest rate environment may adversely affect the Bank's net interest income, which in turn would likely have an adverse effect on the Bank's profitability.

Financial problems faced by the Bank's customers could adversely affect the Bank.

A scenario of increase in inflation followed by deceleration of GDP, particularly in Portugal and in other European countries, could have an adverse effect on the liquidity, the activity and/or the financial conditions of the Bank's customers, which could in turn further impair the Bank's loan portfolio.

The Bank's customers' levels of savings and credit demand are dependent on consumer confidence, employment trends, the state of the economies in countries where the Bank operates, and the availability and cost of funding.

In addition, customers may further significantly decrease their risk tolerance to non-deposit based investments such as stocks, bonds and mutual funds. This would adversely affect the Bank's fee and commission income. Any of the conditions described above could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

The Bank faces strong competition in its main areas of activity, notably in the retail business.

The Portuguese banking market is well developed, containing major national and foreign competitors which follow multi-product, multi-channel and multi-segment approaches and are, in general, highly sophisticated. Over recent years, there have been significant developments of banking operations through the internet and the use of new technology that have enabled banks to assess the needs of their customers with greater accuracy and efficiency. These factors have contributed to an increase in competition in the Portuguese banking sector, with recent entrants such as Bankinter and Banco CTT who may adopt aggressive commercial practices in order to gain market share. The sale process of Novo Banco could add to increased competition as the bank was acquired by an institution with no prior presence in the Portuguese banking system. Furthermore, many Portuguese banks are dedicated to increasing their market shares by launching new products, implementing cross-selling strategies and engaging in more aggressive commercial strategies. Additional integration of European financial markets may contribute to increased competition, particularly in the areas of asset management, investment banking, and online banking and brokerage services.

In 2021, the Bank had 2.5 million active customers in Portugal and, the market share in Portugal (estimates based on figures disclosed by Banco de Portugal and other banking industry associations for aggregates of the financial system and with adjustments for statistical standardisation) was the following in November 2021: 17.5% in loans to customers, 18.3% in loans to companies, 15.9% in loans to individuals, 17.2% in mortgage loans, 9.0% in consumer credit, 19.9% in customer funds, 18.8% in on-balance sheet customer funds, 18.0% in deposits and 23.5% in off-balance sheet customer funds.

The Bank's financial success depends on its capacity to maintain high levels of loyalty among its customer base and to offer a wide range of competitive and high-quality products and services to its customers. However, high levels of competition in Portugal, as well as in other countries where the Bank operates and an increased emphasis on cost reduction may result in the Bank's inability to maintain these objectives. In addition, on 31 December 2021 the Bank operated 434 branches, working towards its goal of becoming a more digital bank. This resulted in the downsizing of the Bank's branch network and consequently in BCP's branches' market share in Portugal. This may result in a weaker competitive position in the Portuguese retail market. As a consequence, this could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Moreover, as at 31 December 2021, around 4.2% of the Bank's total domestic customers also held ordinary shares of the Bank (around 4.3% as at 31 December 2020). If the price of the Bank's ordinary shares continues to decline, this could lead to shareholder dissatisfaction and, to the extent that such shareholders are also customers of the Bank, this could result in broader customer dissatisfaction, any of which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

There is no assurance that the Bank will be able to compete effectively, or that it will be able to maintain or improve its operational results. Such inability to compete or maintain results could also lead to a reduction in net interest income, fees and other income of the Bank, any of which could have a further significant material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank may generate lower revenues from commissions and fee-based businesses.

In 2021, more than 84% of the fees and commissions were related to banking (25% to cards and transfers, 21% to loans and guarantees, 18% to bancassurance and others, 20% to customer account related fees), with market related fees and commissions accounting for the remaining. A decrease in the volume of lending transactions that the Bank executes with its customers could result in lower commissions derived from banking operations and

guarantees. Moreover, changes to market sentiment could lead to market downturns that are likely to impact transactional volume, therefore leading to declines in the Bank's fees. In addition, as the fees that the Bank charges for managing its' clients' portfolios are, in many cases, based on the value or performance of those portfolios, a market downturn that reduces the value of the Bank's clients' portfolios or increases the amount of withdrawals would reduce the revenue the Bank receives from its asset management, private banking and custody services. Revenue derived from the Bank's asset management business could also be impacted by below market performance by the Bank's securities investment funds, which could lead to increased withdrawals and reduced inflows. An increase in withdrawals and a reduction in inflows could have a significant material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Downgrades in the Bank's credit rating could increase the cost of borrowing funds and make the Bank's ability to raise new funds or renew maturing debt more difficult.

The Bank's ratings are assigned by Moody's Investors Service España, S.A., S&P Global Ratings Europe Limited, Fitch Ratings Limited and any entity that is part of DBRS group and any successor to the relevant rating agency. The ratings as of the date of this Offering Circular are the following: (a) Moody's: "Ba1 (long-term)/NP (short-term)" (re-presented as at 26 July 2019), (b) S&P Global Ratings Europe Limited: "BB (long-term)/B (short-term)" (re-presented as at 9 October 2018), (c) Fitch Ratings Limited: "BB (long-term)/B (short-term)" (re presented as at 6 December 2018) and (d) the relevant DBRS entity: "BBB(low) (long-term)/R-2 (middle) (short-term)" (re-presented as at 3 June 2019).

Credit ratings represent an important component of the Bank's liquidity profile and affect the cost and other terms upon which the Bank is able to obtain funding. Changes to the Bank's credit ratings reflect, apart from changes to the rating of the Portuguese Republic, a series of factors intrinsic to the Bank. Currently, the ratings assigned to the Bank, with the exception of the Critical Obligations Ratings ("**COR**") assigned by the relevant DBRS entity, are non-investment grade.

The progress achieved in recent years in improving the asset quality of BCP - through the reduction of NPE -, as well as the reinforcement of capital and liquidity, has had a favourable impact on the performance of the Bank despite the challenging context. However, these are still high values of problematic assets in BCP’s balance sheet, remaining, alongside profitability and capitalization levels, one of the main concerns of rating agencies.

In 2021, some rating agencies took rating actions on BCP:

On 21 September 2021, Moody's upgraded BCP's deposit rating from Baa3/Prime-3 to Baa2/Prime-2. This rating action was prompted by the upgrade of Portugal's public debt rating to Baa2 from Baa3 on 17 September 2021.

On 11 October 2021, Fitch Ratings revised the Outlook for BCP's long-term issuer rating (IDR) from Negative to Stable and affirmed the long-term issuer rating (IDR) at "BB" and the viability rating (VR) in "bb".

These actions by the rating agencies reflect the persistence of some risks, such as the legal risk associated with the loan portfolio denominated in CHF in Poland, the continuing high stock of NPEs (some uncertainty regarding the evolution of the defaults) and the moderate levels, in relative terms, of capitalization levels.

Any downgrade in the Bank's ratings may contribute to the erosion of the collateral eligible for funding by the ECB, as well as more restrictive access to funding and increased funding costs. Under such circumstances, the Bank may need to reinitiate its deleveraging process and reduce its activities, which could have a negative impact on the Bank's ratings. Any of the foregoing could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Portuguese Republic is regularly subject to rating reviews by the rating agencies, which could affect the funding of the economy and the Bank's activity.

The rating agencies S&P, Moody's, Fitch Ratings and DBRS have downgraded the long and short-term ratings of the Portuguese Republic on several occasions since the beginning of the financial crisis due to the uncertainties and risks of a prolonged recession, the outlook for modest GDP growth, high levels of unemployment, limited fiscal flexibility, the high leverage of the private sector and the level of sustainability of Portuguese public debt. The long term ratings of the Portuguese Republic as at the date of this Offering Circular are as follows: Moody's (Baa2/Stable), S&P (BBB/Stable), Fitch Ratings (BBB/Stable) and DBRS (BBB(high)/Positive).

Portuguese Republic credit ratings represent an important component condition to the Bank's own credit ratings given the connection between the rating of the sovereign and the rating of banking institutions in the rating agencies methodologies.

Any downgrade in the Portuguese Republic's ratings may contribute to the erosion of the collateral eligible for funding by the ECB, as well as more restrictive access to funding and increased funding costs, would worsen the economy's funding conditions and would have a negative effect on the Bank's credit risk and consequently on its business, financial condition, results of operations and prospects.

The Bank faces exposure to risks in its businesses in Europe (Poland) and Africa (Angola and Mozambique).

The Bank faces exposure to risks in its operations in Poland and Mozambique, as well as a result of its equity accounted holding in Angola via Banco Millennium Angola, S.A. ("**BMA**"), whose materialisation in the future may have an adverse impact on the business, financial condition, results of operations and prospects of the Bank.

In 2021, the Bank's net profit (after income taxes and non-controlling interests) attributable to international operations was EUR -218.9 million, compared to net profits (after income taxes and non-controlling interests) of a total EUR 138.1 million for the Bank as a whole. For the same period, net income in Poland was EUR -291.9 million, (EUR -146.2 million of which was attributable to the Bank) and net income in Mozambique was EUR 82.8 million, excluding discontinued operations (of which EUR 55.2 million was attributable to the Bank).

Poland

There is the risk that the implementation of more economic policy decisions, namely on the tax front, targeting the banking system by Polish authorities could negatively affect investors' confidence and the economic activity and, consequently, negatively impact the profitability of the Polish banking sector.

The removal of the peg of the EUR/CHF parity led to a significant appreciation of the Swiss franc ("**CHF**") against the euro and the zloty. The granting of loans in Swiss francs was a common practice of most Polish banks (and in other economies of Central and Eastern Europe) in the past. Bank Millennium granted mortgage loans in Swiss Francs until December 2008 and its Swiss francs mortgage loans portfolio on 31 December 2021 stood at approximately EUR 2.6 billion (approximately 11.4% of the total loan portfolio in Poland). The mortgage loans impaired ratio (stage 3)[2] stood at 2.2% in 2021 which compares to 2.5% in 2020.

According to the Polish Bank Association (ZBP), data gathered from all banking institutions that granted FX-indexed mortgage loans show that until 2019 the vast majority of lawsuits obtained a final decision in favour of creditor banks. However, after the CJEU decision was issued on 3 October 2019, regarding Case C-260/18, this trend has changed and most of those lawsuits have been decided against creditor banks, particularly at first instance proceedings.

[2] As used in this Offering Circular, "**Mortgage loans impaired ratio (stage 3)**" means the ratio of mortgage loans classified as stage 3 (impaired loans) divided by total mortgage loans.

As far as Bank Millennium is concerned, until 31 December 2021 only 245 cases were finally resolved (210 of which were claims submitted by clients against Bank Millennium and 35 submitted by Bank Millennium against clients, i.e., debt collection cases). 60% of final individual lawsuits against Bank Millennium were favourable for the Bank, including remissions and settlements with plaintiffs. Bank Millennium submits appeals to the Supreme Court against unfavourable rulings for Bank Millennium. On the other hand, the statistics of first instance court decisions have been much more unfavourable in recent periods and its number has also increased. In general, Bank Millennium submits appeals against first instance unfavourable court rulings.

Emerging Markets

Angola and Mozambique present specific political, economic, fiscal, legal, regulatory and social risks that differ from those found in countries with European economic and political systems, including, but not limited to, those related to political and social environments, different business practices, logistical challenges, shortages of skilled labour, trade restrictions, macroeconomic imbalances and security challenges, which may negatively affect the Bank's business, financial condition, results of operations and prospects.

The Group's operations are currently exposed in particular to the political and economic conditions of Angola and Mozambique. These conditions also relate to the fact that structural improvements are still needed in many sectors in these markets, including transportation, energy, agriculture and mineral sectors, as well as land, social and fiscal reforms. Some of these markets may also suffer from geopolitical conflict, while a number of African states have unresolved political differences internally, regionally and/or internationally.

The Bank's operations in Mozambique and Angola markets may involve protracted negotiations with host governments, companies or other local entities and may be subject to instability arising from political, economic, military or legal disturbances. Both Mozambique and Angola impose certain restrictions due primarily to exchange policy controls and capital flows to and from other jurisdictions are likewise subject to such controls and restrictions. Therefore, the ability to transfer U.S. dollars and euro directly from local banks, including the repatriation of profits, is subject to official vetting. Transfers above a threshold amount may require government approval, which may not be obtained or may be subject to delays.

Any reduction in profits or increase in the responsibilities associated with the Bank's international operations may have a material adverse effect on the business, financial condition, results of operations and prospects of the Bank.

Mozambique

According to an International Monetary Fund (IMF) statement dated 23 April 2016, existing debt guaranteed by the State of Mozambique in an amount over USD 1 billion that had not been disclosed to the IMF. Following this disclosure, the economic program supported by the IMF was suspended. According to an IMF statement dated 13 December 2016, discussions were initiated on a possible new agreement with the Government of Mozambique and the terms of reference for an external audit were agreed.

In June 2017, the Attorney General's Office of the Republic of Mozambique published an Executive Summary regarding the above-mentioned external audit. On 24 June 2017, the IMF released in a statement that due to the existence of information gaps in this audit, an IMF mission would visit the country to discuss audit results and possible follow-up measures. Following this visit, the IMF requested the Government of Mozambique to obtain additional information on the use of the funds.

On 14 December 2017, in a statement from the IMF staff, after the end of the mission held between 30 November and 13 December 2017, it was reiterated the need for the Mozambican State to provide missing information. In the statement of the Mozambican Attorney General's Office dated 29 January 2018, it is mentioned, among other things, that the Public Prosecutor submitted to the Administrative Court, on 26 January 2018, a complaint regarding the financial responsibility of public managers and companies participated by the State, participants in

the execution and management of contracts for financing, supplying and providing services related to debts not disclosed to the IMF.

In the statements dated of 16 January 2017 and 17 July 2017, the Ministry of Economy and Finance of Mozambique informed the holders of bonds issued by the Republic of Mozambique specifically "US$726.524 million, 10.5%, repayable securities in 2023" that the interest payment due on 18 January 2017 and 18 July 2017, would not be paid by the Republic of Mozambique. In November 2018, the Ministry of Economy and Finance of the Republic of Mozambique announced that it has reached an agreement in principle on the key commercial terms of a proposed restructuring transaction related to this debt securities with four members of the Global Group of Mozambique bondholders. The Bondholders currently own or control approximately 60% of the outstanding bonds. The agreement in principle reached by the parties, and the support of the bondholders for the proposed restructuring, is conditional on the parties reaching an agreement on mutually satisfactory documentation setting out the detailed terms of the restructuring including implementation, and the mentioned Ministry obtaining all necessary approvals, including Parliamentary and government approvals of Mozambique.

On 6 September 2019, the Ministry of Economy and Finance of the Republic of Mozambique announced the approval by 99.95% of the bondholders of a written decision containing the terms and conditions of the restructuring proposal. The Group has no exposure to this debt.

In May 2020, the Constitutional Council of the Republic of Mozambique issued a Judgment, declaring the nullity of the acts related with the loans contracted by Proindicus, SA ("**Proindicus**") and Mozambique Asset Management, MAM, SA ("**MAM**"), and the respective sovereign guarantees granted by the Government in 2013 and 2014, respectively, and on 19 October 2020,the dissolution of the two companies was registered based on an order issued by the Judicial Court of the City of Maputo.

An action brought on 27 February 2019 and amended on 30 April 2020, by the Republic of Mozambique (represented by the Attorney General of the Republic) against the arranger and originating lender of the loan to Proindicus and other entities, by which the Republic of Mozambique requests, inter alia, the declaration of nullity of the sovereign guarantee of the Mozambican State to the Proindicus loan. Following this lawsuit, on 27 April 2020, the Banco Internacional de Moçambique ("**BIM**") filed a lawsuit, in the London Commercial Court, against the arranger and lender of the loan to Proindicus, claiming, inter alia, payment of BIM's exposure to the Proindicus, in the event that the said sovereign guarantee of the State of Mozambique to Proindicus is, in a court of law declared null and void. Considering the dependency of this claim in relation with the lawsuit brought by the Republic of Mozambique above mentioned, it is expected that the judgment sessions of the claim brought by BIM will only take place simultaneously or after the judgment sessions scheduled for the beginning of October 2023, relating to the lawsuit filed by the Republic of Mozambique.

Regarding MAM, as far as the Bank is aware, no lawsuit with the same purpose was brought by the Republic of Mozambique at the London Commercial Court. However, it is expected that, in the context of ongoing legal proceedings, that several creditors of MAM (including BCP) have filed, at the London Commercial Court, against MAM and the Republic of Mozambique in order to recover their credits, the question of the validity of the sovereign guarantee of the Mozambican State to the MAM loan will be raised by the Republic of Mozambique. In July 2021, London Commercial Court decided that the various lawsuits brought by several creditors of MAM (including BCP) against the Republic of Mozambique, as guarantor, and MAM, as debtor, as well as the lawsuit brought by the Republic of Mozambique within the scope of the loan to Proindicus, must be judged through a unitary trial and scheduled the start of the respective trial sessions for 3 October 2023.

According to public information made available by the IMF, there are defaults on credits granted to non-state Mozambican companies' and guaranteed by the Mozambican State. Considering the above-mentioned developments related to these credits, although the Ministry of Economy and Finance of the Republic of Mozambique has submitted in November 2018 new proposals regarding this matter and interactions are ongoing between the Government of Mozambique, the IMF and the creditors with the objective of finding a solution to the aforementioned debt guaranteed by the State of Mozambique, which had not been previously disclosed to the

IMF, a solution that changes the ex-approved a solution that would change the Group's current expectations, reflected in the financial statements as at 31 December 2021, on: (i) the ability of the Government of Mozambique and public companies to repay their debts and commitments assumed; and (ii) the development of the activity of its subsidiary BIM.

As at 31 December 2021, considering the 66.7% indirect investment in BIM, the Group's interest in BIM's equity amounted to EUR 372.7 million (31 December 2020: EUR 274.7 million), with the exchange translation reserve associated with this participation, accounted in Group's consolidated equity, in a negative amount of EUR 162.6 million (31 December 2020: negative amount of EUR 229.9 million). BIM's contribution to consolidated net income for 2021, attributable to the shareholders of the Bank, amounts to EUR 63.7 million (2020: EUR 44.6 million).

As at 31 December 2021, the subsidiary BIM's exposure to the State of Mozambique includes public debt securities denominated in Metical classified as Financial assets measured at amortised cost - Debt instruments in the gross amount of EUR 997.4 million (31 December 2020: EUR 568.3 million) and Financial assets at fair value through other comprehensive income in the gross amount of EUR 59.8 million (31 December 2020: EUR 57.9 million).

As at 31 December 2021, the Group has also registered in the balance Loans and advances to customers, a direct gross exposure to the Mozambican State in the amount of EUR 279.6 million (31 December 2020: EUR 238.9 million) and in the balance Guarantees granted revocable and irrevocable commitments, an amount of EUR 86.9 million (31 December 2020: EUR 64.8 million). With reference to 31 December 2020, the Group also had an indirect exposure resulting from sovereign guarantees received in the amount of EUR 98.0 million denominated in USD Any of the foregoing may negatively affect the Bank's business, financial condition, results of operations and prospects.

The Bank's highly liquid assets may not cover liabilities to its customer base.

The Bank's main source of funding is its customer deposits (85% of the Bank's funding as at 31 December 2021). However, the persistence of interest rates at historically low levels (that are negative in some cases) over the past few years has resulted in the Bank investing deposits into instruments with higher potential yield. The Bank's other possible funding sources include money market instruments, medium and long-term bonds, covered bonds, commercial paper, medium term structured products and the securitisation of its loan portfolio. The Bank has increasingly strengthened its own funds through capital increases (the most recent ones, amounting to EUR 1.33 billion and EUR 174.6 million through the Rights Offering and the private placement of 157,437,395 new shares, subscribed by Chiado, an affiliate of Fosun, completed in February 2017 and November 2016 respectively).

The Bank's LCR and the NSFR recorded as at 31 December 2021 were 269% and 150%, respectively, compared to a regulatory requirement of 100% (fully implemented) for both ratios. The leverage ratio stood at 5.9% (fully implemented) as at 31 December 2021, compared to a reference value of 3% (fully implemented).

In case the Bank is unable to maintain its buffer of liquid assets, its ability to repay its liabilities will be limited, which may represent a substantial adverse effect in its business, financial condition, results of operations and prospects.

The results of additional stress tests could result in a need to increase capital or a loss of public confidence in the Group.

The Bank was subject to the 2021 EU-wide stress test conducted by the EBA, in cooperation with the Banco de Portugal, the ECB, and the European Systemic Risk Board ("**ESRB**").

The 2021 EU-wide stress test did not contain a pass-fail threshold and instead was designed to be used as an important source of information for the purposes of the SREP. The results will assist competent authorities in assessing the Bank's ability to meet applicable prudential requirements under stressed scenarios.

The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2021-2023). The stress test has been carried out applying a static balance sheet assumption as of December 2020, and therefore does not take into account future business strategies and management actions and does not represent a forecast of Banco Comercial Português, S.A. profits.

Detailed information on the results of Banco Comercial Português, S.A. in the stress test is available on the EBA website (www.eba.europa.eu). Considering the results of Banco Comercial Português, S.A, in the stress test, it should be highlighted the following:

- the application of the adverse scenario resulted in a reduction of 406 basis points in the fully loaded CET1 capital ratio at the end of 2023 versus the data as at December 2020 (which compares with an average reduction of 485 basis points in the universe of 50 banks submitted to this exercise);

- the application of the base scenario resulted in an increase of 163 basis points in the fully loaded CET1 capital ratio at the end of 2023 versus the data as at December 2020 (which compares with an increase of 78 basis points in the universe of 50 banks submitted to this exercise).

New stress tests could adversely affect the cost of funding for the Bank and have a materially adverse impact on its business, financial condition, results of operations and prospects.

As a consequence of SREP, excluding P2G, the minimum Group CET1 phased-in ratio required is 8.16% (4.5% Pillar 1, 1.41% Pillar 2 requirements, 2.5% CBR and 0.75% O-SIFI), the Group Tier 1 ratio is 11.125% and the Group total capital ratio is 13.75% from 31 December 2021. The Group's CET1 (fully implemented), Tier 1 and total capital ratios as at 31 December 2021 were 11.7%, 12.8% and 15.8%, respectively.

SREP may increase and an additional cushion may be requested. In addition, Polish SREP requirements for 2022 are as follows: CET1 phased-in ratio required is 8.81%, the Tier 1 is 10.84% and the total capital ratio 13.54% from 1 January 2022. Bank Millennium's CET1, Tier 1 and total capital ratios as at 31 December 2021 were 14.0%, 14.0% and 17.1%, respectively.

The coverage of pension fund liabilities could be insufficient, which would require an increase in contributions, and the computation of additional actuarial losses could be influenced by changes to assumptions.

The Bank has undertaken the obligation to pay pensions to its employees upon retirement or due to disability and other obligations, in accordance with the terms established in the Collective Labour Agreement of the Banking Sector. The Bank's liabilities are primarily covered by the pension fund, which is managed by Ageas - Sociedade Gestora de Fundos de Pensões, S.A. The total number of the pension fund participants was 27,123 as at 31 December 2021 and 27,431 as at 31 December 2020.

The liabilities related to retirement pensions and other employee benefits were wholly funded at levels above the minimum limits defined by Banco de Portugal, presenting a coverage level of 106% at the end of December 2021 (103% as at 31 December 2020). As at 31 December 2021, the liabilities related to the pension fund and other employee benefits reached EUR 3,498 million, compared with EUR 3,658 million recorded as at 31 December 2020. In 2021, the pension fund recorded a positive 1.92% rate of return, whereas in 2020 it stood at positive 5.8%.

The level of coverage of pension fund liabilities could turn out to be insufficient. If the deterioration of global financial markets leads to lower investment income and, consequently, a lower value of the fund, this would result

in actuarial losses for the year, which would be recognised against reserves in the financial year in which they were recorded. In the financial statements with reference to 31 December 2020, the discount rate was at 1.05% and the pension growth rate 0.5%. In the financial statements with reference to 31 December 2021, the discount rate was at 1.35% (1.45% in June 2021) and the pension growth rate 0.5%. The Bank shall re-evaluate the adequacy of its actuarial assumptions for the calculation of its liabilities with pensions on a semi-annual basis. A decrease in level of the interest rates for the liabilities liquidation deadline or an increase in the pensions growth rate would imply a decrease in the Bank's own capital. A decrease of 25 bps in the discount rate results in a decrease of around EUR 135 million in the Bank's own capital, excluding the tax effect. An increase of 25 bps in the pensions' growth rate results implies a positive impact of around EUR 128 million in the Bank's own capital, excluding the tax effect. Currently, there are negotiations underway regarding the wages increases for 2021 and 2022. If the proposals are approved according to the news no significant impact is expected on the Pension Fund.

Actuarial gains and losses resulting from the differences between the assumptions used and actual values (experience gains and losses) and the changes in the actuarial assumptions are recognised against shareholder equity. In 2021, actuarial differences were recorded representing negative EUR 202 million (negative EUR 93 million as at 31 December 2020). If there are shortfalls in the pension fund's rate of return, the Bank may have to increase its contributions, which would have an impact on the Bank's regulatory capital ratios. The Bank cannot guarantee that changes will not take place in the actuarial assumptions relating to the pension obligations and other employee benefits. Any changes in the assumptions could lead to additional actuarial losses which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Finally, the value of assets that are part of the pension fund depends on the future evolution of capital markets and of the real estate market, both of which could be affected by the continuing COVID-19 pandemic and the uncertain geopolitical situation in Europe following the invasion of Ukraine.

A decline in capital and real estate markets could cause the value of the portfolio's assets to become insufficient to cover the liabilities assumed by the pension fund, adversely affecting capital ratios and the Bank's business, financial condition, own capital and prospects.

The Bank may not be able to generate income to recover deferred taxes. Potential dilution of the shareholders' position may result from the conversion into capital of a potential special reserve that may have to be established according to the applicable legal framework, in particular in the case of negative net individual results. Changes in the law or a different interpretation of the relevant provisions of law may have an adverse impact on the capital ratio.

The Bank's deferred tax assets ("**DTAs**") (on a consolidated basis) as at 31 December 2021 corresponded to EUR 2,671 million, compared to EUR 2,627 million as at 31 December 2020, and were generated by tax losses and temporary differences. The most notable sources of the Bank's DTAs non-dependent on future profitability are impairment losses amounting to EUR 983 million and related employee benefits amounting to EUR 836 million.

Deferred taxes are calculated on the basis of the tax rates which are expected to be applicable at the time of the reversal of the temporary differences, which correspond to the approved or substantially approved rates at the time of the balance sheet. Assets and liabilities for deferred taxes are presented for their net value when, pursuant to the applicable laws, current tax assets may be compensated with current tax liabilities and when the deferred taxes relate to the same tax.

If the Bank is not able to generate enough taxable income to enable the absorption of the tax losses carry forward and the temporary differences deductible for tax purposes, the deferred taxes may not be recovered.

Additionally, the Bank may be forced to alter its evaluation as a result of corrections to the taxable income or to tax losses that it may be subject to or as a result of reductions of the tax rates.

The recoverability of DTAs depends on the implementation of the strategy of the Bank's Board of Directors, namely the generation of estimated taxable income and its interpretation of tax legislation. Any changes in the assumptions used in estimating future profits or tax legislation may have material impacts on deferred tax assets.

The assessment of the recoverability of DTAs was carried based on the respective financial statements prepared under the budgetary process for 2022 and new strategic plan 2021-2024 approved by the governing bodies, which support the expected future taxable income, considering the macroeconomic and competitive environment. There is a risk that future developments and changes to, and as regards, current market conditions, expectations of the management bodies of the Bank, interactions with the supervisory authorities and the war in Ukraine could have a significant impact on the assessment of the recoverability of DTAs.

In accordance with the amendments provided for in Law No. 27-A/2020, of July, under Supplementary Budget for 2020, the reporting period for tax losses in Portugal, is now 14 years for the losses of 2014, 2015 and 2016 and 7 years for the tax losses of 2017, 2018 and 2019. The tax losses calculated in 2020 and 2021 have a reporting period of 12 years, which may be deducted until 2032 and 2033 respectively. The limit for the deduction of tax losses is increased from 70% to 80%, when the difference results from the deduction of tax losses determined in the tax periods of 2020 and 2021.

To estimate the Bank’s taxable net income for the period of 2021 to 2033, the following main assumptions were considered:

That the Bank will benefit from the five-year adaptation period provided for in Law No. 98/2019, of 4 September 2019, starting on 1 January 2019. As such, the Bank will be subject to the previous legal regime during such adaptation period. In the application of these rules, the following assumptions were considered, in general terms:

a) non-deductible expenses related to increase of credit impairments for the years between 2021 to 2023 were estimated based on the average percentage of non-deducted amounts for tax purposes in the last accounting years between 2016 to 2020, compared to the amounts of net impairment increases recorded in these years;

b) the expenses with credit impairment's increases beginning in 2024 were considered deductible for tax purposes according to the new fiscal regime;

c) impairment reversals not accepted for tax purposes were estimated based on the Reduction Plan of Non-Performing Assets 2019-2021 submitted to the supervisory authority in March 2019, updated in June 2020, and also on the average reversal percentage observed in the last years of 2016 to 2020;

d) the referred average percentages were calculated separately, according to the presence or not of a mortgage security, the eligibility for the special regime applicable to deferred tax assets and according to the clients' rating as Non-Performing Exposures;

e) the deductions related to impairment of financial assets were projected based on the destination (sale or settlement) and the estimated date of the respective operations;

f) reversals of impairment of non-financial assets not accepted for tax purposes were projected taking into account the expected periods of disinvestment in certain real estate. For the remaining assets without a forecasted term for disinvestment, the reversals were estimated based on the average percentage of reversal observed in the years from 2016 to 2020. Non-deductible expenses related to the reinforcement of impairment of non-financial assets were estimated based on the average percentage of amounts not deducted for tax purposes in the years from 2016 to 2020, compared to the amounts of reinforcements net of impairment recorded in those years;

g) the deductions related to employee benefits were projected based on their estimated payments or deduction plans, in accordance with information provided by the actuary of the pension fund; and

h) the realisation of changes in the fair value of real estate investment funds was projected based on the information available in the management agreements of the funds in question for the period expected for the respective liquidation.

The projections prepared within the framework of the budget process for 2022 incorporate the priorities arising from the Strategic Plan 2021-2024. This new strategic plan essentially maintained the priorities established in the previous plan, adapting them to the macroeconomic, competitive and legal/regulatory framework resulting from the pandemic and incorporating responses to the current challenges faced by the Bank. The pandemic and the economic crisis conditioned banking activity and had an impact on credit portfolios and other assets, with an immediate impact on profitability. This way, projections assume, alongside the projected economic recovery, a convergence towards the medium/long-term metrics and trends consistent with the commercial positioning and the coveted capture of efficiency gains, established in the revision of the strategic plan approved by the corporate bodies, emphasising the following:

- improvement in the net margin, reflecting an effort to increase credit, favouring certain segments, the focus on off-balance sheet resources while interest rates remain negative and the effect of the normalisation of those rates, such as results from the market interest rate curve subject to the projections;

- increase in commission income based on efficient and judicious management of commissioning and pricing, and, regarding the Individuals segment, the growth of off-balance sheet products;

- normalisation of the cost of risk to levels aligned with the current activity of the Bank and reduction of negative impacts produced by the devaluation or sale of non-current assets, with the progressive reduction of the historical NPE, foreclosed assets and corporate restructuring funds;

- capturing efficiency gains enhanced by digitalisation, reflected in the control of operating costs, after the staff reduction carried out in 2021.

The conclusion of the analysis of the recoverability of the deferred tax assets recognized as at 31 December 2021 is that the total recognized deferred tax assets are recoverable.

As mentioned previously, for the estimation of the Bank's taxable income until 2023, it was considered the maintenance of the tax rules in force until 2018 in what concerns impairment losses, resulting from not exercising earlier the option of applying the new regime. Regardless the previously referred option, the new regime's application will be mandatory in the financial years of 2022 and/or 2023 in the following circumstances:

(a) in the financial year of 2022, if, since 1 January 2022, the Bank distributes dividends regarding that financial year or acquires own shares, without occurring a decrease of the DTAs covered by the optional framework foreseen in Law No. 61/2014, of 26 August 2014 (as amended by Law 23/2016, the "Law 61/2014") in, at least, 10% comparatively to the amount recorded on 31 December 2018; and

(b) in the financial year of 2023, if, since 1 January 2023, the Bank distributes dividends regarding that financial year or acquires own shares, without occurring a decrease of the DTAs covered by Law 61/2014's optional framework in, at least, 20% comparatively to the amount recorded on 31 December 2018. It was assumed that the Bank will not exercise its early application over the adaptation period of 5 years.

Law 61/2014 approved an optional framework, with the possibility of subsequent waiver, according to which, upon certain events (including (a) annual net losses on the separate financial statements, as well as (b) liquidation as a result of voluntary dissolution, insolvency decided by the court or withdrawal of the respective authorisation),

the DTAs that have resulted from the non-deduction of expenses and of negative asset variations resulting from impairment losses in credits and from post-employment benefits or long-term employments, will be converted into tax credits. In the case of (a), a special reserve must be created in the amount of the tax credit resulting from the terms of such Law, enhanced with an increase of 10%, which is intended exclusively to be incorporated into the share capital. The creation of such special reserve implies a creation, simultaneously, of conversion rights and of a right to demand the issue of shares by the Bank in an amount equivalent to such special reserve granted to the Portuguese Republic ("**State Rights**"), such rights being acquirable by the shareholders through payment to the Portuguese State of the same amount. The tax credits can be offset against tax debts of the beneficiaries (or of any entity with head office in Portugal within the same group to which the special regime foreseen in the Corporate Tax Code is applicable or within the same prudential consolidation perimeter for the purpose of Regulation (EU) no. 575/2013, of the European Parliament and of the Council, as amended) or reimbursed by the Portuguese Republic. Due to this framework, the recovery of the DTAs covered by Law 61/2014's optional framework is not dependent on future profitability.

Law 23/2016, of 19 August 2016, limited the scope of the regime, determining that tax assets originated in expenses or negative asset variations accounted for after 1 January 2016 are not eligible for the optional framework. The framework set out in Law 61/2014 was further developed by (a) Ministerial Order ("*Portaria*") 259/2016, of 4 October 2016, on the control and use of the tax credit and (b) Ministerial Order ("*Portaria*") 293-A/2016, of 18 November 2016 (as amended by Ministerial Order ("*Portaria*") 60/2020, of 5 March 2020), concerning the conditions and proceedings for the acquisition by shareholders of the referred State Rights. Law 98/2019, of 4 September 2019, established a three-year deadline for the acquisition of the referred State rights by the shareholders, after which the Board of Directors of the issuing bank is obliged to promote the record of the share capital increase by the amount resulting from the exercise of the conversion rights. According to this legislation, among other aspects, such rights are subject to an acquisition right by the shareholders on the date of their creation exercisable in periods to be established by the Board of Directors until three years after the date of the confirmation date of the tax credit resulting from the conversion of the deferred tax assets by the Portuguese Tax Authorities. The issuing bank has to deposit in the name of the Portuguese State the amount of the price corresponding to the exercise of the acquisition right of all the conversion rights, within three months beginning from the confirmation date of the deferred tax assets into tax credit, ahead and independently of their acquisition. Such deposit is redeemed when and to the extent that the State Rights are acquired by shareholders or are exercised by the State.

As disclosed in due course, pursuant to the General Meeting held on 15 October 2014, the Bank adopted the optional framework approved by Law 61/2014 described above. The Group's CET1 ratio, fully implemented as at 31 December 2021, corresponds to 11.7% and already incorporates the effects of the application of the new framework which became effective on 1 January 2015.

The Bank's net result (on an individual basis) as at 31 December 2021 was EUR 90 million; there is no guarantee that the net result in the following years will be positive.

If the Bank registers a net loss as at the end of a financial year, on an individual basis, then, under the provisions of Law 61/2014, the Portuguese Republic will be granted State Rights, exercisable after the mentioned period of up to three years, during which shareholders will have the opportunity to acquire such conversion rights from the State. If shares are finally issued pursuant to the exercise of such conversion rights, this would dilute the remaining shareholders of the Bank. Among other factors that may affect the recoverability of the deferred tax assets and their composition regarding the deferred tax assets that fall within the scope of Law 61/2014, the interpretation of the tax law is relevant, as well as the performance of several operations in 2019, 2020 and 2021.

In the 2015 and 2016 financial years, the Bank registered deferred tax assets regarding expenses and negative asset variations with post-employment or long-term employment benefits and credit impairment losses accounted for up to 31 December 2014, which assets the Bank deems eligible for the purposes of the framework approved by Law 61/2014. A change in law or a different interpretation of the law, or the non-performance of the abovementioned operations could have an adverse impact on the Bank's capital ratio.

Any of the aforementioned could result in a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank's ability to achieve certain targets is dependent upon certain assumptions involving factors that are significantly or entirely beyond the Bank's control and are subject to known and unknown risks, uncertainties and other factors.

The achievement of the Bank's internal targets will depend on the verification of assumptions involving factors that are significantly or entirely beyond the Bank's control and subject to known and unknown risks, uncertainties and other factors that may result in management failing to achieve these targets. These factors include those described elsewhere in this section and, in particular:

- the Bank's ability to successfully implement its strategy;
- the Bank's ability to successfully implement its funding and capital plans;
- the successful implementation of economic reforms in Portugal;
- the Bank's ability to access funding in the capital markets;
- the level of the Bank's LLRs against NPEs;
- the Bank's ability to reduce NPEs;
- the quality of the Bank's assets;
- the Bank's ability to reduce costs;
- the financial condition of the Bank's customers;
- reductions to the Bank's ratings;
- growth of the financial markets in the countries in which the Bank operates;
- the Bank's ability to grow internationally;
- future market conditions;
- currency fluctuations;
- the actions of regulators;
- changes to the political, social and regulatory framework in which the Bank operates;
- macroeconomic or technological trends or conditions, including inflation and consumer confidence,

and other risk factors identified in this Offering Circular. If one or more of these assumptions is inaccurate, the Bank may be unable to achieve one or more of its targets, which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank regularly uses financial models in the course of its operations. These financial models help inform the Bank of the value of certain of its assets (such as certain loans, financial instruments, including illiquid financial instruments where market prices are not readily available, goodwill or other intangible assets) and liabilities (such as the Bank's defined benefit obligations and provisioning) as well as the Bank's risk exposure. These financial

models also generally require the Bank to make assumptions, judgements and estimates which, in many cases, are inherently uncertain, including expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults. Such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions and may result in a decrease in the value of, and consequently an impairment of, the Bank's assets, an increase in the Bank's liabilities or an increase in the Bank's risk exposure, any of which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

In particular, recent historic market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and made it difficult to value some of the Bank's financial instruments. Decreased valuations reflecting prevailing market conditions, faulty assumptions or illiquidity, may result in changes in the fair values of these instruments, which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is exposed to reputational risks, including those arising from rumours that affect its image and customer relations.

Reputational risk is inherent to the Bank's business activity. Negative public opinion towards the Bank or the financial services sector as a whole could result from real or perceived practices in the banking sector, such as money laundering, terrorism financing, the fraudulent sale of financial products or breach of competition rules, or a departure from the way that the Group conducts, or is perceived to conduct, its business. Negative publicity and negative public opinion, particularly in relation to pending litigation or enquiries by regulators that could be resolved against the Bank's favour, could adversely affect the Bank's ability to maintain and attract customers and counterparties, the loss of which could adversely affect the Bank's business, financial condition and future prospects, due, for instance, to a run-on deposits and subsequent lack of funding sources.

The Bank may be unable to detect money laundering, terrorism financing, tax evasion or tax avoidance behaviour by clients, which could be attributed to the Bank. Failure to manage such risk could lead to reputational damage and to financial penalties for failure to comply with required legal procedures or other aspects of applicable laws and regulations, which could materially adversely affect the Bank's business, results of operations, financial condition and prospects.

The Bank has a limited number of customers who are classified as politically exposed persons pursuant to the applicable legislation, including Law No. 83/2017, of 18 August 2017, as amended, and regulatory notices ("*Avisos*") No. 5/2013, of 18 December 2013, or No. 2/2018, of 26 September 2018, of Banco de Portugal (as applicable), as amended. Although the Bank exercises increasingly stricter scrutiny of transactions with politically exposed persons in order to ensure compliance with applicable laws, the services provided to these individuals may expose the Bank to reputational risks, notwithstanding the Bank's compliance with applicable laws.

Labour disputes or other industrial actions could disrupt Bank operations or make them more costly to run.

The Bank is exposed to the risk of labour disputes and other industrial actions. 77.0% of the Group’s employees were members of labour unions, at the end of 2021, and the Bank may experience strikes, work stoppages or other industrial actions in the future. Any of these actions could, possibly for a significant period of time, result in disruption to the Bank's activity and increased salaries and benefits granted to employees or otherwise have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is exposed to market risk, which could result in the devaluation of investment holdings or affect its trading results.

The performance of the financial markets could cause changes in the value of the Bank's investment and trading portfolios. Changes in the interest rate level, yield curve and spreads could reduce the Bank's net interest margin.

Changes in foreign exchange rates could affect the value of its assets and liabilities denominated in foreign currencies and could affect the results of trading.

The Bank has significant exposure to participation units in closed-end funds. See further "*The Bank holds units issued by specialised credit recovery closed-end funds that are subject to potential depreciation, for which reimbursement may not be requested and for which there is no secondary market*". As from 1 January 2018, following the implementation of the IFRS 9, the participation units started to be recorded at fair value through profit and loss.

The Bank has implemented risk management methods to mitigate and control these and other market risks to which it is exposed, including the use of derivatives to hedge certain products offered to its customers, and the Bank's risk exposure is continuously monitored. However, it is difficult to accurately predict changes in market conditions and to foresee the effects that these changes might have on the Bank's financial condition and results of operations. Any failure in risk management or control policies targeting market risk could have a negative impact on the Bank's business, financial condition, results of operations and prospects.

The Bank is subject to certain operational risks, which may include interruptions in the services provided, errors, fraud attributable to third parties, omissions and delays in the provision of services and implementation of requirements for risk management.

In its normal activity and as a result of its organisational structure, the Bank is subject to certain operational risks, including interruptions in the services provided, errors, fraud attributable to third parties, and omissions and delays in the provision of services and implementation of requirements for risk management. A majority of the Bank's operational losses in 2021 were caused by external and people risks, with a large portion having low material significance, under EUR 100,000 (93% of all operational losses Group wide). In fact, about 48% of the cases recorded in 2021 had a financial impact of less than EUR 5,000 each. The Bank continually monitors operational risks by means of, among other actions, advanced administrative and information systems and insurance coverage with respect to certain operational risks. However, it is not possible to guarantee that the monitoring and prevention of these risks will be fully effective. Any lack of success in the implementation of the Bank's risk management and control policies could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank faces technological risks, and a failure in the Bank's information technology systems could result in, among other things, trading losses, losses in customer deposits and investments, accounting and financial reporting errors and breaches in data security.

The operations developed by the Group, in Portugal and internationally, have an infrastructure of information systems that is externalised, but also common and integrated, promoting higher overall efficiency. The Bank's operations depend heavily on their respective computer processing capabilities, especially following the centralisation of the information systems. Computer processing capabilities include record-keeping, financial reporting and other systems, including systems for monitoring points of sale and internal accounting systems.

Regarding the security of the information systems, the Bank has continued to pursue a strategy aligned with good international practices. However, it is not possible to guarantee to potential investors complete identification and timely correction of all problems related to the informational technology systems, or systematic success in the implementation of technological improvements. A failure in the Bank's information technology systems could result in, among other things, trading losses, losses in customer deposits and investments, accounting and financial reporting errors and breaches in data security. The occurrence of any of the aforementioned events could have a significant and negative effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is subject to the risk of changes in the relationship with its partners.

Some of the Bank's activities are carried out in partnership with other entities that are not under the control of the Bank, including Millenniumbcp Ageas. Therefore, the Bank does not have the ability to control the decisions of these entities or ensure full compliance with the agreements that established such partnerships. Any decision or action by these entities and/or their breach of such agreements may have a material adverse effect on the Bank's reputation, business, financial condition, results of operations and prospects. For further details on the Bank's strategic partnerships, please see "Description of the Business of the Group".

Transactions in the Bank's own portfolio involve risks.

The Bank carries out various proprietary treasury activities, including the placement of deposits denominated in Euro and other currencies in the interbank market, as well as trading in primary and secondary markets for government securities. The management of the Bank's own portfolio includes taking positions in fixed income and equity markets, both via spot market and through derivative products and other financial instruments. Despite the Bank's limited level of involvement in these activities, trading on account of its own portfolio carries risks, since its results depend partly on market conditions. A reduction in the value of financial assets held due primarily to market conditions, or any other such conditions outside the control of the Bank, could require a corresponding loss recognition that may impact the Bank's balance sheet. Moreover, the Bank relies on a vast range of risk reporting and internal management tools in order to be able to report its exposure to such transactions correctly and in due time. Future results arising from trading on account of its own portfolio will depend partly on market conditions, and the Bank may incur significant losses resulting from adverse changes in the fair value of financial assets, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Hedging operations carried out by the Bank may not be adequate to prevent losses.

The Bank carries out hedging transactions to reduce its exposure to different types of risks associated with its business. Many of its hedging strategies are based on historical patterns of transactions and correlations. Consequently, unexpected market developments might negatively affect the Bank's hedging strategies.

Furthermore, the Bank does not hedge all of its risk exposure in all market environments or against all types of risks and in some cases a hedge may not be available to the Bank. Moreover, the way that gains or losses arising from certain ineffective hedges are recognised may result in additional volatility in its reported earnings. The Group employs derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk resulting from financing and investment activities. Hedging derivatives are recognised at their fair value and the profits and losses resulting from their valuation are recognised against the results. The Bank may still incur losses from changes in the fair value of derivatives and other financial instruments that qualify as fair value hedges. If any of its hedging instruments or strategies are inefficient, the Bank could incur losses which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Bank faces exchange rate risk related to its international operations.

All of the Bank's international operations are directly or indirectly exposed to exchange rate risk, which could adversely affect the Bank's results. Any devaluation of these currencies relative to the Euro could have a negative impact on the Bank's business, financial condition, results of operations and prospects.

As at 31 December 2021, the loans-to-customer funds ratio in Poland and Mozambique was 86% and 30%, respectively. The Bank's loan portfolio also includes loans in foreign currency, where the losses are assumed by customers and recorded in the profit and loss account under impairment. The use of funding in foreign currency in some countries of Eastern Europe exposes some of the Bank's customers to exchange rate risk, affecting the financial condition of these entities and, consequently, the net income of the Bank. Although Bank Millennium stopped granting new foreign currency loans in Poland by the end of 2008, it still holds a considerable loan

portfolio in foreign currency, mainly in Swiss francs (as at 31 December 2021), 11.4% of the total loan portfolio in Poland and 23% of the total mortgage loan book in Poland), and therefore the Bank's net income could be significantly affected by the need to undertake additional payments for impairment in the loan portfolio and by the high cost of zloty swaps. On 15 January 2015, the Swiss National Bank discontinued its minimum exchange rate which had been set at EUR/CHF 1.20 in September 2011. Simultaneously, the Swiss National Bank lowered the interest rate on sight deposit account balances that exceed a given exemption threshold by 0.5% to − 0.75%. As a consequence, on the next day the Swiss franc appreciated 15% to around EUR/CHF 1.04 and the main index on the Swiss stock exchange went down around 8.7%. Since then, the EUR/CHF exchange rate has been free float. Net income may also be adversely affected if Poland does not join the Eurozone in the medium term as is currently expected. Similarly, net income may be affected if institutional investors pool their assets in established, rather than emerging, markets. This risk is exacerbated in the context of greater political instability related to reform of the European institutional framework, which has already had repercussions on the Swiss franc exchange rate.

For details on the Bank's exposure to risks in foreign countries, see risk factor "*The Bank faces exposure to risks in its businesses in Europe (Poland) and Africa (Angola and Mozambique)*".

The Bank is subject to the risk of internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties which could have a material adverse effect on the Bank.

The Bank is subject to the risk of fraud, crime, money laundering, cybercrime and other types of misconduct by employees and third parties, as well as to unauthorised transactions by employees, third party service providers and external staff, including "rogue trading". This type of risk could result in breaches of law, rules, regulations and internal policies, losses, claims, fines, regulatory action, legal proceedings or reputational damage.

In the area of payments, over the past years the Bank and the Bank's clients have been subject to cybercrime and fraud in the form of phishing and malware. European law tends to hold the Bank liable unless it provides proof of intentional misconduct or gross negligence by the client. Other forms of theft include violent robberies of ATMs, in which criminals use combustible gas, explosives or vehicles and heavy equipment to gain access to cash stored in ATMs.

The Bank may be subject to disruptions of its operating or information systems, arising from criminal acts by individuals and groups via cyberspace, which may interrupt the service to clients.

The Bank remains potentially exposed to the risk that the procedures implemented and the measures adopted with respect to the storage and processing of personal data relating to its customers may prove to be inadequate and/or not in compliance with the laws and regulations in force from time to time and/or may not be promptly or properly implemented by employees and associates. Thus, the data could be subject to damage, loss, theft, disclosure or processing for purposes other than those authorised by the customers, or even use by unauthorised parties (whether third parties or employees of companies of the Bank). If any of these circumstances occur there could be a material adverse effect on the Bank's business, including its reputation, financial condition, results of operation or prospects.

Failure of the Bank's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Bank's reputation, results of operations, financial condition and prospects. The continuous efforts of individuals and groups, including organised crime, via cyberspace to commit fraud through electronic channels or to gain access to information technology systems used by the Bank (including with respect to clients' and Bank information held on those systems and transactions processed through these systems) are a growing threat to the Bank. The manifestations of risks to technology – including cyber security – change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential attacks via cyberspace, it is possible that future attacks may lead to significant breaches of security and loss of (personal) data. In addition, the Group may as a result not be able to access data or operate its

systems, it may not be able to recover data, or establishing that data is not compromised may be very time consuming and costly.

There is a risk that cyber-security risk is not adequately managed or, even if adequately managed, a cyber-attack can take place and be successful, which could lead to breach of regulations, investigations and administrative enforcement by supervisory authorities and claims that may materially and adversely affect the Bank's business, reputation, results of operations, financial condition, prospects and its position in legal proceedings.

A material decline in global capital markets and volatility in other markets could adversely affect the activity, results and value of strategic investments of the Bank.

Investment returns are an important part of the Bank's overall profitability, particularly in relation to the life insurance business carried out by the Millennium bcp Ageas joint venture and the Bank's investment banking business.

Uncertainty in global financial markets stemming from the price volatility of capital market instruments such as has been experienced in the first quarter of 2022, and if this volatility persists, this may materially and adversely affect the Group and particularly the life insurance business and investment banking operations, impacting its financial operations and other income and the value of its financial holdings and securities portfolios.

In particular, such a decline in the global capital markets has had and may continue to have have an adverse effect on the sales of many of the Group's products and services, such as unit-linked products, capitalisation insurance, real estate investment funds, asset management services, brokerage, primary market issuances and investment banking operations, and significantly reduce the fees related to them, as well as adversely affect the Bank's business, financial condition, results of operations and prospects. As a minority shareholder of Millennium bcp Ageas, the Bank is at risk of being required to inject capital into the company if its solvency ratio falls below a certain predefined level, which could occur if certain products of Millennium bcp Ageas do not meet a minimum level of return. Furthermore, the prolonged fluctuation of stock and bond market prices or extended volatility or turbulence of markets has led in the last few months and may continue to lead to the withdrawal of funds from markets by investors, which would result in lower investment rates or in the early redemption of life policies. Any such decrease could negatively influence the placement of the Bank's investment products. Therefore, a decline in the capital markets in general could adversely affect the Bank's business, financial condition, results of operations and prospects.

The Bank also maintains trading and investment positions in debt securities, foreign exchange, equity and other markets. These positions could be adversely affected by volatility in financial and other markets and in Portuguese sovereign debt (EUR 8.0 billion as at 31 December 2021, of which EUR 430 million recorded in "Financial assets at fair value through profit or loss – Held for trading"; EUR 0 million recorded in "Financial assets at fair value through profit or loss – Designated at fair value through profit or loss"; EUR 3.8 billion recorded in "Financial assets at fair value through other comprehensive income" and EUR 3.8 billion recorded in “Financial assets at amortised cost – Debt securities”), creating a risk of substantial losses. Potential gains in the Portuguese public debt in December 2021 stand at around EUR 41.4 million. Volatility can also lead to losses relating to a broad range of the other trading and hedging products that the Bank uses, including swaps, futures, options and structured products. Significant reductions in estimated or actual values of the Bank's assets have occurred from previous events in the market. Continued volatility and further fragmentation of certain financial markets may affect the Bank's business, financial condition, operating results and prospects. In the future, these factors may have an influence on day-to-day valuations of the Bank's financial assets and liabilities, recorded at fair value.

Acts of terrorism, natural disasters, pandemics and global conflicts may have a negative impact on the Bank's business and operations.

Acts of terrorism, natural disasters, pandemics, global conflicts or other similar catastrophic events could have a negative impact on the Bank's business, financial condition, results of operations and prospects. Such events could

damage the Bank's facilities, disrupt or delay the normal operations of its business (including communications and technology), result in harm or cause travel limitations on the Bank's employees, and have a similar impact on its clients and counterparties. These events could also negatively impact the purchase of the Bank's products and services to the extent that those acts or conflicts result in reduced capital markets activity, lower asset price levels, or disruptions in general economic activity, or in financial market settlement functions. In addition, war, terror attacks, political unrest, global conflicts, the national and global efforts to combat terrorism and other potential military activities and outbreaks of hostilities may negatively impact economic growth, which could have an adverse effect on the Bank's business, results of operations, financial condition and prospects, besides other adverse effects on the Bank in ways that it is unable to predict.

The Bank's risk management methods may not be able to identify all risks or level of risks to which the Bank is exposed.

The Bank's risk management methods are based on a combination of human and technical controls and supervision, which are subject to errors and defects. Some of the Bank's methods of managing risks are based on internally developed controls and on historic data on market behaviour, also supported by common market practices. These methods might not adequately predict future losses, in particular when related to relevant market fluctuations, which could be considerably higher than those observed in other periods. These methods might also be ineffective in protecting against losses caused by technical errors, if the implemented testing and control systems are not effective in the prevention of software and hardware technical defects. Any errors or failures in the implementation of such risk management systems, as well as their possible inability to identify all the risks or risk levels to which the Bank is exposed, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

2. RISKS RELATING TO NOTES ISSUED UNDER THE PROGRAMME

2.1 Risks relating to the Structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

An investor in Subordinated Notes or Senior Non-Preferred Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency.

The Issuer's obligations under Subordinated Notes will be unsecured and wholly subordinated to the claims of (a) creditors of the Issuer whose claims are admitted to proof in the winding-up of the Issuer and who are unsubordinated creditors of the Issuer, and (b) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims relate to obligations which constitute, or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 instruments or Tier 2 instruments of the Issuer, or whose claims otherwise rank or are expressed to rank *pari passu* with, or junior to, the claims of holders of the Subordinated Notes); "**Tier 1 instruments**" has the meaning given to it by the Applicable Banking Regulations from time to time; "**Tier 2 instruments**" has the meaning given to it by the Applicable Banking Regulations from time to time; "**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Portugal and applicable to the Issuer, including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority and/or any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union; and "**Relevant Authority**" means Banco de Portugal, the European Central Bank or such other authority (whether in Portugal or elsewhere) having primary responsibility for prudential supervision of the Issuer. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an

investor in Subordinated Notes will lose all or some of their investment should the Issuer become insolvent or the Notes subject to loss absorption. Furthermore, depending on how Article 48(7) of Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 is implemented in Portugal, it is possible that other subordinated creditors of the Issuer who previously ranked pari passu with or junior to the holders of Subordinated Notes may rank above the holders of Subordinated Notes in the event that the instruments held by such subordinated creditors cease to be own funds of the Issuer.

The Senior Non-Preferred Notes will constitute direct, unsubordinated and unsecured obligations of the Issuer and the rights of the holders of any Senior Non-Preferred Notes will rank junior in priority of payment to the claims of all unsubordinated creditors of the Issuer that are not creditors in respect of Statutory Senior Non-Preferred Obligations. Accordingly, no payments of amounts due under the Senior Non-Preferred Notes will be made to the Noteholders in the event of insolvency or winding up of such Issuer (to the extent permitted by Portuguese law) except where all sums due from such Issuer in respect of the claims of all unsubordinated creditors of the relevant Issuer that are not creditors in respect of Statutory Senior Non-Preferred Obligations are paid in full, as more fully described in Condition 2(c). "**Statutory Senior Non-Preferred Obligations**" means any present and future claims in respect of unsubordinated and unsecured obligations of the Issuer which have a lower ranking within the meaning of article 8-A of Decree-Law no 199/2006 of 25 October (as amended) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in Portugal) than the claims in respect of all other unsubordinated and unsecured obligations of the Issuer.

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Notes which benefit from a preferential ranking, there is a significant risk that an investor in Senior Non-Preferred Notes will lose all or some of its investment should the Issuer become insolvent or the Notes subject to loss absorption.

Notes may be subject to loss absorption on any application of the general bail-in tool or be subject to other resolution tools and (in the case of Subordinated Notes) may be subject to loss absorption at the point of non-viability of the Issuer.

The BRRD contemplates that Subordinated Notes may be subject to non-viability loss absorption, in addition to the application of the general bail-in tool which may apply to all Notes.

The powers provided to resolution authorities in the BRRD include write down/conversion powers to ensure that capital instruments (including Additional Tier 1 and Tier 2 instruments) absorb losses at the point of non-viability of the issuing institution or its group. Accordingly, the BRRD contemplates that resolution authorities may require the write down of such capital instruments in full or on a permanent basis, or their conversion in full into shares or other instruments of ownership, to the extent required and up to their capacity, at the point of non-viability immediately before or in concurrence with the application of any other resolution action, if any.

The BRRD provides, inter alia, that resolution authorities shall exercise the write down power of reducing or converting, according to an order of priority of credits in normal insolvency procedures, in a way that results in:

(a) CET1 instruments being written down or converted in proportion to the relevant losses; and then

(b) the principal amount of other capital instruments being written down and/or converted into CET1 (Tier 1 and Tier 2 instruments) in accordance with their relative ranking.

On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks ("**EU Banking Reforms**") which proposals amend many of the existing provisions set forth in, among others, the BRRD, including a proposal extending the application of the power to write down or convert capital instruments at the point of non-viability to include eligible liabilities issued for internal purposes. On 16 April 2019 the European Parliament approved the proposals.

The taking of any such actions or the use of any other resolution tool could adversely affect the rights of Noteholders, including the write-down or conversion (in whole or in part) of their Notes. Any such actions or the perceived likelihood of any such actions being taken may adversely impact the price or value of their investment in the Notes.

See the risk factor entitled "*Single Resolution Mechanism*" above and *"Description of the Business of the Group – Recent developments on the banking regulation"* below.

Subordinated Notes, Senior Non-Preferred Notes and certain Senior Notes: Remedies for Non-Payment.

The sole remedy against the Issuer available to any Noteholder for recovery of amounts owing in respect of any payment of principal or interest in respect of any Subordinated Notes, Senior Non-Preferred Notes or certain Senior Notes in respect of which Condition 9(b) is specified as "Applicable" in the applicable Final Terms will be the institution of proceedings for the winding-up of the Issuer and/or proving in any winding-up of the Issuer. As such, the remedies available to holders of any such Subordinated Notes, Senior Non-Preferred Notes or relevant Senior Notes are more limited than those typically available to holders of other senior ranking securities, which may make enforcement more difficult.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

The Issuer has the right to redeem Notes (i) upon certain taxation events, (ii) in the case of Subordinated Notes, Senior Non-Preferred Notes and certain Senior Notes upon a change in regulatory classification of the Notes and (iii) if so specified in the applicable Final Terms, at its option. An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect or is perceived to be able to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Issuer elects to redeem any Notes, there is a risk that the relevant Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes may be subject to Substitution and Variation provisions

If, in the case of any Series of Subordinated Notes, Condition 6(m) (*Substitution and Variation of Subordinated Notes*) is specified as being "Applicable" in the relevant Final Terms and a Capital Event has occurred and is continuing or if, in the case of Senior Notes and Senior Non-Preferred Notes, Condition 6(n) (*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*) is specified as being "Applicable" in the relevant Final Terms and an MREL Disqualification Event has occurred and is continuing or if any of the tax events described in Condition 6(b) (whether or not such

Condition applies to the relevant Series of Notes) has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 16(d), then the Issuer may, subject as provided in Condition 6(l) (in respect of Subordinated Notes) and Condition 6(n) (in respect of Senior Notes and Senior Non-Preferred Notes) of the Notes and without the need for any consent of the Noteholders, substitute all (but not some only) of such Series of Notes for, or vary the terms of such Series of Notes (including changing the governing law of Condition 16(d) from English law to Portuguese law or any other European law that, after consultation with the Relevant Authority, the Issuer considers allows the Subordinated Notes to be Tier 2 Compliant Notes or the Senior Non-Preferred Notes or relevant Senior Notes to be MREL Compliant Notes, as the case may be) so that the Notes remain or become Tier 2 Compliant Notes or MREL Compliant Notes, as applicable.

While Tier 2 Compliant Notes and MREL Compliant Notes must otherwise contain terms that are not materially less favourable to Noteholders than the original terms of the relevant Notes, the governing law of Condition 16(d) may be changed from English law to Portuguese law or any other European law in order to ensure the effectiveness and enforceability of Condition 16(d).

No assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding such Notes prior to such substitution or variation. There can also be no assurance that the terms of any Tier 2 Compliant Notes or MREL Compliant Notes will be viewed by the market as equally favourable to Noteholders, or that such Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

The interest rate on Reset Rate Notes will reset on each Reset Date, which can be expected to affect the interest payments on an investment in Reset Rate Notes and could affect the market value of Reset Rate Notes.

Reset Rate Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate**"), all as further described in Condition 4(b). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market for and the market value of an investment in the Reset Rate Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Limitation on gross-up obligation under the Subordinated Notes, the Senior Non-Preferred Notes and certain Senior Notes.

The obligation under Condition 7 (Taxation) to pay additional amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of the Subordinated Notes or (where Condition 7(b) is specified as "Applicable" in the relevant Final Terms) the Senior Non-Preferred Notes and the Senior Notes applies only to payments of interest and not to payments of principal or premium (as applicable). As such, the Issuer would not be required to pay any additional amounts under the terms of such Notes to the extent any withholding or deduction applied to payments of principal or premium (as applicable). Accordingly, if any such withholding or deduction were to apply to any payments of principal or premium (as applicable) under any such Notes, Noteholders may receive less than the full amount of principal or premium (as applicable) due under such Notes upon redemption, and the market value of such Notes may be adversely affected.

Reform and Regulation of "benchmarks".

Interest rates and indices which are deemed to be "benchmarks" (such as EURIBOR or ISDAFIX (now restructured and renamed the ICE Swap Rate) referenced swap rates) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011(the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-European Union based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-European Union based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Benchmarks Regulation**"), among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant "benchmark".

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain "benchmarks" (including EURIBOR): (i) discouraging market participants from continuing to administer or contribute to a "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing or otherwise dependent (in whole or in part) upon a "benchmark".

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that an Original Reference Rate and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Terms and Conditions) otherwise occurs. Either (i) the Issuer will appoint an Independent Adviser to determine a Successor Rate or, failing which, an Alternative Reference Rate to be used in place of the Original Reference Rate or (ii) if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed is unable to determine the relevant rates, the Issuer may (after consulting with the Independent Adviser (if any)) determine a Successor Rate or, failing which an Alternative Reference Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Reference Rate to determine the Rate of Interest may result in the Notes performing differently (including paying a lower Rate of Interest for any Interest Period) than they would do if the Original Reference Rate were to continue to apply.

Furthermore, if a Successor Rate or Alternative Reference Rate is determined by an Independent Adviser or the Issuer, as the case may be, the Conditions provide that the Issuer may vary the Conditions and the Agency Terms as necessary, to ensure the proper operation of such Successor Rate or Alternative Reference Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Reference Rate is determined by an Independent Adviser or, as the case may be, the Issuer, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser or, as the case may be, the Issuer to be applied to such Successor Rate or Alternative Reference Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as is reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as the case may be) to the Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Reference Rate. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of an Adjustment Spread will either reduce or eliminate economic prejudice to the Noteholders. If no Adjustment Spread is determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. Furthermore, there is no guarantee that a Successor Rate or an Alternative Reference Rate will be determined or applied.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined or the application of a Successor Rate or Alternative Rate would disqualify the notes as Tier 2 capital or MREL-eligible liabilities, or cause the relevant regulator to treat the next interest payment date as the effective maturity date, as applicable or, in relation to Floating Rate Notes or Reset Notes in respect of which the above fallback arrangements do not apply, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate

for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or, in the case of Reset Notes, the application of the previous reset Rate of Interest for a preceding Reset Period, or for the First Reset Rate of Interest, the application of the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser, the potential for further regulatory developments and the fact that the provisions of Condition 4(f) ("*Benchmark Replacement*") will not be applied if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as regulatory capital or eligible liabilities, where applicable, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Notes.

Any of the above matters, which are not subject to the approval of Noteholders, or any other significant change to the setting or existence of the Original Reference Rate could adversely affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

2.2 Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Notes are unsecured and therefore subject to the resolution regime.

The Notes are unsecured and therefore subject to the resolution regime, including the bail-in tool (see further "*Notes may be subject to loss absorption on any application of the general bail-in tool or be subject to other resolution tools and (in the case of Subordinated Notes) may be subject to loss absorption at the point of non-viability of the Issuer*" above and "*Description of the Business of the Group – Recent developments on the banking regulation*" below). The impact on investors, in a resolution scenario, depends crucially on the rank of the liability in the resolution creditor hierarchy. In the event of resolution, inter alia: (i) the outstanding amount of the Notes may be reduced to zero or the Notes may be converted into ordinary shares of BCP or other instruments of ownership; (ii) a transfer of assets (e.g. to a bridge bank) or in a sale of business may limit the capacity of the Bank to meet its repayment obligations; and (iii) the maturity of any Notes or the interest rate under such Notes can be altered and the payments may be suspended for a certain period. When a resolution measure is applied no shareholder or creditor of the institution (including the Noteholders) subject to resolution may have losses greater than it would have if the institution had entered into liquidation ("no creditor worse off"). Noteholders may have a right to compensation if the treatment they receive in resolution is less favourable than the treatment they would have received under normal liquidation proceedings. This assessment must be based on an independent valuation of the firm. Completion of this assessment, as well as payment of any potential consideration, may occur considerably later than contractual payment dates.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Agent and the Issuer may, without the consent of the Noteholders, make modifications to the Notes or the Instrument in the circumstances further described in Condition 13.

Administrative co-operation in the field of taxation – Common Reporting Standard

Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014 (the Common Reporting Standard).

Portugal has implemented Directive 2011/16/EU through Decree-Law No. 61/2013, of 10 May 2013, as amended by Decree-Law No. 64/2016, of 11 October 2016, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019.

The Council Directive 2014/107/EU, of 9 December 2014, regarding the mandatory automatic exchange of information in the field of taxation was also transposed into the Portuguese law through the Decree-Law No. 64/2016, of 11 October 2016, as amended, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019. Under such law, the Issuer is required to collect information regarding certain accountholders and report such information to Portuguese Tax Authorities – which, in turn, will report such information to the relevant tax authorities of EU Member States or third States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard. Law no. 17/2019, of 14 February 2019 introduced the regime for the automatic exchange of financial information to be carried out by financial institutions to the Portuguese Tax Authority (until July 31, with reference to the previous year) with respect to accounts held by holders or beneficiaries resident in the Portuguese territory with a balance or value that exceeds EUR 50,000 (assessed at the end of each civil year). This regime covers information related to years 2018 and following years.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

In view of the regime enacted by Decree-Law No. 64/2016, of 11 October 2016, which was amended by Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order ("Portaria") No. 302-B/2016, of 2 December 2016, as amended by Ministerial Order ("Portaria") No. 282/2018, of 19 October 2018, Ministerial Order ("Portaria") No. 302-C/2016, of 2 December 2016, Ministerial Order ("Portaria") No. 302-D/2016, of 2 December 2016, as amended by Ministerial Order ("Portaria") No. 255/2017, of 14 August 2017, and by Ministerial Order ("Portaria") No. 58/2018, of 27 February 2018, and Ministerial Order ("Portaria") No. 302-E/2016, of 2 December 2016.

Administrative co-operation in the field of taxation – Mandatory Disclosure Rules

Council Directive 2011/16/EU, as amended by Council Directive (EU) 2018/822 of 25 May, introduced the automatic exchange of tax information concerning the cross-border mechanisms to be reported to the tax authorities, in order to ensure a better functioning of the EU market by discouraging the use of aggressive cross-border tax planning arrangements.

Under Council Directive (EU) 2018/822 of 25 May, the intermediaries or the relevant taxpayers are subject to the obligation to communicate cross-border tax planning arrangements' information to the tax authorities of EU Member States, according to certain hallmarks indicating a potential risk of tax avoidance.

Portugal implemented Council Directive (EU) 2018/822 of 25 May through Law No. 26/2020, of 21 July, and Decree-Law No. 53/2020, of 11 August, with the following features:

- Reportable arrangements include cross-border and purely domestic arrangements, but generic hallmarks linked to the main benefit test are not relevant in case of purely domestic arrangements;

- The main benefit test is only satisfied if the obtaining of a tax advantage, beyond a reasonable doubt, is the main benefit or one of the main benefits which, having regard to all relevant facts and circumstances, a person may reasonably expect to derive from an arrangement;

- Tax advantage is defined as any reduction, elimination or tax deferral, including the use of tax losses or the granting of tax benefits that would not be granted fully or partially, without the use of the mechanism; and

- In case any professional privilege or confidentiality clauses apply, the reporting obligations are shifted to the relevant taxpayer; however, in case the relevant taxpayer does not comply with this obligation, the reporting obligation is then shifted again to the intermediary.

The deadlines to file information to the Portuguese Tax Authorities are as follows:

- The standard 30-day reporting period, as well as the period of 5 days to inform the taxpayer in case any professional privilege or confidentiality clauses applies to the intermediary, begin on 1 January 2021;

- Reportable cross-border arrangements which first step was implemented between 25 June 2018 and 30 June 2020 – to be filed by 28 February 2021;

- Reportable domestic or cross-border arrangements made available for implementation or ready for implementation, or where the first step in its implementation has been made between 1 July 2020 and 31 December 2020 - the period of 30 days for filing information and the period of 5 days to inform the taxpayer begin on 1 January 2021; and

- The deadline for the first periodic reporting of domestic and cross-border marketable arrangements is 30 April 2021.

The applicable form (Model 58) to comply with the reporting obligations to the Portuguese Tax Authority was approved by Ministerial Order no. 304/2020, of 29 December.

Investors should in any case consult their own tax advisers to obtain a more detailed explanation of this regime and how it may individually affect them.

The value of the Notes could be adversely affected by a change in law or administrative practice.

The Agency Terms and the Notes (except Conditions 2(b) and 2(c)) are governed by, and shall be construed in accordance with, English law. Conditions 2(b) and 2(c) and the form (*representação formal*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law.

The conditions of the Notes are based on relevant law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to relevant law or administrative practice after the date of this Offering Circular.

Risks related to withholding tax on Notes.

Under Portuguese law, income derived from the Notes integrated in and held through a centralised system managed by Portuguese resident entities (such as the Central de Valores Mobiliários, managed by Interbolsa), by other European Union or EEA entities that manage international clearing systems (in the latter case if there is administrative co-operation for tax purposes with the relevant country which is equivalent to that in place within the European Union), or, when authorised by the member of the government in charge of finance (currently the Finance Minister), in other centralised systems held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime which was approved by Decree-Law No. 193/2005, of 7 November 2005, as amended, ("**the special regime approved by Decree-Law No. 193/2005**") may benefit from withholding tax exemption, provided that certain procedures and certification requirements are complied with.

Failure to comply with procedures, declarations, certifications or others will result in the application of the relevant Portuguese domestic withholding tax to the payments without giving rise to an obligation to gross up by the Bank.

It should also be noted that, if interest and other income derived from the Notes is paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g. typically "jumbo" accounts) such income will be subject to withholding tax in Portugal at a rate of 35% unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 35% and the Bank will not be required to gross up payments in respect of any withheld accounts in accordance with Condition 7 (Taxation).

Further, interest and other types of investment income obtained by non-resident holders (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable that are domiciled in a country, territory or region included in the "tax havens" list approved by Ministerial Order No. 150/2004 of 13 February 2004, as amended from time to time (hereafter "**Ministerial Order No. 150/2004**"), is subject to withholding tax at 35%, which is the final tax on that income, unless the special regime approved by Decree-Law No. 193/2005 applies and the beneficial owners are central banks and government agencies, international organisations recognised by the Portuguese state, residents in a country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force.

The Bank will not be required to gross up payments in respect of any of such non-resident holders, in accordance with Condition 7 (Taxation).

See details of the Portuguese taxation regime in "*Taxation – Portuguese Taxation"*.

2.3 Risks related to the market generally

Set out below is a brief description of the main market risks, including exchange rate risk, interest rate risk, credit risk and liquidity risk:

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition,

the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

Principal and interest on the Notes will be paid in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, rating agencies may assign unsolicited ratings to the Notes. In such circumstances there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes, which could adversely affect the market value and liquidity of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the Regulation (EC) No. 1060/2009 (as amended) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit

rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and such liquidity may be sensitive to changes in financial markets. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and existing liquidity arrangements (if any) might not protect Noteholders from having to sell the Notes at substantial discount to their principal amount in case of financial distress of the Issuer. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

2.4 Risks relating to ESG Notes

Set out below is a brief description of the main risks relating to Notes issued as "green", "environmental", "social" "sustainability"or other equivalently labelled note ("**ESG Notes**").

No assurance that ESG Notes will satisfy any investor requirements, investment criteria or expectations

The Final Terms relating to any specific issue of Notes may provide that such Notes are intended to be green Notes, social Notes or sustainability Notes. The Issuer intends to i) allocate an amount equal to the net proceeds from any issue of green notes ("**Green Notes**") for the purposes of the finance and/or refinance, of loans and/or investments with environmental benefits ("**Eligible Green Assets**"), ii) allocate an amount equal to the net proceeds from any issue of social notes ("**Social Notes**") for the purposes of the finance and/or refinance, of loans and/or investments with social benefits ("**Eligible Social Assets**") and iii) allocate an amount equal to the net proceeds from any issue of sustainability notes ("**Sustainability Notes**") for the purposes of the finance and/or refinance, loans and/or investments with a mix of environmental and social benefits ("**Eligible Green and Social Assets**"), in each case as described in the Green, Social and Sustainability Bond Framework dated May 2021 (the "**ESG Framework**") published at https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/ESGBonds/Framework.pdf (as amended, supplemented or otherwise updated from time to time). Prospective investors should have regard to the information set out in this Offering Circular, the relevant Final Terms and the ESG Framework regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such

investors deem necessary. The ESG Framework will not be, and shall not be deemed to be, incorporated in and/or form part of this Offering Circular.

If the use of such proceeds is a factor in a prospective investor's decision to invest in ESG Notes, prospective investors should consult with their legal and other advisers before making an investment in any such ESG Notes and must determine for themselves the relevance of such information for the purpose of any investment. In particular, no assurance is given by the Issuer or the Dealers or any of their respective affiliates that the use of amounts by the Issuer for the purposes of financing or refinancing any projects which the Issuer has identified as Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, green, sustainability or social impact of any projects or uses that are the subject of, or related to, any Eligible Asset. There is also no commitment from the Issuer or any other entity for any Eligible Asset to have a maturity or lifespan matching the minimum duration of any related ESG Notes or any other liabilities and any such mismatch shall not lead to a right or obligation of the Issuer to redeem any ESG Notes or give any Noteholder the right to require redemption of its Notes, be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes, constitute an incentive to redeem any Notes or prejudice any qualification of any Notes as own funds and/or eligible liabilities (as applicable).

No assurance that Eligible Assets will be completed or meet their objectives

No assurance or representation is given by the Issuer or the Dealers or any of their respective affiliates that any Eligible Green and Social Assets will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer when making its assessment whether or not to apply any proceeds of ESG Notes to such Eligible Green and Social Asset.

No Events of Default related with ESG Notes specifically

Any event or failure to apply an amount equal to the net proceeds of any issue of ESG Notes to finance and/or refinance any Eligible Green and Social Assets and/or any failure by the Issuer to meet any applicable ESG target or objective and/or any failure to publish or withdrawal of any summary of uses or opinion or certification attesting that the Issuer is or is not complying in whole or in part with any matters for which such publication, opinion or certification is illustrating, opining on or certifying and/or any such ESG Notes no longer being listed or admitted to or displayed on any stock exchange or securities market will not (i) give rise to any claim of a Noteholder against the Issuer, the BCP Group or the Dealers or (ii) constitute an Event of Default under any ESG Notes or (iii) lead to a right or obligation of the Issuer to redeem any ESG Notes or give any Noteholder the right to require redemption of its Notes, be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes, constitute an incentive to redeem any Notes or prejudice any qualification of any Notes as own funds and/or eligible liabilities (as applicable).

No assurance of suitability or reliability of any second party opinion, certification or report

In connection with the issuance of ESG Notes, the Issuer has appointed Sustainalytics, B.V. to provide an independent evaluation (the "**Second Party Opinion**") of the ESG Framework's alignment with the four core components of the Green Bond Principles (2018), Social Bond Principles (2020) and Sustainability Bond Guidelines (2018) published by the International Capital Market Association published in https://www.icmagroup.org/green-social-and-sustainability-bonds/ (as amended, supplemented or otherwise updated from time to time). The Second-Party Opinion will be publicly available on Millennium bcp's website:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/ESGBonds/SPO.pdf. The Second Party Opinion will not be, and shall not be deemed to be, incorporated in and/or form part of this Offering Circular. As of the date hereof, the providers of the Second Party Opinion are not subject to any specific regulatory regime or regulatory supervision.

No assurance or representation is given by the Issuer or the Dealers or any of their respective affiliates as to the suitability or reliability for any purpose whatsoever of any opinion or certification or report of any third party (whether or not requested by the Issuer) which may be made available in connection with the issue of any ESG Notes and/or the ESG Framework (as updated from time to time), including the Second Party Opinion (as updated from time to time) or in particular with any Eligible Green and Social Assets to fulfil any environmental, green, sustainability, social and/or other criteria.

Any such, opinion or certification is not, and should not be deemed to be, a recommendation to buy, sell or hold any such ESG Notes. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in ESG Notes.

No consensus on the definition of concepts and absence of legal framework

It should be noted that there is currently no clear definition (legal, regulatory or otherwise) of an "ESG note" nor market consensus as to what constitutes, a "ESG", "green", "environmental", "sustainable", "social" or any similar label, nor can any assurance be given that such a clear definition or consensus will develop over time. A basis for the determination of such a definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Sustainable Finance Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**"). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation. No assurance is or will be given by the Issuer that the eligibility criteria set by the Issuer satisfy any requirements determined under the Sustainable Finance Taxonomy Regulation or within the EU Sustainable Finance Taxonomy at any time.

The proceeds of the issue of ESG Notes will not be segregated and will be available to cover all losses on the balance sheet of the Issuer in the event of insolvency or resolution of the Issuer

The net proceeds (or equivalent amount thereof) of the issue of any ESG Notes which, from time to time, are not yet allocated as funding for Eligible Green and Social Assets may be separately identified from the Issuer's other funds strictly for accounting purposes (for instance, in a sub-account) in accordance with the ICMA Green Bond Principles. However, such proceeds will not be segregated from the Issuer's assets or capital. There is nothing that prevents ESG Notes and any proceeds of such ESG Notes being used to absorb any and all losses of the Issuer or the BCP Group in general in the same way as other liabilities of the Issuer or the BCP Group.

In particular, the Notes will be subject to the exercise of the general bail-in tool and other applicable BRRD tools to the same extent and with the same ranking as any other note which is not an ESG Note. Further, ESG Notes, as with other notes, will be fully subject to the application of CRR II eligibility criteria and BRRD requirements and, as such, proceeds from the Notes will cover all losses in the balance sheet of the Issuer regardless of their "green", "social" or "sustainable" label. Additionally, their labelling as ESG Notes will not (i) affect the regulatory treatment of the Notes as own funds and/or eligible liabilities (as applicable) or (ii) have any impact on their status as indicated in Condition 2 (Status of the Notes).

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes incorporated in, or incorporated by reference into, the Notes, and in the Final Terms applicable to such Notes, which complete information regarding the Terms and Conditions, is more fully described under "*Form of the Notes*" below.

This Offering Circular and any supplement will only be valid for listing Notes during the period of 12 months after the date of approval of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount of all Notes then outstanding or simultaneously issued under the Programme, does not exceed EUR 25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the Euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time after the date of this Offering Circular:

(a) the Euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the Euro against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of calculation; and

(b) the Euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

DOCUMENTS INCORPORATED BY REFERENCE

The following parts of the documents identified below which have previously been published and have been filed with the Central Bank, shall be incorporated in, and to form part of, this Offering Circular:

(a) the 2020 Annual Report of the BCP Group, including, without limitation, the following audited consolidated financial statements, notes, glossary and audit report set out at the following pages:

Glossay	Page 201 to 203 of the pdf document
Income Statement	Page 205 of the pdf document
Statement of Comprehensive Income	Page 206 to 207 of the pdf document
Balance Sheet	Page 208 of the pdf document
Cash Flows Statement	Page 209 of the pdf document
Statement of Changes in Equity	Page 210 of the pdf document
Notes to the Consolidated Financial Statements	Pages 211 to 676 of the pdf document
Audit Report	Pages 701 to 714 of the pdf document

(b) the 2021 Annual Report of the BCP Group, including, without limitation, the following audited consolidated financial statements, notes, glossary and audit report set out at the following pages:

Glossary	Page 187 to 189 of the pdf document
Income Statement	Page 191 of the pdf document
Statement of Comprehensive Income	Page 192 to 193 of the pdf document
Balance Sheet	Page 194 of the pdf document
Cash Flows Statement	Page 195 of the pdf document
Statement of Changes in Equity	Page 196 of the pdf document
Notes to the Consolidated Financial Statements	Pages 197 to 665 of the pdf document
Audit Report	Pages 686 to 700 of the pdf document

(c) the unaudited and un-reviewed earnings press release and earnings presentation of the BCP Group, in each case as at, and for the three-month period ended 31 March 2022, including, without limitation, the following unaudited and un-reviewed consolidated balance sheet and consolidated income statement set out at the following pages of the earnings press release:

Income Statement	Page 26 of the pdf document

Balance Sheet Page 27 of the pdf document

(d) the Terms and Conditions of the Notes contained in the previous Offering Circulars dated 21 November 2003, pages 26-50 (inclusive), 22 November 2004, pages 25-49 (inclusive), 13 December 2005, pages 37-61 (inclusive), 21 September 2006, pages 38-62 (inclusive), 18 April 2007, pages 43-71 (inclusive), 30 April 2008, pages 64-93 (inclusive), 28 April 2009, pages 68-97 (inclusive), 23 April 2010, pages 72-101 (inclusive), 15 June 2011, pages 78-107 (inclusive), 28 June 2012, pages 91-120 (inclusive), 17 July 2013, pages 97-123 (inclusive), 14 August 2014, pages 114-143 (inclusive), 23 October 2015, pages 113-142 (inclusive), 16 February 2017, pages 124-153 (inclusive), 17 November 2017, pages 117-141 (inclusive), 21 September 2018, pages 111 – 138 (inclusive), 15 May 2019, pages 133-167 (inclusive), 26 May 2020, pages 116-156 (inclusive) and 21 May 2021, pages 123-163 (inclusive) prepared in connection with the Programme.

Any other information incorporated by reference that is not included in the cross-reference lists in (a), (b) and (c) above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of Commission Delegated Regulation (EU) No 2019/980.

All financial information in this Offering Circular relating to the Bank for the years ended on 31 December 2020 and 31 December 2021 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The documents incorporated by reference in (a), (b) and (c) above are a direct and accurate translation from their original Portuguese form. In the event of a discrepancy the original Portuguese version will prevail.

Documents referred to in (a) and (b) above can be viewed electronically and free of charge at the Bank's website, at the following links (respectively):

https://ind.millenniumbcp.pt/relcontas/2020/files/RCBCP2020.en.pdf

and

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2021/versao_ESEG_000432-2021-12-31_EN.xhtml

Documents referred to in (c) above can be viewed electronically and free of charge at the Issuer's website, at the following links:

Press release:

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/ResultadosTrimestrais/2022/Earnings_Millenniumbcp_1Q22_16052022.pdf

Earnings presentation:

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/ResultadosTrimestrais/2022/EarningsPres_1Q22_16052022.pdf

Earlier Offering Circulars published by the Issuer referred to in (d) above can be viewed electronically and free of charge at the following links:

(i) Offering Circular dated 21 November 2003:

http://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/permanentes/OfferingCircularFinal_2003_11_21.pdf;

(ii) Offering Circular dated 22 November 2004:

http://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/permanentes/OfferingCircularFinal_2004_11_22.pdf;

(iii) Offering Circular dated 13 December 2005:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB13122005.pdf;

(iv) Offering Circular dated 21 September 2006:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB21092006.pdf;

(v) Offering Circular dated 18 April 2007:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB18042007.pdf;

(vi) Offering Circular dated 30 April 2008:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB30042008.pdf;

(vii) Offering Circular dated 28 April 2009:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB28042009.pdf;

(viii) Offering Circular dated 23 April 2010:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB23042010.pdf;

(ix) Offering Circular dated 15 June 2011:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB15062011.pdf;

(x) Offering Circular dated 28 June 2012:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB28062012.pdf;

(xi) Offering Circular dated 17 July 2013:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB17072013.pdf;

(xii) Offering Circular dated 14 August 2014:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB14082014.pdf;

(xiii) Offering Circular dated 23 October 2015:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB23102015.pdf;

(xiv) Offering Circular dated 16 February 2017:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB16022017.pdf;

(xv) Offering Circular dated 17 November 2017:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB17112017.pdf;

(xvi) Offering Circular dated 21 September 2018:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2018/BCP_Update_2018_Offering_Circular.pdf;

(xvii) Offering Circular dated 15 May 2019:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroNote-DocAnteriores/PB15052019.pdf;

(xviii) Offering Circular dated 26 May 2020:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2020/BCP-CB-Prospectus_26052020.pdf; and

(xix) Offering Circular dated 21 May 2021:

https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2021/UKO2-2002609459_OFFERING-CIRCULAR_2021.pdf

Following the publication of this Offering Circular, a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly, by implication or otherwise) modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The Bank will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

Any documents themselves incorporated by reference in the documents incorporated by reference herein shall not form part of this Offering Circular.

The Issuer confirms that any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

FORM OF THE NOTES

The Notes are issued in dematerialised book entry form ("*forma escritural*") and are "*nominativas*" (i.e., Interbolsa, at the Issuer's request, can ask the Affiliated Members information regarding the identity of the Noteholders and transmit such information to the Issuer). The Notes are issued in any specified denomination provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be as indicated in the applicable Final Terms.

The Notes will be registered by Interbolsa as management entity of Central de Valores Mobiliários.

The Notes may be held in a manner which would allow Eurosystem eligibility. Any indication that the Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Notes will only be tradable in one Specified Denomination.

As of the date of this Offering Circular, the Notes may only be issued in Euro, U.S. dollars, Sterling, Japanese yen, Swiss francs, Australian dollars and Canadian dollars.

Each person shown in the individual securities accounts held with an Affiliated Member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a "**Certificate**") will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Notes and in accordance with that Affiliated Member's procedures and pursuant to Article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

Any holder of Notes will (except as otherwise required by law) be treated as its absolute owner for all purposes regardless of the theft or loss of the Certificate issued in respect of it and no person will be liable for so treating any holder of Notes.

If the relevant Final Terms specify TEFRA C as being applicable, the Notes will be issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (TEFRA C).

The Issuer may agree with any Dealer and the Agent that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a new Offering Circular or a Supplement to the Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

FORM OF FINAL TERMS

Set out below is the form of Final Terms, which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 100,000 (or its equivalent in another currency).

FINAL TERMS

[*Date*]

Banco Comercial Português, S.A. (the "Issuer")

Legal Entity Identifier (LEI): JU1U6S0DG9YLT7N8ZV32

Issue of [ ] [ ]

under the EUR25,000,000,000

Euro Note Programme

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS -** The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET -** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional

clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[**UK MIFIR PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTER PARTIES TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**); ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and]

portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]]

[**SINGAPORE SFA PRODUCT CLASSIFICATION**: In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products][capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded][Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.][3]

[Any person making or intending to make an offer of the Notes may only do so[:

(a) in those Public Offer Jurisdictions mentioned in Paragraph 8 of Part B below, provided such person is of a kind specified in that paragraph, a Dealer, Manager or an Authorised Offeror (as such term is defined in the Offering Circular (as defined below)) and that the offer is made during the Offer Period specified in that paragraph and that any conditions relevant to the use of the Offering Circular are complied with; or

(b) otherwise] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.][4]

[3] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

4 To be deleted in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II or having a maturity of less than 365 days as a commercial paper under the Programme and all language relating to compliance with the Prospectus Regulation hereunder shall be removed in such instances.

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Offering Circular dated 20 May 2022 [and the supplement[s] to it dated [ ] [and [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Offering Circular**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. A summary of the Notes is annexed to these Final Terms. The Offering Circular has been published on the Issuer's website (www.millenniumbcp.pt) and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (https://live.euronext.com/).][5]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Offering Circular dated [21 November 2003/22 November 2004/13 December 2005/21 September 2006/18 April 2007/30 April 2008/28 April 2009/23 April 2010/15 June 2011/28 June 2012/17 July 2013/14 August 2014/23 October 2015/16 February 2017/17 November 2017/21 September 2018/15 May 2019/26 May 2020/21 May 2021] which are incorporated by reference in the Offering Circular dated 20 May 2022. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Offering Circular dated 20 May 2022 [and the supplement[s] to it dated [ ] [and [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Offering Circular**"), including the Conditions incorporated by reference in the Offering Circular, in order to obtain all the relevant information. A summary of the Notes is annexed to these Final Terms. The Offering Circular has been published on the Issuer's website (www.millenniumbcp.pt) and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (https://live.euronext.com/).][6]

[When used in these Final Terms, "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.][7]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Offering Circular dated 20 May 2022 [and the supplement[s] to it dated [ ] [and [ ]] ([together,] the "**Offering Circular**"). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on the Issuer's website (www.millenniumbcp.pt).][8]

[This document constitutes the Final Terms for the Notes described herein for the purposes of the listing and admission to trading rules of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (the "**Listing Rules**"). This document must be read in conjunction with the Listing Particulars dated 20 May 2022 [as supplemented by the supplement[s] to the Listing Particulars dated [ ]] (the "**Listing Particulars**"), which [together] constitute[s] the listing particulars for the purposes of the Listing Rules. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Listing Particulars. The Listing Particulars have been published on the Issuer's website (www.millenniumbcp.pt) and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (https://live.euronext.com/).][9]

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5 To be deleted in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II, nor the subject of a non-exempt public offer or having a maturity of less than 365 days as a commercial paper under the Programme.

6 To be deleted in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II, not the subject of a non-exempt public offer or having a maturity of less than 365 days as a commercial paper under the Programme.

7 To be deleted in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II, nor the subject of a non-exempt public offer or having a maturity of less than 365 days as a commercial paper under the Programme.

8 To be included in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II and not the subject of a non-exempt public offer.

9 To be included in respect of the issue of Notes having a maturity of less than 365 days as a commercial paper under the Programme.

1.	Issuer:		Banco Comercial Português, S.A.
2.	(a)	Series Number:	[ ]
	(a)	Tranche Number:	[ ]
	(b)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [ ] on [the Issue Date]/[Not Applicable]
3.	Specified Currency:		[ ]
4.	Aggregate Nominal Amount		
	(a)	Tranche:	[ ]
	(b)	Series:	[ ]
5.	Issue Price of Tranche:		[ ]% of the Aggregate Nominal Amount [plus accrued interest from [ ] (if applicable)]
6.	(a)	Specified Denomination(s):	[ ]
	(b)	Calculation Amount:	[ ]
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[[ ]/Issue Date/Not Applicable]
8.	Maturity Date:		[[ ]/ Interest Payment Date falling in or nearest to [ ]]
9.	Interest Basis:		[[ ]% Fixed Rate] [Reset Rate] [[ ] month EURIBOR +/- [ ]% Floating Rate] [Zero Coupon] (further particulars specified in [16/17/18/19] below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ]% of their nominal amount
11.	Change of Interest Basis:		[ ] [Not Applicable] (further particulars specified in 16 and 18 below)
12.	Put/Call Options:		[Investor Put] [Issuer Call] [Issuer Call, subject to the Relevant Authority's prior permission (as set out in Condition 6(l) below)]

			[(further particulars specified in [23/24] below)] [Not Applicable]
13.	(a)	Status of the Notes:	[Senior/Subordinated/Senior Non-Preferred]
	(b)	Date of [Board] approval:	[ ] [Not Applicable]
14.	**Senior Note Provisions**		[Applicable/Not Applicable]
	(a)	Condition 2(a) ("*In the case of Senior Notes*")	[Applicable/Not Applicable]
	(b)	Condition 3 ("Negative Pledge")	[Applicable/Not Applicable]
	(c)	Condition 6(g) ("*Redemption of Senior Non-Preferred Notes and certain Senior Notes due to an MREL Disqualification Event*")	[Applicable/Not Applicable] If Applicable: [MREL Disqualification Event – Full Exclusion/MREL Disqualification Event – Full or Partial Exclusion]
	(d)	Condition 6(l) ("*Further Provisions Applicable to Redemption and Purchases of Subordinated Notes, Senior Non-Preferred Notes and Senior Preferred Notes*")	[Applicable/Not Applicable]
	(e)	Condition 6(n) ("*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*")	[Applicable/Not Applicable]
	(f)	Condition 7(b) ("Taxation – *Obligation to pay additional amounts limited to payments of interest*")	[Applicable/Not Applicable]
	(g)	Condition 9(a) ("*Events of Default relating to certain Senior Notes*")	[Applicable/Not Applicable]
	(h)	Condition 9(b) ("*Events of Default and Enforcement relating to Subordinated Notes, Senior Non-Preferred Notes and certain Senior Notes*")	[Applicable/Not Applicable]
15.	**Senior Non-Preferred Note Provisions**		[Applicable/Not Applicable]
	(a)	Condition 6(n) ("*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*")	[Applicable/Not Applicable]

	(b)	Condition 7(b) ("Taxation – *Obligation to pay additional amounts limited to payments of interest*")	[Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[ ]% per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(c)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360]
	(d)	Determination Date(s):	[[ ] in each year]/[Not Applicable]
17.	**Reset Rate Note Provisions**		[Applicable/Not Applicable]
	(a)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(b)	Initial Rate of Interest	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(c)	First Margin	[[+/-][ ] per cent. per annum]/[Not Applicable]
	(d)	Subsequent Margin:	[+/-][ ] per cent. per annum /[Not Applicable]
	(e)	First Reset Date	[ ]
	(f)	Second Reset Date:	[ ]/[Not Applicable]
	(g)	Subsequent Reset Date(s):	[ ]/[Not Applicable]
	(h)	Relevant Screen Page:	[ ]
	(i)	Day Count Fraction:	[Actual/Actual (ICMA)][30/360]
	(j)	Determination Date(s):	[[ ] in each year]/[Not Applicable]
	(k)	Mid-Swap Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]
	(l)	Mid-Swap Maturity:	[ ]
	(m)	Calculation Agent:	[ ]
	(n)	Fixed Leg Swap Duration	[ ]
	(o)	Mid-Swap Floating Leg Benchmark Rate:	[ ]

	(p)	Business Centre(s):	[ ]
18.	**Floating Rate Note Provisions**		[Applicable/Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
	(c)	Additional Business Centre(s):	[Not Applicable/[ ]]
	(d)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[Not Applicable/[ ]]
	(e)	Screen Rate Determination	
		(i) Reference Rate:	Reference Rate: [ ] month EURIBOR
		(ii) Interest Determination Date(s):	[Second day on which the TARGET2 System is open prior to the start of each Interest Period] [ ]
		(iii) Relevant Screen Page:	[Reuters Screen Page EURIBOR01 (or any successor page)] [ ]
	(f)	Linear Interpolation:	[Not Applicable/Applicable - the rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(g)	Margin(s):	[+/-][ ]% per annum
	(h)	Minimum Rate of Interest:	[[ ]% per annum/Not Applicable]
	(i)	Maximum Rate of Interest[10]:	[[ ]% per annum/Not Applicable]
	(j)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
19.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable]

10 If no minimum interest rate is specified or if the minimum interest rate is specified as Not Applicable, then the minimum interest rate shall be zero.

	(a)	Accrual Yield:	[ ]% per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

20.	**Condition 6(b) ("*Redemption for Tax Reasons*")**	[Applicable/ Applicable subject to the Relevant Authority's prior permission (as set out in Condition 6(l))/Not Applicable]
	Notice periods:	Minimum period: [30] days Maximum period: [60] days
21.	Notice periods for Condition 6(c) ("*Redemption upon the occurrence of a Capital Event*"):	Minimum period: [30] days Maximum period: [60] days
22.	**Notice** periods for Condition 6(g) ("*Redemption of Senior Non-Preferred Notes and certain Senior Notes due to an MREL Disqualification Event*")	Minimum period: [30] days Maximum period: [60] days
23.	**Issuer Call**	[Applicable/Applicable subject to the Relevant Authority's prior permission (as set out in Condition 6(l))/Not Applicable]
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount:	[ ] per Calculation Amount
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[ ]
	(ii) Higher Redemption Amount:	[ ]
	(iii) Notice periods:	Minimum period: [15] days Maximum period: [30] days
24.	**Investor Put**	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[ ]

	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Notice periods:	Minimum period: [30] days Maximum period: [60] days
25.	Final Redemption Amount of each Note:		[ ] per Calculation Amount
26.	Early Redemption Amount payable on redemption for taxation reasons, upon a Capital Event (in the case of Subordinated Notes), upon an MREL Disqualification Event (where applicable) or on event of default:		[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is 100% of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100% of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)
27.	Substitution and Variation:		[Applicable/Not Applicable]
	(a)	Notice periods for Condition 6(m) ("*Substitution and Variation of Subordinated Notes*"):	[Minimum period: [30] days] [Maximum period: [60] days] [Not Applicable]
	(b)	Notice periods for Condition 6(n) ("*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*"):	[Minimum period: [30] days] [Maximum period: [60] days] [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28.	**Form of Notes**	
	Form:	Book Entry Notes: *nominativas*
29.	Additional Financial Centre(s):	[Not Applicable/[ ]]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1.	**Listing and Admission to Trading**	[Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List and trading on the Euronext Dublin Regulated Market with effect from [ ].] [Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Euronext Lisbon's regulated market] with effect from [ ].] [Not Applicable]
2.	**Ratings**	[The Notes have not been specifically rated.] [The following ratings reflect ratings assigned to the Notes of this type issued under the Programme generally: [[ ] by Moody's] [[ ] by S&P] [[ ] by Fitch] [[ ] by DBRS]] [The Notes to be issued [have been/are expected to be] rated: [ ] by [Moody's/S&P/Fitch/DBRS]] [Moody's/S&P/Fitch/DBRS] is established in the [European Union/United Kingdom] and is registered under Regulation (EC) No. 1060/2009 (as amended)[as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018] (the "**[UK]CRA Regulation**").]] (*Repeat as necessary and amend depending on status of relevant rating agency*.) [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]
3.	**Interests of natural and legal persons involved in the issue**	Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. [Certain [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and or commercial banking transactions with, and may perform other

services for, the Issuer and its affiliates in the ordinary course of business.] [ ]

4. **Reasons for the Offer, Estimated Net Proceeds and Total Expenses**

(a) Reasons for the offer: *[Give details]*

[General Corporate Purposes – see the first paragraph of "Use of Proceeds" wording in Offering Circular]

[ESG Notes – [An amount equal to the net proceeds from the issue of the Notes is intended to be used for the purposes of the finance and/or refinance, in whole or in part of Eligible Green Assets.]

or

[An amount equal to the net proceeds from the issue of the Notes is intended to be used for the purposes of the finance and/or refinance, in whole or in part of Eligible Social Assets.] or

[An amount equal to the net proceeds from the issue of the Notes is intended to be used for the purposes of the finance and/or refinance, in whole or in part of Eligible Green and Social Assets.]

(b) [Estimated net proceeds: [ ]]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(c) [Estimated total expenses: [ ]]

(If expenses are intended for more than one use will need to split out and present in order of priority.)

5. **Indication of yield (Fixed Rate Notes only)** [[ ] [Not Applicable]

6. **Historic and future Interest Rates (Floating Rate Notes only)** [Details of historic and future EURIBOR rates can be obtained from [Reuters] [ ].] [Not Applicable]

7. **Operational Information**

(a) ISIN: [ ]

(b)	Common Code:	[ ]
(c)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(d)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(e)	Delivery:	Delivery [against/free of] payment
(f)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria] [No]

8. **Distribution**

(a)	If syndicated, names and addresses of Managers and underwriting commitments/ quotas (material features):	[Not Applicable/[ ]]
(b)	Date of [Subscription] Agreement:	[ ]
(c)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(d)	If non-syndicated, name and address of relevant Dealer:	[Not Applicable/[ ]]
(e)	Total commission and concession:	[ ]% of the Aggregate Nominal Amount

(f)	U.S. Selling Restrictions:		[Reg. S Compliance Category 2] [TEFRA C] [TEFRA rules not applicable]
(g)	Public Offer where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus:		[Applicable] [Not Applicable] *(if not applicable, delete the remaining placeholders of this paragraph (g) and also paragraph 9 below)*.
	(i)	Public Offer Jurisdictions:	[Portugal] [Ireland]
	(ii)	Offer Period:	[*Specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"*]
	(iii)	Financial intermediaries granted specific consent to use the prospectus in accordance with the Conditions in it:	[*Insert names and addresses of financial intermediaries receiving consent (specific consent)*] [Not Applicable]
	(iv)	General Consent:	[Not Applicable][Applicable]
	(v)	Other Authorised Offeror Terms:	[Not Applicable][Add here any other Authorised Offeror Terms] (*Authorised Offeror Terms should only be included here where General Consent is applicable*)
(h)	General Consent:		[Not Applicable][Applicable]
(i)	Other conditions to consent:		[Not Applicable][ ]
(j)	Prohibition of Sales to EEA Retail Investors:		[Not Applicable][Applicable] (*If the Notes clearly do not constitute "packaged products" or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged products" and no key information document will be prepared, "Applicable" should be specified.*)
(k)	Prohibition of Sales to UK Retail Investors:		[Not Applicable][Applicable] (*If the Notes clearly do not constitute "packaged products" or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged*

		products" and no key information document will be prepared, "Applicable" should be specified.)
(l)	Prohibition of Sales to Belgian Consumers:	[Not Applicable][Applicable]

9. **Terms and Conditions of the Offer**

Offer Price:	[Issue Price/Not Applicable/[ ]]
[Conditions to which the offer is subject:]	[Not Applicable/[ ]]
[Description of the application process:]	[Not Applicable/[ ]]
[Details of the minimum and/or maximum amount of application:]	[Not Applicable/[ ]]
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]	[Not Applicable/[ ]]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not Applicable/[ ]]
[Manner in and date on which results of the offer are to be made public:]	[Not Applicable/[ ]]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not Applicable/[ ]]
[Whether tranche(s) have been reserved for certain countries:]	[Not Applicable/[ ]]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not Applicable/[ ]]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not Applicable/[ ]]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[None] [The Authorised Offerors identified in paragraph 8 above and identifiable from the Offering Circular/[ ].]

10. **Third Party Information**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information

published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

ANNEX
SUMMARY OF THE NOTES
[ ]

FORM OF FINAL TERMS

Set out below is the form of Final Terms, which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

FINAL TERMS

[*Date*]

Banco Comercial Português, S.A. (the "Issuer")

Legal Entity Identifier (LEI): JU1U6S0DG9YLT7N8ZV32

Issue of [ ] [ ]

under the EUR25,000,000,000

Euro Note Programme

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS -** The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET -** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional

clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[**UK MIFIR PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTER PARTIES TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**); ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and]

portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]]

[**SINGAPORE SFA PRODUCT CLASSIFICATION**: In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products][capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded][Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.][11]

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Offering Circular dated 20 May 2022 [and the supplement[s] to it dated [ ] [and [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Offering Circular**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Regulation and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on the Issuer's website (www.millenniumbcp.pt) and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (https://live.euronext.com/).][12]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Offering Circular dated [21 November 2003/22 November 2004/13 December 2005/21 September 2006/18 April 2007/30 April 2008/28 April 2009/23 April 2010/15 June 2011/28 June 2012/17 July 2013/14 August 2014/23 October 2015/16 February 2017/17 November 2017/21 September 2018/15 May 2019/26 May 2020/21 May 2021] which are incorporated by reference in the Offering Circular dated 20 May 2022. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Offering Circular dated 20 May 2022 [and the supplement[s] to it dated [ ] [and [ ]], which [together] constitute[s] a Offering Circular for the purposes of the Prospectus Regulation (the "**Offering Circular**"), including the Conditions incorporated by reference in the Offering Circular, in order to obtain all the relevant information. The Offering Circular has been published on the Issuer's website (www.millenniumbcp.pt) and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (https://live.euronext.com/).][13]

[11] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

12 To be deleted in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II or having a maturity of less than 365 days as commercial paper under the Programme.

13 To be deleted in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II or having a maturity of less than 365 days as commercial paper under the Programme.

[When used in these Final Terms, "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.][14]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Offering Circular dated 20 May 2022 [and the supplement[s] to it dated [ ] [and [ ]] ([together,] the "**Offering Circular**"). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on the Issuer's website (www.millenniumbcp.pt).][15]

[This document constitutes the Final Terms for the Notes described herein for the purposes of the listing and admission to trading rules of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (the "**Listing Rules**"). This document must be read in conjunction with the Listing Particulars dated 20 May 2022 [as supplemented by the supplement[s] to the Listing Particulars dated [ ]] (the "**Listing Particulars**"), which [together] constitute[s] the listing particulars for the purposes of the Listing Rules. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Listing Particulars. The Listing Particulars have been published on the Issuer's website (www.millenniumbcp.pt) and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin (https://live.euronext.com/).][16]

When used in these Final Terms, "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

1.	Issuer:		Banco Comercial Português, S.A.
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [ ] on [the Issue Date]/[Not Applicable]
3.	Specified Currency:		[ ]
4.	Aggregate Nominal Amount		
	(a)	Tranche:	[ ]
	(b)	Series:	[ ]
5.	Issue Price of Tranche:		[ ]% of the Aggregate Nominal Amount [plus accrued interest from [ ] (if applicable)]
6.	(a)	Specified Denomination(s):	[ ]
	(b)	Calculation Amount:	[ ]
7.	(a)	Issue Date:	[ ]

14 To be deleted in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II or having a maturity of less than 365 days as commercial paper under the Programme.
15 To be included in respect of the issue of Notes which are not admitted to trading on a regulated market under MiFIID II.
16 To be included in respect of the issue of Notes having a maturity of less than 365 days as commercial paper under the Programme.

	(b)	Interest Commencement Date:	[[ ]/Issue Date/Not Applicable]
8.	Maturity Date:		[[ ]/ Interest Payment Date falling in or nearest to [ ]]
9.	Interest Basis:		[[ ]% Fixed Rate] [Reset Rate] [[ ] month EURIBOR +/- [ ]% Floating Rate] [Zero Coupon] (further particulars specified in [16/17/18/19] below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ]% of their nominal amount
11.	Change of Interest Basis:		[ ] [Not Applicable] (further particulars specified in 16 and 18 below)
12.	Put/Call Options:		[Investor Put] [Issuer Call] [Issuer Call, subject to the Relevant Authority's prior permission (as set out in Condition6(l) below)] [(further particulars specified in [23/24] below)] [Not Applicable]
13.	(a)	Status of the Notes:	[Senior/Subordinated/Senior Non-Preferred]
	(b)	Date of [Board] approval:	[ ] [Not Applicable]
14.	**Senior Note Provisions**		[Applicable/Not Applicable]
	(a)	Condition 2(a) ("*Senior Notes Waiver of Set Off*")	[Applicable/Not Applicable]
	(b)	Condition 3 ("Negative Pledge")	[Applicable/Not Applicable]
	(c)	Condition 6(g) ("*Redemption of Senior Non-Preferred Notes and certain Senior Notes due to an MREL Disqualification Event*")	[Applicable/Not Applicable] If Applicable: [MREL Disqualification Event – Full Exclusion/MREL Disqualification Event – Full or Partial Exclusion]
	(d)	Condition 6(l) ("*Further Provisions Applicable to Redemption and Purchases of Subordinated Notes, Senior Non-Preferred Notes and Senior Preferred Notes*")	[Applicable/Not Applicable]

	(e)	Condition 6(n) ("*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*")	[Applicable/Not Applicable]
	(f)	Condition 7(b) ("Taxation – *Obligation to pay additional amounts limited to payments of interest*")	[Applicable/Not Applicable]
	(g)	Condition 9(a) ("*Events of Default relating to certain Senior Notes*")	[Applicable/Not Applicable]
	(h)	Condition 9(b) ("*Events of Default and Enforcement relating to Subordinated Notes, Senior Non-Preferred Notes and certain Senior Notes*")	[Applicable/Not Applicable]
15.	**Senior Non-Preferred Note Provisions**		[Applicable/Not Applicable]
	(a)	Condition 6(n) ("*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*")	[Applicable/Not Applicable]
	(b)	Condition 7(b) ("Taxation – *Obligation to pay additional amounts limited to payments of interest*")	[Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[ ]% per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(c)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360]
	(d)	Determination Date(s):	[[ ] in each year]/[Not Applicable]
17.	**Reset Rate Note Provisions**		[Applicable/Not Applicable]
	(a)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(b)	Initial Rate of Interest	[ ] per cent. per annum payable in arrear on each Interest Payment Date

(c)	First Margin		[[+/-][ ] per cent. per annum]/[Not Applicable]
(d)	Subsequent Margin:		[+/-][ ] per cent. per annum /[Not Applicable]
(e)	First Reset Date		[ ]
(f)	Second Reset Date:		[ ]/[Not Applicable]
(g)	Subsequent Reset Date(s):		[ ]/[Not Applicable]
(h)	Relevant Screen Page:		[ ]
(i)	Day Count Fraction:		[Actual/Actual (ICMA)][30/360]
(j)	Determination Date(s):		[[ ] in each year]/[Not Applicable]
(k)	Mid-Swap Rate:		[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]
(l)	Mid-Swap Maturity:		[ ]
(m)	Calculation Agent:		[ ]
(n)	Fixed Leg Swap Duration		[ ]
(o)	Mid-Swap Floating Leg Benchmark Rate:		[ ]
(p)	Business Centre(s):		[ ]
18.	**Floating Rate Note Provisions**		[Applicable/Not Applicable]
(a)	Specified Period(s)/Specified Interest Payment Dates:		[ ]
(b)	Business Day Convention:		[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
(c)	Additional Business Centre(s):		[Not Applicable/[ ]]
(d)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):		[Not Applicable/[ ]]
(e)	Screen Rate Determination		
	(i)	Reference Rate:	Reference Rate: [ ] month EURIBOR
	(ii)	Interest Determination Date(s):	[Second day on which the TARGET2 System is open prior to the start of each Interest Period]
			[ ]

		(iii) Relevant Screen Page:	[Reuters Screen Page EURIBOR01 (or any successor page)] [ ]
	(f)	Linear Interpolation:	[Not Applicable/Applicable - the rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(g)	Margin(s):	[+/-][ ]% per annum
	(h)	Minimum Rate of Interest:	[[ ]% per annum/Not Applicable]
	(i)	Maximum Rate of Interest[17]:	[[ ]% per annum/Not Applicable]
	(j)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
19.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable]
	(a)	Accrual Yield:	[ ]% per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

20.	**Condition 6(b) ("*Redemption and Purchase*")**	[Applicable/ Applicable subject to the Relevant Authority's prior permission (as set out in Condition 6(l))/Not Applicable]
	Notice periods:	Minimum period: [30] days Maximum period: [60] days
21.	Notice periods for Condition 6(c) ("*Redemption upon the occurrence of a Capital Event*"):	Minimum period: [30] days Maximum period: [60] days
22.	Notice periods for Condition 6(g) ("*Redemption of Senior Non-Preferred Notes and certain Senior Notes due to an MREL Disqualification Event*")	Minimum period: [30] days Maximum period: [60] days

17 If no minimum interest rate is specified or if the minimum interest rate is specified as Not Applicable, then the minimum interest rate shall be zero.

23.	**Issuer Call**		[Applicable/Applicable subject to the Relevant Authority's prior permission (as set out in Condition 6(l))/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	If redeemable in part:	
	(i)	Minimum Redemption Amount:	[ ]
	(ii)	Higher Redemption Amount:	[ ]
	(d)	Notice periods:	Minimum period: [15] days Maximum period: [30] days
24.	**Investor Put**		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Notice periods:	Minimum period: [30] days Maximum period: [60] days
25.	Final Redemption Amount of each Note:		[ ] per Calculation Amount
26.	Early Redemption Amount payable on redemption for taxation reasons, upon a Capital Event (in the case of Subordinated Notes), upon an MREL Disqualification Event (where applicable) or on event of default:		[ ] per Calculation Amount *(N.B. If the Final Redemption Amount is 100% of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100% of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*
27.	Substitution and Variation		[Applicable/Not Applicable]
	(a)	Notice periods for Condition 6(m) ("*Substitution and Variation of Subordinated Notes*"):	[Minimum period: [30] days] [Maximum period: [60] days] [Not Applicable]
	(i)	Notice periods for Condition 6(n) ("*Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*"):	[Minimum period: [30] days] [Maximum period: [60] days] [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. **Form of Notes**

	Form:	Book Entry Notes: *nominativas*
29.	Additional Financial Centre(s):	[Not Applicable/[ ]]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. **Listing and Admission to Trading**

(a)	Listing and admission to trading:	[Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List and trading on the Euronext Dublin Regulated Market with effect from [ ].] [Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Euronext Lisbon's regulated market] with effect from [ ].] [Not Applicable]
(b)	Estimate of total expenses related to admission to trading:	[ ]

2. Ratings

[The Notes have not been specifically rated.]

[The following ratings reflect ratings assigned to the Notes of this type issued under the Programme generally:

[[ ] by Moody's]
[[ ] by S&P]
[[ ] by Fitch]
[[ ] by DBRS]]

[The Notes to be issued [have been/are expected to be] rated:

[ ] by [Moody's/S&P/ Fitch/DBRS]]

[Moody's/S&P/Fitch/DBRS] is established in the [European Union/United Kingdom] and is registered under Regulation (EC) No. 1060/2009 (as amended)[as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018] (the "**[UK]CRA Regulation**").]] (*Repeat as necessary and amend depending on status of relevant rating agency*.)

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

3. Reasons for the Offer and Estimated Net Proceeds

(i) Reasons for the offer: *[Give details]*

[General Corporate Purposes – see the first paragraph of "Use of Proceeds" wording in Offering Circular]

		[ESG Notes – [An amount equal to the net proceeds from the issue of the Notes is intended to be used for the purposes of the finance and/or refinance, in whole or in part of Eligible Green Assets.] *or* *[An amount equal to the net proceeds from the issue of the Notes is intended to be used for the purposes of the finance and/or refinance, in whole or in part of Eligible Social Assets.] or* *[An amount equal to the net proceeds from the issue of the Notes is intended to be used for the purposes of the finance and/or refinance, in whole or in part of Eligible Green and Social Assets.]*
	(ii) Estimated net proceeds:	[ ] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
4.	**Interests of natural and legal persons involved in the issue**	Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. [Certain [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [ ]
5.	**Indication of yield (Fixed Rate Notes only)**	[ ] [Not Applicable]
6.	**Historic and future Interest Rates (Floating Rate Notes only)**	[Details of historic and future EURIBOR rates can be obtained from [Reuters] [ ].] [Not Applicable]
7.	**Operational Information**	
	(a) ISIN:	[ ]
	(b) Common Code:	[ ]
	(c) CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National

		Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(d)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(e)	Delivery:	Delivery [against/free of] payment
(f)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria] [No]]

8. **Distribution**

(a)	If syndicated, names of Managers:	[Not Applicable/[ ]]
(b)	Date of [Subscription] Agreement:	[ ]
(c)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(d)	If non-syndicated, name of relevant Dealer:	[Not Applicable/[ ]]
(e)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2] [TEFRA C] [TEFRA rules not applicable]
(f)	Prohibition of Sales to EEA Retail Investors:	[Not Applicable][Applicable] (*If the Notes clearly do not constitute "packaged products" or the Notes do constitute a "packaged" products and a key information*

		document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged products" and no key information document will be prepared, "Applicable" should be specified.)
(g)	Prohibition of Sales to UK Retail Investors:	[Not Applicable][Applicable] (*If the Notes clearly do not constitute "packaged products" or the Notes do constitute a "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged products" and no key information document will be prepared, "Applicable" should be specified.*)
(h)	Prohibition of Sales to Belgian Consumers:	[Not Applicable][Applicable]

9. **Third Party Information**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

TERMS AND CONDITIONS OF THE NOTES

The following, save for the text in the footnotes, are the Terms and Conditions of Notes which will be incorporated by reference into each Note. The applicable Final Terms in relation to any Notes completes the information regarding the following Terms and Conditions and will be incorporated into each Note. Reference should be made to "Form of Final Terms" above for the form of Final Terms which will specify which of these Terms and Conditions are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued as specified in the Final Terms relating to this Note (the "**applicable Final Terms**") by Banco Comercial Português, S.A. (the "**Issuer**"). Notes are integrated in the Interbolsa book entry system and governed by these conditions and a deed poll given by the Issuer in favour of the holders of Notes dated 20 May 2022 (the "**Instrument**"). References herein to the "**Notes**" shall be references to the Notes of this Series. The Notes also have the benefit of Agency Terms dated 20 May 2022 (such Agency Terms as amended and/or restated and/or supplemented from time to time, the "**Agency Terms**") and made by Banco Comercial Português, S.A. as Issuer and as agent (the "**Agent**" which expression shall include any successor agent).

The applicable Final Terms for this Note is attached hereto or (to the extent relevant) incorporated herein and completes these Terms and Conditions (the "**Conditions**").

The applicable Final Terms will state in particular whether this Note is (i) a senior Note (a "**Senior Note**" and, together with all the Notes of this Series, "**Senior Notes**"); (ii) a senior non-preferred note (a "**Senior Non-Preferred Note**" and, together with all the Notes of this Series, "**Senior Non-Preferred Notes**"); or a subordinated Note (a "**Subordinated Note**" and together with all the Notes of this Series, "**Subordinated Notes**").

In the case of Senior Notes, the applicable Final Terms will state whether or not Condition 6(l) applies. Senior Notes where Condition 6(l) is specified as being "Applicable" in the applicable Final Terms shall be referred to as "**Senior Preferred Notes**".

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to the Issue Date, listing and admission to trading) and subject to the same Final Terms and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (A) expressed to be consolidated and form a single series and (B) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Agency Terms and the applicable Final Terms (i) are available for inspection or collection at the registered office of the Agent, being at Praça Dom João I, 4000-295 Oporto, Portugal or (ii) may be provided by email to the holders of the relevant Notes ("**Noteholders**") following their prior written request to the Agent and provision of proof of holding and identity (in a form satisfactory to the Agent). If the Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange plc ("**Euronext Dublin Regulated Market**"), trading as Euronext Dublin ("**Euronext Dublin**"), the applicable Final Terms will be published on the website of Euronext Dublin through a regulatory information service. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Instrument, the Agency Terms and the applicable Final Terms which are binding on them.

Words and expressions defined in the Instrument or the Agency Terms or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Terms and the Instrument, the Instrument will prevail and that, in the event of inconsistency between the Agency Terms or the Instrument and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, "**Euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. Form, Denomination and Title

The Notes will be in book entry form ("*forma escritural*"), being "*nominativas*" (i.e. Interbolsa, at the Issuer's request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) and, subject to applicable legal or regulatory restrictions, in any currency as agreed between the Issuer and the relevant Dealer(s) at the time of the issue (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**" specified in the applicable Final Terms.

This Note is a Senior Note, a Subordinated Note, or a Senior Non-Preferred Note, as indicated in the applicable Final Terms.

This Note is a Fixed Rate Note, a Reset Rate Note, a Floating Rate Note or a Zero Coupon Note, or any appropriate combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Title to the Notes passes upon registration in the relevant individual securities accounts held with an Affiliated Member of Interbolsa.

Subject as set out below, the Issuer and the Agent will (except as otherwise required by law) deem and treat any person in whose name a Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

2. Status of the Notes

The applicable Final Terms will indicate whether the Notes are Senior Notes, Subordinated Notes or Senior Non-Preferred Notes.

(a) *In the case of Senior Notes*

If the Notes are specified as Senior Notes in the applicable Final Terms, the Notes are direct, unconditional, unsecured (subject (where applicable) to the provisions of Condition 3) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations, save for those that have been accorded by law preferential rights.

If the applicable Final Terms specifies the "Senior Notes Waiver of Set-Off" is "Applicable", no Noteholder of Senior Notes may exercise or claim any right of set-off or netting in respect of any amount owed by it to the Issuer arising out of or in connection with the Senior Notes and each such Noteholder shall, by virtue of its subscription, purchase or holding of any Senior Note, be deemed to have waived all such rights of set-off or netting.

If the applicable Final Terms specifies the "Senior Notes Waiver of Set-Off" is "Applicable", to the extent that any set-off takes place, whether by operation of law or otherwise, between: (y) any amount owed by the Issuer to a Noteholder arising under or in connection with the Senior Notes; and (z) any amount owed to the Issuer by such Noteholder, such Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding up or dissolution, the liquidation or insolvency estate.

(b) *In the case of Subordinated Notes*

If the Notes are specified as Subordinated Notes in the applicable Final Terms, the Notes are direct, unconditional and unsecured obligations of the Issuer, save that the claims of the holders of the Notes in respect of payments pursuant thereto will, in the event of the winding-up of the Issuer (to the extent permitted by Portuguese law), be wholly subordinated to the claims of all Senior Creditors of the Issuer and shall rank:

(i) at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 instruments of the Issuer; and

(ii) in priority to (1) the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 instruments of the Issuer, (2) the claims of holders of all undated or perpetual subordinated obligations of the Issuer (other than any such obligations which rank, or are expressed to rank, *pari passu* with, or in priority to, the Subordinated Notes), (3) the claims of holders of all classes of share capital of the Issuer and (4) the claims of holders of all other obligations of the Issuer which rank, or are expressed to rank, junior to the Subordinated Notes.

The subordination of the Notes is for the benefit of the Issuer and all Senior Creditors of the Issuer. "Senior Creditors of the Issuer" means (a) creditors of the Issuer whose claims are admitted to proof in the winding-up of the Issuer and who are unsubordinated creditors of the Issuer (including Senior Notes and Statutory Senior Non-Preferred Obligations), and (b) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims relate to obligations which constitute, or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 instruments or Tier 2 instruments of the Issuer, or whose claims otherwise rank or are expressed to rank *pari passu* with, or junior to, the claims of holders of the Subordinated Notes); "Tier 1 instruments" has the meaning given to it by the Applicable Banking Regulations from time to time; and "Tier 2 instruments" has the meaning given to it by the Applicable Banking Regulations from time to time.

No Noteholder of Subordinated Notes may exercise or claim any right of set-off or netting in respect of any amount owed by it to the Issuer arising out of or in connection with the Subordinated Notes and each such Noteholder shall, by virtue of its subscription, purchase or holding of any Subordinated Note, be deemed to have waived all such rights of set-off or netting.

To the extent that any set-off takes place, whether by operation of law or otherwise, between: (y) any amount owed by the Issuer to a Noteholder arising under or in connection with the Subordinated Notes; and (z) any amount owed to the Issuer by such Noteholder, such Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding up or dissolution, the liquidation or insolvency estate, to be held on trust for the Senior Creditors of the Issuer.

(c) *In the case of Senior Non-Preferred Notes*

If the Notes are specified as Senior Non-Preferred Notes in the applicable Final Terms, the Notes qualify as, and comprise part of the class of, Statutory Senior Non-Preferred Obligations and are direct, unsubordinated and unsecured obligations of the Issuer and, subject to and, save for those preferred by mandatory and/or overriding provisions of law, rank and will rank:

(i) *pari passu* and without any preference among themselves and with all other present and future obligations of the Issuer qualifying as Statutory Senior Non-Preferred Obligations*;*

(ii) in the event of the bankruptcy (*insolvência*) of the Issuer only, junior to any present and future unsubordinated and unsecured obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations; and

(iii) senior to any Junior Obligations.

By virtue of such ranking, payments to Noteholders of Senior Non-Preferred Notes will, in the event of the bankruptcy (insolvência) of the Issuer, only be made after all claims in respect of unsubordinated and unsecured obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Notes have been satisfied.

No Noteholder of Senior Non-Preferred Notes may exercise or claim any right of set-off or netting in respect of any amount owed by it to the Issuer arising out of or in connection with the Senior Non-Preferred Notes and each such Noteholder shall, by virtue of its subscription, purchase or holding of any Senior Non-Preferred Note, be deemed to have waived all such rights of set-off or netting.

To the extent that any set-off takes place, whether by operation of law or otherwise, between: (y) any amount owed by the Issuer to a Noteholder arising under or in connection with the Senior Non-Preferred Notes; and (z) any amount owed to the Issuer by such Noteholder, such Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding up or dissolution, the liquidation or insolvency estate, to be held on trust for the creditors of any present and future unsubordinated obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations.

As used in this Condition 2(c):

"**Junior Obligations**" means any present and future claims in respect of obligations of the Issuer which rank or are expressed to rank, subordinated to claims in respect of unsubordinated and unsecured obligations of the Issuer (including Statutory Senior Non-Preferred Obligations); and

"**Statutory Senior Non-Preferred Obligations**" means any present and future claims in respect of unsubordinated and unsecured obligations of the Issuer which have a lower ranking within the meaning of article 8-A of Decree-Law no 199/2006 of 25 October (as amended) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in Portugal) than the claims in respect of all other unsubordinated and unsecured obligations of the Issuer.

3. Negative Pledge

This Condition 3 shall apply only to Senior Notes in respect of which the applicable Final Terms specify that this Condition 3 is "Applicable" and references to "**Notes**" and "**Noteholders**" shall be construed accordingly.

So long as any of the Notes remains outstanding (as defined in the Instrument), the Issuer shall not create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest (each a "**security interest**") upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital if applicable), to secure any Indebtedness (as defined below) or to secure any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of a security interest, at the same time and, in any other case, promptly according to the Noteholders an equal and rateable interest in the same or, at the option of the Issuer, providing to the Noteholders such other security as shall be approved by an Extraordinary Resolution (as defined in the Instrument) of the Noteholders save that the Issuer may create or permit to subsist a security interest to secure Indebtedness and/or any guarantee or indemnity given in respect of Indebtedness of any person, in each case as aforesaid, (but without the obligation to accord or provide to the Noteholders either, an equal and rateable interest in the same or such other security as aforesaid) where such security interest:

(a) is only over such part of the undertaking or assets, present or future, of the Issuer that belonged to a company whose assets or undertaking have become part of the assets or undertaking of the Issuer pursuant to an amalgamation or merger of such company with the Issuer, which security interest exists at the time of such amalgamation or merger and was not created in contemplation thereof or in connection therewith and the principal, nominal or capital amount secured at the time of such amalgamation or merger is not thereafter increased; or

(b) is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice and whereby the amount of Indebtedness secured by such security interest or in respect of which any guarantee or indemnity is secured by such security interest is limited to the value of the assets secured; or

(c) is granted in relation to mortgage-backed bonds (*obrigações hipotecárias*) issued by the Issuer under Portuguese law and "covered bonds".

"**Indebtedness**" means any borrowings having an original maturity of more than one year in the form of or represented by bonds, notes, debentures or other securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) which with the consent of the Issuer are, or are intended to be, listed or traded on any stock exchange or other organised market for securities (whether or not initially distributed by way of private placing) other than a borrowing which is entirely or substantially placed in Portugal.

4. Interest

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Reset Rate Notes, Floating Rate Notes or Zero Coupon Notes.

(a) *Interest on Fixed Rate Notes*

This Condition 4(a) applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to the Maturity Date. Interest on Fixed Rate Notes will be calculated on

the full nominal amount outstanding of Fixed Rate Notes and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders in accordance with Interbolsa's usual rules and operating procedures.

Such interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In this Condition 4(a):

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(I) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;

"**Determination Period**" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, means one cent.

(b) *Interest on Reset Rate Notes*

This Condition 4(b) applies to Reset Rate Notes only. The applicable Final Terms contain provisions applicable to the determination of the reset rate of interest and must be read in conjunction with this Condition 4(b) for full information on the manner in which interest is calculated on Reset Rate Notes. In particular, the applicable Final Terms will identify the Interest Payment Date(s), the Initial Rate of Interest, the First Margin, the Subsequent Margin (if any), the First Reset Date, the Second Reset Date (if any), the Subsequent Reset Date(s) (if any), the Relevant Screen Page, the Day Count Fraction, the Determination Date(s) (if any), the Mid-Swap Rate, the Mid-Swap Maturity, the Calculation Agent, the Fixed Leg Swap Duration, the Mid-Swap Floating Leg Benchmark Rate and the Business Centre(s).

For the purpose of these Conditions, "**Relevant Screen Page**" means the Relevant Screen Page specified in the applicable Final Terms.

(i) Each Reset Rate Note bears interest (i) from (and including) the Interest Commencement Date specified in the relevant Final Terms) to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest; (ii) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date, at the rate per annum equal to the First Reset Rate of Interest; and (iii) for each subsequent period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest (in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards), payable in each case, in arrear on the Interest Payment Date(s) so specified in the relevant Final Terms.

(ii) If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 12 (noon) in the principal financial centre of the Specified Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum converted as set out in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable) of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent. If none or only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Rate of Interest before the First Reset Date (adjusted, in the case of any Reset Rate Notes other than Subordinated Notes to take into account any change in the prevailing Margin).

(iii) The Rate of Interest and the amount of interest payable (the "**Reset Interest Amount**") shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Reset Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4(a) and, for such purposes, references in the third paragraph of Condition

4(a) to "Fixed Rate Notes" shall be deemed to be to "Reset Rate Notes", "Rate of Interest" shall be to "First Reset Rate of Interest" or "Subsequent Reset Rate of Interest" (as applicable) and Condition 4(a) shall be construed accordingly.

(iv) The Calculation Agent will cause the Rate of Interest (other than the Initial Rate of Interest) and each related Reset Interest Amount to be notified to the Issuer and any stock exchange on which the relevant Reset Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth Lisbon Business Day (as defined below) thereafter. For the purposes of this sub-paragraph (iv), the expression "**Lisbon Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Lisbon.

(v) If for any reason the Calculation Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Reset Interest Amount in accordance with Condition 4(b)(iii) above, the Issuer shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition), it shall deem fair and reasonable and such determination or calculation shall be deemed to have been made by the Calculation Agent.

(vi) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b) by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent and all Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(vii) For the purposes of this Condition 4(b):

"Calculation Agent" has the meaning specified in the applicable Final Terms;

"**First Margin**" means the margin specified as such in the relevant Final Terms;

"**First Reset Date**" means the date specified in the relevant Final Terms;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 4(b)(ii) above, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of the relevant Mid-Swap Rate and the First Margin;

"Fixed Leg Swap Duration" has the meaning specified in the applicable Final Terms;

"Initial Rate of Interest" has the meaning specified in the applicable Final Terms;

"**Margin**" means the First Margin or any Subsequent Margin (as applicable);

"**Mid-Swap Maturity**" has the meaning given in the relevant Final Terms;

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified in the Final Terms (calculated on the day count basis customary for fixed rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent) of a fixed for floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means the rate as specified in the relevant Final Terms;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to provision (b) above, either:

(A) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

(I) with a term equal to the relevant Reset Period; and

(II) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page or such replacement page on that service which displays the information; or

(B) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. Being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(I) with a term equal to the relevant Reset Period; and

(II) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page or such replacement page on that service which displays the information,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"**Rate of Interest**" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute;

"Reset Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Reset Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Reset Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Reset Business Day prior to the first day of each such Subsequent Reset Period, or in each case as specified in the relevant Final Terms;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Second Reset Date**" means the date specified in the relevant Final Terms;

"**Subsequent Margin**" means the margin specified as such in the relevant Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date (or, if no such Subsequent Reset Date is specified in the relevant Final Terms, the Maturity Date), and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (or, if no such Subsequent Reset Date is specified in the relevant Final Terms, the Maturity Date); and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii) above, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of the relevant Mid-Swap Rate and the relevant Subsequent Margin.

(c) *Interest on Floating Rate Notes*

(i) Interest Payment Dates

This Condition 4(c) applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4(c) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms

will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. The applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls on the number of months or other period specified as the Calculation Period in the applicable Final Terms after the preceding Specified Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). Interest will be calculated on the full nominal amount outstanding of Floating Rate Notes and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders in accordance with Interbolsa's usual rules and operating procedures.

If a business day convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date (or any other date) would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

(I) in any case where Specified Periods are specified in accordance with Condition 4(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(II) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(III) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such

Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

(IV) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

(1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

(2) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open; and

(3) either (a) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (b) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(iii) Screen Rate Determination for Floating Rate Notes

The Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate(s) (being EURIBOR, as further specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. Brussels time (the "**Specified Time**") on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A), no such offered quotation appears or, in the case of (B), fewer than three such offered quotations appear, in each case at the Specified Time, the Agent shall request each of the Reference Banks (as defined below) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Eurozone interbank market plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the Eurozone interbank market plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

For the purposes of this Condition 4(c)(iii), "**Reference Banks**" means, in the case of (A), those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B), those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(iv) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such

Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(v) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Agent will calculate the amount of interest ("**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(I) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(II) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(III) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(IV) if "**Actual/360**" is specified in the applicable Final Terms the actual number of days in the Interest Period divided by 360;

(V) if "**30/360**", "**360/36**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right) + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)\right]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(VI) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

(VII) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (x) that day is the last day of February or (y) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (x) that day is the last day of February but not the Maturity Date or (y) such number would be 31, in which case D_2 will be 30.

(vi) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means the period of time designated in the Reference Rate.

(vii) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth Lisbon Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12. For the purposes of this sub-paragraph (vii), the expression "**Lisbon Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Lisbon.

(d) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(c) by the Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent and all Noteholders and (in the absence as aforesaid) no

liability to the Issuer or the Noteholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(e) *Accrual of Interest*

Each Note will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of: (i) the date on which all amounts due in respect of such Note have been paid; and (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

(f) *Benchmark Replacement*

This Condition 4(e) applies only to Reset Rate Notes and Floating Rate Notes. If the Issuer determines that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the Notes:

(i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint at its own expense an Independent Adviser to determine (without any requirement for the consent or approval of the Noteholders) (A) a Successor Rate or, failing which, an Alternative Reference Rate, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread. Without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Reference Rate and/or any Adjustment Spread, the Independent Adviser will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(ii) if the Issuer (i) is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Reference Rate in accordance with this Condition 4(e) prior to the relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner and following consultation with the Independent Adviser in the event one has been appointed but without any requirement for the consent or approval of the Noteholders) may determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 4(e). Without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Original Reference Rate (subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(e);

(iv) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or

methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or, as the case may be, the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(v) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or an Adjustment Spread in accordance with the above provisions, the Independent Adviser or, as the case may be, the Issuer may (without any requirement for the consent or approval of the holders of the Notes) also specify changes to these Conditions and/or the Agency Terms in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable), including, but not limited to, (A) the Day Count Fraction, Screen Page, Business Day, Interest Determination Date, Reset Determination Date, Mid-Swap Rate, Mid-Market Swap Rate and/or the definition of Reference Rate and (B) the method for determining the fall-back rate in relation to the Notes. For the avoidance of doubt, the Issuer and the Agent shall effect such consequential amendments to the Set of Agency Procedures and/or these Conditions as may be required in order to give effect to the application of this Condition 4(e). No consent shall be required from the Noteholders in connection with determining or giving effect to the Successor Rate, Alternative Reference Rate or any Adjustment Spread (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Issuer or the Agent (if required or useful); and

(vi) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the Noteholders in accordance with Condition 12 (Notices) and the Agent (if different from the Issuer). Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Set of Agency Procedures and/or these Conditions (if any).

An Independent Adviser appointed pursuant to this Condition 4(e) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(e).

Without prejudice to the obligations of the Issuer under this Condition 4(e), the Original Reference Rate and the other provisions in this Condition 4(e) will continue to apply (i) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) is unable to or does not determine a Successor Rate or an Alternative Reference Rate in accordance with this Condition 4(e), and (ii) where the Independent Adviser or, as the case may be, the Issuer does determine a Successor Rate or Alternative Reference Rate, unless and until the Agent (if different from the Issuer) and (in accordance with Condition 12 (Notices)) the Noteholders have been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Set of Agency Procedures and the Conditions (if any). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period or Reset Period (as applicable) only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(e).

Notwithstanding any other provision of this Condition 4(e), no Successor Rate or Alternative Reference Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4(e), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as:

(a) in the case of Senior Non-Preferred Notes and Senior Preferred Notes, MREL Eligible Liabilities; or

(b) in the case of Subordinated Notes, Tier 2 instruments of the Issuer,

or, in the case of Senior Preferred Notes and Senior Non-Preferred Notes only, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority treating a future Reset Date or Interest Payment Date (as applicable) as the effective maturity of the Notes, rather than the relevant Maturity Date.

For the purposes of this Condition 4(e):

"**Adjustment Spread**" shall mean a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(c) if no such customary market usage is recognised or acknowledged, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders), in each case in its discretion and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

"**Alternative Reference Rate**" means the rate that the Independent Adviser or, as the case may be, the Issuer determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate period and in the same Specified Currency as the Notes, or, if the Independent Adviser or, as the case may be, the Issuer determines that there is no such rate, such other rate as the Independent Adviser or, as the case

may be, the Issuer determines in its discretion is most comparable to the Original Reference Rate;

"**Benchmark Event**" means:

(a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist or be administered; or

(b) the later of (A) the making of a public statement by the administrator of the Original Reference Rate stating that it will on or prior to a specified date cease to publish the Original Reference Rate, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (b)(A); or

(c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate has been permanently or indefinitely discontinued; or

(d) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (d)(A); or

(e) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (e)(A); or

(f) it has, or will on or prior to a specified date within the following six months, become unlawful for the Issuer or the Agent, as the case may be, to calculate any payments due to be made to the holders of the Notes using the Original Reference Rate; or

(g) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative or may no longer be used or will, on or before a specified date within the following six months, be no longer representative or no longer permitted to be used and (B) the date falling six months prior to the specified date referred to in (g)(A).

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer;

"**Original Reference Rate**" means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) applicable to the Notes (or, if applicable, any other successor or alternative rate (or component part thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 4(e));

"**Relevant Nominating Body**" means in respect of a benchmark or screen rate (as applicable):

(a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or, as the case may be, the Issuer determines is a successor to, or replacement of, the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. Payments

(a) *Method of Payment*

Subject as provided below:

(i) payments in a Specified Currency other than Euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases, but without prejudice to the provisions of Condition 7, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

(b) *Payments in respect of Notes*

Payments in respect of the Notes will be made by transfer to the registered account of the Noteholders maintained by or on behalf of it with a bank that processes payments in Euro, details of which appear in the records of the relevant Affiliated Member of Interbolsa at the close of business on the Payment Business Day (as defined below) before the due date for payment of principal and/or interest.

"**Payment Business Day**" means a day which (subject to Condition 8):

(i) is or falls before the due date for payment of principal and or interest; and

(ii) is a TARGET2 Settlement Day.

(c) *Payment Day*

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, "**Payment Day**" means any day which (subject to Condition 8) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Financial Centre (other than the TARGET2 System) specified in the applicable Final Terms; and

(ii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and

(iii) either (A) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (B) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(d) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 7(a);

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amounts (if any) of the Notes;

(v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(h)); and

(vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7(a).

6. Redemption and Purchase

(a) *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms

in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms[18].

(b) *Redemption for Tax Reasons*

Subject to Condition 6(l), in relation to any Series of Notes in respect of which the applicable Final Terms specify that this Condition 6(b) is "Applicable", the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms[19] to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7(a) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7(a)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any such notice of redemption as referred to in the previous paragraph, the Issuer shall deliver to the Agent to make available at its specified office (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(h) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In relation to any Series of Subordinated Notes and Senior Non-Preferred Notes, the Notes may also be redeemed at the option of the Issuer in whole, but not in part, at their Early Redemption Amount as set out in the applicable Final Terms together with unpaid interest accrued to (but excluding) the date of redemption, at any time on the Issuer giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms[1] to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable) if, at any time after the Issue Date of the last Tranche of the Notes, the Issuer determines that it would not be entitled to claim a deduction in computing taxation liabilities in respect of the next interest payment to be made on the Notes or the value of such deduction to the Issuer would be reduced in either case as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, or any change in the application or official interpretation of such laws or

18 Senior Non-Preferred Notes and Senior Preferred Notes must have a maturity of one year or more.

19 When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.

regulations, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Notes.

Prior to the publication of any such notice of redemption as referred to in the previous paragraph in respect of Notes, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem (including those set out in Condition 6(l) below) have occurred.

(c) *Redemption upon the occurrence of a Capital Event*

Subject to Condition 6(l), in relation to any Series of Subordinated Notes, the Notes may be redeemed at the option of the Issuer, in whole but not in part, at their Early Redemption Amount as set out in the applicable Final Terms together with unpaid interest accrued to (but excluding) the date of redemption, at any time on the Issuer giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms[20] to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), if, at any time after the Issue Date of the last Tranche of the Notes, the Issuer determines that there is a Capital Event.

Prior to the publication of any notice of redemption pursuant to this Condition 6(c) in respect of Notes, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem (including those set out in Condition 6(l) below) have occurred.

For the purposes of these Conditions:

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Portugal and applicable to the Issuer, including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority and/or any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union;

"**Capital Event**" means the determination by the Issuer after consultation with the Relevant Authority that all or any part of the Notes are not eligible for inclusion in the Tier 2 instruments of the Group or the Issuer pursuant to Applicable Banking Regulations (other than as a result of any applicable limitation on the amount of such capital as applicable to the Group or the Issuer, as the case may be). For the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No. 648/2012, (or any equivalent or successor provision) shall not constitute a Capital Event;

"**Group**" means together the Issuer and its subsidiaries; and

20 When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.

"**Relevant Authority**" means (in the case of Subordinated Notes) Banco de Portugal, the European Central Bank or such other authority (whether in Portugal or elsewhere) having primary responsibility for prudential supervision of the Issuer and (in the case of Senior Non-Preferred Notes and Senior Preferred Notes) the Relevant Resolution Authority (as defined in Condition 16).

(d) *Redemption at the Option of the Issuer (Issuer Call)*

This Condition 6(d) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons or upon the occurrence of a Capital Event (in the case of Subordinated Notes) or upon the occurrence of an MREL Disqualification Event (in the case of Senior Non-Preferred Notes and Senior Notes in respect of which the applicable Final Terms specify that Condition 6(g) is "Applicable")), such option being referred to as an "**Issuer Call**". The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6(d) for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount(s), any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

Subject to Condition 6(l), if Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms[2] to Noteholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Higher Redemption Amount, in each case as may be specified in the applicable Final Terms.

(e) *Partial Redemption*

In case of a partial redemption of Notes the nominal amount of all outstanding Book Entry Notes will be reduced proportionally.

(f) *Redemption at the Option of the Noteholders (Investor Put)*[21]

This Condition 6(f) applies only to Notes other than Subordinated Notes and references in this Condition 6(f) to "Notes" and "Noteholders" shall be construed accordingly.

This Condition 6(f)applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an "**Investor Put**". The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 6(f) for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount(s), any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 12 not less than the minimum

21 Senior Non-Preferred Notes and Senior Preferred Notes must not have a put option date earlier than one year after the Issue Date.

period nor more than the maximum period of notice specified in the applicable Final Terms[22] (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver a notice to the Agent in accordance with the standard procedures of Interbolsa stating the principal amount of the Notes in respect of which such option is exercised (a "**Put Notice**") to the specified office of the Agent at any time within the notice period during normal business hours of the Agent. In the Put Notice the relevant Noteholder must specify a bank account to which payment is to be made under this Condition 6.

Any Put Notice given by a holder of any Note pursuant to this Condition 6(f) shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6(f) and instead to declare such Note forthwith due and repayable pursuant to Condition 9.

(g) *Redemption of Senior Non-Preferred Notes and certain Senior Notes due to an MREL Disqualification Event*

Subject to Condition 6(l), in relation to any Series of Senior Non-Preferred Notes or any Senior Notes in respect of which the applicable Final Terms specify that this Condition 6(g) is "Applicable", the Notes may be redeemed at the option of the Issuer, in whole but not in part, at their Early Redemption Amount as set out in the applicable Final Terms together with unpaid interest accrued to (but excluding) the date of redemption, at any time on the Issuer giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms[23] to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), if, at any time after the Issue Date of the last Tranche of Notes an MREL Disqualification Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 6(g)in respect of Notes, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem (including those set out in Condition 6(l) below) have occurred.

For the purposes of these Conditions:

An "**MREL Disqualification Event**" shall occur if, as a result of any amendment to, or change in, any Applicable MREL Regulations, or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the last Tranche of Notes, the Issuer (after consultation with the Relevant Authority) determines that the Notes are:

22 When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.

23 When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.

(i) if "**MREL Disqualification Event –Full Exclusion**" is specified in the applicable Final Terms, fully excluded; or

(ii) if "**MREL Disqualification Event – Full or Partial Exclusion**" is specified in the applicable Final Terms, fully or partially excluded,

in each case, from the MREL Eligible Liabilities of the Issuer or the Resolution Group determined in accordance with, and pursuant to, the Applicable MREL Regulations; provided that an MREL Disqualification Event shall not occur:

(A) where the exclusion of the Notes from the relevant minimum requirement(s) is due to the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the Applicable MREL Regulations effective with respect to the Issuer or the Resolution Group on the Issue Date of the last Tranche of Notes; or

(B) as a result of any applicable limitation on the amount of liabilities of the Issuer that may qualify as MREL Eligible Liabilities of the Issuer or the Resolution Group

"**Applicable MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement then in effect and applicable to the Issuer or the Resolution Group including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement adopted by the Relevant Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards or policies have force of law and whether or not they are applied generally or specifically to the Issuer or the Resolution Group);

"**MREL Eligible Liabilities**" means "eligible liabilities" (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer or the Resolution Group under Applicable MREL Regulations;

"**MREL Requirement**" means the requirement for own funds and eligible liabilities, which is or, as the case may be, will be, applicable to the Issuer or the Resolution Group; and

"**Resolution Group**" means together the Issuer and those of its subsidiaries in respect of which the Issuer is required maintain a consolidated minimum amount of own funds and eligible liabilities.

(h) *Early Redemption Amounts*

For the purpose of Conditions 6(b), 6(c) and 6(e) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

(i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

(ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or

(iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Final Terms which will be either (A) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (B) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (C) Actual/365 (in which case the numerator will be the actual number of days from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable an the denominator will be 365).

(i) *Purchases*

The Issuer or any other Subsidiary of the Issuer may purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, or the relevant Subsidiary, surrendered to the Agent for cancellation.

For the purpose of these Terms and Conditions, "**Subsidiary**" means any company which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act 1985) of the Issuer.

(j) *Cancellation*

All Notes which are redeemed will forthwith be cancelled in accordance with the applicable regulations of Interbolsa. All Notes so cancelled shall not be capable of being reissued or resold.

(k) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 6(a), 6(b), 6(c), 6(d) or 6(f) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(h)(h)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) the fifth day after the date on which the full amount of the monies payable has been received by the Agent and notice to that effect has been given to the Noteholder either in accordance with Condition 12 or individually.

(l) *Further Provisions Applicable to Redemption and Purchases of Subordinated Notes, Senior Non-Preferred Notes and Senior Preferred Notes*

Notwithstanding the foregoing, the Issuer shall not be permitted to redeem or purchase any Subordinated Notes, Senior Non-Preferred Notes or Senior Preferred Notes issued by it prior to the Maturity Date unless the following conditions (in each case, if and to the extent then required by Applicable Banking Regulations or Applicable MREL Regulations, as applicable) are satisfied:

(i) the Issuer has given any requisite notice to the Relevant Authority and has obtained the Relevant Authority's prior permission or non-objection to the redemption or purchase (as the case may be) of the Notes;

(ii) such redemption or purchase (as the case may be) complies with Applicable Banking Regulations or Applicable MREL Regulations, as applicable;

(iii) in case of Subordinated Notes only, in the case of any redemption of Notes pursuant to Condition 6(b) or Condition 6(c), the Issuer has demonstrated to the satisfaction of the Relevant Authority (A) that the circumstances giving rise to the Capital Event or the right to redeem under Condition 6(c) were not reasonably foreseeable as at the Issue Date of the most recent Tranche of the Notes and that the change in the applicable regulatory classification is sufficiently certain or, (B) in the case of Condition 6(b), that the change in the applicable tax treatment is material and was not reasonably foreseeable as at the Issue Date of the most recent Tranche of the Notes; and

(iv) in case of Subordinated Notes only, Notes may be purchased or redeemed by the Issuer prior to the fifth anniversary of the Issue Date only if then permitted by Applicable Banking Regulations and authorised by the Relevant Authority.

(m) *Substitution and Variation of Subordinated Notes*

This Condition 6(m) applies only to Subordinated Notes and references in this Condition 6(m) to "Notes" and "Noteholders" shall be construed accordingly.

If "Substitution and Variation" is specified as being applicable in the relevant Final Terms, and a Capital Event or any of the events described in Condition 6(b) has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 16(d), the Issuer (in its sole discretion but subject as set out below), having given not more than the maximum period of notice nor less than the minimum period of notice specified in the applicable Final Terms (which notice shall be irrevocable) to the Noteholders in accordance with Condition 12, may, without any requirement for the consent or approval of the Noteholders, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of Condition 16(d) from English law to Portuguese law or any other European law that, after consultation with the Relevant Authority, the Issuer considers allows the Subordinated Notes to remain or become Tier 2 Compliant Notes) so that the Notes remain or, as appropriate, become, Tier 2 Compliant Notes. Upon the expiry of such notice, the Issuer shall either vary the terms of the Notes or, as the case may be, substitute the Notes in accordance with this Condition 6(m).

In connection with any substitution or variation in accordance with this Condition 6(m), the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this Condition 6(m) is subject to the following conditions:

(i) such substitution or variation must be permitted by, and conducted in accordance with, any applicable requirement of the Relevant Authority or under the Applicable Banking Regulations (including, without limitation, any required approvals); and

(ii) such substitution or variation shall not result in any event or circumstance which at or around that time gives the Issuer a redemption right in respect of the Notes.

As used herein:

(A) "**Rating Agency**" means each of Moody's Investors Service España, S.A., S&P Global Ratings Europe Limited and Fitch Ratings Limited and each of their respective affiliates or successors and any entity that is part of DBRS Group and any successor to the relevant rating agency; and

(B) "**Tier 2 Compliant Notes**" means securities that comply with the following:

(1) are issued by the Issuer or any wholly-owned direct or indirect subsidiary of Issuer with a subordinated guarantee of such obligations by the Issuer;

(2) rank equally with the ranking of the relevant Notes;

(3) other than in the case of a change to the governing law of Condition 16(d) to Portuguese law (or other such law as set out above) in order to ensure the effectiveness and enforceability of Condition 16(d), have terms not materially less favourable to Noteholders than the terms of the relevant Notes (as reasonably determined by the Issuer in consultation with an independent adviser of recognised standing);

(4) (without prejudice to (3) above) (i) contain terms such that they comply with the applicable regulatory capital requirements in relation to Tier 2 instruments pursuant to Applicable Banking Regulations; (ii) bear the same rate of interest from time to time applying to the relevant Notes and preserve the same Interest Payment Dates; (iii) do not contain terms providing for mandatory deferral or cancellation of payments of interest and/or principal; (iv) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (v) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 16(d)); and (vi) preserve any existing rights to any accrued and unpaid interest and any other amounts payable under the relevant Notes which has accrued to Noteholders and not been paid;

(5) are listed on the same stock exchange or market (if any) as the relevant Notes; and

(6) where the relevant Notes which have been substituted or varied had a published rating solicited by the Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by

each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the relevant Notes, unless any downgrade is solely attributable to a change to the governing law of Condition 16(d) in order to ensure the effectiveness and enforceability of Condition 16(d).

(n) *Substitution and Variation of Senior Non-Preferred Notes and Senior Notes*

This Condition 6(n) applies only to Senior Non-Preferred Notes or Senior Notes and references in this Condition 6(n) to "Notes" and "Noteholders" shall be construed accordingly.

If "Substitution and Variation" is specified as being applicable in the relevant Final Terms, and an MREL Disqualification Event has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 16(d)), the Issuer (in its sole discretion but subject as set out below), having given not more than the maximum period of notice nor less than the minimum period of notice specified in the applicable Final Terms (which notice shall be irrevocable) to the Noteholders in accordance with Condition 12, may, without any requirement for the consent or approval of the Noteholders, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes (including changing the governing law of Condition 16(d) from English law to Portuguese law or any other European law that, after consultation with the Relevant Authority, the Issuer considers allows the Senior Non-Preferred Notes to remain or become MREL Compliant Notes) so that the Notes remain or, as appropriate, become, MREL Compliant Notes. Upon the expiry of such notice, the Issuer shall either vary the terms of the Notes or, as the case may be, substitute the Notes in accordance with this Condition 6(n).

In connection with any substitution or variation in accordance with this Condition 6(n), the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this Condition 6(n) is subject to the following conditions:

(i) such substitution or variation must be permitted by, and conducted in accordance with, any applicable requirement of the Relevant Authority or under the Applicable MREL Regulations (including, without limitation, any required approvals or non-objections); and

(ii) such substitution or variation shall not result in any event or circumstance which at or around that time gives the Issuer a redemption right in respect of the Notes.

As used herein:

(A) "**Rating Agency**" means each of Moody's Investors Service España, S.A., S&P Global Ratings Europe Limited and Fitch Ratings Limited and each of their respective affiliates or successors and any entity that is part of DBRS Group and any successor to the relevant rating agency; and

(B) "**MREL Compliant Notes**" means securities that comply with the following:

(1) are issued by the Issuer;

(2) rank equally with the ranking of the relevant Notes;

(3) other than in the case of a change to the governing law of Condition 16(d) to Portuguese law (or other such law as set out above) in order to ensure the effectiveness and enforceability of Condition 16(d), have terms not materially less favourable to Noteholders than the terms of the relevant Notes (as reasonably determined by the Issuer in consultation with an independent adviser of recognised standing);

(4) (without prejudice to (3) above) (i) contain terms such that they comply with Applicable MREL Regulations; (ii) bear the same rate of interest from time to time applying to the relevant Notes and preserve the same Interest Payment Dates; (iii) do not contain terms providing for mandatory deferral or cancellation of payments of interest and/or principal; (iv) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (v) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 16(d)); and (vi) preserve any existing rights to any accrued and unpaid interest and any other amounts payable under the relevant Notes which has accrued to Noteholders and not been paid;

(5) are listed on the same stock exchange or market (if any) as the relevant Notes; and

(6) where the relevant Notes which have been substituted or varied had a published rating solicited by the Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the relevant Notes, unless any downgrade is solely attributable to a change to the governing law of Condition 16(d) in order to ensure the effectiveness and enforceability of Condition 16(d).

7. Taxation

(a) All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

(i) presented for payment by or on behalf of, a Noteholder who is liable for such taxes or duties in respect of such Note by reason of the Noteholder having some connection with a Tax Jurisdiction other than the mere holding of such Note; and/or

(ii) presented for payment by or on behalf of a Noteholder who is able to avoid such withholding or deduction by making a declaration of non-residence or other claim for exemption to the relevant tax authority; and/or

(iii) presented for payment by or on behalf of, a Noteholder in respect of whom the information and documentation (which may include certificates) required in order to comply with the special regime approved by Decree-Law No. 193/2005, of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; and/or

(iv) presented for payment by or on behalf of, a Noteholder (A) in respect of whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Agent directly from the relevant Noteholder before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (B) who is resident in one of the contracting states; and/or

(v) presented for payment by or on behalf of a Noteholder resident in a tax haven jurisdiction as defined in Ministerial Order No. 150/2004, of 13 February 2004, as amended from time to time, with the exception of (i) central banks and governmental agencies as well as international institutions recognised by the Relevant Jurisdiction of those tax havens and (ii) residents in tax havens which have a double taxation treaty in force or a tax information exchange agreement in force with Portugal, provided that all procedures and all information required under Decree-Law no. 193/2005 regarding (i) and (ii) above are complied with ; and/or

(vi) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(c)); and/or

(vii) where such withholding or deduction is required to be made pursuant to Sections 1471 through 1474 of the Code or any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto; and/or

(viii) presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law.

As used herein:

(A) "**Tax Jurisdiction**" means Portugal or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes; and

(B) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the monies payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12.

(b) This Condition 7(b) shall only apply to Subordinated Notes and, if Condition 7(b) is specified as "Applicable" in the applicable Final Terms, to Senior Non-Preferred Notes and Senior Notes. Notwithstanding Condition 7(a), any obligation to pay additional amounts provided for therein will be limited to payments of interest in respect of Subordinated Notes and, if Condition 7(b) is specified as "Applicable" in the applicable Final Terms, the relevant Senior Non-Preferred Notes or (as applicable) the relevant Senior Notes.

8. Prescription

The Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7(a)) therefor.

9. Events of Default

(a) *Events of Default relating to certain Senior Notes*

If the Notes are specified as Senior Notes in the applicable Final Terms and the applicable Final Terms specify that this Condition 9(a) is "Applicable" and if any one or more of the following events (each an "**Event of Default**") shall occur:

(i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or

(ii) the Issuer fails to perform or observe any of its other obligations in respect of the Notes or under the Instrument and except where such default is not capable of remedy where no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days after notice has been given to the Issuer by a Noteholder requiring the same to be remedied; or

(iii) the repayment of any indebtedness owing by the Issuer is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness provided that no such event referred to in this sub-paragraph (iii) shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred shall exceed USD 25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to 1% of the Issuer's Shareholders' Funds (as defined below); or

(iv) any order shall be made by any competent court or an effective resolution passed for the winding-up or dissolution of the Issuer (other than for the purpose of an amalgamation, merger or reconstruction previously approved by an Extraordinary Resolution of the Noteholders); or

(v) the Issuer shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction previously approved by an Extraordinary Resolution of the Noteholders); or

(vi) the Issuer shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or

(vii) the Issuer sells, transfers, lends or otherwise disposes of the whole or a substantial part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Issuer and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis

then, any Noteholder may give notice to the Issuer and to the Agent at their respective specified offices, effective upon the date of receipt thereof by the Agent, that the Notes held by such Noteholder(s) are, and they shall accordingly thereby forthwith become, immediately due and

repayable at their Early Redemption Amount (as described in Condition (h) together with accrued interest (as provided in the Instrument)).

As used above, "**Issuer's Shareholders' Funds**" means, at any relevant time, a sum equal to the aggregate of the Issuer's shareholders' equity as certified by the Directors of the Issuer.

(b) *Events of Default and Enforcement relating to Subordinated Notes, Senior Non-Preferred Notes and certain Senior Notes*

This Condition 9(b) applies only to Subordinated Notes, Senior Non-Preferred Notes and Senior Notes in respect of which the applicable Final Terms specify that this Condition 9(b) is "Applicable" and in this Condition 9(b) references to "Notes" shall be construed accordingly.

(i) Events of Default

If the Notes are specified as Subordinated Notes or Senior Non-Preferred Notes in the applicable Final Terms or, if the Notes are specified as Senior Notes in the applicable Final Terms and the applicable Final Terms specify that this Condition 9(b) is "Applicable", any one or more of the following events shall constitute an "**Event of Default**".

(A) If the Issuer does not make a payment for a period of 14 days or more in respect of the Notes or any of them after the due date therefor, then any Noteholder may in accordance with, and to the extent permitted by, then applicable law institute (or apply for the institution of) proceedings for the winding-up of the Issuer, but may take no other action in respect of such default.

(B) If any order shall be made by any competent authority or an effective resolution passed for the winding-up or dissolution of the Issuer (other than for the purposes of an amalgamation, merger or reconstruction on terms previously approved by an Extraordinary Resolution of the Noteholders), then any Noteholder may (X) prove and/or claim in such winding-up or dissolution and (Y) give notice to the Issuer and to the Agent at their respective specified offices, effective upon the date of receipt thereof by the Agent that the Notes held by such Noteholder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition (h)) together with accrued interest (as provided in the Instrument).

(ii) Enforcement

Without prejudice and subject to Condition 9(b)(i), and in accordance with and to the extent permitted by then applicable law, a Noteholder may at its discretion and without notice institute (or apply for the institution of) such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Notes (other than any payment obligation of the Issuer under or arising from the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations), *provided that,* in no event shall the Issuer be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions (other than in the circumstances described in Condition 9(b)(i)(B)). For the avoidance of doubt, nothing in this Condition 9(b)(ii) shall, however, prevent a Noteholder from instituting (or applying for the institution of) proceedings for the

winding-up of the Issuer (in accordance with and to the extent permitted by then applicable law) and/or proving and/or claiming in any winding-up or dissolution proceedings of the Issuer in respect of any payment obligations of the Issuer arising from the Notes in the circumstances described in Condition 9(b)(i).

(iii) Extent of Noteholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 9(b), shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Notes or in respect of the Instrument or any breach by the Issuer of any of its other obligations under or in respect of the Notes or the Instrument.

10. Form and transfer of Notes generally

Notes held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book entry form ("*forma escritural*") and will be "*nominativas*" (i.e. Interbolsa, at the Issuer's request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer). Notes shall not be issued in physical form. Notes will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by the Affiliate Members of Interbolsa on behalf of the relevant Noteholders. Such control accounts will reflect at all times the aggregate number of Notes held in the individual securities accounts opened by the clients of the Affiliate Members of Interbolsa (which may include Euroclear and Clearstream, Luxembourg). The transfer of Notes and their beneficial interests will be made through Interbolsa.

11. Agent

The name of the initial Agent and its initial specified office is set out below. If any additional agents are appointed in connection with any Series, the names of such agents will be specified in the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any agent and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts, provided that there will at all times be an Agent.

Banco Comercial Português, S.A. will be the Agent.

In acting under the Agency Terms, the Agent acts solely as agent of the Issuer, and does not assume any obligation or relationship of agency or trust to or with the Noteholders, except that (without affecting the obligations of the Issuer to the Noteholders to repay Notes and pay interest thereon) any funds received by the Agent for the payment of the principal of or interest on the Notes shall be held by it on trust for the Noteholders until the expiry of the period of prescription specified in Condition 8. The Agency Terms contains provisions for the indemnification of the Agent and for its relief from responsibility in certain circumstances and entitles it to enter into business transactions with the Issuer and any of its Subsidiaries without being liable to account to the Noteholders for any resulting profit.

12. Notices

All notices regarding the Notes shall be valid if published on the website of the Issuer (being, as at the date hereof, www.millenniumbcp.pt) and (so long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin), any notice shall also be published in accordance with any relevant listing rules. The Issuer shall also ensure that notices

are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed, including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of publication or, if published more than once or on different dates, on the date of the first publication.

Notices to be given by any Noteholder shall be in writing and given by lodging the same with the Agent.

The Issuer shall also comply with the requirements of Interbolsa and of Portuguese law generally in respect of notices relating to Notes.

13. Meetings of Noteholders, Modification and Waiver

The Instrument contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of the Notes. A meeting convened pursuant to the provisions of the Instrument, may be convened by the Issuer and should be convened by the Issuer upon a requisition by Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including, amongst other things, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes) or certain provisions of the Instrument, as the case may be, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting.

The Agent and the Issuer may, without the consent of the Noteholders (and by acquiring the Notes, the Noteholders agree that the Agent and the Issuer may, without the consent of the Noteholders) make any modification to the provisions of these Terms and Conditions or the Instrument which: (i) is not prejudicial to the interests of the Noteholders; (ii) is of a formal, minor or technical nature; (iii) is made to correct a manifest or proven error; or (iv) is to comply with mandatory provisions of any applicable law or regulation. Any such modification so made shall be binding on all Noteholders and shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable after it has been agreed. Notwithstanding the foregoing, any modification of the Terms and Conditions of any Subordinated Notes, Senior Non-Preferred Notes or Senior Preferred Notes will be subject to the consent of the Relevant Authority (in each case, if and to the extent then required by Applicable Banking Regulations or Applicable MREL Regulations, as applicable).

14. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all

respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

15. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. Governing law, submission to jurisdiction and acknowledgement of Portuguese Statutory Loss Absorption Powers

(a) The Agency Terms, the Notes (except Conditions 2(b) and 2(c)) and any non-contractual obligations arising out of or in connection with the Agency Terms and the Notes are governed by and shall be construed in accordance with, English law save that the form ("*representação formal*") and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law. Conditions 2(b) and 2(c) are governed by, and shall be construed in accordance with, Portuguese law. In each case, the application of such governing law shall be without prejudice to the applicability, under the conflicts rules applicable in the relevant forum, in the light of such submission, of Portuguese law. The foregoing is subject to the right of the Issuer pursuant to Condition 6 to change the governing law of Condition 16(d) in accordance with the terms of Condition (m) and (n).

(b) The Issuer has in the Instrument irrevocably agreed, for the exclusive benefit of the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Instrument and/or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Instrument and/or the Notes) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Instrument and/or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Instrument and/or the Notes) may be brought in such courts.

(c) The Issuer has in the Instrument irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgement in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other competent jurisdiction. Nothing in this Condition 16 shall limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(d) Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 16(d) includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which shall be notified by the Issuer in accordance with Condition 12 (Notices) (it being understood, for the avoidance of doubt, that any delay or failure to give such notice shall not affect the validity and enforceability of the Bail-in Power nor its effects on the Notes described in these Conditions) and may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;

(C) the cancellation of the Notes or Amounts Due; or

(D) the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period;

(ii) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority;

(iii) for the avoidance of doubt, no exercise of the Bail-in Power by the Relevant Resolution Authority shall be deemed to constitute an Event of Default or otherwise constitute non-performance of a contractual obligation or entitle the Noteholders to any remedies (including equitable remedies), which are hereby expressly waived; and

(iv) that the matters described in this Condition 16(d) are exhaustive on the matters described therein, to the exclusion of any other agreements, arrangements or understandings between the Issuer and any Noteholder.

In these Terms and Conditions:

"Amounts Due" means the principal amount, together with any accrued but unpaid interest, and any additional amounts referred to in Condition 7(a), if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority.

"Bail-in Power" means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (i) the transposition of the BRRD, (ii) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or superseded from time to time) and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of certain entities as set out in such law, regulation, rules or requirements can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations.

"BRRD" means Directive 2014/59/EU of 15 May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented in Portugal, as amended or replaced from time to time and including any other relevant implementing regulatory provisions.

"Relevant Resolution Authority" means any authority lawfully entitled to exercise or participate in the exercise of any Bail-in Power from time to time.

(e) The Issuer *has* in the Instrument appointed the London Representative Office of Banco Comercial Português, S.A. at 3rd Floor, 63 Queen Victoria Street, London EC4V 4UA for the time being as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of it ceasing so to act it will appoint another other person for that purpose.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit, or as otherwise stated in Part B of the applicable Final Terms under "*Reasons for the offer*".

In particular, if specified in the relevant Final Terms, the Issuer intends to apply an amount equal to the net proceeds from an offer of Notes specifically for projects with environmental benefits, social benefits or both. Such Notes may also be referred to as "ESG Notes".

DESCRIPTION OF THE BUSINESS OF THE GROUP

Group Overview

The Group is one of the largest privately owned banking groups based in Portugal, in terms of assets, credit and deposits. The Group offers a wide range of banking products and related financial services, both in Portugal and internationally, namely demand accounts, instruments of payment, savings and investment products, mortgage loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others, and its customers are served on a segmented basis. Internationally, the Group has significant operations in Poland, Angola and Mozambique. In addition, the Bank has a presence in the Cayman Islands and Macao.

In accordance with IFRS as endorsed by the European Union, the Group had, at the end of December 2021, total assets in the amount of EUR 92,905million and total customer funds (including customer deposits, debt securities, assets under management, assets placed with customers and insurance products (savings and investments)) in the sum of EUR 90 097 million. Loans to customers (gross) amounted to EUR 58 231 million (of which EUR 56.8 billion were recorded in the caption "Financial assets at amortised cost – Loans to customers", EUR 1.3 billion were recorded in the caption "Debt securities held associated with credit operations" and EUR 0.079 billion (gross amount without considering fair value adjustments) were recorded in the caption "Financial assets not held for trading mandatorily at fair value through profit or loss - Loans and advances to customers at fair value"). According to the interpretation of the CRD IV and CRR, CET1 fully-implemented ratio pro forma reached 11.7%, as at 31 December 2021. Based on the latest available data from Banco de Portugal, the Group accounted for 17.5% of loans to customers (gross) and 18.3% of deposits in the Portuguese banking sector on 31 November 2021.

In addition, on 31 December 2021, the Bank was the fifth largest company listed on Euronext Lisbon in terms of market capitalisation (EUR 2,130 million).

The Bank is registered with the Commercial Registry Office of Oporto under the sole commercial registration and tax identification number 501 525 882 and its registered offices are located at Praça Dom João I, 28, 4000–295 Oporto, with telephone number +351 211 134 001 and website www.millenniumbcp.pt.

The Bank operates notably under the Portuguese Companies Code and the Banking Law. See "*Legislation regulating the activity of the Bank*" below.

Bank History

BCP was incorporated on 17 June 1985 as a limited liability company ("sociedade anónima") organised under the laws of Portugal, following the deregulation of the Portuguese banking industry. BCP was founded by a group of over 200 shareholders and a team of experienced banking professionals who sought to capitalise on the opportunity to form an independent financial institution that would serve the then underdeveloped Portuguese financial market more effectively than state-owned banks.

While the Bank's development was initially characterised by organic growth, a series of strategic acquisitions helped solidify its position in the Portuguese market and increase its offering of financial products and services. In March 1995, BCP acquired control of Banco Português do Atlântico, S.A. ("Atlântico"), which was then the largest private sector bank in Portugal. This was followed by a joint takeover bid for the whole share capital of Atlântico. In June 2000, Atlântico was merged into BCP. In 2000, BCP also acquired Império, along with Banco Mello and Banco Pinto & Sotto Mayor.

In 2004, with a view to strengthening its focus on the core business of distribution of financial products and optimising capital consumption, BCP sold insurers Império Bonança, Seguro Directo, Impergesto and Servicomercial to the Caixa Geral de Depósitos group. BCP also entered into agreements with Fortis (now named

Ageas) for the sale of a controlling stake and management control of insurers Ocidental - Companhia Portuguesa de Seguros, S.A., Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Médis - Companhia Portuguesa de Seguros de Saúde, S.A., as well as the pension fund manager PensõesGere - Sociedade Gestora de Fundos de Pensões, S.A.

After the consolidation of its position in the Portuguese banking market, the Bank focused on the development of its retail business in new regions, with the goal of attaining significant positions in emerging markets in Europe and in Africa. The Bank concentrated on businesses with strong growth prospects in foreign markets with a close historical connection to Portugal or that have large communities of Portuguese origin (such as Angola, Mozambique, the United States, Canada, France, Luxembourg and Macao), as well as in markets where the Bank's successful Portuguese business model could be effectively exported to and tailored to suit such local markets (such as Poland, Greece and Romania).

The Bank has pursued a consistent strategy of market segmentation. Until 2003, these segments were served through autonomous distribution networks operating under a variety of brand names. In October 2003, BCP began the process of replacing these brands in Portugal with a single brand name: Millennium bcp. The rebranding in other markets was completed in 2006. All banking operations controlled by BCP are now carried out under the "Millennium" brand. In Portugal, the Bank also operates under the "ActivoBank" brand.

In 2004, the Bank sold its non-life insurance businesses and divested a portion of its life insurance business by entering into a joint venture with Ageas (formerly Fortis), named Millenniumbcp Ageas, of which 51% is held by Ageas and 49% by the Bank.

In this period, the Bank has refocused on operations that it considers core to its business. As part of this refocus, the Bank divested several of its international operations (in France, Luxembourg, United States, Canada, Greece, Turkey and Romania), while retaining commercial protocols to facilitate remittances from Portuguese emigrants in some markets. In 2010, the Bank transformed its Macao off-shore branch into an on-shore branch.

In February 2012, the Bank adopted a management restructuring through the introduction of a one-tier management and supervisory model, in which the Board of Directors includes an Executive Committee and an Audit Committee (the latter comprising non-executive members, in accordance with the applicable law).

In December 2012, the Bank prepared and presented to the Portuguese government a Restructuring Plan, required by national law and by the applicable European rules on matters of State aid. The Restructuring Plan was formally submitted by the Portuguese government to the EC and, In July 2013, the Bank agreed on the plan with the EC, entailing an improvement of the profitability of the Bank in Portugal through continued cost reduction, among other drivers. On September 2013, the Directorate-General for Competition announced its formal decision in connection with its agreement with the Portuguese authorities concerning the Bank's Restructuring Plan. Pursuant to the decision, the Bank's Restructuring Plan was found in compliance with the European Union's rules relating to State aid, demonstrating the Bank's viability without continued State support. The implemented Restructuring Plan aimed at strengthening the Bank's strategy by focusing on its core activities.

In May 2014, as part of a process to refocus on core activities defined as a priority in its Strategic Plan, the Bank announced that it agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (currently jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e. Ocidental – Companhia Portuguesa de Seguros, S.A. and Médis – Companhia Portuguesa de Seguros de Saúde, S.A..

In April 2016, the Bank announced the conclusion of the merger between Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in Angola in terms of loans to the economy, with a market share of approximately 10% in business volume. The entity resulting from this merger ceased to be controlled by BCP.

In January 2017, BCP announced a EUR 1.3 billion rights issue with transferable pre-emptive subscription rights. The aim of this transaction was to bring forward the full repayment of remaining Government Subscribed Securities and the removal of key State-aid related restrictions, including the dividend ban, the risk of potential sale of core businesses and the tail risk of conversion. This transaction was designed to strengthening the balance sheet through the improvement of the CET1 FL ratio and Texas ratio, bringing them in line with new industry benchmarks and above regulatory requirements.

On 27 December 2019, the merger deed of Banco de Investimento Imobiliário, S.A., a wholly-owned subsidiary of Banco Comercial Português, S.A., by incorporation into the latter, was signed, thus completing the incorporation process of Banco de Investimento Imobiliário, S.A. into Banco Comercial Português, S.A..

On 27 August 2019, the Extraordinary General Meeting of Bank Millennium S.A., in which 216 shareholders representing 78.53% of its share capital, participated, approved the merger of Bank Millennium S.A. with Euro Bank S.A.. The completion of the integration of Eurobank S.A. into Bank Millennium S.A. took place in November, with the Bank resulting from the merger now operating under a single brand, a single operating system and a single legal entity.

On 29 June 2021 BCP entered into an agreement with Union Bancaire Privée, UBP SA regarding the sale of the entire share capital of Banque Privée BCP (Suisse) SA ("**Banque Privée**"). The sale of the entire share capital of Banque Privée to Union Bancaire Privée, UBP SA was completed on 2 November 2021. The sale of Banque Privée allows the Group to pursue its strategy of focusing resources and management on core geographies, enhancing their development and thus creating value for stakeholders.

On 29 December 2021, BIM – Banco Internacional de Moçambique, SA (a bank incorporated under Mozambican law in which BCP indirectly holds a stake of 66.69%) formalised the entry into force of a long-term agreement with Fidelidade – Companhia de Seguros, SA, with a view to strengthening capabilities and expanding the offer of insurance through the banking channel (bancassurance) in Mozambique. Under this partnership, the possibility of which was provided for in the memorandum of understanding signed between BCP and the Fosun Group in November 2016, BIM and Fidelidade also formalised the sale by BIM to Fidelidade of shares representing 70% of the share capital and voting rights of Seguradora Internacional de Moçambique, SA, with BIM maintaining approximately 22% of its share capital. BIM and Fidelidade also agreed call and put options with the view of enabling Fidelidade to acquire additional shares, and BIM's shareholding, as a result of these options, may be reduced to 9.9% of SIM's capital. Under the long-term exclusive distribution agreement, BIM will promote the distribution of SIM insurance through the banking channel, continuing to provide its customers with a wide range of competitive insurance products, which is reinforced by the partnership with Fidelidade.

Business Overview

Nature of Operations and Principal Activities

The Group provides a wide variety of banking services and financial activities in Portugal and abroad, where it is present in the following markets: Poland, Mozambique, Angola (through its associate BMA) and China. In Portugal, the Bank's operations are primarily in retail banking, but it also offers a complete range of additional financial services (in accordance with Article 3 of the articles of association of the Bank, which provides that "the purpose of the Bank is to engage in banking activities with such latitude as may be permitted by law"). The Bank also engages in a number of international activities and partnerships.

The Bank's banking products and services include demand accounts, instruments of payment, savings and investments, mortgage loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others. The Bank's domestic retail banking activities are conducted mainly through its marketing and distribution network in Portugal, which follows a segmented approach to the Portuguese retail banking market and serves the diverse banking needs of specific groups of customers. Back-office operations for the distribution network are integrated in order to explore economies of scale.

The Bank has subsidiaries that offer additional financial services, including investment banking, asset management and insurance. These subsidiaries generally distribute their products through the Bank's distribution networks. The Bank's retail banking and related financial services activities, together with its international operations and partnerships, are described in greater detail below.

Strategy

Successfully executing on the priorities and key levers of Millennium's previous Strategic Plan Cycle was crucial for setting the Bank up on a solid normalisation path by significantly reducing its legacy exposures. It also laid important foundations for the future by a substantial acceleration in the Bank's level of digitization.

This trajectory was particularly influenced by developments in Portugal (a 40% reduction of NPEs compared to 2018 and mobile customers up by 48% in 2020) where the Bank managed to recover its volume growth trend (approximately 5% per annum growth in lending and deposits over 2018-20) and increase its share of revenues (+0.6 percentage points in 2018-20) in an environment of margin compression and continued low interest rates.

This progress was impacted by the COVID-19 pandemic which has, *inter alia*, raised credit risk levels. In Poland, moreover, despite a positive operational performance and the swift integration of EuroBank, the bottom-line result was hindered by negative developments in FX mortgages (despite the bank having stopped writing new FX mortgages in 2008).

Going forward, the bank faces an environment of economic turmoil, with the prospects of mild recovery on the immediate horizon promising growth opportunities but with uncertainty as regards the ECB monetary policy and thus an inherent challenge to profitability. Greater customer expectations, more digital and e-commerce activity, the increasing threat of tech platforms and digital attacks and the overriding requirement of sustainability will together present significant challenges but also major opportunities.

The Bank's profitability performance is also constrained by legislative developments in Portugal in relation to contributions to the National Resolution Fund and limitations regarding fair commissions and fees.

In this context, it is necessary to update the Bank's strategic plan, with a particular focus on Portugal Bank Millennium in Poland presented its own Strategic Plan. This update is designed to preserve relevant priorities from the previous cycle, build on what has already been achieved and add new elements that respond to this new environment.

The main targets in the new strategic plan for BCP include achieving robust profitability and balance sheet positions and managing the impact of the pandemic while accelerating its competitive differentiation in efficiency and customer engagement levels, supported by a mix of targeted human interaction and new mobile/digital solutions, enabled by a highly skilled and effective talent base, while at the same time addressing societal sustainability challenges with a focus on climate change risks and the opportunities that may unfold in mitigating them.

The following main strategic priorities for BCP in Portugal have been set out for this new Cycle, preserving a balance between continuity and bolder moves to reinforce its competitive edge and innovation:

– *Serving the financial and protection needs of customers with personalised solutions which combine targeted human interaction with a leading mobile platform*: aiming to expand relevance and develop high engagement relationships that empower BCP's customers in their financial lives. This priority is about serving customers in meeting all of those profitable retail needs in which Millennium holds a leadership position: investment management, bancassurance and personal lending solutions.

- *Being a trusted partner for corporate recovery and transformation*: supporting customers' pursuit of opportunities driven by EU funding to the economy (PRR, PT 2030), while enabling solutions fit for a more digitized, competitive and export-oriented corporate landscape.

- *Capital and risk resilience*: reinforcing BCP's balance sheet and ensuring readiness for the post-pandemic world, strengthening both our risk and capital management practices.

- *Best in class efficiency*: realising cost savings enabled by productivity gains already achieved in the previous Cycle by several transformational changes including the full exploitation of mobile and automated capabilities, increased efficiency in the branch network and tech and data-driven process reengineering and automation.

- *Data and technology edge*: focusing efforts on the implementation of our next-generation data platform while scaling advanced analytics models to gain differentiating mass personalisation capabilities, intelligent automation and informed and agile business and regulatory management. In parallel, the Bank will expand the deployment of its new technology foundations by advancing its cloud platform, using modular IT building blocks augmented by the digital experience platform and new cybersecurity solutions, designed to deliver agility and speed to market, scale, resilience and cost efficiency.

- *Capability building and talent renewal*: reinforcing BCP's ability to attract, develop and retain the best talent to embrace modern challenges in critical domains and adapt working practices to reflect the new paradigm while promoting an equal-opportunity environment.

- *Sustainability-driven*: adapting our business model to increase differentiation towards the community's and our customers' rising expectations of sustainability while capturing associated business opportunities as well as addressing regulatory demands.

Innovation efforts will enable the Bank to explore broader opportunities, going beyond traditional banking, not only in order to go on delivering a superior customer experience but also to support the Bank's income growth and cost-reduction goals.

The execution of these priorities for Portugal will be combined with ongoing efforts to explore prudently the full growth potential of BCP's international operations, continuously looking for ways to optimize their footprint.

This will enable BCP to deliver against a set of bold targets for 2024. The Group aspires to improve cost income ratio (to approximately 40% in 2024) and profitability (aiming at a ROE of approximately 10%). In parallel, BCP will focus on risk management, aiming to significantly lower the cost of risk (to approximately 50 bps) and the NPE ratio (to approximately 4%), while keeping a prudent CET 1 ratio (>12.5%).

Additionally, there will be continued investment in increasing BCP's mobile presence (with a target of more than 65% from 48%) maintaining leading digital customer satisfaction.

Business Model

The internal organisational model of the Bank covers four business areas: Retail, Companies, Asset Management & Private Banking and Business Abroad (Europe, Africa and Other), and two support units: Processes and Banking Services and Corporate Areas.

Regarding the internal organisation and decision-making structure, it is important to note the existence of a series of Commissions and Sub-Commissions directly appointed by the Executive Commission which, apart from the Directors who are specifically entrusted with the monitoring of matters, include the employees of the Bank or Group who are the heads of their respective areas.

As at 14 December 2021, there were 14 Commissions and 2 Sub-Commissions aimed at facilitating the coordination of current managerial decisions, involving the senior management of the units included in each business area, with a view to reconciling perspectives and supporting the managerial decision-making process of the Executive Commission, as follows:

a) *Costs and Investments Commission*: This Commission has the mission of regular follow-ups on the evolution and optimisation of the contracts for the purchase of goods and services which are more significant for the Bank and of the respective negotiations and costs authorisation;

One Sub-Commission operates under the *Costs and Investments Commission, the Costs and Investments Sub-Commission* whose mission is the regular follow-up of the evolution and optimisation of the contracts for the purchase of goods and services which are more significant for the Bank and of the respective negotiations; also issues of opinions or authorisation of costs for all the purchases of goods and services that are not within the competence of the coordinator managers, in accordance with the regulations in effect;

b) *Corporate, Investment Banking and Institutional Banking Commission*: The functions of this Commission are: (i) follow-up of and decision-making on the activity related to Company Clients, Corporate and Large Corporate, public sector, Institutional and Investment Banking for analysis of objective fulfilment levels; (ii) definition and approval of the business activities priorities; (iii) assessment of the business context and proposal of commercial actions that are appropriate for each clients specific segment; (iv) assessment of the business main risk indicators; (v) assessment of the models for the articulation of the business concerning its migration in the value proposal and the interconnection of the bank's networks; and (vi) generating opportunities through cross networking with other business units of the Millennium bcp Group;

c) *Human Resources Commission*: The primary mission of this Commission is the definition of the strategy and approval of the Bank's human resources policies, including the overview of the top 10 Key Performance Indicators ("**KPIs**"), contracts and internal mobility, span of control, compensation, benefits and recognition programmes. The Human Resources Commission is internally aiming to reinforce the culture, strategic alignment and mobilisation, and externally, in terms of value proposal and image, as well as the approach/relationship with relevant stakeholders, and the identification of policies, practices and systems to introduce/recommend actions in other countries where the Group operates are also functions of this Commission;

d) *Retail Commission*: This Commission is entrusted to management and monitors the Retail business with the purpose of ensuring a value proposal and a distribution model that allows the Bank to comply with its priorities, particularly in terms of profitability and management of the offer provided to customers. This Commission also analyses the main indicators for products and services and the decisions on changes to the Bank's product range, as well of the main indicators for quality and customer experience, claims and customer satisfaction (external and internal);

e) *Compliance and Operational Risks Commission*: The main mission of this Commission is monitoring the activity of the Bank and/or of the branches/subsidiaries of the Group in each jurisdiction, regularly coordinating and managing the policies and obligations of the Bank and/or of the branches/subsidiaries of the Group, in order to ensure compliance with the legal and compliance regulations, the alignment of the Group strategies and the setting of priorities; monitoring the risk management framework (including IT and Outsourcing risks), ensuring its application in the Group's operations; monitoring the exposure to the operational risks and the status of the implementation and efficiency of the actions identified to strengthen the internal control environments; monitoring the management and improvement of the Bank's processes, in order to monitor and reduce the levels of exposure to compliance and operational risks;

f) *Capital Assets and Liabilities Management Commission* (*CALCO*): This Commission is entrusted with (i) the establishment of the Bank's global policy for the allocation of capital and management of structural market and liquidity risks; (ii) monitoring and managing market risks associated to assets and liabilities, planning and making capital allocation proposals and proposals to define policies for liquidity and market risk management, in terms of the Group consolidated balance sheet;

g) *Credit Commission*: This Commission decides on credit proposals transversally related with the banking activity of the Group and issues an advisory opinion on the credit proposals made by entities operating abroad and part of the Group;

h) *Risk Commission*: The main duty of this Commission is the definition of the framework and of the Group's risk management instruments and policies, establishing the respective principles, rules, limits and practices for the Group's entities, taking into account the risk thresholds set forth in the Risk Appetite Statement ("**RAS**"). This commission is responsible for monitoring (i) compliance of the group´s risk levels with the RAS, (ii) global risk levels for all types of risk (particularly the credit, market, and liquidity risks), ensuring that these are compatible with the goals, financial resources available and strategies approved for the development of the Group's activity, and (iii) if the management of risks complies with the applicable legislation/regulations;

i) *One Sub-Commission operates under the Risk Commission*, the Monitoring and Validation of Models Sub-Commission, that monitors and confirms the validity of the various models used by the Bank's risk management function, including the technical analysis of models, indicators and monitoring results, qualitative validations, back testing, benchmarking and analysis of adequacy and adhesion to the reality meant to be modelled. It also identifies the measures necessary to improve model quality and propose to the Risk Commission the methodology to assess model risk and respective tolerance level;

j) *Pension Funds Risk Monitoring Commission*: This Commission is entrusted for monitoring the performance and risk of the Group's pension funds and the establishment of appropriate investment policies and hedging strategies;

k) *Security, Quality and Data Protection Commission*: The primary mission of this Commission is integrated management of the Group's security policies and business continuity and follow-up of the main security risks, policies, data quality processes inherent to the protection and quality of data and of the initiatives to be developed in this particular area. This Commission resolves on matters related with the management and adoption of security policies and procedures, of business continuity, protection and data quality, definition of safety requirements and Disaster Recovery Plan and business continuity (BCPlan) annual exercises. This Commission is namely responsible for: (i) periodical review of emerging threats and more relevant trends in terms of information and IT safety, particularly focusing on cyber-security, promoting, when recommended, the evaluation of new protection controls and solutions; and (ii) revision of the results on the security evaluation and business continuity, including internal and external audits and supervision of the improvement processes and completion of associated recommendations.

l) *Credit and Non-Performing Assets Monitoring Commission*: The objective of this Commission is to follow-up the evolution of the credit exposures, foreclosed assets and of their quality, as well as of the main risk and performance indicators. For this purpose, this Commission: (i) monitors the evolution of credit exposure and the credit underwriting process; (ii) monitors the evolution of the credit portfolio's quality and of the main performance and risk indicators; (iii) monitors the results achieved by the credit monitoring systems; (iv) follows-up the counterparty risk and the largest exposures concentration risk; (v) monitors the impairment evolution and the main cases of individual analysis; (vi) assesses the performance of the recovery procedures and (vii) monitors the divestment in the foreclosed assets portfolio;

m) *Sustainability Commission*: the mission of this Commission is the definition and the monitoring of the initiatives that will allow the implementation of the Sustainability Master Plan (SMP) in compliance with the guidelines of the Plan approved by the Executive Committee. Always abiding by the internal regulations applicable to each Commission and by the functions and competences defined in the respective regulations, the competences that the Board of Directors has not reserved for itself or for the Audit Committee, for the Committee for Risk Assessment, for the Committee for Nominations and Remunerations and for the Committee for Corporate Governance, Ethics and Professional Conduct, are delegated to the Sustainability Commission. However, the aforementioned delegation is subject to the condition that any of the executive directors attending the Sustainability Commission decide that the subject should be submitted to the Executive Committee for resolution;

n) *Corporate Risk Monitoring Commission*: the functions of this Commission are to monitor the evolution recorded by the main performing credit exposures of corporate clients, particularly assessing the implications of the Covid-19 pandemic versus the specific risk factors of each client (activity sector, prior Covid-19 financial standing, costs structure, etc), issuing opinions regarding the credit strategy to be adopted; and to follow-up the counter party risk and the largest exposures concentration risk; and

o) *Private Banking and Investment Products & Services Commission*: the objective of this Commission is the management and follow-up of the Private Banking business with the purpose of ensuring a value proposal and distribution model that allows the Bank to comply with its priorities, particularly in terms of profitability and management of the offer provided to customers. Monitoring and follow-up of the investment products and services sold in the Private Banking network. This Commission may resolve on the following matters: (i) the Private Banking value-proposal; (ii) the Private Banking distribution model, including the priorities to be defined for the Commercial Network; (iii) the Private Banking's offer, including recommendations addressed to the areas involved in the development and management of investment services and products, including deciding on the analysis of transactions, as well as the approval of the products that should appear in the Execution Display.

Other Financial Services in Portugal

Mortgage Lending

The Bank entered the mortgage lending business in 1992, when it launched, in association with Cariplo – Cassa di Risparmio delle Provincie Lombarda S.p.A. (now a part of the Italian financial group Banca Intesa), an autonomous mortgage bank, Banco de Investimento Imobiliário, S.A. ("**BII**"). BII was 69.9% owned by the Group, with the remaining 30.1% being owned by Banca Intesa. BII previously distributed its mortgage products through the Bank's marketing and distribution networks, as well as through its own retail outlets. On 21 September 2005, the Bank reached an agreement with Banca Intesa for the unwinding of the joint venture arrangements in relation to BII. In October 2005, the Bank acquired 30.1% of the capital of BII owned by Banca Intesa, becoming the sole shareholder of BII. BII was running a book of outstanding mortgage credit originating from mid-2007, which will progressively be reduced over time. On 27 December 2019, the merger deed of BII, a wholly-owned subsidiary of the Bank, by incorporation into the latter, was signed, thus completing the incorporation process of BII into the Bank.

Online Banking

ActivoBank is a leading internet bank in Portugal. Launched in 2010, ActivoBank offers a streamlined and convenient service with an emphasis on emerging distribution and communication channels (e.g. internet banking, mobile banking). ActivoBank targets younger, technologically savvy customers who prefer simple, modern banking products and services.

ActivoBank's main goal is to maintain a strong focus on its online presence through its website and social media. The pillar of ActivoBank's client relationship is based on online channels, despite also having 16 physical

branches, as at 31 December 2021. ActivoBank was the first Portuguese bank to launch an exclusive application for smartphones. ActivoBank continues to invest heavily in developing new services and features, in alignment with new trends, with a primary emphasis on innovation.

Insurance

The Bank has an interest in insurance activities through Millenniumbcp Ageas, a joint venture with Ageas for bancassurance business in Portugal. On 26 May 2014, as part of a process aiming to refocus on core activities defined as a priority in its Strategic Plan, the Bank announced that it had agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (at that time jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e. Ocidental – Companhia Portuguesa de Seguros, S.A. and Médis – Companhia Portuguesa de Seguros de Saúde, S.A. Currently, the Group holds 49% of Millenniumbcp Ageas' share capital in the life insurance business, while the remaining 51% is held by Ageas.

On 28 July 2014, the Bank announced about the qualifying holding of Ageas and Ocidental Vida that was a result of Ageas and Ocidental Vida having subscribed, respectively, 280,490,558 and 408,855,693 ordinary shares in the rights issue launched by the Bank on 27 June 2014, pursuant to the subscription rights attributed to them considering their participation in BCP prior to the rights issue of 156,623,179 shares in case of Ageas and of 233,631,825 shares in case of Ocidental Vida. Following the settlement of the rights issue on 23 July 2014 and allotment of the oversubscription on 24 July, the number of shares held by Ageas increased to 437,113,737 and the number of shares held by Ocidental Vida increased to 652,087,518, thus the Ageas Group increased its participation to 1,089,201,255 shares that correspond to 2.01% of the issued share capital and of voting rights of the Bank.

On 16 June 2015, the Bank announced to have received a notification from Ageas Group informing that its holding in the share capital of the Bank had fallen below the 2% threshold of qualifying holding. The dilution of the former qualifying holding was a result of the Bank's exchange offer of some of its subordinated debt and preference shares for ordinary shares, causing the issuance of 4,844,313,860 new shares, which increased the total outstanding ordinary shares in BCP to 59,039,023,275. At that date, the Ageas Group's holding was 1.84%.

Foreign Business

BCP has concentrated on those businesses with strong growth prospects in foreign markets with a close historical connection to Portugal or that have large communities of residents with a Portuguese heritage (such as Angola and Mozambique), as well as in markets to which the Bank's successful business model in Portugal can be effectively exported and tailored to suit local markets, in particular in Poland.

Poland

In Poland, the Bank operates through Bank Millennium, S.A. ("**Bank Millennium**"), and focuses its offerings on individuals and small and medium-sized companies. Bank Millennium is a fullservice national bank which, jointly with its subsidiaries, offers a complete range of financial products and services, including deposit-taking, savings and investment products, short-, medium- and long-term lending (including mortgage lending and consumer credit), debit and credit cards, fund transfers and other payment methods, mutual funds, insurance, leasing, treasury services and money market transactions.

In 1998, the Bank entered into a partnership agreement with the Polish financial group, BBG, pursuant to which the Bank launched a retail operation with BBG in the Polish market under the "Millennium" brand.

The Bank currently owns 50.1% of Bank Millennium.

On 17 October 2018, Bank Millennium took over management of the assets of Spółdzielcza Kasa Oszczędnościowo-Kredytowa Piast ("**SKOK Piast**") (Cooperative Credit Union SKOK Piast), based on a decision of the Polish Financial Supervision Authority, and, on 1 November 2018, Bank Millennium acquired SKOK Piast. Bank Millennium joined other banks involved in the SKOK turnaround process supported by the Polish Financial Supervision Authority and the Bank Guarantee Fund. The acquisition of SKOK Piast corresponded with efforts to ensure stability of the national financial system and to ensure safety for all clients of financial institutions in Poland.

In 2019, the merger of Bank Millennium with Eurobank was approved, on an Extraordinary General Meeting of Bank Millennium. The completion of the integration of Eurobank into Bank Millennium took place on 27 December 2019, with the Bank Millennium being the surviving entity from the merger and now operating under a single brand, a single operating system and a single legal entity.

Bank Millennium acquired a 99.79% stake in Eurobank from Société Générale Financial Services Holding ("**SocGen**"), a subsidiary of Société Générale S.A. The completion of the integration of Eurobank into Bank Millennium took place on 27 December 2019.

Bank Millennium stopped granting mortgage loans in foreign currencies in 2009. Consequently, the Polish foreign exchange ("**FX**") mortgage loans are a mature portfolio, constantly decreasing according to the repayment rate and with a low impairment ratio and high coverage by provisions. As at 31 December 2021, Bank Millennium's foreign exchange mortgages amounted to approximately 11% of the Polish bank's loan book (EUR 2.6 billion), which represents 4.5% of the Group's total loans. On top of these, there are also PLN 1.5 billion (approximately EUR 330 million) CHF indexed mortgages from Eurobank but the litigation/political risk on this portfolio is covered by a 20-year indemnity provided by SocGen, which also provided a 10-year guarantee on 80% of the credit risk on that portfolio. FX mortgages represent 7% of its Polish subsidiary total gross loans (approximately 8% market share).

On 3 October 2019, the CJEU issued a judgment on Case C-260/18, responding to the request for a preliminary ruling from District Court of Warsaw in the lawsuit against Raiffeisen Bank International AG. The judgment of CJEU regarding the interpretation of European Union Law, is binding to the national judge who proceeded with the preliminary ruling, and this interpretation must be accepted by the other community judges who rule on the application of the same rules.

The referred judgment was based on the interpretation of Article 6 of Directive 93/13, concluding that it must be the following: (i) the national court can declare null a loan agreement if the removal of abusive terms detected compromises the subject matter of the agreement; (ii) the effects on the consumer's situation resulting from the annulment of the agreement must be assessed in the light of the existing or foreseeable circumstances at the time of the decision of the dispute, and the will of the consumer is decisive as to whether they wish to maintain the agreement; (iii) Article 6 prevents the integration of gaps in the contract caused by the removal of unfair terms from it solely on the basis of national legislation of a general nature or established customs; and, (iv) Article 6 precludes the maintenance of unfair terms in the contract which, at the time of the decision of the dispute, are objectively favourable to the consumer, in the absence of an express manifestation to that effect by the latter. It can be inferred from this decision that the CJEU considered doubtful the possibility of a loan agreement remaining in force in PLN while interest is calculated in accordance with LIBOR.

The CJEU's judgment applies only to situations where the national court has previously found the contract terms to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a certain contract term can be qualified as abusive in the specific circumstances of the lawsuit.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A. in which the CJEU said that:

i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

ii) the terms of Directive 93/13 must be interpreted as meaning that, first, they do not preclude the national court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by that directive is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. Second, those provisions preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance, which it is for that court to determine;

iii) the consequences of a judicial finding that a term of a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

iv) it is for the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, to inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 7 May 2021, the Supreme Court, composed of seven judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

i) an abusive contractual clause (art. 3851 § 1 of the Civil Code of Poland), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively;

ii) if without the ineffective clause the loan agreement cannot be binding, the consumer and the lender may apply for separate claims for reimbursement of all amounts paid to the other part under the loan agreement (art. 410 § 1 in relation to art. 405 of the Civil Code of Poland). The lender may demand the reimbursement of outstanding amounts from the moment the loan agreement becomes permanently ineffective.

In this context, taking into consideration the recent unfavourable evolution to creditors of the court verdicts regarding FX-indexed mortgage loans, and if such a trend continues, Bank Millennium will have to regularly review the provisions allocated to court litigations and it may need to reinforce them.

It can be reasonably assumed that the legal issues relating to FX-indexed mortgage loans will be judged by national courts within the framework of the disputes considered, which could result in new legal interpretations relevant for the assessment of the risks associated with the subject matter of these proceedings. This circumstance justifies the need for constant monitoring of these matters. Further requests for clarification and ruling addressed to the CJEU and the Supreme Court of Poland with potential impact on the outcome of the court cases have already been filed and others may also be filed.

On 29 January 2021, a set of questions was published and addressed by the First President of the Supreme Court to the Civil Chamber of the Supreme Court, which may have important consequences in terms of clarifications of relevant aspects of the court rulings and their consequences. The Civil Chamber of the Supreme Court was requested to respond to certain requirements related to FX-indexed mortgage agreements: (i) is it permissible to

replace - through legal or customary provisions - the abusive provisions of an agreement which refer to FX exchange rate determination; moreover, (ii) in case of the impossibility of determining the exchange rate of a foreign currency in the indexed/denominated loan agreement - is it possible to keep the agreement in force in its remaining scope; as well as, (iii) if, in case of invalidity of the CHF loan agreement, the theory of equity would be applicable (i.e., does a single claim arise which is equal to the difference between value of claims of bank and the customer), or the theory of two conditions (separate claims for the bank and for the client that should be dealt with separately). The Supreme Court was also requested to comment on (iv) the determination of the moment from which the limitation period should start counting in case of a claim being filed by a lending bank for repayment of borrowed amounts and, (v) whether banks and consumers may receive remuneration on their pecuniary claims on the other party arising from the contract.

On 11 May, the Civil Chamber of the Supreme Court requested opinions on Swiss franc mortgage loans from five institutions, including the National Bank of Poland, the Polish Financial Supervision Authority, the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman.

The positions of the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman are in general favourable to consumers, while the National Bank of Poland and the Polish Financial Supervision Authority present a more balanced position, including fair principles of treatment of FX mortgage borrowers vis-à-vis PLN mortgage borrowers, as well as balanced economic aspects regarding solutions for the problem that could be considered by the Supreme Court.

In the meeting of the Supreme Court that took place on 2 September 2021, the Court did not address the answers to the submitted questions and no new meeting date is known. Bank Millennium will assess in due time the implications of the decisions of the Supreme Court on the level of provisions for the legal risk.

In August 2021, CJEU was asked for a preliminary ruling (C-520/21) whether, in the event that a loan agreement concluded by a bank and a consumer is deemed invalid from the beginning due to unfair contract terms, the parties, in addition to the reimbursement of the money paid in contracts (bank - loan capital, consumer - instalments, fees, commissions and insurance premiums) and statutory interest for delay from the moment of calling for payment, may also claim any other benefits, including receivables in particular, remuneration, compensation, reimbursement of costs or valorization of the performance.

Notwithstanding the above, there are a number of questions addressed by Polish courts to the European Court of Justice which may be relevant for the outcome of the court disputes in Poland.

The subject matter questions relate, in particular, to:

- the possibility of replacing an abusive contractual clause with a dispositive law provision;
- the limitation period of consumer claims concerning reimbursement of benefits made as performance of an agreement which has been declared to be invalid;
- the possibility of declaration by the Court of abusive nature of only part of a contractual provision.

With the scope of settlements between Bank Millennium and borrower following the loan agreement being declared invalid is also connected the legal issue related with the seven-person composition of the Supreme Court (case sign: III CZP 54/21). The date of case review has not been specified yet.

The Supreme Court was also presented with the issue of whether the loan agreement is a mutual agreement in the light of the regulations concerning retention right.

On 8 December 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority (PFSA), proposed a sectoral solution to address the sector risks related to FX-indexed mortgages. The solution would consist in banks offering to their clients a possibility of concluding liability settlement agreements based on which

a client would conclude with the bank a settlement as if the loan had been, from the very beginning, a PLN-indexed loan, bearing interest at an appropriate WIBOR rate, increased by the margin historically employed for such loans.

Following that public announcement, the idea has been the subject of consultations between banks under the auspices of the PFSA and Polish Bank Association. Banks are assessing the conditions under which such a solution could be implemented and the consequent impacts.

In the view of Bank Millennium's Management Board, important aspects to be taken into consideration when deciding on potential implementation of such program are: a) the favourable opinion or, at least, non-objection from important public institutions; b) support from the National Bank of Poland (NBP) for the implementation; c) level of legal certainty of the settlement agreements to be signed with the borrowers; d) level of the financial impact on a pre- and after tax basis; and e) capital consequences, including regulatory adjustments in the level of capital requirements associated with FX-indexed mortgage loans.

Based on current information, some of the abovementioned aspects are not likely to be fully clarified and/or achieved.

At the time of publishing the Group's Consolidated Report, neither its Management Board nor any other corporate body of Bank Millennium or of the Bank has taken any decision regarding the implementation of such a program. For this reason, the potential effects of this matter were not reflected in the determination of the provision. If, or when, a recommendation regarding the program is ready, Bank Millennium's Management Board will submit it to the Supervisory Board and General Shareholders' meeting, taking into consideration the relevance of such decision and its implications.

Bank Millennium conducted a survey among its customers, in cooperation with an external reputed company, regarding the willingness to accept settlement in the terms of the sector solution put forward by the Chairman of KNF. 49% of clients enquired were preliminarily interested in benefiting from the proposal, while 25% were not able to clearly express their opinion and 26% would not take such offer.

According to current calculations, implementation of a solution whereby loans would be voluntarily converted to PLN as if they had been a PLN loan from the very beginning, bearing interest at an appropriate WIBOR rate, increased by the margin historically employed for such loans, could imply provisions for the losses resulting from conversion of such loans (if all the then existing portfolio would be converted) with a pre-tax impact between PLN 4,390 million (EUR 957.70 million) to PLN 4,848 million (EUR 1,057.61 million) (non-audited data). The impacts can significantly change in case of variation of the exchange rate and other various assumptions. Impacts on capital could be partially absorbed and mitigated by the combination of the existing surplus of capital over the current minimum requirements, the reduction of risk-weighted assets and the decrease or elimination of the Pillar 2 buffer.

Due to the complexity and uncertainty regarding the final verdict of these lawsuits, as well as the possible implementation of the solution suggested by the Chairman of KNF, as well as the uncertainty of the awaited Supreme Court or European Court of Justice decisions, it is difficult to accurately estimate the potential impacts of such outcomes and their influence on the date of publication of the Group's financial statements.

As at 31 December 2021, Bank Millennium had 11,070 loan agreements and, additionally, 913 loan agreements from former Euro Bank, S.A. the subject of individual ongoing proceedings (excluding claims submitted by Bank Millennium against clients, i.e., debt collection cases) concerning indexation clauses of FX-indexed mortgage loans, submitted to the courts (94% with courts of first instance and 6% with courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 1,512.4 million (EUR 329.94 million) and CHF 121.3 million (EUR 117.07 million) Bank Millennium portfolio: PLN 1,391.9 million (EUR 303.65 million) and CHF 119.0 million (EUR 114.85 million); former Euro Bank, S.A. portfolio: PLN 120.4 million (EUR 26.27 million) and CHF 2.22 million (EUR 1.76 million).

The claims by the clients in individual cases refer mainly to the declaration of nullity of the contract and the obligation to reimburse, due to the alleged abusive nature of the indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, Bank Millennium is a party to a group proceeding (class action) which aims to determine Bank Millennium's liability towards the group members based on alleged unjust enrichment (undue benefit) in connection with FX-indexed mortgage loans. It is not a lawsuit requesting the payment of a certain amount of indemnity. The judgment that may be issued in this case, if unfavourable to Bank Millennium, will not grant per se any credit rights required by the group members of this class action. The number of loan agreements covered by these proceedings is 3,281. At the current stage, the composition of the group members of this class action has been established and confirmed by the court. A decision on the admission of evidence will be taken by the court at a closed session. The next hearing is yet to be scheduled.

In December 2021, Bank Millennium recorded net income totalling EUR -291.9 million which compares to EUR 5.1 million in 2020.

Banking income was down 1.4% to EUR 709.8 million in December 2021, negatively influenced by the performance of net interest income and commissions, which increased 2.6% and 8.8%, respectively, versus December 2020. However, other income decreased from EUR -27.3 in 2020 to EUR -67.0 million in 2021. Operating costs recorded a decrease of 6.3% to EUR 330.2 million, due to the decrease in staff costs (-7.0%) and in other costs (-5.5%). The cost-to-income ratio[24] stood at 46.2% and ROE was -16.3%. The cost of risk stood at 37 basis points accrued since the beginning of the year and the loans to deposits ratio at around 86%. Bank Millennium keeps comfortable levels in terms of capital, liquidity and asset quality. The Total Consolidated Capital Ratio of Bank Millennium stood at 17.1% and CET1 at 14.0%, comfortably above of the minimum capital regulatory thresholds.

As at 31 December 2021, customer funds stood at to EUR 21,912 million, an increase of 10.7% versus 31 December 2020. Loans to Customers (gross) increased 6.3% to EUR 17,739 million (EUR 17,6 billion recorded in "Financial assets at amortised cost – Loans and advances to Customers"; EUR 79 million (gross amount without considering fair value adjustments) recorded in "Financial assets at fair value through profit or loss – Financial assets not held for trading mandatorily at fair value through profit or loss"). The number of employees totalled 7,079 at the end of December 2021. On that date, the Issuer had 655 branches, 47 less than in December 2020.

Mozambique

The Bank has had banking operations in Mozambique since 1995. BIM - Banco Internacional de Moçambique, S.A. ("**Millennium bim**" or "**BIM**") is the second Mozambique's largest bank in terms of assets, loans and deposits market shares (Source: Central Bank of Mozambique). The 3 pillars of the strategic plan of Millennium bim for 2018 are: Human resources; Management of risk, ensuring i) prudence in liquidity management, ii) reduction of the exposure to high risk clients, replacing it with new credit with a better risk and iii) providing support to clients in a proactive manner to avoid default situations and, consequently, recording impairments; and earnings, maintaining i) focus on increasing the number of clients as a way to ensure a sustained net income, ii) reduction of operating costs in spite of the inflationary context and currency depreciation, and iii) good solvency and efficiency ratios, ensuring the achievement of a solid and distinctive position in the market.

On 29 December 2021, BIM formalised the entry into force of a long-term agreement with Fidelidade – Companhia de Seguros, SA, with a view to strengthening capabilities and expanding the offer of insurance through the banking channel (bancassurance) in Mozambique. Under this partnership, the possibility of which was provided for in the memorandum of understanding signed between BCP and the Fosun Group in November 2016, BIM and Fidelidade also formalized the sale by BIM to Fidelidade of shares representing 70% of the share capital and voting rights of Seguradora Internacional de Moçambique, SA, ("**SIM**") with BIM maintaining approximately

[24] As used in this Offering Circular, "cost to income ratio" means operating costs divided by net operating revenues

22% of its share capital. BIM and Fidelidade also agreed call and put options with a view to enabling Fidelidade to acquire additional shares, and BIM's shareholding, as a result of these options, may be reduced to 9.9% of SIM's capital. Under the long-term exclusive distribution agreement, BIM will promote the distribution of SIM insurance through the banking channel, continuing to provide its customers with a wide range of competitive insurance products, which is reinforced by the partnership with Fidelidade. The amount received by BIM for the sale of 70% of SIM is EUR 46.8 million. Considering this value, the operation had a (positive) impact on BCP's consolidated results for the current year, on a pro forma basis as of 11/30/2021, of approximately EUR 5.2 million and a positive impact on the consolidated CET1 ratio and in the total capital of 7 basis points.

During 2021, Millennium bim recorded a net income of EUR 95.6 million, a 43.0% increase when compared to the same period of the previous year. In this period, banking income[25] increased by 12.3% amounting to EUR 210.4 million, driven by the increase of net interest income (+11.1%), commissions (+13.3%) and other income (+21.1%). Operating costs increased 5.7% to EUR 91.6 million, and cost-to-income stood at 43.5%. ROE stood at 19.8%. Loan impairment amounted to EUR 52.2 million (EUR 38.9 million recorded in December 2020) and the cost of risk increased from 503 basis points to 72 basis points. As at 31 December 2021, Millennium bim had a capital ratio of 44.8%.

Total customer funds in 31 December 2021 stood at EUR 1,894 million, up from EUR 1,524 million, recorded in 31 December 2019, showing an increase of 24.3%. Loans to customers (gross) amounted to EUR 626 million in December 2021, compared to EUR 527 million in December 2020, an increase of 18.8%.

As at 31 December 2021, Millennium bim had 199 branches, the same as in 2020. At that date, the bank had 2,496 employees (excluding employees from SIM, the insurance company) and had 2,591 employees as at 31 December 2020.

Angola

BMA was incorporated on 3 April 2006, as a result of the transformation of the BCP branch in Angola into a bank incorporated under the laws of the Republic of Angola.

In February 2009, the Bank carried out financial transactions relating to the strategic partnership agreements established with Sonangol (a company that held, as at 30 June 2017, 15.24% of the Bank's share capital and voting rights) and Banco Privado Atlântico, S.A. ("**BPA**") (in which BMA held a shareholding of 6.66%), as a result of which the Bank reduced its stake in BMA to 52.7% through BMA's share capital increase of USD 105,752,496.80.

In April 2012, the Bank reduced its stake in BMA to 50.1%, following BMA's share capital increase, which was fully subscribed to by Global Pactum - Gestão de Activos (main shareholder of BPA), in line with the partnership agreement entered into with Sonangol and BPA. Within the scope of this partnership, the Bank, Sonangol and BPA entered in May 2008 into a shareholders' agreement regarding BMA, which included, among others, clauses on corporate bodies and preferential rights in case of transfer of BMA's shares.

On 8 October 2015, the Bank announced it had signed a memorandum of understanding with the main shareholder of BPA for the merger of BMA with BPA. The public deed for the merger was executed on 22 April 2016. Following the merger, BCP owns 22.5% of the share capital of Banco Millennium Atlântico.

In the context of the BMA merger with BPA, BMA was considered a discontinued operation in March 2016. As of the completion of the merger in May 2016, the new merged entity in which the Bank maintains a 22.5% shareholding, Banco Millennium Atlântico, is consolidated using the equity method.

Banco Millennium Atlântico contribution to BCP Group earnings in 31 December 2021 was EUR -10.9 million which compares to EUR -7.2 million in 31 December 2020 and EUR 2.5 million in December 2019.

[25] "Banking income" or "net operating revenues" is the sum of net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

Macao

The Group's presence in Macao goes back to 1993, initially through an offshore license. In 2010, the Group began operating its first fully licensed (on shore) branch in Macao. This branch is directed at providing services to the Bank's network through support to individual and company Customers, broadening the base of local customers and expanding the activity around the China-Macao-Portuguese speaking countries platform, focusing on the offer of investment banking services.

As at 31 December 2021, customer funds stood at EUR 447 million and gross loans reached EUR 823 million. In December 2021, net income amounted to EUR 13.1 million.

Other

The Bank also has nine representative offices (one in the United Kingdom, three in Switzerland, two in Brazil, one in Venezuela, one in China in Canton and one in South Africa), and five commercial protocols (Canada, United States, Spain, France and Luxembourg).

International Partnerships

Ageas

In 2005, the Group and Fortis (currently, Ageas) established a joint venture for bancassurance business, through the insurance company Millennium bcp Fortis (currently, Millenniumbcp Ageas). The Group holds 49% of Millenniumbcp Ageas' share capital, while the remaining 51% is held by Ageas. In September 2005, Ageas increased its shareholding in the Bank to 4.99%. As a consequence of the two Bank share capital increases that took place in 2006, Ageas' shareholding in the Bank decreased to 4.94%. In September 2007, Ageas disposed of its qualifying holding in the share capital of the Bank.

On 26 May 2014, the Bank announced that, as part of a process aiming to refocus on core activities defined as a priority in its Strategic Plan, it had agreed with the international insurance group Ageas to partially recast the strategic partnership agreements entered into in 2004. These include the sale of its 49% interest in the (at that time jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e. Ocidental-Companhia Portuguesa de Seguros, S.A. and Médis - Companhia Portuguesa de Seguros de Saúde, S.A., for a base price of EUR 122.5 million, subject to a medium term performance adjustment. In 2013, the non-life activity posted gross inflows of EUR 251 million and a net profit of EUR 12 million.

On 28 July 2014, the Bank announced that Ageas, on behalf of itself and its subsidiary Ocidental-Companhia Portuguesa de Seguros de Vida, S.A. ("**Ocidental Vida**"), had acquired a qualifying holding in the share capital of the Bank. The qualifying holding was a result of Ageas and Ocidental Vida having subscribed, respectively, 280,490,558 and 408,855,693 ordinary shares in the rights issue launched by the Bank on 27 June 2014, pursuant to the subscription rights attributed to them considering their participation in the Bank prior to the rights issue (156,623,179 shares in case of Ageas and of 233,631,825 shares in case of Ocidental Vida).

Following the settlement of the rights issue, on 23 July 2014, and allotment of the oversubscription, on 24 July, the number of shares held by Ageas increased to 437,113,737 and the number of shares held by Ocidental Vida increased to 652,087,518, thus Ageas Insurance International Group (i.e. Ageas and Ocidental Vida) increased its participation to 1,089,201,255 shares that correspond to 2.01% of the issued share capital and of voting rights of BCP.

On 16 June 2015, the Bank announced that it had received an announcement from Ageas, issued on behalf of itself and Ocidental Vida, informing that Ageas Insurance International Group (i.e. Ageas and Ocidental Vida) holding in the share capital of the Bank had fallen below the 2% threshold of qualifying holding (1.84%). The dilution of the former qualifying holding is a result of BCP's exchange offer of some of its subordinated debt and preference

shares for ordinary shares, causing the issuance of 4,844,313,860 new shares, which increased the total outstanding ordinary shares in BCP to 59,039,023,275.

Sonangol and BPA

Following the announcement made by the Bank on 8 October 2015, the Bank informed on 25 April 2016 that the public deed for the merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A. had been executed.

Recent developments in 2022

On 26 January 2022, the Bank announced that it was notified by Bank Millennium about the creation of additional provisions against legal risk related to the foreign exchange ("FX") mortgage loans portfolio, according to the following report: "The Management Board of Bank Millennium S.A. ("the Bank") informs that it took a decision to create in its fourth quarter 2021 accounts, PLN 661.8 million of provisions for legal risk connected with FX mortgage loans originated by the Bank. Additional PLN70.2 million provisions will also be created against legal risk related to the loan book originated by Euro Bank, S.A. but without a bottom line impact. The provisions reflect the continuing negative trends in court decisions, inflow of new court cases and resultant changes in the Bank's legal risk assessment methodology. As a result of this level of provisions, despite solid operating performance, the Bank expects a negative net result in the fourth quarter of 2021" (which was later confirmed).

On 4 February 2022, the Bank announced that, under the context of the Supervisory Review and Evaluation Process (SREP), it was notified of the decision of the ECB regarding minimum prudential requirements to be fulfilled on a consolidated basis from 1 March 2022. In addition, the Bank was informed by the Bank of Portugal on its capital buffer requirement as "other systemically important institution" (O-SII).

The ECB's decision prescribes the following minimum ratios as a percentage of total risk weighted assets ("**RWA**") from 1 March 2022:

The ECB's decision prescribes the following minimum ratios as a percentage of total risk weighted assets (RWA) from March 1, 2022:

	Sep. 30, 2021*	Minimum capital requirements							
BCP Consolidated	Fully implemented	Phased-in 2022	Of which:			Fully implemented	Of which:		
			Pillar 1	Pillar 2	*Buffers*		Pillar 1	Pillar 2	*Buffers*
CET1	11.8%	9.16%	4.50%	1.41%	3.25%	9.41%	4.50%	1.41%	3.50%
Tier 1	13.0%	11.13%	6.00%	1.88%	3.25%	11.38%	6.00%	1.88%	3.50%
Total	15.2%	13.75%	8.00%	2.50%	3.25%	14.00%	8.00%	2.50%	3.50%

**Including unaudited earnings for the first nine months of 2021.*

Buffers include the conservation buffer (2.5%), the countercyclical buffer (0%) and the buffer for other systemically important institutions (O-SII: 0.75%). The Bank was granted an additional year (1 January 2023) to fulfill the future O-SII reserve requirement of 1.00%, as communicated by Banco de Portugal on its website on 30 November 2021.

Lastly, considering its capital ratios as of 30 September 2021, the Bank complied with the minimum capital ratio requirements for CET1 (Common Equity Tier 1), Tier 1 and total ratio.

On 13 April 2022, the Bank announced that it was notified by Bank Millennium S.A. in Poland, in which the Bank holds a 50.1% stake, about the creation of additional provisions against legal risk related to the FX mortgage loans portfolio, according to the following report: "*The Management Board of Bank Millennium S.A. ("the Bank") informs that it took a decision to create in its 1st quarter 2022 accounts, PLN 451.2 million of provisions for legal*

risk connected with FX mortgage loans originated by the Bank. Additional PLN48.0 million provisions will also be created against legal risk related to the loan book originated by Euro Bank, S.A. but without a bottom line impact. The provisions reflect the continuing negative trends in court decisions, inflow of new court cases and resultant changes in the Bank's legal risk assessment methodology. As a result of this level of provisions, despite solid operating performance, the Bank expects a negative net result for the 1st quarter of 2022. More information about the legal risk and 1st quarter 2022 financial results will be disclosed in a periodical report scheduled for April 26, 2022".

On 4 May 2022, the Bank concluded, exclusively through electronic means and with 64.31% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

- Item One – Approval of the individual and consolidated Annual Report, balance sheet and financial statements of 2021, and the Corporate Governance Report, that includes a chapter on the remuneration of the management and supervisory bodies and the Sustainability Report;
- Item Two – Approval of the proposal for the appropriation of profit concerning the 2021 financial year;
- Item Three – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;
- Item Four – Approval of the updating of the policy for the remuneration of Members of the Management and Supervisory Bodies;
- Item Five – Approval of the update of the internal policy for the selection and assessment of the suitability of the Members of the Management and Supervisory Bodies and Key-functions Holders;
- Item Six – Approval of the update of the policy for selection and appointment of the Statutory Auditor or audit firm and the hiring of non-prohibited non-audit services, under the terms of the legislation in force;
- Item Seven – Approval of the proposal to amend the articles of association of Banco Comercial Português, S.A.;
- Item Eight – Election of the Board of Directors for the 2022/2025 term of office, including the Audit Committee;
- Item Nine – Election of the Remunerations and Welfare Board for the term-of-office 2022/2025; and
- Item Ten – Approval of the acquisition and sale of own shares and bonds.

On 11 May 2022, the Bank announced that it has been notified by Banco de Portugal, as the national resolution authority, about the establishment of its minimum requirement for own funds and eligible liabilities ("**MREL**") as decided by the Single Resolution Board.

The resolution strategy applied continues to be a multiple point of entry ("**MPE**"). The MREL requirements to be met by the BCP group of resolution (consisting of BCP, S.A., Banco ActivoBank, S.A. and all the subsidiary companies of BCP except for Bank Millennium S.A. and Banco Internacional de Moçambique and their respective subsidiaries), from 1 January 2024 are the following:

- 23.81% of the total risk exposure amount ("**TREA**") (to which adds further a combined buffer requirement ("**CBR**") of 3.5%, thus corresponding to total requirements of 27.31%); and
- 6.92% of the leverage ratio exposure measure ("**LRE**").

The Bank also announced that until 1 January 2024, the Bank should comply with an interim requirement of:

- 18.09% of TREA (to which adds a further 3.25% CBR requirement, thus corresponding to a total requirement of 21.34%); and 6.92% of the LRE.

The Bank informed that no subordination requirements have been applied to the Bank.

These targets replaced those previously set.

The MREL requirements described above are in line with the 2021-24 Strategic Plan and are accommodated by the ongoing funding plan. As of 1 January 2022, the Bank complied with the intermediate MREL requirement set for that date, both as a percentage of the TREA (also including the applicable CBR) and as a percentage of the LRE.

Principal Markets and Competition

The Portuguese banking market has become well-developed, including both strong domestic and foreign competitors. These competitors follow a multi-product, multi-channel and multi-client segmented approach, offering a broad range of services from retail products to investment banking coupled with sophisticated payment capability. Foreign banks are present in the Portuguese market, in areas such as corporate banking, asset management, private banking and brokerage services, as well as universal banking services, namely traditional retail banking.

Domestic banking penetration levels rank favourably on a comparable basis and branch network and automated channels are widely disseminated across the country. There has been significant development of remote access to banking services (ATM, home banking, and mobile banking) together with market intelligence techniques enabling banks to accurately track customers' requirements and augment customer proximity. Cross-selling has benefited from the use of such techniques and has increased the proportion of banks' non-interest income over the years.

The Portuguese banking sector will face the potential entry of new and disruptive players benefiting from the PSD2 environment. This is happening against a backdrop of progressive change towards a new digital age in which consumers' behaviour and expectations are evolving. Current trends point to an accelerated mobile/digital banking adoption and customers demanding personalisation. Also, security and trust have reinforced the importance of digitalisation given cyber-risk concerns and cases of misselling. Advances in the ability to deploy technologies (e.g., robotics, machine learning) and the expanded capabilities these enable are setting new ways of working, requiring new skills.

The deregulation and liberalisation process experienced by the Portuguese banking sector, including Eurozone participation, catalysed an increase in business and competition, particularly in the credit market. Customer loans and advances increased significantly in advance of the implementation of the euro and during the early years of economic convergence and integration within the single currency project (Source: Banco de Portugal).

At the same time, the Portuguese banking system experienced a consolidation, which was driven by the need to achieve economies of scale and operating synergies. More recently, against the background of the financial instability beginning in the summer of 2007 and the subsequent euro periphery crisis, deleveraging and strategic repositioning took place. Some foreigner players reappraised their presence and business models and networks developed in Portugal. More recently, major banks in the Portuguese banking system have rationalised their operating structures.

The Portuguese banking market is concentrated with the biggest five banks representing more than 80% of the market share in terms of business volumes. The Bank is the largest private sector bank in Portugal in terms of business volumes (market share of 18% by gross loans + customer funds), generates 19% of the system core net income and is one of the most efficient banks in Portugal with only 12% of the system branch network (data as at 30 September 2021).

The growing maturity of the domestic market and globalisation trends led domestic banks to further develop their operations abroad, namely in countries with which Portugal had strong economic and historical relations. Hence, currently, the biggest domestic banking groups manage operations in European and African countries, which bear an increasing strategic relevance for their businesses.

The Portuguese Competition Authority ensures compliance with Portuguese competition rules, asserting regulatory powers over competition in all sectors of the economy, including regulated sectors in coordination with the relevant sector regulators. Banco de Portugal is responsible for the prudential and market conduct supervision, ensuring the stability of the financial system as well as compliance with rules of conduct and transparency for banks' customers. As the national supervisory authority, Banco de Portugal is part of the Single Supervisory Mechanism, the European banking supervision system, entrusted with the safety and robustness of European banks. National competition authorities and the EU have parallel competencies for enforcing European antitrust laws in close co-operation.

In Portugal, the Bank competes primarily with the four other major Portuguese banking groups: Caixa Geral de Depósitos, Banco Santander Totta, CaixaBank/BPI and Novo Banco. BCP's extensive distribution network, which is the fourth largest, has enabled it to maintain a reference position among its competitors. According to system data from Banco de Portugal, as at 31 November 2021, BCP had a market share of 17.5% of loans to customers (gross) and 18.3% of deposits in its domestic market.

As at the end of March 2021, 614 credit institutions, mutual credit banks, saving banks, credit card companies, payment institutions and branches of credit institutions were registered in Portugal, of which 145 were banks (Source: Banco de Portugal). Financial institutions with head offices in the European Economic Area providing cross-border services amounted to 1,059, as at the end of March 2021 (according to the last data available from Banco de Portugal). Common indicators do not indicate levels of concentration significantly divergent from those of the Eurozone. For instance, as of 2019, the total asset share of the five largest credit institutions represented 73% for Portugal, which is above Germany's 31% but below Greece with 97%, Estonia with 93%, Lithuania with 90%, the Netherlands 85%, Cyprus with 86%, Finland with 80%, Latvia 83%, Croatia with 80%, Belgium with 74%, Malta 75% and Slovakia with 76% (Source: ECB).

The following table shows the development of the percentage of the Bank's market share in Portugal in terms of loans to customers as at 31 December 2020 (last available data), 2019 and 2018:

	As at 31 December	*As at 31 December*	
	2021	*2020*	*2019*
Loans to Customers	17.5%	17.5%	17.1%

Sources: BCP and Banco de Portugal.

The following table shows the number and geographic location of the Bank's branches as at 31 December 2021 and 31 December 2020 and 2019:

	2021	*2020*	*2019*
Portugal	434	478	505
Bank Millennium in Poland	655	702	830
Millennium bim in Mozambique	199	199	200
Banco Millennium Angola	0	0	0
Total in the International activity	854	902	1031
	1288	1380	1536

The following table illustrates the competitive environment in Portugal for the two years ended 31 December 2020 and 2019:

	As at 31 December	
	2020	*2019*
Number of banks[(1)]	29	29
Number of branches	3,723	4,029
Population (thousands)	10,298	10,296
Inhabitants per branch	2,766	2,555
Branches per bank	128	139

(1) Banks associated with the Portuguese Banking Association.
Source: Portuguese Banking Association and Portugal's National Statistics Institute.

The Bank is also subject to strong competition in the international markets in which it operates.

The banking sector in Poland is characterised by a relatively low concentration sustaining strong competitive pressure. However, significant opportunities have led to increased competition in recent years, driven by privatisation and consolidation initiatives. In addition, in Poland, European Union integration has created strong incentives for the cross-border provision of financial services and for cross-border mergers, which have resulted in significantly increased competition from foreign banks. As at December 2021, Bank Millennium's market share in Poland, according to the Bank's estimates derived from data published by the National Bank of Poland, was 6.1% of loans to customers (gross) and 5.5% of deposits.

In Mozambique, Millennium bim is a market leader with a market share of 16.7% of loans to customers and 23.9% of deposits in 31 December 2021, according to the Bank of Mozambique. Currently, 20 banks operate in Mozambique and management expects increasing competition from foreign banks, particularly those based in South Africa and Portugal (Source: Mozambican Banking Association).

Banco Millennium Angola merged with Banco Privado Atlântico, resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume: market share above 10% in terms of loans and above 12% in terms of deposits (Source: Bank of Angola).

Trends Information

Framework

The year 2021 was marked by the recovery of economic activity, with GDP growing by 4.9% year-on-year. The unemployment rate remained at low levels. There was also a recovery in terms of the external position and budgetary position, with a budget deficit of 4.3% of GDP expected in 2021.

Despite the crisis caused by the COVID-19 pandemic, Portuguese banks continued to improve asset quality, liquidity and capitalization levels and have more efficient cost structures.

At the European level, with a view to accelerating economic recovery, an extraordinary package of European funds (NextGeneration EU) was approved in July, totalling EUR 750 billion, distributed between grants and loans, which will run between 2021 and 2023 and which will be financed through the issuance of European debt.

In February 2022, Russia invaded Ukraine. A further escalation of the Russia-Ukraine conflict would jeopardize Europe's economic recovery. High geopolitical risks are unequivocally negative for economic activity and

generate an inflationary environment. The magnitude of the effects will depend on the duration and severity of the crisis.

Impact on the Group's activity

In 2021, the economic and social context presented a set of challenges for the development of the Bank's activity.

Notwithstanding the recent trend of maintaining interest rate levels at historically low values - in many cases, negative values - a growth in the Group's net interest income is projected in 2022. In Portugal, net interest income growth will continue to be progressively impacted by the reduced positive impact of TLTRO III, which should be offset by the expected growth in volumes, with special emphasis on new mortgage credit production. There is also some expectation regarding the ECB's reaction, should the inflationary environment persist.

In the international activity, with a special focus on the Polish operation, the rise in the reference rates, which took place at the end of 2021 and which should continue in 2022, together with the strong growth of new mortgage credit production, should be the main guideline for the growth of the net interest income of Bank Millennium, in 2022.

Commissioning levels have been subject, in recent years, to strong regulatory limitations, particularly in the Portuguese operation, creating a constraint on their contribution to the Group's profitability. However, there was a review of the pricing of commissions in some Portuguese banks, with implications in 2022. The Bank has promoted the transfer of customer resources from on-Balance Sheet to off-Balance Sheet, offering more profitable alternatives of remuneration for savings of Customers. The Bank has also focused on the development and improvement of digital solutions to increase/improve the offer of services related to the financial markets. However, bank commissions should also have a relevant performance in view of the expected increase in the volumes of credit granted. An increase in commissions in the Group is expected for 2022, both in the activity in Portugal and in the international activity.

The optimisation of efficiency levels and the consolidation of the Bank's position as one of the most efficient in the Euro Zone are priorities that will continue to shape the Bank's activity in the future. In the same context, the digitalization process that has been implemented, both in terms of the Group's operations and the services provided to Customers, will continue to be a priority in the Group's strategy.

The cost of risk, one of the most relevant indicators in the current context of the economic crisis caused by the COVID-19pandemic, should progressively converge to the target level of the Strategic Plan 2021-2024, i.e. 50 basis points.

Significantly reducing exposure to problem loans has been one of the Group's main priorities. However, with the end of the moratoria, the pace of implementation of this reduction should moderate.

The implementation of public and private support measures, with special emphasis on credit moratoria, had as main objectives to protect customers from the economic impacts caused by the pandemic and the financial sector in the face of a possible increase in exposure to NPE. Taking into account the duration of the support granted, until the end of December 2021, there was a migration of some of these loans to stage 3. The loans in arrears in stage 3 were situated at a level close to twice the NPE ratio at the end of December 2021. However, taking into account the rate of NPE reduction presented by the Group recently, as well as the projections of net inflows, it is expected that the new inflows will be offset by NPE sales and write-offs.

The Group's commercial activity volumes are expected to grow significantly in 2022, despite the expectation that growth will be lower than nominal GDP growth. It should be noted that the Strategic Plan aims to increase the stock of loans to individuals and the stock of loans to companies by EUR 3 billion, in both cases, by the end of 2024.

MREL

On 14 December 2021, Banco Comercial Português, S.A. was notified by Banco de Portugal, as the national resolution authority, about the establishment of its minimum requirement for own funds and eligible liabilities ("**MREL**" or "**Minimum Requirement for Own Funds and Eligible Liabilities**") as decided by the Single Resolution Board. The resolution strategy applied continues to be that of a multiple point of entry ("**MPE**"), with three different BCP Group resolution groups (in addition to the BCP resolution group, the resolution groups corresponding to (i) Bank Millennium, S.A. and its subsidiaries and (ii) Banco Internacional de Moçambique S.A. and its subsidiaries). The MREL requirements to be met by BCP, on a consolidated basis (taking as reference BCP's resolution group, which is composed of the Bank, Banco ActivoBank, S.A. and all the subsidiary companies of BCP apart from Bank Millennium S.A. and Banco Internacional de Moçambique and their respective subsidiaries), is of:

– 23.79% of the total risk exposure amount ("**TREA**") (to which adds further a combined buffer requirement ("**CBR**") of 3.5%, thus corresponding to total requirements of 27.29%); and

– 7.23% of the leverage ratio exposure measure ("**LRE**").

The Bank's compliance with these requirements must be ensured by 1 January 2024, with an interim target set at 1 January 2022, by which BCP had to comply with a requirement of:

– 18.17% of TREA (to which adds a further 3.25% CBR requirement, thus corresponding to a total requirements of 21.42%); and

– 7.23% of the LRE.

No subordination requirements have been applied to the Bank.

In accordance with the regulations in force, MREL requirements must be updated or reconfirmed annually, and therefore these targets replace those previously set.

The MREL requirements, now communicated to the BCP resolution group described above, are in line with the 2021-24 Strategic Plan and are consistent with its ongoing funding plan, and based on the information available to date, the compliance with the respective MREL requirements established for 1 January 2022, both as a percentage of the TREA (also including the applicable CBR) and as a percentage of the LRE, are already ensured, considering the senior preferred debt and subordinated debt (Tier 2) issues carried out in 2021.

In November 2021, the Bank Millennium Group received a joint decision of the Single Resolution Board and the Bank Guarantee Fund, obliging the Bank to meet the minimum requirements for own funds and eligible liabilities (MREL). Pursuant to this decision, the Group is required to meet the minimum MREL requirement of 21.41% of the total risk exposure amount ("TREA") and the MREL requirement of 5.91%, calculated as a percentage of the total exposure measure ("LRE"), by 31 December 2023.

The decision also sets out a gradual path towards reaching the minimum requirements. Their level will be updated annually.

In connection with the above decision, in January 2022, the Supervisory Board of the Bank approved the Eurobond Issue Program with a total nominal value of no more than EUR 3 billion.

Principal Markets

Events that may impact foreign currency-indexed mortgage loans legal risk and related provision

Regarding mortgage loans indexed to Swiss francs (CHF) granted by Bank Millennium, there are risks related to verdicts issued by Polish courts in lawsuits against banks (including Bank Millennium) raised by borrowers of FX-indexed mortgage loans, as well as risks related with the possible application of a sector-wide solution, i.e. a solution applied to all contracts (Swiss Franc-denominated/indexed mortgage loans) in the Polish financial sector. The Polish Financial Supervisory Authority suggested a possible sector-wide solution in December 2020, which has, since then, been under consideration by Polish banks.

On 29 January 2021, a set of questions was published and addressed by the First President of the Supreme Court to the Civil Chamber of the Supreme Court, which may have important consequences in terms of clarifications of relevant aspects of the court rulings and their consequences. The Civil Chamber of the Supreme Court was requested to respond to certain requirements related to FX-indexed mortgage agreements: (i) is it permissible to replace - through legal or customary provisions - the abusive provisions of an agreement which refer to FX exchange rate determination; moreover, (ii) in case of the impossibility of determining the exchange rate of a foreign currency in the indexed/denominated loan agreement - is it possible to keep the agreement in force in its remaining scope; as well as, (iii) if, in case of invalidity of the CHF loan agreement, the theory of equity would be applicable (i.e., does a single claim arise which is equal to the difference between value of claims of bank and the customer), or the theory of two conditions (separate claims for the bank and for the client that should be dealt with separately). The Supreme Court was also requested to comment on (iv) the determination of the moment from which the limitation period should start counting in case of a claim being filed by a lending bank for repayment of borrowed amounts and, (v) whether banks and consumers may receive remuneration on their pecuniary claims on the other party arising from the contract.

On 11 May 2021, the Civil Chamber of the Supreme Court requested opinions on Swiss franc mortgage loans from five institutions, including the National Bank of Poland, the Polish Financial Supervision Authority, the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman.

The positions of the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman are in general favourable to consumers, while the National Bank of Poland and the Polish Financial Supervision Authority present a more balanced position, including fair principles of treatment of FX mortgage borrowers vis-à-vis PLN mortgage borrowers, as well as balanced economic aspects regarding solutions for the problem that could be considered by the Supreme Court.

In the meeting of the Supreme Court that took place on 2 September 2021, the Court did not address the answers to the submitted questions and no new meeting date is known. Bank Millennium will assess in due time the implications of the decisions of the Supreme Court on the level of provisions for the legal risk.

In August 2021, CJEU was asked for a preliminary ruling (C-520/21) whether, in the event that a loan agreement concluded by a bank and a consumer is deemed invalid from the beginning due to unfair contract terms, the parties, in addition to the reimbursement of the money paid in contracts (bank - loan capital, consumer - instalments, fees, commissions and insurance premiums) and statutory interest for delay from the moment of calling for payment, may also claim any other benefits, including receivables in particular, remuneration, compensation, reimbursement of costs or valorization of the performance.

Notwithstanding the above, there are a number of questions addressed by Polish courts to the European Court of Justice which may be relevant for the outcome of the court disputes in Poland.

The subject matter questions relate, in particular, to:

– the possibility of replacing an abusive contractual clause with a dispositive law provision;

– the limitation period of consumer claims concerning reimbursement of benefits made as performance of an agreement which has been declared to be invalid;

– the possibility of declaration by the Court of abusive nature of only part of a contractual provision.

With the scope of settlements between Bank Millennium and borrower following the loan agreement being declared invalid is also connected the legal issue related with the seven-person composition of the Supreme Court (case sign: III CZP 54/21). The date of case review has not been specified yet.

The Supreme Court was also presented with the issue of whether the loan agreement is a mutual agreement in the light of the regulations concerning retention right.

On 8 December 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority (PFSA), proposed a sectoral solution to address the sector risks related to FX-indexed mortgages. The solution would consist in banks offering to their clients a possibility of concluding liability settlement agreements based on which a client would conclude with the bank a settlement as if the loan had been, from the very beginning, a PLN-indexed loan, bearing interest at an appropriate WIBOR rate, increased by the margin historically employed for such loans.

Following that public announcement, the idea has been the subject of consultations between banks under the auspices of the PFSA and Polish Bank Association. Banks are assessing the conditions under which such a solution could be implemented and the consequent impacts.

In the view of Bank Millennium's Management Board, important aspects to be taken into consideration when deciding on potential implementation of such program are: a) the favourable opinion or, at least, non-objection from important public institutions; b) support from the National Bank of Poland (NBP) for the implementation; c) level of legal certainty of the settlement agreements to be signed with the borrowers; d) level of the financial impact on a pre- and after tax basis; and e) capital consequences, including regulatory adjustments in the level of capital requirements associated with FX-indexed mortgage loans.

Based on current information, some of the above-mentioned aspects are not likely to be fully clarified and/or achieved.

At the time of publishing the Group's Consolidated Report, neither its Management Board nor any other corporate body of Bank Millennium or of the Bank has taken any decision regarding the implementation of such a program. For this reason, the potential effects of this matter were not reflected in the determination of the provision. If, or when, a recommendation regarding the program is to be ready, Bank Millennium's Management Board will submit it to the Supervisory Board and General Shareholders' meeting, taking into consideration the relevance of such decision and its implications.

Bank Millennium conducted a survey among its customers, in cooperation with an external reputed company, regarding the willingness to accept settlement in the terms of the sector solution put forward by the Chairman of KNF. 49% of clients enquired were preliminarily interested in benefiting from the proposal, while 25% were not able to clearly express their opinion and 26% would not take such offer.

According to current calculations, implementation of a solution whereby loans would be voluntarily converted to PLN as if they had been a PLN loan from the very beginning, bearing interest at an appropriate WIBOR rate, increased by the margin historically employed for such loans, could imply provisions for the losses resulting from conversion of such loans (if all the then existing portfolio would be converted) with a pre-tax impact between PLN 4,390 million (EUR 957.70 million) to PLN 4,848 million (EUR 1,057.61 million) (non-audited data). The impacts can significantly change in case of variation of the exchange rate and other various assumptions. Impacts on capital could be partially absorbed and mitigated by the combination of the existing surplus of capital over the

current minimum requirements, the reduction of risk-weighted assets and the decrease or elimination of the Pillar 2 buffer.

Due to the complexity and uncertainty regarding the final verdict of these lawsuits, as well as the possible implementation of the solution suggested by the Chairman of KNF, as well as the uncertainty of the awaited Supreme Court or European Court of Justice decisions, it is difficult to accurately estimate the potential impacts of such outcomes and their influence on the date of publication of the Group's financial statements.

Resolution Fund

According to a statement issued by the Resolution Fund on 2 November 2021, the final judgment of the Arbitration Court constituted within the International Chamber of Commerce of Paris was favourable to the Resolution Fund regarding the transitional regime of the introduction of IFRS 9. The value of the dispute at the time of the judgment amounted to EUR 169 million, an amount that the Resolution Fund would have had to pay to Novo Banco had the Arbitration Court's judgment not been in its favour.

According to Novo Banco's statement disclosed on 3 November 2021, "Novo Banco is reviewing" the Arbitration Court's decision.

In accordance with Novo Banco's 1st Half 2021 report, "In the financial year of 2020, the caption reserves registered in the responsibility of the Resolution Fund amounted to EUR 598.312 thousand relating to the Contingent Capital Agreement ("**CCA**"). The amount is accounted for under other reserves and it results at each balance sheet date of the incurred losses and of the regulatory ratios in force at the moment of its determination. In June 2021, regarding the year 2020, the amount of EUR 317.013 thousand was paid. The difference results from divergences between Novo Banco and the Resolution Fund regarding (i) the provision for discontinued operations in Spain, (ii) valuation of participation units and (iii) interest rate risk hedge accounting policy, leading to a limitation on immediate access to this amount, which despite being recorded as receivables, the bank deducted at 30 June 2021 the amount of 277.442 thousand from the calculation of regulatory capital. Novo Banco considers the amount of 277.442 thousand as due under the Contingent Capitalization Mechanism and the legal and contractual mechanisms at its disposal are being triggered in order to ensure their receipt. Additionally, it was also deducted the amount of variable remuneration to the Executive Board of Directors related to the year-end of 2019 and 2020 (EUR 3.857 thousand)".

Novo Banco adhered to the Special Regime applicable to Deferred Tax Assets under Law No. 61/2014, of 26 August, according to which if the Resolution Fund does not exercise its right to acquire the conversion rights attributed to the State, the State may become Novo Banco's shareholder. According to the Resolution Fund's 2020 annual report, under the terms of the Sale and Subscription Agreement of 75% of the share capital of Novo Banco with Lone Star on 17 October 2017, the effect of the dilution associated with the Special Regime applicable to deferred tax assets shall exclusively affect the Resolution Fund's stake.

Novo Banco informed on 15 December 2021, through announcement to CMVM, a capital increase arising from the exercise of conversion rights relating to 2015 fiscal year, which were issued under the special regime applicable to deferred tax assets (4). This capital increase of Novo Banco was done with the incorporation of reserves in the amount of EUR 154,907,314 through the issuance of 154,907,314 new shares representing 1.56% of its share capital and which were attributed to the Portuguese State in accordance with the mentioned regime. With this capital increase and as per agreement between the Resolution Fund and the shareholder Lone Star in the context of the sale of the 75% share capital of Novo Banco, only the Resolution Fund will be diluted. According to Novo Banco's website, the new shareholding structure is: Nani Holdings S.G.P.S, S.A 75%, Fundo de Resolução 23.44% and Direção-Geral do Tesouro e Finanças 1.56%.

On 30 September 2021, Novo Banco was held by Lone Star and Resolution Fund, corresponding, respectively, to 75% and 25% of the share capital. Following the above-mentioned capital increase, the State now holds 1.56%, Lone Star does not see its position diluted (75%) and the Resolution Fund sees its position reduced.

Regarding the tax credits relating to the periods of 2015 (whose conversion rights were exercised), 2016 and 2017, it was estimated that the State will hold, according to the 2020 Annual Report of the Resolution Fund, a number of ordinary shares representing a cumulative percentage of 5.69% of the share capital of Novo Banco, with the consequent dilution of the stake held by the Resolution Fund. The direct effect of this dilution is estimated at 1.4 percentage points, plus the indirect effects described below.

Also, according to the 2020 Resolution Fund's Annual Report, "the processes of conversion of deferred tax assets into tax credits are in progress, with reference to the periods of 2018, 2019 and 2020. The effect of this additional dilution may correspond to 10.6 percentage points, in addition to the aggregate reduction of 5.7 percentage points already mentioned. In view of the above, and although an agreement was signed on 31 May 2021 clarifying the necessary procedures for the shareholding held by Nani Holdings in Novo Banco not to be reduced due to the capital increase resulting from the conversion of the conversion rights held by the State, at the current date the conditions are not yet met for a decision to be taken regarding the exercise of the option right, nor is there available information to reliably estimate the financial effect arising from the contractual liability assumed by the Resolution Fund, in the context of the sale transaction of Novo Banco, in October 2017, to ensure the maintenance of Lone Star's percentage interest in Novo Banco". On 3 May 2021, the Resolution Fund announced that the audit report conducted by the Court of Auditors ("Tribunal de Contas") - following the request of the Portuguese parliament of October 2020 to the operations and management of Novo Banco that were at the origin and led to the need to transfer funds from the Resolution Fund to Novo Banco - was released. The Court of Auditors concluded that the public financing of Novo Banco through the CCA contributed to the stability of the financial system, particularly as it avoided the bank's liquidation and reduced systemic risk. According to the Resolution Fund, the audit does not identify any impediment to the fulfilment of commitments and contracts arising from BES's resolution process, initiated in August 2014.

On 3 May 2021, the Resolution Fund announced that the audit report conducted by the Court of Auditors ("Tribunal de Contas") - following the request of the Portuguese parliament of October 2020 to the operations and management of Novo Banco that were at the origin and led to the need to transfer funds from the Resolution Fund to Novo Banco - was released. The Court of Auditors concluded that the public financing of Novo Banco through the CCA contributed to the stability of the financial system, particularly as it avoided the bank's liquidation and reduced systemic risk. According to the Resolution Fund, the audit does not identify any impediment to the fulfilment of commitments and contracts arising from BES's resolution process, initiated in August 2014.

As published by Resolution no. 63-A/2021 of 27 May 2021 of the Council of Ministers, a number of national financial institutions offered to finance the Resolution Fund, under conditions considered as appropriate by it, increasing up to EUR 475 million the direct financing of banks to the Resolution Fund and waiving a State loan to the Resolution Fund. The funding costs of the Resolution Fund (from the State and from banks) will continue to be exclusively borne by periodic revenues, corresponding to the contributions paid by the banking sector. The payment obligations arising from this loan benefit from a pari passu treatment with the payment obligations of the loans signed with the State on 7 August 2014 and 31 December 2015 and with the Portuguese credit institutions on 28 August 2014.

According to Novo Banco's 2021 earnings press release, the amount of compensation to be requested by Novo Banco with reference to 2021 is EUR 209.2 million, took into account the losses incurred in the assets covered by the CCA, as well as the minimum capital condition applicable at the end of the same year under the CCA.

Summary of the developments between 2011 and 2021 of some relevant indicators of the Bank[26]

The Bank has successfully executed an operational turnaround, reinforcing its financial and capital position despite adverse market conditions in the Portuguese banking sector. This position is reflected by achievements

[26] In this section, the terms listed below shall have the following meaning:
"**Net loans**" means loans to Customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to Customers at fair value through profit or loss;

such as the reduction of the commercial gap from EUR 20.5 billion at 31 December 2011 to EUR -13.2 billion at 31 December 2021, following a significant deleveraging (net loans decreased by 17% and deposits increased by 47%), a recovery of net interest income in Portugal from EUR 343 million to EUR 789 million in 2019, EUR 805 million in 2020 and EUR 831 million in 2021, a reduction of operating costs from EUR 853 million in 2013 to EUR 674 million in 2019, EUR 650 million in 2020 and EUR 693 million in 2021 and a reduction of cost of risk from 157 basis points in 2013 to 69 in the end of December 2021. Pre-provision profit[27] increased from EUR 474 million in 2013 to EUR 1,169 million in 2019, EUR 1,166 million in 2020 and EUR 1,219 million in 2021. As a percentage of assets, pre-provision profit increased from 0.6% in 2013 to 1.4% in 2019 and 2020, and 1.3% in 2021. As a result of the significant deleveraging, reliance on ECB funding has decreased from EUR 10 billion in 2013 to EUR 1.7 billion as at 31 December 2021.

The balance sheet breakdown as at 31 December 2021 is, on the assets side: gross loans and advances to customers (including debt securities and commercial paper) in the amount of EUR 58.2 billion (EUR 56.8 billion recorded in "Financial assets at amortised cost – Loans to customers"; EUR 1.3 billion recorded in "Debt securities held associated with credit operations" and EUR 0.079 billion (gross amount without considering fair value adjustments) recorded in "Financial assets not held for trading mandatorily at fair value through profit or loss – Loans and advances to customers at fair value"), securities portfolio (including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and debt securities held not associated with credit operations) in the amount of EUR 21.2 billion and other assets net in the amount of EUR 3.2 billion; and on the liabilities side: deposits in the amount of EUR 69.6 billion (of which EUR 69.6 at the amortised cost), money market net (the difference between resources from credit institutions and cash and deposits at central banks, loans to credit institutions and loan agreements) in the amount of EUR -0.1 billion, debt issued by the Bank in the amount of EUR 5.5 billion and shareholders' equity in the amount of EUR 7.1 billion. The balance sheet breakdown as at 31 December 2011, is on the assets side: loans and advances to customers in the amount of EUR 68.0 billion, securities in the amount of EUR 12.1 billion and other assets net in the amount of EUR 3.2 billion; and on the liabilities side: deposits in the amount of EUR 47.5 billion, money market net in the amount of EUR 12.9 billion, debt issued by the Bank in the amount of EUR 18.5 billion and shareholders' equity in the amount of EUR 4.4 billion.

The breakdown by instrument of the outstanding amounts of the debt issued by the Bank as at 31 December 2021 (EUR 5.5 billion) is as follows (which are recorded in the captions "Financial liabilities at amortised cost – non subordinated debt securities issued", "Financial liabilities at amortised cost – subordinated debt" and "Financial liabilities at fair value through profit or loss"): MTN (EUR 1.6 billion), bonds and certificates (EUR 1.0 billion), covered bonds (EUR 1.0 billion), securitisations (EUR 0.2 billion), subordinated debt (EUR 1.4 billion) and loan agreements (EUR 0.4 billion). As at 31 December 2011, the breakdown by instrument of the outstanding amounts of the debt issued by the Bank (EUR 18.5 billion) was as follows: MTN (EUR 7.6 billion), bonds and certificates (EUR 4.1 billion), covered bonds (EUR 3.3 billion), securitisations (EUR 1.2 billion), subordinated debt (EUR 1.1 billion) and loan agreements (EUR 1.2 billion).

The amount of the debt outstanding repaid from 2011-2016 was on average EUR 2.3 billion per year, the same amount as in 2017 (EUR 2.3 billion of debt repaid), EUR 0.8 billion of debt repaid in 2018, EUR 0.4 billion of debt repaid in 2019, EUR 0.5 billion of debt repaid in 2020 and EUR 0.5 billion of debt repaid in 2021. The amount of debt to be repaid in the years after 2021 amounts to EUR 5.5 billion. Future debt repayments (medium-long term) are significantly lower than in the past.

The securities portfolio totalled EUR 12.1 billion as at December 2011 of which EUR 7.3 billion is sovereign debt (Portuguese Government Bonds totalled EUR 4.7 billion of which EUR 3.0 billion are Bonds and EUR 1.7 billion

"**Commercial gap**" means loans to Customers (gross) minus on-balance sheet customer funds;
"**Net Interest Margin**" means net interest income for the period as a percentage of average interest earning assets;
"**Cost of time deposits**" means spread on term deposits book minus 3m Euribor;
"**Total funding costs**" means interest expenses divided by interest bearing liabilities; and
"**Performing loans**" means loans to Customers (gross) minus the stock of non-performing exposures.

[27] "**Pre-provision profit**" means net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings minus operating costs.

are T-Bills, Polish Government Bonds totalled EUR 0.8 billion; Mozambican long-term Government Bonds totalled EUR 0.3 billion and other totalled EUR 1.5 billion) and EUR 4.8 billion other instruments. The securities portfolio totalled EUR 22.4 billion as at 31 December 2021 of which EUR 17.7 billion is sovereign debt (Portuguese Government Bonds totalled EUR 8.0 billion of which EUR 7.6 billion are bonds and EUR 0.4 billion are T-Bills, Polish Government Bonds totalled EUR 3.8 billion; Mozambican Government Bonds totalled EUR 0.4 billion and other totalled EUR 5.5 billion) and EUR 4.7 billion other instruments.

Evolution of some relevant indicators of the Bank between 2011 and 2021

Consolidated	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Contribution to consolidated results of international operations *(€ mn)*	-	-	159	178	170	173	175	187	144	49	-35
Net loans (*€ bn*)	68.0	62.6	56.8	53.7	52	48	47.6	48.1	52.3	54.1	56.4
Deposits (*€ bn*)	47.5	49.4	49.0	49.8	51.5	48.8	51.2	55.2	60.9	63.3	69.6
Commercial gap (*€ bn*)	20.5	13.2	7.8	3.9	0.4	-0.8	-3.6	-7.1	-8.6	-9.2	-13.2
ECB funding (*total collateral*) (*€ bn*)	15.7	22.3	19.9	14.2	13.9	12.1	12.8	16.9	17.1	22.5	25.5
ECB funding (*€ bn*)	12.4	10.5	10.0	6.6	5.3	4.4	3.0	2.7	0.3	3.3	1.7

Individual (Portugal)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Net Interest Income (*€ mn*)	343	527	711	736	808	803	789	805	831
Net Interest Margin (*%*)	0.6%	1.0%	1.5%	1.6%	1.8%	1.8%	1.7%	1.6%	1.4%
Cost of time deposits (*bps*)	-239	-173	-123	-83	-69	-56	-56	-52	-57
Total funding costs (*%*)	2.41%	1.92%	1.21%	0.78%	0.44%	0.33%	0.26%	0.13%	0.01%
Operating costs (*€ mn*)(*)	853	690	644	624	588	641	674	650	693
Number of branches(**)	774	695	671	618	578	546	505	478	434
Number of employees(***)	8,584	7,795	7,459	7,333	7,189	7,095	7,204	7,013	6,289
Impairment charges (*€ mn*)	743	1,021	730	1,045	533	389	279	354	273
Cost of risk (*bps*)	157	233	175	266	140	105	76	92	69
Performing loans (*€ bn*)	34.5	32.9	31.8	30.8	31.2	32.4	33.5	36.1	38.0
Customer deposits (*Term deposits*) (*€ bn*)	24.9	24.3	21.9	19.9	18.9	18.2	16.7	16.1	15.9

Customer deposits (*On-demand deposits*) (*€ bn*)	9.0	10.1	12.9	14.1	16.4	19.5	22.7	27.2	31.8

(*) FY 2011: 1,039

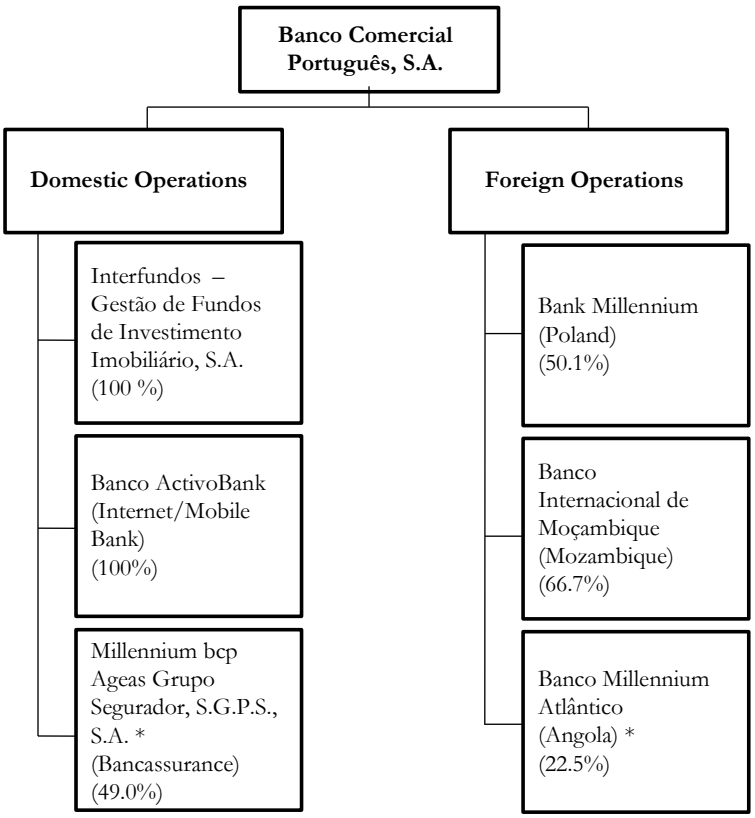
(**) 885 in 2011

(***) 9,959 in 2011

Organisational Structure

The Bank and the Group

The following diagram summarises the organisational structure of the principal subsidiaries of the Group as at 31 December 2021:



* Consolidated by the equity method.

In addition, the Bank's subsidiary, Millennium bcp – Prestação de Serviços ACE represents its associates regarding third parties, namely in the areas of IT, operational, administrative and procurement. The Bank is, directly or indirectly, the ultimate holding company of all the companies in the Group and is not dependent upon other entities within the Group. Being the ultimate holding company of the Group, the activities developed by the other members of the Group have an impact on the Bank.

Ownership and Control

The Bank is not aware of any shareholder or group of connected shareholders who directly or indirectly controls the Bank.

Significant Subsidiaries

The following is a list of the main subsidiaries of the Bank as of 31 December 2021:

Subsidiary companies	Head Office	Activity	% held by the Group	% held by the Bank
Banco ActivoBank, S.A.	Lisbon	Banking	100	100
Banco Millennium Atlântico, S.A.	Luanda	Banking	22.5	–
Bank Millennium, S.A.	Warsaw	Banking	50.1	50.1
Banco Internacional de Moçambique, S.A.	Maputo	Banking	66.7	–
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Oeiras	Investment fund management	100	100
Millennium bcp – Prestação de Serviços, A. C. E.	Lisbon	Services	98.6	92.8
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Oeiras	Holding company	49	49

General information

So far as the Bank is aware, there are no arrangements in place, the operation of which may result in a change of control of the Bank.

The Bank has made no material investments since the date of the last published financial statements and the Bank has not made relevant firm commitments on future investments.

There have been no recent events particular to the Bank, which are to a material extent relevant to the evaluation of the Bank's solvency.

Share Capital

The authorised, issued and fully paid up share capital of the Bank is EUR 4,725,000,000.00 divided into 15,113,989,952 shares with no nominal value. The shares are ordinary, issued in a dematerialised book-entry form (*escriturais*) and nominativas, and are integrated in a centralised system recognised under the Portuguese Securities Code (Central de Valores Mobiliários) managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., with its registered office at Avenida da Boavista, 3433, 4100 -138 Oporto.

Legislation regulating the activity of the Bank

The Bank is governed by European Union rules, banking and commercial Portuguese laws on limited liability companies (*sociedades anónimas*) – notably by the Portuguese Companies Code (*Código das Sociedades Comerciais*) – and, in particular, by the Banking Law, by the Portuguese Securities Code (Código dos Valores Mobiliários) and other complementary legislation.

In general terms, the Bank's activities are subject to the supervision of the following supervisory entities: (i) as a credit institution, the European Central Bank ("**ECB**") under the Single Supervisory Mechanism ("**SSM**") and of Banco de Portugal, (ii) as an issuer and a financial intermediary, the Comissão do Mercado de Valores Mobiliários, the Portuguese securities market authority ("**CMVM**"); and (iii) when acting as insurance intermediary, the Autoridade de Supervisão de Seguros e Fundos de Pensões, the Portuguese insurance and pension funds supervisory authority ("**ASF**").

Recent developments on the banking regulation

Regulatory requirements

Capital requirements:

On 12 September 2010, the Basel Committee on Banking Supervision announced a new capital agreement on banking supervision known as Basel III, which revised most of the capital and liquidity minimum requirements applicable to banks and other financial institutions. The Basel III framework set out enhanced standards to strengthen financial institutions' capital base, improve risk management and governance, and increase transparency for market participants. It built on the Basel II three-pillar architecture, according to which: (i) Pillar 1 (minimum prudential requirements) sets the binding minimum level of capital banks and investment firms need to face major risks; (ii) Pillar 2 (supervisory review) allows supervisors to evaluate institution-specific risks and impose additional capital charges to face them; and (iii) Pillar 3 (market discipline) aims to increase transparency in banks' financial reporting allowing marketplace participants to better reward well-managed banks.

The revised regulatory framework of Basel III was implemented in the EU through the adoption of Regulation 575/2013/EU of the European Parliament and of the Council of 26 June 2013, as amended, on prudential requirements ("**CRR**") and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as amended, on access to the activity of credit institutions on prudential requirements ("**CRD**"). The CRR and the CRD establish the prudential regulatory framework for credit institutions and investment firms. The directive governs the access to banking activity, and the CRR establishes how to calculate the amount of capital that banks and investment firms must set aside, and it also lays down requirements on reporting and liquidity.

The CRR is directly applicable to Member States since January 2014 and includes the following provisions in addition to the minimum capital requirement for CET1 capital of 4.5% of risk weighted assets ("**RWA**"), of 6% for Tier 1 capital ratio and the total capital ratio of 8.0%:

(i) an additional capital conservation ratio requirement of 2.5% over common equity;

(ii) a countercyclical capital buffer, which will be between 0.0% and 2.5% of RWA with the ability to absorb losses as a function of the credit cycle subject to its application by national supervisory authorities;

(iii) a systemic risk buffer and a buffer for other systemically important institution; and

(iv) the leverage ratio of 3.0%.

Following from the regular supervisory review performed by the competent supervisory authorities, additional requirements may be established (Pillar 2 requirements and Pillar 2 guidance).

Furthermore, CRD empowers the European Banking Authority ("**EBA**") to draw up regulatory technical standards that specify some of the aspects covered by CRD and CRR. Upon their adoption by the European Commission, these norms are directly applicable under Portuguese law. Guidelines issued by the EBA are subject to their adoption by national competent authorities.

The supervision of internal models implemented by banks and other financial institutions is based on current applicable EU and national law, including CRR, the relevant regulatory technical standards of the EBA and EBA

guidelines with which the ECB has announced its intention to comply. The internal risk models that the Bank has implemented are supervised and monitored continuously by the supervisory authorities, with whom the Bank maintains a regular dialogue on the matter.

On 23 November 2014, Decree-Law No. 157/2014, of 24 October 2014 ("**Decree-Law No. 157/2014**"), entered into force, amending the Legal Framework of Credit Institutions and Financial Companies, and implementing the then applicable versions of CRD and CRR at domestic level.

Since entering into force, CRR and CRD have been amended several times addressing identified issues in the prudential regulatory framework and implementing some outstanding elements of the global financial services reform that are essential to ensuring the resilience of institutions or adjusting to extraordinary circumstances. Examples of such adjustments are the introduction of transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State, the requirement for minimum loss coverage for non-performing exposures ("**prudential backstop**") and the adjustments to mitigate impacts of the COVID-19 pandemic ("**quick fix**").

On 7 December 2017, the Basel Committee on Banking Supervision reached an agreement on the remaining Basel III reforms ("**Basel IV**"). Basel IV aims at reducing excessive variability of RWA. The agreed reforms address the following topics:

(i) Improvement of the standardised approaches for credit risk;

(ii) Constraints to the use of internal models: banks may, for example, for their exposures to large and mid-sized corporates no longer use own estimates for two parameters (the loss-given-default and exposure at default) but rather use fixed values instead. Moreover, after the reform, internal ratings-based approaches will no longer be allowed for exposures to equities;

(iii) Improvement of the operational risk framework: current approaches are replaced with a single risk-sensitive standardised approach to be used by all banks; internal models will no longer be allowed to address losses that stem from misconduct, inadequate systems and controls, *etc*.;

(iv) Introduction of a different output floor set at 72.5% introducing a limit to the regulatory capital benefits that a bank using internal models can derive compared to the standardised approaches; and

(v) Revised procedure for calculating credit valuation adjustments (CVAs) in derivatives.

The banking package approved by the Council in May 2019 implemented further material elements of the Basel III framework (Basel IV) by the way of amendments to the CRR ("**CRR II**"), CRD ("**CRD V**"), the BRRD ("**BRRD II**") and the SSM Regulation ("**SRMR II**").

This legislative package includes revised rules on calculating capital requirements for market risk (the "Fundamental review of the trading book"), introduction of a binding leverage ratio and a binding net stability funding ratio ("**NSFR**") and streamlining Pillar 2 capital requirements. This legislative package also adjusts the minimum requirement for own funds and eligible liabilities ("**MREL**"). The above regulations and directives entered into force on 27 June 2019. Member States shall adopt and publish the measures necessary to comply with the directives.

Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020, which contains amendments to the CRR in response to the COVID-19 pandemic, brought forward the application dates for certain reforms introduced by the CRR, such as the exemption of certain software assets from capital deductions, specific treatment envisaged for certain loans backed by pensions or salaries, as well as small and medium-sized enterprises and infrastructure supporting factors.

The Bank also operates under Decree-Law No. 298/92, of 31 December 1992 (as amended) (the "**Banking Law**"), applicable to credit institutions in Portugal. A new regime that establishes the rules for the banking activity (the "**Banking Activity Code**"), which aims to replace the Banking Law and transpose the European directives relating to the Banking Package has been subject to public consultation and is now under analysis by the Ministry of Finance. The proposed Banking Activity Code introduces changes and/or updates on matters of, among others, internal governance, conflicts of interest and related parties, non-cooperative offshore tax jurisdictions, duties of information and administrative procedures and supervisor enforcement.

Also following the COVID-19 pandemic, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision, has endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the coronavirus.

These measures comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- The implementation date of Basel IV has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor have also been extended by one year to 1 January 2028.

- The implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023.

- The implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

On 27 October 2021, the European Commission published a proposal aiming to finalize the EU's implementation of the Basel III framework in the EU consisting of a legislative proposal to amend the CRD, the CRR, which is scheduled to apply from 1 January 2025. Amendments to the existing framework comprise, among others, fit and proper requirements, the application of output floors on RWAs for IRB banks, possibility to revert from IRB to standardised, higher risk weights for equity exposures, changes on the market risk and operational risk and requirements to identify and manage environmental, social and governance risks.

As at 31 December 2021 the Bank's fully implemented CET1 ratio was 11.7%. Starting from the "Total Equity attributable to the Bank's shareholders" (EUR 6,119 million), deducting EUR 397 million of non-eligible minority interests, deducting EUR 321 million of DTAs, deducting EUR 224 million of intangible assets and deducting EUR 260 million of other items, the CET1 stood at EUR 5,375 million on 31 December 2021.

The capital ratio has increased from 6.4% at the end of December 2009 to 9.3% at the end of December 2011 (both figures refer to the CT1 ratio calculated according to the definition of Banco de Portugal) and to 11.1% at the end of December 2016, 11.9% at the end of December 2017, 12.0% at the end of December 2018, 12.2% at the end of December 2019, 12.2% at the end of December 2020 and 11.7% at the end of December 2021 (these three figures refer to CET1 fully implemented ratio, calculated according to CRD IV and CRR).

Capital buffers: The criteria for maintenance by credit institutions and certain investment companies of additional own funds' buffers include:

(a) a capital conservation buffer;

(b) the institution's specific countercyclical capital buffer;

(c) the systemic risk buffer, also referred to as SII buffer; and

(d) an O-SII buffer (for other systemically important institutions at a national level).

The combined buffer requirement with which each institution is required to comply corresponds to the sum of the capital conservation buffer, the institution-specific countercyclical capital buffer, and the higher of the O-SII buffer and the systemic risk buffer (except where the latter only applies to risk exposures in the Member State which activated the measure, in which case it is additive).

These measures have the objective of safeguarding financial stability, by strengthening the resilience of the financial sector and preventing systemic risk. The set of instruments and intermediate objectives will be revised and adjusted by the competent authorities where necessary to better safeguard financial stability. In addition, other macroprudential policy instruments may be activated if deemed necessary. Failure to comply with these buffers implies restrictions on distributions relating to CET1 own funds as well as an obligation to submit to the competent authorities a capital conservation plan within 5 business days of the breach.

Capital conservation buffer: The capital conservation buffer requirement aims to accommodate losses from a potential adverse scenario The Bank has a requirement (at an individual and consolidated level) to maintain a minimum CET1 capital buffer of 2.5%, as provided in Article 138-D of the Banking Law.

Countercyclical buffer: The countercyclical capital buffer is one of the main macroprudential instruments introduced by the new regulatory framework, aiming to improve the banking system's resilience to periods of excessive credit growth. The establishment of variable capital requirements over the cycle is expected to contribute to mitigating the pro-cyclicality of banks' credit policies. The following apply to this buffer:

(i) the rate will be set between 0% and 2.5% of the total risk exposure amount;

(ii) the rate is calibrated in steps of 0.25 percentage points or multiples of 0.25 percentage points; and

(iii) in exceptional cases, the rate may be set at a level above 2.5%.

The buffer rate for each institution, known as the "institution-specific countercyclical buffer rate", is a weighted average of the countercyclical buffer rates that apply in the countries where the credit exposures of that institution are located. This requirement is met with CET1 capital. Under the SSM, the ECB can propose higher minimum capital requirements than the ones defined by the national authorities. This capital buffer will apply to all credit risk exposures, with credit exposures to the domestic private non-financial sector, of credit institutions and investment firms subject to the supervision of Banco de Portugal or the ECB (SSM), as applicable.

The countercyclical buffer rate for credit exposures to the domestic counterparties (Portugal) will remain at zero per cent. of the total risk exposure amount in effect since 1 April 2022. This decision is reviewed on a quarterly basis by Banco de Portugal. *Systemic risk buffer*: In order to calculate the systemic risk buffer, Banco de Portugal categorises institutions as global systemically important institution ("**G-SII**") or other systemically important institution ("**O-SII**"). Banco de Portugal can also impose a systemic risk buffer of CET1 capital on an individual, sub-consolidated or consolidated basis of at least 1% of the risk exposure to which such buffer is applicable, to prevent or reduce the long-term non-cyclic systemic or macroprudential risks that present a risk of disruption in the financial system and the Portuguese economy.

A G-SII could face additional requirements. Although it is currently not anticipated that Portuguese banks may be classified as G-SIIs, there is no assurance that this will not change in the future. The Bank is currently classified as an O-SII, and as such it is subject to concurrent additional capital requirements. The O-SII buffer rates range from 0.25% to 1% of the total risk exposure (maximum level of 2%) and consists of CET1 capital on a consolidated basis. The cap on the O-SII buffer rate of 2% has been lifted with CRD V to 3%, subject to the approval of the European Commission. These buffers are revised each year or in the event of a significant restructuring process, particularly, a merger or acquisition.

A targeted consultation by the European Commission on improving the current macroprudential framework was launched in November 2021 in line with the better regulation principles and in view of the forthcoming legislative

review mandated by Article 513 of the CRR. The findings from this targeted consultation will provide guidance to the European Commission when preparing a formal proposal on changes to the macroprudential framework. Such changes may have an impact on some of the above-mentioned buffer requirements.

Following the pandemic outbreak, on 8 May 2020, Banco de Portugal decided to postpone the phase-in period by one year of the capital buffer for O-SII, changing the end of the phase-in period of BCP from 1 January 2022 to 1 January 2023 (0.75% in 2022 and 1.00% in 2023).

On 10 February 2022, the ECB announced the end of the last temporary relief measures available to banks, hence confirming the return to normality under the initially envisaged timeline. The ECB sees no need to allow banks to operate below the level of capital defined by their Pillar 2 Guidance beyond December 2022, nor to extend beyond March 2022 the supervisory measure that allows them to exclude central bank exposures from their leverage ratios.

Evolution of the Solvency Ratio in 2021

The estimated CET1 ratio as at 31 December 2021 stood at 11.7%, compared to the 12.2%, reported in the same period of 2020, both phased-in and fully implemented and above the minimum ratios defined on the scope of SREP for the year 2021 (CET1 8.828%, T1 10.750% and Total 13.313%).

The evolution of capital ratios in the period was significantly impacted by the increase in provisioning for legal risks associated with foreign currency loans of Bank Millennium in Poland, as well as by changes in the recognition of non-controlling interests in own funds, partially offset by the good performance of the activity in Portugal. Therefore, the CET1 ratio decreased from the figure presented in the same period of 2020, standing below the bank's medium-term goals, without jeopardizing the prospect of convergence towards such goals.

SOLVABILITY RATIOS				(EUR million)
	31 Dec. 21	**31 Dec. 20**	**31 Dec. 21**	**31 Dec. 20**
	PHASED-IN		**FULLY IMPLEMENTED**	
OWN FUNDS				
Common Equity Tier 1 (CET1)	5,373	5,657	5,375	5,651
Tier 1	5,882	6,194	5,884	6,187
TOTAL CAPITAL	7,213	7,212	7,247	7,213
RISK WEIGHTED ASSETS	45,933	46,413	45,863	46,322
CAPITAL RATIOS (*)				
CET1	11.7%	12.2%	11.7%	12.2%
Tier 1	12.8%	13.3%	12.8%	13.4%
Total	15.7%	15.5%	15.8%	15.6%

(*) Includes the cumulative net income recorded in each period.

Leverage ratio

The leverage ratio is a (non-risk-sensitive) measure of a bank's ability to meet its long-term financial obligations, calculated by dividing the Bank's Tier 1 capital by its average total consolidated assets and expressed as a percentage.

CRD imposes a binding leverage ratio minimum requirement of 3%. Under the CRD rules, additional leverage ratio requirements can be imposed to address the institution-specific risk of excessive leverage. G-SII will be required to hold an additional leverage ratio buffer in the future, amounting to 50% of the risk-based G-SII capital buffer. It is not anticipated that Portuguese banks may be classified as G-SIIs.

The Bank's leverage ratio was 5.9% fully implemented, as at 31 December 2021.

Liquidity requirements

Basel III and CRD and CRR, provide for the setting of short- and long-term liquidity ratios and funding ratios, namely the liquidity coverage ratio ("**LCR**") and the NSFR. The NSFR, currently a mere reporting obligation will become binding following CRD V.

The Bank's LCR calculated in accordance with the Commission Delegated Regulation (EU) 2015/61, of 10 October 2014, and the NSFR, estimated in accordance with Basel III methodology that supported the ECB's Short-Term Exercise report, were 269% and 150%, respectively, as at 31 December 2021, higher than the reference value of 100% (fully implemented).

The LCR requires that banks have sufficient high-quality liquid assets ("**HQLA**") in their liquidity buffer to cover the difference between the expected cash outflows and the expected capped cash inflows over a 30-day stressed period. The value of the ratio is to be no lower than 100% (the stock of HQLAs should at least equal total net cash outflows). In relation to the LCR, the EBA:

(i) defined assets as "extremely high" and of "high" quality;

(ii) put in place operational requirements for the holdings of liquid assets;

(iii) recommended that all types of bonds issued or guaranteed by Member States' central governments and central banks in local currency as well as those issued or guaranteed by supranational institutions should be considered transferrable extremely high-quality assets;

(iv) stated that the credit quality standards and eligibility of covered bonds, bonds, RMBS and bonds issued by local government entities should be considered highly liquid and credit quality assets; and

(v) recommended that common equity shares should be considered high quality liquid assets.

The NSFR, is defined as the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an on-going basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The ratio aims at ensuring that the funding of illiquid assets is made through stable sources, both in normal as well as adverse conditions.

Sustainable Finance

The European Union is strongly supporting the transition to a low-carbon, more resource-efficient and sustainable economy and it has been at the forefront of efforts to build a financial system that supports sustainable growth. On 11 December 2019, the Commission presented the European Green Deal, a growth strategy aiming to make Europe the first climate neutral continent by 2050. To this end, the Commission has developed a comprehensive

policy agenda on sustainable finance since 2018, comprising the action plan on financing sustainable growth and the development of a renewed sustainable finance strategy in the framework of the European Green Deal. On 18 June 2020, a sustainable taxonomy for the EU was put forward through Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment ("**EU Taxonomy**"), applicable to financial market participants offering financial products, financial and non-financial firms under Directive 2014/95/EU (NFRD).

It establishes a classification scheme for economic activities based on their environmental sustainability which is primarily aimed at supporting mandatory disclosures. On 21 April 2021, the European Commission approved in principle the first delegated act aimed to support sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives. Specifically, for the banking sector, the EBA was given several mandates to assess how environmental, social and governance (ESG) risks can be incorporated into the three pillars of prudential supervision. Based on this, the EBA published an Action Plan on sustainable finance and a Discussion Paper on the integration of ESG risks into the regulatory and supervisory framework.

Complementing the sustainability taxonomy defined by Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139 has set out the technical screening criteria for determining under which conditions an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and establish that such economic activity does not cause significant harm to any one of the environmental objectives set out in the Regulation. It will thus allow banks to test their "transition capacity" and identify: i) transition or adaptation financing needs of banks' counterparties (how much counterparties need to invest for transition) and ii) the most vulnerable exposures from a transition and adaptation perspective. The technical screening criteria for the remaining EU Taxonomy objectives are expected in 2022.

In accordance with the provisions of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, the European Commission addressed the equally complex need for classification requirements for sustainable investment products through the Sustainable Finance Disclosure Regulation ("**SFDR**"), which establishes harmonised disclosure requirements. The SFDR regulation, applicable to financial market participants and financial advisers since March 2021, aims not only to classify sustainable investment products, but to harmonise the sustainability-related information disclosed at product and company level, including their strategic business and policy decisions, on their websites, pre-contractual information and periodic reports. Financial market participants that make and sell sustainable investment products have disclosure obligations in relation to their sustainable products, namely at the level of (i) integration of sustainability risks, (ii) consideration, in their processes, of negative impacts on sustainability and (iii) in the provision of sustainability information in relation to financial products.

The integration of ESG risks into the supervisory framework will be supported by the ongoing ECB's economy-wide climate stress tests, while EBA is assessing the inclusion of ESG related risks in the Pillar 2 framework.

Response to the COVID-19 crisis

ECB Banking Supervision provided temporary capital and operational relief in reaction to the COVID-19 crisis

In March 2020, the ECB announced several measures to support banks amid the coronavirus-related economic shock to the global economy. Measures included operating temporarily below the level of capital defined by the Pillar 2 Guidance, the capital conservation buffer and the LCR, using capital instruments that do not qualify as CET1 capital to meet the Pillar 2 capital requirements ("**P2R**") and excluding central bank exposures from their leverage ratio.

On 15 December 2020, the ECB published (i) a recommendation concerning dividend distributions during the COVID-19 pandemic (repealing Recommendation ECB/2020/35) in which the ECB recommends that until 30 September 2021 significant credit institutions exercise extreme prudence when deciding on or paying out

dividends or performing share buy-backs aimed at remunerating shareholders and (ii) reiterated its expectation of extreme moderation with regard to variable remuneration until 30 September 2021. On 23 July 2021, the ECB decided not to extend beyond September 2021 its recommendation that all banks limit dividends. Instead, supervisors will assess the capital and distribution plans of each bank as part of the regular supervisory process.

On 10 February 2022, the ECB announced the end of the last temporary relief measures available to banks. As such, banks are once again expected to operate above P2R from 1 January 2023 and are to reinclude central bank exposures in leverage ratio from 1 April 2022.

Banking Package to help mitigate the economic impact of the COVID-19 pandemic

On 28 April 2020, the Commission adopted a banking package to help mitigate the impact of the Coronavirus. It includes an Interpretative Communication on the EU's accounting and prudential frameworks, as well as targeted "quick fix" amendments to EU banking rules.

On 24 June 2020, Regulation (EU) 2020/873 (the CRR "quick fix") of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic was adopted.

- CRR

In this regard, the following set of amendments to the CRR have been made:

(i) The IFRS 9 transitional arrangements have been extended by two years, and institutions have been allowed to fully add back to their Common Equity Tier 1 capital any increase in expected credit loss provisions that they recognise in 2020 and 2021 for their financial assets that are not credit-impaired, as compared to end-2019. In addition, a temporary prudential filter that neutralises the impact of the volatility in central government debt markets on institutions' regulatory capital during the coronavirus pandemic has been introduced. The date of application of the leverage ratio buffer for G-SIIs was deferred by one year to 1 January 2023; and

(ii) More favourable treatment of publicly guaranteed loans under the NPL prudential backstop, namely by temporarily extending preferential treatment to NPLs guaranteed by the public sector in the context of measures aimed at mitigating the economic impact of the COVID-19 pandemic in accordance with EU State aid rules.

- IFRS 9

The banking package also includes an Interpretative Communication on the EU's accounting and prudential frameworks which has clarified:

(i) the flexibility available in IFRS 9 as regards (i) the Expected Credit Loss (ECL) approach under IFRS 9; (ii) the Assessment of a "Significant Increase in Credit Risk" (SICR) and (iii) the use of moratoria and "Significant Increase in Credit Risk";

(ii) that individual or corporate loans that benefit from moratoria should not automatically be considered to have suffered a "Significant Increase in Credit Risk" if they have become subject to private or public moratoria. As such, if they fulfil a number of conditions (as specified in the EBA guidelines of 2 April 2020 on payment moratoria, EBA/GL/2020/02) they are not considered as forbearance measures and therefore do not affect the classification of the loans concerned; and

(iii) how the prudential rules on the classification of NPLs (definition of default and loan forbearance under the CRR) can accommodate Government guarantees and payment moratoria in line with the statements and guidance by the EBA and the ECB.

- Other measures

The banking package also envisages the following measures:

(i) advancing the date of application of the revised supporting factor for SME and the new supporting factor for infrastructure finance, the preferential treatment of certain software assets, and the preferential treatment of certain loans backed by pensions or salaries; and

(ii) a proposal for the modification of the offsetting mechanism associated with competent authorities' discretion to allow credit institutions to temporarily exclude exposures in the form of central bank reserves from the calculation of the leverage ratio.

Banking Union

In an effort to harmonise the regulation and supervision of banking activities across the European Union and especially in the Eurozone, the European Commission established a new common regulation (Single Rule Book) and a common supervisory architecture (European Supervisor Authorities together with Nacional Competent Authorities. The key-elements of the Banking Union are the Single Supervisory Mechanism ("**SSM**"), the SRM and the European Deposits Insurance Scheme ("**EDIS**"):

(i) The SSM, which assigns the role of direct banking sector supervisor to the ECB in order to ensure that the largest banks in Europe are independently supervised under common rules (operating since 4 November 2014);

(ii) The SRM, which is responsible for planning for the worst-case scenario, namely the failure of a bank, to ensure that the situation can be resolved in an orderly manner;

(iii) On 24 November 2015, the European Commission presented a legislative proposal that aims to add another element to the Banking Union, the EDIS, which is to be built on the basis of existing national Deposit Guarantee Schemes ("**DGS**"), but yet to be implemented.

Furthermore, the underlying resolution rules were changed through the provisions of the BRRD, according to which resolutions shall mainly be financed by banks' shareholders and creditors. Where necessary, financing can also be provided, on a complementary basis, by the newly established Single Resolution Fund (the "**SRF**"), which is financed by the European banking industry. The SRF is only expected to reach its target funding level in 2023. Members of the Eurozone are automatically part of the Banking Union, while other Member States may opt in.

The Single Supervisory Mechanism

The Banking Union assigns specific tasks to the ECB concerning policies relating to the prudential supervision of credit institutions. According to the regulation, the SSM is intended to ensure that the European Union policy relating to the prudential supervision of credit institutions is implemented in a coherent and effective manner, that the single rulebook for financial services is applied in the same manner to credit institutions in all Member States concerned and that those credit institutions are subject to supervision of the highest quality, unfettered by other non-prudential considerations.

The ECB directly supervises 115 financial institutions, including (since 4 November 2014) the Bank, that are considered to be systemically relevant, given their dimension and importance in the banking system of each Member State. The ECB's supervision of banks that are not considered significant ("less significant" institutions") is exercised in conjunction with national authorities. The "SSM Regulation" and the "SSM Framework Regulation" provide the legal basis for the operational arrangements of the SSM.

The SSM is also responsible for regularly assessing and measuring the risks for each bank and, consequently, the capital and liquidity adequacy of credit institutions through the global evaluation of own funds adequacy, by means of the SREP:

(i) During the SREP, the supervisor not only defines banks' capital requirements, (e.g. P2R and Pillar 2 capital guidance ("**P2G**")), but may also decide to impose additional measures on banks, including liquidity and qualitative measures;

(ii) The prudential requirements require banks to maintain a total SREP capital requirement ("**TSCR**") that includes CET1 instruments and other capital instruments;

(iii) Banks are also subject to the overall capital requirement ("**OCR**") that includes, in addition to the TSCR, additional capital buffers, namely "the combined buffer", comprised of the countercyclical capital buffer, capital conservation buffer and systemic buffer, as described above; and

(iv) The P2G is to be made up entirely of CET1 capital and should be held over and above the OCR. Failure to comply with the P2G is not itself a breach of own funds requirements, but it may be subject to additional measures adjusted to the individual situation of the bank. The P2G is not relevant for purposes of the Minimum Distributable Amount ("**MDA**"). The MDA is the maximum amount a bank is allowed to pay out, for example for bonuses or dividends. A bank whose capital ratio falls below the MDA trigger point faces restrictions on the amount of distributable profits.

During the SREP, the supervisor not only defines banks' capital requirements but may also decide to impose additional measures on banks, including liquidity and qualitative measures. The final measures to be adopted will be assessed, on a case-by-case basis, by the Supervisory Board of the ECB.

The CRD clarifies the conditions for imposing Pillar 2 additional requirements, i.e., the institution-specific nature of Pillar 2 add-ons makes them unsuitable for macro-prudential purposes, for which other specific tools are set out. It also clarifies the interaction between the Pillar 2 add-ons, the Pillar 1 requirements, the own funds and eligible liabilities requirement, the MREL and the combined buffers (the 'stacking order') while clarifying the distinction between Pillar 2 requirements imposed by supervisors to address institution-specific actual risks and (non-binding) P2G, which refers to the possibility for competent authorities to indicate to banks the level of capital in excess of Pillar 1, Pillar 2 and combined buffers requirements that they expect them to hold to face forward-looking and remote stresses.

The EBA issues guidelines on common procedures and methodologies for the SREP. These guidelines introduce consistent methodologies for the assessment of risks to capital and risks to liquidity, and for the assessment of the Bank's capital and liquidity adequacy. Changes to guidelines, after being endorsed by the competent authorities may also have implications on the Bank's compliance of supervisory requirements.

The Single Resolution Mechanism

A new recovery and resolution regime introduced tools and powers aimed at addressing banking crisis in advance through Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, as amended, established a framework for recovery and resolution ("**BRRD**"). The SRM, establishes uniform rules and procedures for the resolution of credit institutions (the "**SRM Regulation**") regarding the loss-absorbing and recapitalisation capacity.

The BRRD was transposed to the Portuguese legal order through Law No. 23-A/2015, of 26 March 2015, as amended (which amended the Banking Law).

In the event of a bank's critical financial condition ("fail or likely to fail"), the Banking Union's framework was designed to minimise the impact of any particular bank's financial difficulties on the financial system and on

taxpayers. Under the envisaged SRM, shareholders of the institution would be the first to bear losses, before that institution's lenders in accordance with the applicable creditor hierarchy set out under applicable legislation. To that end, resolution authorities were given the power to allocate losses to shareholders and creditors (including holders of any Notes) (the "bail in" tool, as per Article 43 of the BRRD), in line with the valuation of the failing business and according to the sequence of write down and conversion provided in Article 48 of the BRRD. Shareholders and creditors must therefore absorb losses for at least 8% of their total liabilities, including own funds, before any use of the resolution fund.

Guaranteed deposits are expected to be safeguarded and creditors should not bear losses greater than those that they would have suffered had the institution been liquidated under ordinary insolvency proceedings. The BRRD contemplates that subordinated liabilities (such as the Subordinated Notes) may be subject to non-viability loss absorption, in addition to the application of the general bail-in tool (which may apply to any of the Notes).

As such, the Banking Union and, in particular, the use of resolution tools and powers provided for by the Banking Union, may disrupt the rights of shareholders and creditors. In particular, the power of the authorities to transfer the shares or all or part of the assets of an institution to a private purchaser without the consent of shareholders affects the property rights of shareholders. In addition, the power to decide which liabilities to transfer out of a failing institution based upon the objectives of ensuring the continuity of services and avoiding adverse effects on financial stability may affect the equal treatment of creditors.

To avoid institutions structuring their liabilities in a manner that impedes the effectiveness of the bail-in tool, the BRRD requires that institutions meet at all times a MREL expressed as a percentage of the total liabilities and own funds of the institution. When determining MREL in accordance with points (a) and (b) of Article 45 (6) of the BRRD and in applying the bail-in tool, the resolution authority should ensure that the institution is capable of absorbing an adequate amount of losses and that the post-resolution entity is recapitalised by an amount sufficient to meet ongoing capital prudential requirements after resolution, while sustaining sufficient market confidence. The resolution authority should also take into account the assessments made by the competent authority on the business model, funding model, and risk profile of the institution in order to set prudential requirements.

By delivering a comprehensive framework that ensures that shareholders and creditors bear the cost of bank failure, the BRRD aims at:

(i) safeguarding the continuity of essential banking operations;

(ii) protecting the depositors, the client's assets and the public funds;

(iii) risks to financial stability; and

(iv) avoiding the unnecessary destruction of value.

Accordingly, resolution powers include, among others:

- the power to reduce, including to reduce to zero, the principal amount of or outstanding amount due in respect of eligible liabilities, of an institution under resolution;
- the power to convert eligible liabilities of an institution under resolution into ordinary shares or other instruments of ownership of that institution;
- the power to cancel debt instruments issued by an institution under resolution except for secured liabilities subject to Article 44(2) of the BRRD; and
- the power to reduce, including to reduce to zero, the nominal amount of shares or other instruments of ownership of an institution under resolution and to cancel such shares or other instruments of ownership.

These powers conferred to resolution authorities are such as to ensure that capital instruments (including Additional Tier 1 and Tier 2 instruments) absorb losses at the point of non-viability of the issuing institution. Accordingly, the BRRD contemplates that resolution authorities may require the write down of such capital instruments in full or on a permanent basis, or their conversion in full into CET1 instruments, to the extent required and up to their capacity, at the point of non-viability immediately before the application of any other resolution action, if any.

The BRRD provides, *inter alia*, that resolution authorities shall exercise the write down power of reducing or converting at the point of non-viability of the issuing institution, according to an order of priority of credits in normal insolvency procedures, in a way that results in:

(i) CET1 instruments being written down in proportion to the relevant losses; and

(ii) the principal amount of other capital instruments being written down and/or converted into CET1 (Tier 1 and Tier 2 instruments).

Resolution authorities may also apply the bail-in tool to meet the resolution objectives, for any of the following purposes:

(i) to recapitalise an institution that meets the conditions for resolution to the extent sufficient to restore its ability to comply with the conditions for authorisation and to continue to carry out the activities for which it is authorised and to sustain sufficient market confidence in the institution or entity; or

(ii) to convert to equity or reduce the principal amount of claims or debt instruments that are transferred:

  (a) to a bridge institution with a view to providing capital for that bridge institution; or

  (b) under the sale of business tool or the asset separation tool.

When applying the bail-in tool, resolution authorities exercise the write-down and conversion powers meeting the following sequence:

1. Common Equity Tier 1;

2. Additional Tier 1 instruments;

3. Tier 2 instruments;

4. Other subordinated debt, in accordance with the normal insolvency hierarchy; and

5. Other eligible liabilities, in accordance with the normal insolvency hierarchy.

On 3 September 2016, the European Commission adopted the Delegated Regulation (EU) 2016/1450, of 23 May 2016, supplementing the BRRD regulatory technical standards, which entered into force on 23 September 2016, specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities. This directive requires that institutions meet the MREL to avoid excessive reliance on forms of funding that are excluded from bail-in or other resolution measures and prevent the risk of contagion to other institutions and “bank run” situations, since failure to meet the MREL would negatively impact the institutions' loss absorption and recapitalisation capacity and, ultimately, the overall effectiveness of resolution.

The MREL shall be calculated based on different components, namely:

- the loss absorption amount, based on the current capital requirements, including regulatory capital requirements (8% of RWA), the combined buffer requirements, and additional Pillar 2 bank-specific requirements set by the supervisor;

- the recapitalisation amount (RCA), which aims to cover the capital requirements of the failing institution post-resolution, taking into account potential divestments and other resolution actions under the preferred resolution strategy, and the need to maintain sufficient market confidence; and

- adjustments to overall MREL target, namely the DGS adjustment, linked to any potential involvement of a DGS to protect insured depositors.

Resolution authorities may be able to require, on a case-by-case basis, the MREL to be wholly or partially composed of own funds or of a specific type of liabilities.

On 23 November 2016, the European Commission published proposals for certain amendments to the BRRD (BRRD II), which include certain proposals in relation to the quality and quantity of MREL required by European banks. BRRD II, which entered into force in 27 June 2019, will be applied after being transposed into national law. A new category of banks ("top-tier banks") was created with the entry into force of the BRRD II, enlarging the group of banks for which a statutory minimum requirement is applicable. Top-tier banks are non-G-SIIs with assets above EUR 100 billion. MREL is calculated differently for G-SIIs, "top-tier banks" and other banks subject to resolution. Institutions not meeting the criteria for "top-tier banks" can, however, under certain conditions, be classified as such.

The regulatory framework for MREL has been recently revised through amendments to the BRRD, and the Banking Package, introducing (i) changes to the MREL calibration (MREL requirement also based on the Leverage Ratio Exposure measure completing the existing risk based MREL measure as a percentage of the total risk exposure amount) and fine tuning of MREL defined for banking groups with a multiple point of entry, (ii) subordination requirements for resolution entities depending on the classification of the resolution entity, (iii) internal MREL for no resolution entities; and (iv) provisions for liabilities involving the law of third-countries. These changes are subject to transition arrangements and will be fully enforceable in 2024.

The Bank is currently subject to an entity specific MREL requirement. As further described in the section "Trends Information", the Bank has been notified by Banco de Portugal on the Single Resolution Board's decision regarding the MREL.

On 27 December 2017, Directive (EU) 2017/2399 of the European Parliament and of the Council, of 12 December 2017, amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the EU. The Directive entered into force on 28 December 2017 and was transposed to Portuguese legal framework by Law No. 23/2019, of 13 March, in addition to the governing of the position of the unsecured debt instruments in the insolvency hierarchy, providing greater legal certainty to the issuance of non-preferred debt, also confers a preferential claim to all deposits vis-à-vis senior debt.

On 19 March 2020, the European Commission adopted a Temporary Framework to enable Member States to further support the economy in the COVID-19 outbreak. The Temporary Framework, as amended, establishes that if due to the COVID-19 outbreak, banks would need direct support in the form of liquidity recapitalisation or impaired asset measure, the bank receiving such direct support would not automatically be deemed to be failing-or-likely-to-fail, as established by the BRRD. To the extent such measures address problems linked to the COVID-19 outbreak, they would be an exception to the requirement of burden-sharing by shareholders and subordinated creditors.

The SRM and SRF are regulated by the SRM Regulation, which also established the framework for recovery and resolution of credit institutions and the calculation method of the annual contributions for the funding of the resolution mechanism.

The main decision-making body of the SRM is the SRB which is responsible for:

(i) the planning and resolution phases of the Banking Union's cross-border and large banks, which are directly supervised by the ECB;

(ii) all resolution cases that require recourse to the SRF, irrespective of the size of the bank;

(iii) all banks in the Banking Union.

The SRB will work in close cooperation with, and will give instructions to, the national authorities of Member States, including Banco de Portugal, which is the national resolution authority in Portugal. The national authorities of participating Member States (including the Portuguese Republic) are responsible for planning and adopting resolution plans in respect of those banks for which the SRB is not directly responsible.

The SRF is financed through *ex-ante* contributions paid annually at individual level by all credit institutions within the Banking Union. Contributions to the SRF:

(i) take into account the annual target level of the SRF set by the SRB as well as the size and the risk profile of institutions;

(ii) are collected by national resolution authorities and transferred to the SRF by 30 June of every year (in accordance with Article 67(4) of the SRM Regulation and in accordance with the intergovernmental agreement on the transfer and mutualisation of contributions to the SRF ("**Intergovernmental Agreement**");

(iii) are calculated by the methodology as set out in the Commission Delegated Regulation (EU) 2015/63, of 21 October 2014, as amended, and the SRM Regulation; and

(iv) are calculated on the basis of the amount of liabilities deducted from the liability elements that belong to Tier 1 and additional own funds and the deposits covered by the Deposit Guarantee Scheme and subject to an adjustment in accordance with the risk profile of the participating institution, considering its solvability situation.

In accordance to SRM Regulation, the use of the SRF shall be contingent upon the entry into force of an agreement among the participating Member States on transferring the funds raised at national level towards the SRF as well as on a progressive merger of the different funds raised at national level to be allocated to national compartments of the SRF. This Regulation is applicable since 1 January 2016. As such, the SRF does not cover ongoing situations with the Resolution Fund as at 31 December 2015.

In 2015, following the establishment of the SRF, the Group made an initial EUR 31.4 million contribution. In accordance with the Intergovernmental Agreement, this amount was not transferred to the SRF but was used instead to partially cover the disbursements made by the Resolution Fund for resolution measures applied prior to the date of application of this Intergovernmental Agreement. Consequently, an equivalent amount will have to be transferred over a period of 8 years (starting in 2016) through periodic contributions to the SRF.

The Portuguese Resolution Fund

This fund consists of a resolution fund whose primary purpose has been to provide financial support for the application of resolution measures as determined by Banco de Portugal ("**Resolution Fund**"). The Resolution Fund foresees the participation of:

(i) credit institutions with a head office in Portugal, including the Bank;

(ii) branches of credit institutions in states that do not belong to the EU;

(iii) relevant companies for the management of payment systems subject to supervision of Banco de Portugal; and

(iv) certain types of investment companies.

Decree-Law No. 31-A/2012, of 10 February 2012, which amended the Banking Law, also introduced, on terms subsequently amended by Law No. 23-A/2015, of 26 March 2015, the creation of the privileges accorded to claims associated with loans backed-up by deposits under the Deposit Guarantee Fund (the "**DGF**"), as well as credit secured by the DGF, by the Integrated Mutual Agricultural Scheme (which, in Portugal, is formed by the Central Mutual Agricultural Bank (*Caixa Central de Crédito Agrícola Mútua*) and its associated banks) or by the Resolution Fund, arising from the potential financial support that these institutions might give in the context of the implementation of resolution measures, within the limits of the applicable laws.

The regime established in Decree-Law No. 24/2013, of 19 February establishes that Banco de Portugal has the authority to determine, by way of instruction ("*instrução*"), the applicable yearly rate based on objective incidence of periodic contributions The instruction of Banco de Portugal no. 22/2021, published on 15 December 2021, set the base rate for 2022 for the determination of periodic contributions to the Resolution Fund at 0.57% (vs. 0.06% in 2021).

Increases in the base rate in future years may reduce the Bank's profitability. The contribution of the Bank to the Resolution Fund was EUR 17.0 million in 2021, was EUR 15.1 million in 2020, EUR 16.0 million in 2019, EUR 12.1 million in 2018, EUR 8.5 million in 2017 and EUR 5.7 million in 2016. The *ex-ante* contributions for the Resolution Fund are calculated in the same way as the abovementioned SRF contributions are calculated.

According to Article 14(5) of Law No. 23-A/2015, of 26 March 2015, and without prejudice to the ex-ante and ex-post contributions regulated by the regime, further *ex-ante* and *ex-post* contributions can be charged for the Resolution Fund in accordance with the regime of Decree-Law No. 24/2013, of 19 February 2013, if these contributions are intended to enable the compliance with the obligations undertaken or to be undertaken by the Resolution Fund by virtue of having financially supported resolution measures until 31 December 2014.

Resolution measure of Banco Espírito Santo, S.A.

On 3 August 2014, with the purpose of safeguarding the stability of the financial system, Banco de Portugal applied a resolution measure to Banco Espírito Santo, S.A. ("**BES**") in accordance with the Article 145-C (1.b) of the Decree-law no. 298/92, of 31 December 1992, as amended (the "**Banking Law**"), which entailed, inter alia, the partial transfer of assets, liabilities, off-balance sheet items and assets under management into a transition bank, Novo Banco, S.A. ("**Novo Banco**"), incorporated on that date by a decision issued by Banco de Portugal. Within the scope of this process, the Resolution Fund made a capital contribution to Novo Banco amounting to EUR 4,900 million, becoming, on that date, the sole shareholder. Further, in accordance with information published on the Resolution Fund's website, the Resolution Fund borrowed EUR 4,600 million, of which EUR 3,900 million were granted by the Portuguese State and EUR 700 million by a group of credit institutions, including the Bank.

As announced on 29 December 2015, Banco de Portugal transferred to the Resolution Fund the liabilities emerging from the "eventual negative effects of future decisions regarding the resolution process that may result in liabilities or contingencies".

On 7 July 2016, the Resolution Fund declared that it would analyse and evaluate the diligences to be taken, following the publication of the report on the result of the independent evaluation, made to estimate the level of credit recovery for each category of creditors under a hypothetical scenario of a normal insolvency process of BES on 3 August 2014.

In accordance with the applicable law, when the BES liquidation process is over, if it is verified that the creditors, whose credits were not transferred to Novo Banco, would take on a higher loss than the one they would hypothetically take if BES had gone into liquidation right before the application of the resolution measure, such creditors shall be entitled to receive the difference from the Resolution Fund.

On 31 May 2019, the Liquidation Committee of BES presented a list of all the acknowledged and a list of the non-acknowledged creditors before the court and the subsequent terms of the proceedings. These lists detail that the total acknowledged credits, including capital, remunerative and default interest amounts to EUR 5,056,814,588, of which EUR 2,221,549,499 are common credits and EUR 2,835,265,089 are subordinated claims, and no guaranteed or privileged claims exist. Both the total number of acknowledged creditors and the total value of the acknowledged credits and their ranking will only be ultimately determined upon the definitive judicial judgment of the verification and ranking of credits to be given in the liquidation proceedings.

Following the resolution measure of BES, a significant number of lawsuits against the Resolution Fund was filed and is underway. According to note 19 of the Resolution Fund's annual report of 2020, "Legal actions related to the application of resolution measures have no legal precedents, which makes it impossible to use case law in its evaluation, as well as to obtain a reliable estimate of the associated contingent financial impact. (…) The Board of Directors, supported by legal advice of the attorneys for Novo Banco in these actions, and in light of the legal and procedural information available so far, considers that there is no evidence to cast doubt on their belief that the probability of success is higher than the probability of failure".

Also according to note 20 of the Resolution Fund's annual report of 2020, "*In addition to the Portuguese courts, it is important to take into account the litigation of Novo Banco, S.A., in other jurisdictions, being noteworthy, for its materiality and respective procedural stage, the litigation in the Spanish jurisdiction. (...) Regarding litigation in the Spanish jurisdiction, during the years 2018 to 2020, two decisions have become final and unappealable (...) condemning Novo Banco, and in relation to which due compensation has been requested from the Resolution Fund, and the grounds for their enforceability are being analyzed*".

On 31 March 2017, Banco de Portugal communicated the sale of Novo Banco, where it states the following: "*Banco de Portugal today selected Lone Star to complete the sale of Novo Banco. The Resolution Fund has consequently signed the contractual documents of the transaction. Under the terms of the agreement, Lone Star will inject a total of EUR 1,000 million in Novo Banco, of which EUR 750 million at completion and EUR 250 million within a period of up to 3 years. Through the capital injection, Lone Star will hold 75% of the share capital of Novo Banco and the Resolution Fund will maintain 25% of the share capital*".

The terms agreed also included a Contingent Capital Agreement (CCA), under which the Resolution Fund, as a shareholder, undertakes to make capital injections if certain cumulative conditions are met related to the performance of a specific portfolio of assets and to the capital ratios of Novo Banco going forward.

If these conditions are met, the Resolution Fund may be called upon to make a payment to Novo Banco for the lesser of the accumulated losses in the covered assets and the amount necessary to restore the capital ratios at the agreed levels. Any capital injections to be carried out pursuant to this contingent mechanism are limited to an absolute cap. The terms agreed also provide for mechanisms to safeguard the interests of the Resolution Fund, to align incentives as well as monitoring mechanisms, notwithstanding the limitations arising from State Aid rules.

On 18 October 2017, following the resolution of the Council of Ministers no. 151-A/2017 of 2 October 2017, Banco de Portugal communicated the conclusion of the sale of Novo Banco to Lone Star, with an injection by the new shareholder of EUR 750 million, followed by a further capital increase of EUR 250 million by the end of 2017. Upon completion of the transaction, the status of Novo Banco as a bridge institution ceased, fully complying with the purposes of the resolution of BES.

On 26 February 2018, the European Commission published the non-confidential version of its decision regarding the approval of State aid underlying Novo Banco's sale process. This statement identifies the three support

measures by the Resolution Fund and the Portuguese State that are part of the sale agreement associated with a total gross book value of around EUR 10-20 billion[28] that revealed significant uncertainties regarding adequacy in provisioning[29]:

(i) Contingent Capital Agreement ("CCA") which allows Lone Star to reclaim, from the Resolution Fund, funding costs, realised losses and provisions related to an ex-ante agreed portfolio of existing loan stock, up to a maximum of EUR 3.89 billion, subject to a capital ratio trigger (CET1 below 8%-13%) as well as to some additional conditions1 2[30];

(ii) underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount necessary (but no more than EUR 400 million). The amount that can be reclaimed by the Resolution Fund under the CCA is subject to the cap of EUR 3.89 billion 2;

(iii) in case the Supervisory Review and Evaluation Process ("SREP") total capital ratio of Novo Banco falls below the SREP total capital requirement, the Portuguese State will provide additional capital in certain conditions and through different instruments2. According to the press in May 2021, the amount of this recapitalization could reach EUR 1,6 billion, however it is not clear if this will be financed through the Resolution Fund or the Portuguese State.

According to the 2018 Resolution Fund's annual report, the Resolution Fund and Novo Banco have agreed that a Verification Agent - an independent entity which is essentially responsible for clarifying any differences that may exist between Novo Banco and the Resolution Fund regarding the set of calculations inherent to the CCA or regarding the practical application of the principles stipulated in the contract - is in charge of confirming that the perimeter of the mechanism is correct and that the balance sheet values of Novo Banco are being correctly reflected in the mechanism, as well as verifying the underlying set of calculations, namely by confirming the correct calculation of losses and the reference value of the assets. According to the 2020 Resolution Fund's annual report, the Resolution Fund follows the work carried out by the Verification Agent, while specific analyses are being requested.

In its 2020 annual report, the Resolution Fund states that "*Regarding future periods, a significant uncertainty as to the relevant parameters for the calculation of future liabilities is deemed to exist, either for their increase or reduction, under the terms of the CCA*".

The Resolution Fund disclosed on 17 June 2019 a set of clarifications related to the payment due in 2019 under the CCA with Novo Banco, namely:

- For payments from the Resolution Fund to be made (limited to a maximum of EUR 3,890 million over the lifetime of the mechanism), losses on the assets under the contingent mechanism should be incurred and the capital ratios of Novo Banco should stand below the agreed reference thresholds;

- The payment to be made by the Resolution Fund corresponds to the lower of the accumulated losses on the assets covered and the amount necessary to restore the capital ratios above the minimum reference threshold;

- The reference capital ratios are, in 2017, 2018 and 2019, linked to the regulatory requirements applicable to Novo Banco (CET1 ratio of 11.25% and Tier 1 ratio of 12.75%), but, as from 2020, the reference ratio will correspond to a CET1 ratio of 12%; and

- The initial reference value of the portfolio comprising the CCA was, as of 30 June 2016, EUR 7,838 million (book value of the associated assets, net of impairments).

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[28] Exact value not disclosed by the European Commission for confidentiality reasons

[29] As referred to in the respective European Commission Decision

[30] According to 2018 Novo Banco's earnings institutional presentation, the "minimum capital condition" is (i) CET1 or Tier 1 < CET1 or Tier 1 SREP requirement plus a buffer for the first three years (2017-2019); (ii) CET1 < 12%

The value of the portfolio, as at 30 June 2021, amounted to approximately EUR 2 billion (book value, net of impairments), according to Novo Banco's First Half 2021 report.

According to a notice issued by the Resolution Fund on 4 June 2020, the "*Resolution Fund and Novo Banco have initiated an arbitration procedure to clarify the treatment that should be given, under the CCA, of the effects of Novo Banco's decision to waive the transitional regime it currently benefits from and which aims to reduce the impact of the introduction of IFRS 9 on credit institutions' own funds. This issue falls within the scope of the implementation of the CCA, which sets the maximum amount of payments to be made by the Resolution Fund at Euro 3,890 million. Thus, even if the arbitration procedure were to have an unfavourable outcome for the Resolution Fund's claims, its effects would fall under the maximum limit of EUR 3,890 million in accordance with the CCA. The above arbitral proceedings therefore do not represent an additional risk compared to the ceiling of EUR 3,890 million*".

According to a statement issued by the Resolution Fund on 2 November 2021, the final judgment of the Arbitration Court constituted within the International Chamber of Commerce of Paris was favourable to the Resolution Fund regarding the transitional regime of the introduction of IFRS 9. The value of the dispute at the time of the judgment amounted to EUR 169 million, which the Resolution Fund would have had to pay to Novo Banco had the Arbitration Court's judgment not been in its favour.

According to Novo Banco's statement disclosed on 3 November 2021, Novo Banco is reviewing the Arbitration Court's decision.

In a separate notice dated 16 June 2020, the Resolution Fund clarifies that "*the Resolution Fund has also provided the Budget and Finance Committee of the Portuguese Parliament, in writing, with all the clarifications on its decision to deduct from the amount calculated under the CCA, the amount related to the variable remuneration attributed to the members of the Executive Board of Directors of Novo Banco*".

In accordance with Novo Banco's First Half 2021 report, "*In the financial year of 2020, the caption reserves registered in the responsibility of the Resolution Fund amounting to EUR 598.312 thousand relating to the Contingent Capital Agreement. The amount is accounted for under other reserves and it results at each balance sheet date of the incurred losses and of the regulatory ratios in force at the moment of its determination. In June 2021, regarding the year 2020, the amount of EUR 317.013 thousand was paid. The difference results from divergences between Novo Banco and the Resolution Fund regarding (i) the provision for discontinued operations in Spain, (ii) valuation of participation units and (iii) interest rate risk hedge accounting policy, leading to a limitation on immediate access to this amount, which despite being recorded as receivables, the bank deducted at 30 June 2021 the amount of 277.442 thousand from the calculation of regulatory capital. Novo Banco considers the amount of 277.442 thousand as due under the Contingent Capitalization Mechanism and the legal and contractual mechanisms at its disposal are being triggered in order to ensure their receipt. Additionally, it was also deducted the amount of variable remuneration to the Executive Board of Directors related to the year-end of 2019 and 2020 (EUR 3.857 thousand)*".

According to a statement by the Resolution Fund on 3 September 2020, following the payment made in May 2019 by the Resolution Fund to Novo Banco in compliance with the CCA, a special audit determined by the Government was carried out. Information was presented by the independent entity that carried out the special audit, showing that Novo Banco has been operating with a strong influence of the vast legacy of non-productive assets, originated in BES, which resulted in impairment charges and provisions, but have also contributed to rendering Novo Banco's internal procedures more robust. Regarding the exercise of the powers of the Resolution Fund under the CCA, the audit results reflect the adequacy of the principles and the adopted criteria.

Novo Banco adhered to the Special Regime applicable to Deferred Tax Assets ("**DTAs**") under Law No. 61/2014, of 26 August, according to which the Portuguese State may become Novo Banco's shareholder, if the Resolution Fund does not exercise its right to acquire the conversion rights attributed to the Portuguese State. According to the Resolution Fund's 2020 annual report, under the terms of the Sale and Subscription Agreement of 17 October

2017 for the sale of 75% of the share capital of Novo Banco to Lone Star, the effect of the dilution associated with the Special Regime applicable to DTAs shall exclusively affect the Resolution Fund's stake.

Novo Banco announced, on 15 December 2021, a capital increase arising from the conversion of conversion rights relating to 2015 fiscal year, which were issued under the special regime applicable to DTAs[31]. This capital increase included the incorporation of reserves in the amount of EUR 154,907,314 through the issuance of 154,907,314 new shares representing 1.56% of its share capital and which were attributed to the Portuguese State in accordance with the abovementioned regime. With this capital increase and as per the agreement between the Resolution Fund and the shareholder Lone Star in the context of the sale of the 75% share capital of Novo Banco, only the Resolution Fund will be diluted. According to Novo Banco's website, the new shareholding structure of Novo Banco is the following: Nani Holdings S.G.P.S, S.A 75%, Fundo de Resolução 2.44% and Direção-Geral do Tesouro e Finanças 1.56%.

Regarding the tax credits relating to the periods of 2015 (whose conversion rights were exercised), 2016 and 2017, it was estimated that the Portuguese State will hold, according to the 2020 Annual Report of the Resolution Fund, a number of ordinary shares representing a cumulative percentage of 5.69% of the share capital of Novo Banco, with the consequent dilution of the stake held by the Resolution Fund. The direct effect of this dilution is estimated at 1.4 percentage points, plus the indirect effects described below.

Also, according to the 2020 Resolution Fund's Annual Report, "*the processes of conversion of deferred tax assets into tax credits are in progress, with reference to the periods of 2018, 2019 and 2020. The effect of this additional dilution may correspond to 10.6 p.p., in addition to the aggregate reduction of 5.7 p.p. already mentioned. In view of the above, and although an agreement was signed on 31 May 2021 clarifying the necessary procedures for the shareholding held by Nani Holdings in Novo Banco not to be reduced due to the capital increase resulting from the conversion of the conversion rights held by the State, at the current date the conditions are not yet met for a decision to be taken regarding the exercise of the option right, nor is there available information to reliably estimate the financial effect arising from the contractual liability assumed by the Resolution Fund, in the context of the sale transaction of Novo Banco, in October 2017, to ensure the maintenance of Lone Star's percentage interest in Novo Banco*".

On 3 May 2021, following the request of the Portuguese parliament in October 2020 to review the operations and management of Novo Banco that led to the need to transfer funds from the Resolution Fund to Novo Banco, the Resolution Fund announced that the audit report conducted by *Tribunal de Contas* ("**Court of Auditors**") was released. The Court of Auditors concluded that the public financing of Novo Banco through the CCA contributed to the stability of the financial system, particularly as it avoided the bank's liquidation and reduced systemic risk. According to the Resolution Fund, the audit does not identify any impediment to the fulfilment of commitments and contracts arising from BES's resolution process, initiated in August 2014.

Resolution measure of Banif – Banco Internacional do Funchal, S.A.

On 19 December 2015, the Board of Directors of Banco de Portugal announced that Banif "was failing or likely to fail" and started an urgent resolution process of the institution through the partial or total sale of its activity, which was completed on 20 December 2015 through the sale to Banco Santander Totta S.A. (BST) of the rights and obligations of Banif, formed by the assets, liabilities, off-balance sheet items and assets under management.

The largest portion of the assets that were not sold, were transferred to an asset management vehicle denominated Oitante, S.A. (Oitante) specifically created for that purpose, having the Resolution Fund as the sole shareholder. For that matter, Oitante issued bonds representing debt in the amount of EUR 746 million. The Resolution Fund provided a guarantee and the Portuguese State a counter-guarantee. The operation also involved State aid, of which EUR 489 million were provided by the Resolution Fund, which was funded by a loan granted by the State.

[31] Announcement "Novo Banco, S.A. informs on capital increase", published by Novo Banco on 15 December 2021

According to the Resolution Fund's 2020 annual report, "*the outstanding debt related to the amount made available by the State to finance the absorption of Banif's losses, following the resolution measure applied by Banco de Portugal to that entity amounts to EUR 352,880 thousand*". This partial early repayment of EUR 136 million corresponds to the revenue of the contribution collected, until 31 December 2015, from the institutions covered by the Regulation of the Single Resolution Mechanism which was not transferred to the Single Resolution Fund and which will be paid to the Single Resolution Fund by the credit institutions that are covered by this scheme over a period of 8 years starting in 2016 (according to the Resolution Fund's 2016 annual report).

According to Oitante's press release on 21 July 2021, "*during 2021, Oitante has already returned to the process of early repayment of the initial debt of EUR 746 million, currently at EUR 143.5 million (-80.8%), (...). The Company intends to reach the end of this year with a substantial repayment*".

The Resolution Fund's annual report of 2020 also states that "considering the information provided by Oitante's Board of Directors, concerning the activity carried out in 2020, the guarantee provided by the Resolution Fund is not expected to be activated".

On 12 January 2021, Banco de Portugal was informed that the Administrative and Fiscal Court of Funchal dismissed a lawsuit involving several disputes associated to Banif's resolution measures applied by Banco de Portugal. In its decision, the Court determined the legality and maintenance of Banco de Portugal's measures.

Liabilities and financing of the Resolution Fund

Pursuant to the resolution measures applied to BES and Banif, the Resolution Fund incurred on loans and assumed other responsibilities and contingent liabilities resulting from:

- The State loans, on 31 December 2020, included the amounts made available (i) in 2014 for the financing of the resolution measure applied to BES (EUR 3,900 million); (ii) to finance the absorption of Banif's losses (EUR 353 million); (iii) under the framework agreement concluded with the State in October 2017 for the financing of the measures under the CCA (EUR 430 million plus EUR 850 million of additional funding requested in 2019 and EUR 850 million made available in 2020, as described above);

- Other funding:

  - granted in 2014 by the institutions participating in the Resolution Fund in the amount of EUR 700 million, in which the Bank participates, within the scope of BES resolution measure; and

  - granted in 2021 by seven domestic credit institutions, including BCP, to finance payments due under the CCM up to a maximum of EUR 475 million.

- Underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount of EUR 400 million. This underwriting did not take place as the instruments were placed with third party investors as disclosed by Novo Banco on 29 July 2018;

- Effects of the application of the principle that no creditor of the credit institution under resolution may assume a loss greater than the one it would take if that institution did not go into liquidation;

- Negative effects resulting from the resolution process that result in additional liabilities or contingencies for Novo Banco, which must be neutralized by the Resolution Fund;

- Legal proceedings filed against the Resolution Fund;

- Guarantee granted to secure the bonds issued by Oitante. This guarantee is counter-guaranteed by the Portuguese State;

- CCA allows Lone Star to claim, from the Resolution Fund, funding costs, realised losses and provisions related to the aforementioned ex-ante portfolio of existing loan stock agreed upon the sale process to Lone Star up to EUR 3.89 billion under the aforementioned conditions, among which a reduction of Novo Banco's CET1 below 8%-13%

- In case the Supervisory Review and Evaluation Process (SREP) total capital ratio of Novo Banco falls below the SREP total capital requirement, the State will provide additional capital in certain conditions and through different instruments as referred to in the respective European Commission Decision.

According to note 20 of the Resolution Fund's 2020 annual report, the Resolution Fund considers that, to date, there are no elements that allow a reliable estimate of the potential financial effect of these potential liabilities.

By a public statement on 28 September 2016, the Resolution Fund and the Ministry of Finance communicated the agreement based on a review of the terms of the EUR 3,900 million loan originally granted by the State to the Resolution Fund in August 2014 to finance the resolution measure applied to BES. According to the Resolution Fund, the extension of the maturity of the loan was intended to ensure the ability of the Resolution Fund to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Minister of Finance also announced that increases in the liabilities arising from the materialization of future contingencies will determine the maturity adjustment of State and bank loans to the Resolution Fund, required from to maintain the contributory effort required from the banking sector at prevailing levels at that time.

According to the statement of the Resolution Fund of 21 March 2017:

- "*The conditions of the loans obtained from the Fund to finance the resolution measures applied to Banco Espírito Santo, S.A. and to Banif – Banco Internacional do Funchal, S.A. were changed. These loans amount to EUR 4,953 million, of which EUR 4,253 million were granted by the Portuguese State and EUR 700 million were granted by a group of banks*";

- "*Those loans are now due in December 2046, without prejudice to the possibility of early repayment based on the use of the Resolution Fund's revenues. The revision of the loan's terms aimed to ensure the sustainability and financial balance of the Resolution Fund. The terms allow the Resolution Fund to fully meet its liabilities based on regular revenues and without the need for special contributions or any other type of extraordinary contributions*".

According to a statement issued by the Resolution Fund on 31 December 2021, the EUR 700 million loan to the Resolution Fund was provided by seven credit institutions (Caixa Geral de Depósitos, Banco Comercial Português, Banco BPI, Banco Santander Totta, Caixa Económica, Montepio Geral, Banco BIC Português and Caixa Central de Crédito Agrícola Mútuo).

On 2 October 2017, by Resolution no. 151-A/2017, of the Council of Ministers of the Portuguese State, as the ultimate guarantor of financial stability, was authorised to enter into a framework agreement with the Resolution Fund, to make available the necessary financial resources to the Resolution Fund, if and when the State deemed necessary, to satisfy any contractual obligations that may arise from the sale of the 75% stake in Novo Banco. The above-mentioned resolution further set out that the framework agreement should be subject to a time period that is consistent with the undertakings of the Resolution Fund and should preserve the Resolution Fund's capacity to satisfy said obligations in due time.

On 31 December 2020, the Resolution Fund's own resources had a negative equity of EUR 7,315 million, as opposed to EUR 7,021 million at the end of 2019, according to the latest 2020 annual report of the Resolution Fund.

To repay the loans obtained and to meet other liabilities that it may take on, the Resolution Fund receives proceeds from the initial and regular contributions from the participating institutions (including the Bank) and from the contribution over the banking sector (created under Law no. 55-A/2010). It is also provided for the possibility of the member of the Government responsible for the area of Finance to determine, by ordinance that the participating institutions make special contributions, in the situations provided for in the applicable legislation, particularly if the Resolution Fund does not have resources to satisfy its obligations.

Pursuant to Decree-Law no. 24/2013 of 19 February, which establishes the method for determining the initial, periodic and special contributions to the Resolution Fund, provided for in the Banking Law, the Bank has been paying, since 2013, its mandatory contributions set out in the aforementioned decree-law.

On 3 November 2015, the Banco de Portugal issued Circular Letter no. 085/2015/DES, under which it is clarified that the periodic contribution to the Resolution Fund should be recognised as an expense at the time of the occurrence of the event which creates the obligation to pay the contribution, i.e. on the last day of April of each year, as stipulated in Article 9 of the referred Decree-Law no. 24/2013, of 19 February, thus the Bank is recognising as an expense the contribution to the Resolution Fund in the year in which it becomes due.

The Resolution Fund issued, on 15 November 2015, a public statement declaring: "...it is further clarified that it is not expected that the Resolution Fund will propose the setting up of a special contribution to finance the resolution measure applied to BES. Therefore, the potential collection of a special contribution appears to be unlikely".

Decree-Law no. 24/2013 of 19 February further sets out that Banco de Portugal has the authority to determine, by way of instruction ("instrução"), the applicable yearly rate based on objective incidence of periodic contributions. The instruction of Banco de Portugal no. 22/2021, published on 15 December 2021, set the base rate for 2022 for the determination of periodic contributions to the Resolution Fund at 0.057% (0.06% in 2021).

During the financial year of 2021, the Group made regular contributions to the Resolution Fund in the amount of EUR 16,953 thousand. The amount related to the contribution on the banking sector, registered during the financial year of 2021, was EUR 39,286 thousand. These contributions were recognized as a cost in the financial year of 2021, in accordance with IFRIC no. 21 – Levies.

In 2015, following the establishment of the Single Resolution Fund (SRF), the Group made an initial contribution in the amount of EUR 31,364 thousand. In accordance with the Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to the SRF, this amount was not transferred to the SRF but was used instead to partially cover for the disbursements made by the RF in respect of resolution measures prior to the date of application of this Agreement. This amount will have to be reinstated over a period of 8 years (started in 2016) through the periodic contributions to the SRF. The total amount of the contribution attributable to the Group in the financial year of 2021 was EUR 24,563 thousand, of which the Group delivered EUR 20,886 thousand and the remaining was constituted as irrevocable payment commitment. The Single Resolution Fund does not cover undergoing situations with the National Resolution Fund as at 31 December 2015.

It is not possible, on this date, to assess the effects on the Resolution Fund due to: (i) the sale of the shareholding in Novo Banco in accordance with the communication of Banco de Portugal dated 18 October 2017 and the information provided by the European Commission on this subject under the terms described above, including the effects of the application of the Contingent Capital Agreement and the Special Regime applicable to DTAs; (ii) the application of the principle that no creditor of the credit institution under resolution may take on a loss greater than the one it would take if that institution did not go into liquidation; (iii) additional liabilities or contingencies for Novo Banco which need to be neutralized by the Resolution Fund; (iv) legal proceedings against the Resolution Fund, including "processo dos lesados do BES"; and (v) the guarantee provided to secure the bonds issued by Oitante (in this case, the trigger mentioned is not expected in accordance to the most recent information communicated by the Resolution Fund in its annual accounts).

According to Article 5 (e) of the Regulation of the Resolution Fund, approved by the Ministerial Order no. 420/2012, of 21 December, the Resolution Fund may submit to the member of the Government responsible for finance a proposal with respect to the determination of amounts, time limits, payment methods, and any other terms related to the special contributions to be made by the institutions participating in the Resolution Fund. According to public communications from both the Resolution Fund and from the Government, there is no indication that any such special contributions are foreseen.

According to the Resolution Fund's 2020 annual report, under note 8, "the Resolution Fund is not obliged to present positive equity. In case of insufficient resources, the Resolution Fund may receive special contributions, as determined by the member of the Government responsible for finance, in accordance with article 153-I of the Banking Act, although no such contributions are expected, in particular after a review of the financing conditions of the Resolution Fund".

On 9 September 2020, BCP informed that it has decided not to continue with the legal proceeding before the General Court of the European Union with a view to partially annul the European Commission's decision regarding its approval of the CCA of Novo Banco.

According to Resolution no. 63-A/2021 of 27 May 2021 of the Council of Ministers, a number of national financial institutions offered to finance the Resolution Fund, under conditions considered as appropriate by it, increasing up to EUR 475 million the direct financing of banks to the Resolution Fund and waiving a Portuguese State loan to the Resolution Fund. The funding costs of the Resolution Fund (from the State and from banks) will continue to be exclusively borne by periodic revenues, corresponding to the contributions paid by the banking sector. The payment obligations arising from this loan benefit from a *pari passu* treatment with the payment obligations of the loans entered into with the Portuguese State on 7 August 2014 and 31 December 2015 and with the Portuguese credit institutions on 28 August 2014.

On 4 June 2021, the Resolution Fund made a payment of EUR 317,012,629 associated to the 2020 financial accounts to Novo Banco under the CCA. This payment follows Novo Banco's request, on 7 April 2021, of EUR 598,311,568.

The Resolution Fund considered that an adjustment in the amount of EUR 169,298,939 is due to the amount requested by Novo Banco, and therefore the amount calculated by the Resolution Fund for payment to Novo Banco is EUR 429,012,629.

According to a statement issued by the Resolution Fund on 23 December 2021, the procedure related to the payment to Novo Banco regarding the 2020 accounts has been concluded. From the analyses carried out by the Resolution Fund, it was concluded that the Resolution Fund owes Novo Banco the payment of EUR 112 million, which was pending further verification in June 2021. The payment was made on 23 December 2021, an amount that had already been provisioned, included in the total amount of the provision of (EUR 429,012,629).

According to Novo Banco's 2021 earnings press release, the amount of compensation to be requested by Novo Banco with reference to 2021 is EUR 209.2 million, taking into account the losses incurred in the assets covered by the CCA, as well as the minimum capital condition applicable at the end of the same year under the CCA.

According to Novo Banco's nine-month 2021 earnings report, the total amount of EUR 277.4 million (discontinued operations in Spain, valuation of participation units and interest rate risk hedge) are due under the CCA, and the Bank is triggering the legal and contractual mechanisms at its disposal to ensure the receipt of these amounts.

The payment to Novo Banco was fully funded with resources from a loan from seven domestic credit institutions, including BCP, to finance payments that are due under the aforementioned contingent capitalization mechanism, up to a maximum amount of EUR 475 million. The loan matures in 2046 and bears interest at a rate corresponding to the sovereign cost of funding for the period between the contract date (31 May 2021) and 31 December 2026,

plus a margin of 15 b.p. The interest rate will be reviewed on 31 December 2026 and, after that, every five-years, corresponding to the sovereign five-year funding cost, plus a margin of 15 b.p.

The budgetary amendment necessary to make the payment by the Resolution Fund was authorised by Order of the Minister of State and Finance dated 31 May 2021.

The expectation of the Resolution Fund is that, except for what may result from the pending arbitration disputes with Novo Banco, no further payments will occur under the CCA. On the other hand, the value of payments already made may be offset, under the terms of the contracts, by the eventual recovery of credits that may occur, to which the value of the shareholding of the Resolution Fund in Novo Banco must be added.

The European Deposit Guarantee System

On 16 April 2014, the European Parliament and the Council adopted Directive 2014/49/EU on DGS ("**DGS Directive**"). The Directive encompasses the harmonisation of the funding mechanisms of DGS, the introduction of risk-based contributions and the harmonisation of the scope of products and depositors covered. In accordance with the DGS Directive, each credit institution should be part of a DGS recognised under this Directive, thereby ensuring a high level of consumer protection and a level playing field between credit institutions, while also preventing regulatory arbitrage. The DGS Directive sets the harmonised coverage level at EUR 100,000 and retains the principle of a harmonised limit per depositor rather than per deposit (such limit to be applied, in principle, to each identifiable depositor, except for collective investment undertakings subject to special protection rules). Each institution's contribution to DGS will be based on the amount of covered deposits and the degree of risk incurred by the respective member. The DGS Directive was transposed into the Portuguese law by Law No. 23-A/2015, of 26 March.

According to the BRRD, and consequently, the Banking Law, with the amendments introduced by Law No. 23-A/2015, of 26 March, banks must ensure that by 3 July 2024 the financial resources available to a DGS amount to a target-level of 0.8% of the amount of DGF-covered deposits.

If, after this target level is reached for the first time, the available financial resources are reduced to less than two thirds of the target level, the *ex-ante* contributions are set by Banco de Portugal at a level that allows the target level to be reached within six years. If the available financial resources are not sufficient to reimburse the depositors, in the event of unavailability of deposits, DGS members must pay *ex-post* contributions not exceeding 0.5% of the DGF-covered deposits for the exercise period of the DGF. In exceptional circumstances, the DGS can request a higher amount of contribution with the approval of Banco de Portugal.

The exemption from the immediate payment of *ex-ante* contributions shall not exceed 30% of the total amount of contributions raised. This possibility depends on the credit institutions undertaking irrevocable payment commitments, to pay part of or the whole amount of the contribution which has not been paid in cash to the DGF, that are fully backed by collateral composed of low-risk assets unencumbered by any third-party rights and partly or wholly pledged in favour of the DGF at DGF's request.

The additional indirect costs of the deposit guarantee systems may be significant and can consist of costs associated with the provision of detailed information to clients about products, costs of compliance with specific regulations on advertising for deposits or other products similar to deposits.

Other financial service laws and regulations

The Bank is still subject to other Directives and Regulations, among which:

– Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, as amended, transposed into the national legal framework by Law No. 35/2018, of 20 July, and Regulation (EU) No. 600/2014 of the European Parliament and of the Council, of 15 May 2014, as amended, relating to

markets in financial instruments, known as the Markets in Financial Instruments Directive II ("**MiFID II**") and Markets in Financial Instruments Regulation ("**MiFIR**"), respectively. Some topics of the MiFID II and MiFIR framework are currently under revision.

- Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, as amended, on key information documents for packaged retail and insurance-based investment products, supplemented by Delegated Regulation (EU) No. 653/2017 of the Commission, of 8 March 2017 ("**PRIIPs**"), as amended, applicable since 1 January 2018. On 4 January 2018, the CMVM issued a "Circular" regarding PRIIPs subject to the CMVM's supervision, outlining further applicable requirements and Law no. 35/2018, of 20 July introduced the legal framework for PRIIPs in Portugal.

- Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, as amended, on payment services ("**PSD 2**") was implemented in Portugal on 12 November 2018 through Decree-Law no. 91/2018, creating new types of payment services and reinforcing customer protection and security

- The European Market Infrastructure Regulation, Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012 ("**EMIR**"), as amended, that sets out procedures regarding OTC markets and derivatives, namely on clearing;

- Rules and regulations related to the prevention of money laundering, bribery and terrorism financing - Banco de Portugal is responsible for the preventive supervision of money laundering and terrorist financing ("**ML/TF**") in the financial sector. Within the applicable legal framework, the following are paramount: (i) Law No. 83/2017, of 18 August, as amended, which transposes Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of ML/TF, and sets forth preventive and repressive measures to combat ML/TF; (ii) Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015, as amended, on the information on payers and payees, accompanying transfers of funds, in any currency, for the purposes of preventing, detecting and investigating ML/TF; (iii) Law No. 97/2017, of 23 August, which governs the application and execution of the restrictive measures approved by the United Nations or by the European Union and sets forth the sanctions applicable to breaches of such measures and (iv) the regulatory notice ("*Aviso*") of Banco de Portugal No. 2/2018, of 26 September 2018, which governs enforcement conditions, procedures, instruments, mechanisms, enforcement measures, reporting obligations and other aspects necessary for ensuring compliance with obligations for the prevention of ML/TF.

- The EBA is also working to incorporate money laundering and terrorist financing issues into prudential and governance models.

Prevention, mitigation and monitoring of asset quality

In 2013, the EBA issued a recommendation to Competent Authorities ("**CAs**") to perform asset quality reviews for banks, based on newly harmonised definitions of NPLs (complemented by EBA Report on the dynamics and drivers of non-performing exposures in the European Union banking sector dated 22 July 2016). In 2014, CAs carried out comprehensive assessment and a stress test. EBA's Implementing Technical Standards ("**ITS**") on forbearance and NPEs, issued under Commission Implementing Regulation (EU) 2015/227, of 9 January 2015, aim at implementing uniform definitions and reporting requirements for forbearance and NPEs. The ECB has issued in March 2017 Guidance on SSM bank's on NPLs supplemented a year later by an addendum specifying ECB's expectations for prudent levels of provisions for new NPLs.

In July 2017, the European Council concluded an Action Plan to achieve a sustainable reduction of NPEs in credit institutions' balance sheets. On 31 October 2018, the EBA published the final guidance on management of non-performing and forborne exposures. These guidelines specify sound risk management practices for credit

institutions in their management of NPEs and forborne exposures, including requirements on NPE reduction strategies, governance and operations of NPE workout framework, internal control framework and monitoring.

The regulation amending the CRR to introduce common minimum coverage levels for potential losses stemming from newly originated loans that become nonperforming has been published in Official Journal on 17 April 2019 (Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) no 575/2013). This regulation establishes a requirement for credit institutions to build their loan loss reserve up to common minimum levels to cover the incurred and expected losses on newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds (CET1). The new rules should not be applied in relation to exposures originated prior to 26 April 2019. A proposal for a directive on credit servicers, credit purchasers and recovery of collateral was also included in the comprehensive package of measures to be tackled by the European Commission. The proposal strengthens the ability of secured creditors to recover value from secured loans to corporates and entrepreneurs.

All in all, the legal and regulatory framework regarding NPLs and NPEs creates an assortment of obligations for credit institutions and sets forth protection measures for bank customers, including, procedures for gathering information, contacting customers, monitoring the execution of loan agreements and managing default risk situations; the duty to assess the financial capacity of bank customers and present default correction proposals adapted to the debtor's situation; and drawing up a plan for restructuring debts emerging from home loans or replacing mortgage foreclosures that in some cases of extra-judicial procedures may restrict the Bank's options to (i) terminate the relevant agreements; (ii) initiate judicial proceedings against the debtor; (iii) assign its credits over the client; or (iv) transfer its contractual position to a third party.

Furthermore, as the macroprudential authority for Portugal, Banco de Portugal has approved a recommendation introducing limits to some of the criteria used in the assessment of customers' creditworthiness, covering the granting of new credit relating to residential immovable property, credit secured by a mortgage or equivalent guarantee, and consumer credit agreements, to be applied to agreements concluded as of 1 July 2018. Measures of similar nature are also in place in Poland. In September 2017, the regulatory notice ("*Aviso*") No. 4/2017 of Banco de Portugal, which entered into force on 1 January 2018, established procedures and criteria for banks for assessing customers' financial capacity before granting mortgage loans.

On 31 January 2022, Banco de Portugal announced the amendment to the macroprudential recommendation on new credit agreements for consumers. With a view to the convergence of the average maturity of new credit agreements for house purchase towards 30 years by the end of 2022, Banco de Portugal recommends new limits to the maximum maturity of new credit for house purchase based on the age of borrowers. Also, changes were introduced to the limits of loan-to-value and debt service-to-income ratios.

Relief measures regarding asset quality deterioration and non-performing loans

Under the Decree-Law No. 10-J/2020, of 26 March, the Portuguese government approved a six-month moratorium on bank loan repayments for households and companies affected by the COVID-19 outbreak. The Portuguese Government also launched state-guaranteed credit lines for medium, small and micro enterprises in affected sectors which will be operated through the banking system.

In this context, the ECB decided to temporarily exercise flexibility in the classification requirements and expectations on loss provisioning for NPL that are covered by public guarantees and COVID-19 related public moratoria.

On 2 April 2020, the EBA issued guidelines (EBA/GL/2020/02) on public and private payment moratoria on loan repayments applied before 30 June 2020, aiming to clarify that payment moratoria do not trigger classification as forbearance or distressed restructuring if the measures taken are based on the applicable national law or on an industry or sector-wide private initiative agreed and applied broadly by the relevant credit institutions.

Law 50/2021, of 30 July 2021, extended the moratorium for mortgage loans, consumer credit and sectors particularly affected by the pandemic, for beneficiaries which were covered by the moratoria on 1 October 2020, until 31 December 2021. Following the end of the moratoria, loans to these sectors (identified in Decree-Law No. 10-J/2020, of 26 March) may benefit from an extension of maturities until 30 September 2022.

EBA did not reactivate the regulatory and supervisory framework established by the EBA Guidelines (EBA/GL/2020/02), i.e., the treatment foreseen in the EBA guidelines on moratoria cannot be applied under this scope.

Insurance business

Directive (EU) 2016/97, as amended (the "Insurance Distribution Directive") regulates the way insurance products are designed and sold both by insurance intermediaries and directly by insurance undertakings, namely in the cases of insurance products that have an investment element such as unit-linked life insurance contracts. The Insurance Distribution Directive was transposed into national law by Law No. 7/2019, of 16 January, and entered into force in October 2018. Similar in nature provisions are also embedded in the PRIIPs Regulation (Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014, as amended) and implementing national provisions which entered into force in 2018. At a different level, the Solvency II in force (as amended) and IFRS 17, introduce additional requirements for insurance companies in terms of minimum capital requirements, supervisory review of firms' assessment of risk and enhanced disclosure requirements. All these may affect the insurance business and associated earnings. Further regulatory developments are expected in the forthcoming years, such as the review of capital requirements, long term guarantees and macroprudential tools.

Management, Audit Committee and Statutory Auditor

The Bank adopts a one-tiered corporate governance model, with one Board of Directors within which there is an Executive Committee, an Audit Committee, a Remunerations and Welfare Board and a Board for International Strategy, plus a Statutory Auditor.

Board of Directors

According to the articles of association of the Bank, the Board of Directors is composed of a minimum of 15 and a maximum of 19 members, elected by the General Meeting of Shareholders.

The General Meeting of Shareholders held on 30 May 2018 approved the election of the Board of Directors for the 2018/2021 term of office, including the Audit Committee.

On 22 May 2019, the General Meeting of Shareholders ratified the co-optation of one director for the exercise of functions in the term-of-office ending in 2021, filling in a member vacancy in the Audit Committee.

Currently, following persons exercise functions as members of the Board of Directors of BCP[32]:

Chairman:	Nuno Manuel da Silva Amado
Vice-Chairmen:	Jorge Manuel Baptista Magalhães Correia
	Valter Rui Dias de Barros
	Miguel Maya Dias Pinheiro

[32] As disclosed in the section "Recent Developments in 2022", the Bank's General Meeting of Shareholders held on 4 May 2022 elected the members of the Board of Directors to hold office for the four-year term 2022/2025. The process of authorisation for the majority of the members of the Board of Directors, the Audit Committee and the Executive Committee to exercise their functions is currently underway and only once this process has been completed will the newly appointed members initiate office for the 2022/2025 term.

Members:	Ana Paula Alcobia Gray
	Cidália Maria da Mota Lopes João Nuno de Oliveira Jorge Palma
	José Manuel Alves Elias da Costa
	José Miguel Bensliman Schorcht da Silva Pessanha
	Lingjiang Xu
	Maria José Henriques Barreto de Matos de Campos
	Miguel de Campos Pereira de Bragança
	Rui Manuel da Silva Teixeira
	Teófilo César Ferreira da Fonseca
	Wan Sin Long
	XiaoXu Gu Fernando da Costa Lima

Positions held outside the Group by the abovementioned members of the Board of Directors that are relevant to the Group:

Name	**Position**	**Company**
Nuno Manuel da Silva Amado	Member of the Board of Auditors	Fundação Bial
	Effective member of the Plenary	Universidade de Lisboa
	Member of the Senior Board	Alumni Clube ISCTE
	Member of the Consulting Board	Competitiveness Forum
	Member of the Management Board	Business Roundtable Portugal
	Member of the Advisory Board	AESE - Associação de Estudos Superiores de Empresa
	Member	"Conselho de Escola" (Estrategic & Supervisory Board) of Instituto Técnico
Cidália Maria Mota Lopes	Professor	Coimbra Business School - ISCAC on tax issues
	Invited Professor	Faculty of Law/IDET – University of Coimbra
	Member of the Scientific Board	Portuguese Fiscal Association (AFP)
Jorge Manuel Baptista Magalhães Correia		
	Chairman of the Board of Directors	Luz Saúde, S.A.

Name	Position	Company
	Member of the Board of Directors and member of the Corporate Governance Committee	REN- Redes Eléctricas Nacionais, SGPS, S.A.
	Chairman of the Board of Directors	Fidelidade Companhia de Seguros, S.A.
	Chairman of the Board of Directors	Longrun, SGPS, S.A.
	Vice- Chairman	Portuguese Insurers Association
	Member of the Advising Board of	Faculdade de Direito de Lisboa
José Miguel Bensliman Schorcht da Silva Pessanha	Vice-Chairman of the Board of Director and Chairman of the Audit Committee	Millenniumbcp Ageas Grupo Segurador, SGPS, S.A.
	Vice-Chairman of the Board of Directors and Chairman of the Audit Board	Ocidental – Companhia Portuguesa de Seguros, S.A.
	Vice-Chairman of the Board of Directors and Chairman of the Audit Committee	Ageas – Sociedade Gestora de Fundos de Pensões, S.A. (formely denominated Ocidental – Sociedade Gestora de Fundos de Pensões, S.A.)
Lingjiang Xu	Non-Executive Chairman of the Board of Directors	Longrun Portugal, SGPS, S.A.
	Non-Executive member of the Board of Directors	Fidelidade – Companhia de Seguros, S.A.
	Non-Executive member of the Board of Directors	Luz Saúde, S.A.
Miguel de Campos Pereira de Bragança	Manager	Quinta das Almoínhas Velhas-Imobiliária Lda.
	Non-executive Director	SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A. (in representation of BCP)
	Non-executive Director	Unicre- Instituição Financeira de Crédito, S.A. (in representation of BCP)
	Member of the General Board	AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado
Miguel Maya Dias Pinheiro	Vice-Chairman of the Board of Directors	Banco Millennium Atlântico, S.A.
	Member of the Senior Board	Alumni Clube ISCTE

Name	Position	Company
	Member of the advisory Board	INDEG/ISCTE Executive Education
	Member of the advisory Board	BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável, (in representation of the Bank
	Vice-Chairman of the Management Board of	APB – Associação Portuguesa de Bancos (in representation of Banco Comercial Português, S.A.
Rui Manuel da Silva Teixeira	Member of the Remunerations Committee	UNICRE – Instituição Financeira de Crédito, S.A. (in representation of BCP)
	Chairman of the Board	Porto Business School.
Valter Rui Dias de Barros	Chairman of the Board of Directors	Recredit - Gestão de Activos, S.A. (Angola)
XiaoXu Gu (Julia Gu)	Executive Vice-Chairwoman	Fosun High Technology (Group) Co., Ltd.
	Non-Executive Chairwoman	Zhangxingbao (Shanghai) Network Technology Co., Ltd. (subsidiary of Fosun)
	Non-Executive Member of the Board of Directors	MYBank
	Non-Executive Member	Chongquing Rural Commercial Bank Co. Ltd
Fernando da Costa Lima	Non-executive Director	Euronext Lisbon
	Chairman of the General Meeting	OBEGEF – Observatory of Economics and Fraud Management
Teófilo César Ferreira da Fonseca	Advisor of the Strategic General-Board	Chamber of Commerce for Small and Medium-sized companies Portugal-China (as from January 2021)
	Funder and Advisor (Lifetime consultative position)	Xanana Gusmão Foundation
	Director	Portugal Mozambique Association
Wan Sin Long	Chairman of the Executive Board of Directors	Great Win Consultancy Limited

To the best of the Issuer's knowledge, none of the abovementioned members of the Board of Directors of the Bank has any external activity relevant for the Bank other than the ones listed above.

For all the purposes resulting from the functions of the members of the Board of Directors, their professional domicile is at Av. Prof. Dr. Cavaco Silva (Parque das Tecnologias), Edifício 1, no. 32, Piso 2, 2744-256 Porto Salvo.

Executive Committee

Under the terms of the law and of the Articles of Association of the Bank, the Board of Directors appointed an Executive Committee on 24 July 2018, composed of six of its members, which performs all the Bank's current management functions that are not to be exercised by the Board of Directors. The members of the Executive Committee are as follows:

Chairman:	Miguel Maya Dias Pinheiro
First Vice-Chairman:	Miguel de Campos Pereira de Bragança
Second Vice-Chairman:	João Nuno de Oliveira Jorge Palma
Members:	José Miguel Bensliman Schorcht da Silva Pessanha
	Maria José Henriques Barreto de Matos de Campos
	Rui Manuel da Silva Teixeira

Audit Committee

Under the terms of the articles of association of the Bank, the Bank's supervision pertains to an Audit Committee elected by the General Meeting of Shareholders and composed of a minimum of three and a maximum of five members.

The Audit Committee, created in accordance with the provisions of number 1 of Article 278 of the Portuguese Companies Code and in accordance with Article 39 of the articles of association of the Bank, is particularly responsible for (amid the remaining powers attributed to it by law):

a) Monitoring the Bank's management;

b) Verifying the compliance with the law and the articles of association;

c) Verifying the regularity of the books, accounting records and documents supporting them;

d) Verifying the accuracy of the financial statements;

e) Supervising the efficiency of the risk management system, the internal control system and the internal audit system;

f) Receiving the communications stating irregularities reported by shareholders, employees of the Bank or others;

g) Monitoring the preparation and disclosure of financial information;

h) Proposing to the General Meeting of Shareholders the election of the Chartered Accountant and of the External Auditor;

i) Supervising the audit of the annual report and financial statements of the Bank;

j) Verify the Statutory Auditor's independence, namely regarding the rendering of non-audit services;

k) Engaging the provision of services by experts to assist one or several of its members in the exercise of their functions. This engagement and the remuneration of the experts must take into account the importance of the issues committed to them and the Bank's economic situation; and

l) Complying with all the other duties attributed to it by the law or by the Articles of Association.

The Audit Committee is composed of the following members:

Members:	Cidália Maria Mota Lopes
	Valter Rui Dias de Barros
	Wan Sin Long
	Fernando da Costa Lima

Statements regarding the Members of Management and Supervision Bodies

To the best of the Issuer's knowledge and in its understanding, having made enquiries, there are no potential conflicts of interests between the duties of any member of the management and supervision bodies identified above towards the Issuer or towards any other Group company and his/her personal interests and duties. There are non-executive members of the Board of Directors with functions in other financial institutions that can be considered competitors of the Bank. For this situation, the General Meeting of Shareholders held on 28 February 2012 resolved to authorise the presence of those members in the Board of Directors, which was also authorised in the General Meeting of Shareholders held on 11 May 2015, and the General Meeting of Shareholders held on 30 May 2018, where the majority of the current members of the Board of Directors were elected, with the mention of the adoption of a restrictive regime of access to sensitive information.

Statutory Auditor

The current Statutory Auditor and External Auditor of the Bank, Deloitte & Associados SROC, S.A., and alternatively Jorge Carlos Batalha Duarte Catulo, ROC No. 992, were elected at the General Meeting of Shareholders held on 20 May 2020, for the three-year term of office 2021/2023, by a majority of 99.92% of the votes cast.

Deloitte & Associados SROC, S.A was elected for the first time on 21 April of 2016.

There are no potential conflicts of interest between the duties to the Bank of the persons listed above and their private interest or duties.

SUMMARY FINANCIAL INFORMATION

The financial information set out below has been derived from the audited consolidated financial statements of the Bank as at, and for the years ended on 31 December 2020 and 31 December 2021 and the unaudited and un-reviewed consolidated financial statements of the Bank as at, and for the three month period ended on, 31 March 2022. The consolidated financial statements of the Bank were prepared in accordance with IFRS, as endorsed by the European Union. Such financial information should be read together with, and is qualified in its entirety by reference to, the Bank's annual reports and audited financial statements as at, and for the years ended on, 31 December 2020 and 31 December 2021 and the unaudited and un-reviewed interim report and financial statements as at, and for the three month period ended on 31 March 2022. The financial statements for the year ended on 31 December 2020 have been approved by the General Meeting of Shareholders on 20 May 2021 and the financial statements for the year ended on 31 December 2021 have been approved by the General Meeting of Shareholders on 4 May 2022.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statements for the years ended 31 December 2021 and 2020

(Audited)
(Amounts expressed in thousands of EUR)

	2021	2020 (restated)
Interest and similar income	1,709,124	1,805,760
Interest expense and similar charges	(120,523)	(274,095)
NET INTEREST INCOME	1,588,601	1,531,665
Dividends from equity instruments	938	4,775
Net fees and commissions income	727,723	676,556
Net gains/(losses) from financial operations at fair value through profit or loss	(247)	(17,336)
Net gains/(losses) from foreign exchange	17,494	88,319
Net gains/(losses) from hedge accounting operations	4,286	(2,322)
Net gains/(losses) from derecognition of financial assets and liabilities at amortised cost	(3,717)	(28,081)
Net gains/(losses) from derecognition of financial assets at fair value through other comprehensive income	68,722	100,063
Other operating income / (losses)	(128,905)	(158,261)
TOTAL OPERATING INCOME	2,274,895	2,195,378
Staff costs	654,270	624,780
Other administrative costs	324,172	329,823
Amortisations and depreciations	137,156	135,800
TOTAL OPERATING EXPENSES	1,115,598	1,090,403
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	1,159,297	1,104,975
Impairment of financial assets at amortised cost	(352,833)	(513,406)
Impairment of financial assets at fair value through other comprehensive income	(4,626)	(10,360)
Impairment of other assets	(60,882)	(79,290)
Other provisions	(642,726)	(238,292)
NET OPERATING INCOME	98,230	263,627
Share of profit of associates under the equity method	56,937	67,695
Gains/(losses) arising from sales of subsidiaries and other assets	2,570	(6,387)
NET INCOME BEFORE INCOME TAXES	157,737	324,935
Income taxes		
Current	(81,353)	(108,520)
Deferred	(122,273)	(23,570)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	(45,889)	192,845
Income arising from discontinued or discontinuing operations	70,881	15,520
NET INCOME AFTER INCOME TAXES	24,992	208,365
Net income for the year attributable to:		
Bank's Shareholders	138,082	183,012
Non-controlling interests	(113,090)	25,353
NET INCOME FOR THE YEAR	24,992	208,365
Earnings per share (in Euros)		
Basic	0.007	0.010
Diluted	0.007	0.010

The balances for 2020 were restated under the changes in accounting policies and in the classification of Banque Privée BCP (Suisse), S.A. and Seguradora Internacional de Moçambique, S.A. as discontinuing operations.

BANCO COMERCIAL PORTUGUÊS

Interim Condensed Consolidated Income Statements
for the three-month period ended 31 March 2022 and 2021
(Unaudited)
(Amounts expressed in thousands of EUR)

	31 March 2022	31 March 2021 (restated)
Interest and similar income	513,921	403,309
Interest expense and similar charges	(48,820	(28,527)
NET INTEREST INCOME	465,101	374,782
Dividends from equity instruments	889	30
Net fees and commissions income	192,844	171,123
Net gains/(losses) from financial operations at fair value through profit or loss	8,691	181
Net gains/(losses) from foreign exchange	1,859	19,808
Net gains/(losses) from hedge accounting operations	(2,162	1,033
Net gains/(losses) from derecognition of financial assets and liabilities at amortised cost	6,377	(3,410)
Net gains/(losses) from derecognition of financial assets at fair value through other comprehensive income	28,619	24,162
Other operating income/(losses)	(25,298	(24,063)
TOTAL OPERATING INCOME	676,920	563,646
Staff costs	137,723	141,470
Other administrative costs	82,667	76,667
Amortisations and depreciations	34,611	34,005
TOTAL OPERATING EXPENSES	255,001	252,142
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	421,919	311,504
Impairment of financial assets at amortised cost	(90,932	(110,908)
Impairment of financial assets at fair value through other comprehensive income	398	(1,431)
Impairment of other assets	(11,395	(8,057)
Other provisions	(152,039	(122,320)
NET OPERATING INCOME	167,951	68,788
Share of profit of associates under the equity method	16,208	15,352
Gains/(losses) arising from sales of subsidiaries and other assets	7,617	(1,056)
NET INCOME BEFORE INCOME TAXES	191,776	83,084
Income taxes		
Current	(17,978	(21,993)
Deferred	(67,493	(34,922)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	106,305	26,169
Income arising from discontinued or discontinuing operations	1,388	2,893
NET INCOME AFTER INCOME TAXES	107,693	29,062
Net income for the period attributable to:		
Bank's Shareholders	112,866	57,815
Non-controlling interests	(5,173	(28,753)
NET INCOME FOR THE PERIOD	107,693	29,062
Earnings per share (in Euros)		
Basic	0.027	0.013
Diluted	0.027	0.013

The balances for the first quarter of 2021 were restated under the changes in accounting policies and in the classification of Banque Privée BCP (Suisse), S.A. and Seguradora Internacional de Moçambique, S.A. as discontinuing operations.

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December 2021 and 2020
(Audited)
(Amounts expressed in thousands of EUR)

	2021	2020 (restated)
ASSETS		
Cash and deposits at Central Banks	7,796,299	5,303,864
Loans and advances to credit institutions repayable on demand	361,786	262,395
Financial assets at amortised cost		
Loans and advances to credit institutions	453,213	1,015,087
Loans and advances to customers	54,972,401	52,022,357
Debt securities	8,205,196	6,234,545
Financial assets at fair value through profit or loss		
Financial assets held for trading	931,485	1,031,201
Financial assets not held for trading mandatorily at fair value through profit or loss	990,938	1,315,467
Financial assets at fair value through other comprehensive income	12,890,988	12,140,392
Hedging derivatives	109,059	91,249
Investments in associated companies	462,338	434,959
Non-current assets held for sale	780,514	1,026,481
Investment property	2,870	7,909
Other tangible assets	600,721	640,825
Goodwill and intangible assets	256,213	245,954
Current tax assets	17,283	11,676
Deferred tax assets	2,688,216	2,633,790
Other assets	1,385,292	1,296,812
TOTAL ASSETS	92,904,812	85,714,963
LIABILITIES		
Financial liabilities at amortised cost		
Resources from credit institutions	8,896,074	8,898,759
Resources from customers	69,560,227	63,000,829
Non subordinated debt securities issued	2,188,363	1,388,849
Subordinated debt	1,394,780	1,405,172
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	231,241	278,851
Financial liabilities at fair value through profit or loss	1,581,778	1,599,405
Hedging derivatives	377,206	285,766
Provisions	458,744	345,341
Current tax liabilities	20,427	14,827
Deferred tax liabilities	16,932	7,242
Other liabilities	1,116,983	1,103,652
TOTAL LIABILITIES	85,842,755	78,328,693
EQUITY		
Share capital	4,725,000	4,725,000
Share premium	16,471	16,471
Other equity instruments	400,000	400,000
Legal and statutory reserves	259,528	254,464
Treasury shares	—	(40)
Reserves and retained earnings	580,304	642,397
Net income for the year attributable to Bank's Shareholders	138,082	183,012
TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	6,119,385	6,221,304
Non-controlling interests	942,672	1,164,966
TOTAL EQUITY	7,062,057	7,386,270
TOTAL LIABILITIES AND EQUITY	92,904,812	85,714,963

The balances for the year 2020 were restated under the changes occurred in accounting policies.

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March 2022 and 31 March 2021
(Unaudited)
(Amounts expressed in thousands of EUR)

	31 March 2022	31 March 2021 (restated)
ASSETS		
Cash and deposits at Central Banks	9,829,597	6,506,551
Loans and advances to credit institutions repayable on demand	290,040	269,472
Financial assets at amortised cost		
Loans and advances to credit institutions	816,853	892,552
Loans and advances to customers	55,120,873	52,342,052
Debt securities	9,181,107	6,281,166
Financial assets at fair value through profit or loss		
Financial assets held for trading	1,364,250	1,158,247
Financial assets not held for trading mandatorily at fair value through profit or loss	957,516	1,307,441
Financial assets at fair value through other comprehensive income	10,438,349	13,466,818
Hedging derivatives	455,823	106,521
Investments in associated companies	457,266	449,660
Non-current assets held for sale	700,275	991,706
Investment property	3,023	7,891
Other tangible assets	595,658	630,557
Goodwill and intangible assets	252,954	237,269
Current tax assets	20,204	12,435
Deferred tax assets	2,863,034	2,647,951
Other assets	2,214,498	1,112,062
TOTAL ASSETS	95,561,320	88,420,351
LIABILITIES		
Financial liabilities at amortised cost		
Resources from credit institutions	8,979,742	9,186,206
Resources from customers	71,944,040	65,192,226
Non subordinated debt securities issued	2,158,734	1,817,891
Subordinated debt	1,363,364	1,278,720
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	170,059	209,170
Financial liabilities at fair value through profit or loss	1,520,580	1,599,340
Hedging derivatives	1,040,213	222,884
Provisions	521,657	408,046
Current tax liabilities	8,191	10,439
Deferred tax liabilities	15,742	6,096
Other liabilities	1,269,212	1,193,569
TOTAL LIABILITIES	88,991,534	81,124,587
EQUITY		
Share capital	4,725,000	4,725,000
Share premium	16,471	16,471
Other equity instruments	400,000	400,000
Legal and statutory reserves	259,528	254,464
Reserves and retained earnings	186,100	730,106
Net income for the period attributable to Bank's Shareholders	112,866	57,815
TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS	5,699,965	6,183,856
Non-controlling interests	869,821	1,111,908
TOTAL EQUITY	6,569,786	7,295,764

TOTAL LIABILITIES AND EQUITY	95,561,320	88,420,351

The balances for the first quarter of 2021 were restated under the changes occurred in accounting policies.

BANCO COMERCIAL PORTUGUÊS
Consolidated Statements of Cash Flows for the years ended 31 December 2021 and 2020
(Audited)
(Amounts expressed in thousands of EUR)

	2021	2020 (restated)
CASH FLOWS ARISING FROM OPERATING ACTIVITIES		
Interests received	1,610,633	1,541,781
Commissions received	925,786	877,504
Fees received from services rendered	110,095	70,625
Interests paid	(182,934)	(248,487)
Commissions paid	(145,957)	(157,022)
Recoveries on loans previously written off	22,938	22,680
Net earned insurance premiums	20,975	16,386
Claims incurred of insurance activity	(7,827)	(6,053)
Payments (cash) to suppliers and employees (*)	(1,250,979)	(1,229,338)
Income taxes (paid) / received	(61,834)	(89,589)
	1,040,896	798,487
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	204,997	169,528
Deposits held with purpose of monetary control	190,049	(291,669)
Loans and advances to customers receivable / (granted)	(4,192,195)	(4,080,970)
Short term trading securities	45,161	(175,522)
Increase / (decrease) in operating liabilities:		
Loans and advances to credit institutions repayable on demand	(42,783)	(12,437)
Deposits from credit institutions with agreed maturity date	94,089	2,560,161
Loans and advances to customers repayable on demand	6,589,819	7,077,726
Deposits from customers with agreed maturity date	481,649	(2,992,767)
	4,411,682	3,052,537
CASH FLOWS ARISING FROM INVESTING ACTIVITIES		
Assignment of investments in subsidiaries and associates which results in loss of control (**)	4,809	20
Acquisition of investments in subsidiaries	(2,252)	—
Dividends received	16,651	11,891
Interest income from financial assets at fair value through other comprehensive income and at amortised	199,303	183,763
Sale of financial assets at fair value through other comprehensive income and at amortised cost	6,552,698	19,346,529
Acquisition of financial assets at fair value through other comprehensive income and at amortised cost	(58,763,208)	(39,893,571)
Maturity of financial assets at fair value through other comprehensive income and at amortised cost	49,315,510	17,992,857
Acquisition of tangible and intangible assets	(80,464)	(78,739)
Sale of tangible and intangible assets	13,614	11,276
Decrease / (increase) in other sundry assets	44,657	348,594
	(2,698,682)	(2,077,380)
CASH FLOWS ARISING FROM FINANCING ACTIVITIES		
Issuance of subordinated debt	300,000	—
Reimbursement of subordinated debt	(305,368)	(165,017)
Issuance of debt securities	998,439	—
Reimbursement of debt securities	(246,018)	(271,849)
Issuance of commercial paper and other securities	105,708	22,694
Reimbursement of commercial paper and other securities	(26,074)	(239,116)
Dividends paid to non-controlling interests	(17,516)	(22,974)
Interest paid of the issue of Perpetual Subordinated Bonds (Additional Tier 1)	(37,000)	(37,000)
Increase / (decrease) in other sundry liabilities and non-controlling interests (***)	(2,914)	73,443
	769,257	(639,819)
Exchange differences effect on cash and equivalents	109,569	(256,487)
Net changes in cash and equivalents	2,591,826	78,851
Cash	579,997	636,048

Deposits at Central Banks	4,723,867	4,530,503
Loans and advances to credit institutions repayable on demand	262,395	320,857
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,566,259	5,487,408
Cash	601,772	579,997
Deposits at Central Banks	7,194,527	4,723,867
Loans and advances to credit institutions repayable on demand	361,786	262,395
CASH AND EQUIVALENTS AT THE END OF THE YEAR	8,158,085	5,566,259

(*) In 2021, this balance includes the amount of EUR 581,000 (2020: EUR 2,077,000) related to short-term lease contracts and the amount of EUR 2,564,000 (2020: EUR 2,054,000) related to lease contracts of low value assets.

(**) As Banco Privée BCP (Suisse) S.A. and Seguradora Internacional de Moçambique, S.A. are now considered discontinued operations, the respective amounts, net of intra-group operations, were incorporated into cash flows arising from investing operations.

(***) In 2021, this balance includes the amount of EUR 58,206,000 (2020: EUR 59,161,000) corresponding to payments of lease liabilities' shares of capital.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. The tax laws of an investor's Member State and of the Issuer's Member State of incorporation might have an impact on the income received from the securities. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It should also be noted that there are differences in the tax treatment of different Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

1. Portuguese Taxation

The following is a general summary of the Bank's understanding of current law and practice in Portugal as in effect on the date of this Offering Circular in relation to certain current relevant aspects to Portuguese taxation of the Notes and is subject to changes in such laws, including changes that could have a retroactive effect. Potentially applicable transitional rules have not been considered. The following summary is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any holder of Notes. It neither takes into account nor discusses investors' individual circumstances or the tax laws of any country other than Portugal, and it relates only to the position of persons who are absolute beneficial owners of the Notes. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences of the purchase, ownership and disposal of Notes. Tax consequences may differ according to the provisions of different double taxation treaties, as well as according to a prospective investor's particular circumstances.

The reference to "interest", "other investment income" and "capital gains" in the paragraphs below means "interest", "other investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take into account different definitions of "interest", "other investment income" or "capital gains" which may prevail under any other law or which may be created by the "Terms and Conditions of the Note" or any related documentation.

Economic benefits derived from interest, accrued interest, amortisation or reimbursement premiums and other instances of remuneration arising from the Notes are designated as investment income for Portuguese tax purposes.

Gains obtained with the repayment of Notes or of any other debt securities are qualified as capital gains for Portuguese tax purposes.

Portuguese resident holders and non-resident holders with a Portuguese permanent establishment

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to withholding tax at 28%, which, if such income is not earned as business or professional income, is the final tax on that income unless the individual elects to include it in his/ her taxable income subject to tax at progressive rates of up to 53%.

Gains obtained on the disposal or the refund of the Notes by an individual resident in Portugal for tax purposes are subject to Portuguese capital gains taxation on the (annual) positive difference between such gains and gains on other securities and losses in securities. Tax applies at 28%, which is the final tax on that income, unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 53%.

State Budget Law Proposal for 2022 establishes that, from 1 January 2023 onwards, the positive balance between capital gains and capital losses arising from the transfer for consideration of shares and other securities, which includes gains obtained on the disposal or the refund of the Notes, is obligatorily accumulated and taxed at progressive rates if the assets have been held for less than 365 days and the taxable income of the taxpayer, including the balance of the capital gains and capital losses, amounts to or exceeds EUR 75,009.

Stamp tax at 10% applies to the acquisition through gift or inheritance of Notes by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse (or person living together as spouse), descendants and parents/grandparents.

Interest or other investment income derived from the Notes and capital gains realised with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to Portuguese corporate tax at 21% or 17% on the first EUR 25,000 in the case of small and medium-sized enterprises and may be subject to a municipal surcharge ("*derrama municipal*") of up to 1.5%. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of EUR 1,500,000 and up to EUR 7,500,000, and at 5% on taxable profits in excess of EUR 7,500,000 up to EUR 35,000,000, and at 9% on taxable profits in excess of EUR 35,000,000.

Withholding tax at 25% applies to interest and other investment income, which is deemed a payment on account of the final tax due. The withholding (and final) tax rate is 21% in the case of entities benefiting from a tax exemption under Articles 9 and 10 of the corporate tax code that does not apply to investment income and in the case of entities not carrying on an activity of a commercial, industrial or agricultural nature.

Financial institutions, pension funds, retirement saving funds, venture capital funds, collective investment undertakings and some exempt entities, among other entities, are not subject to withholding tax.

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment is subject to Portuguese corporate tax at 21%, or 17% on the first EUR 25,000 in the case of small and medium-sized enterprises. A municipal surcharge ("*derrama municipal*") of up to 1.5% may also be due. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of EUR 1,500,000 and up to EUR 7,500,000, and at 5% on taxable profits in excess of EUR 7,500,000 up to EUR 35,000,000, and at 9% on taxable profits in excess of EUR 35,000,000.

There is no wealth nor estate tax in Portugal.

Non-resident holders without a Portuguese permanent establishment – General rules

Interest and other types of investment income obtained by non-resident holders without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at 28% (individuals) or 25% (legal persons), which is the final tax on that income. The withholding tax rate is 35% in the case of individuals or legal persons domiciled in a country, territory or region included in

the "tax havens" list approved by Ministerial Order No. 150/2004, of 13 February 2004, as amended from time to time (hereafter "**Ministerial Order No. 150/2004**").

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Under the tax treaties entered into by Portugal, the withholding tax rate may be reduced to 15, 12, 10 or 5%, depending on the applicable treaty and provided that the relevant formalities are met. These formalities include the certification, through a document issued by the competent tax authorities, of the residence of the beneficial owners of the interest and other investment income in the periods concerned, as well as the certification that they are subject to taxation. The reduction may apply at source or through the refund of the excess tax. The standard forms currently applicable for these purposes, to be presented with the document issued by the competent tax authorities, were approved by Order ("*Despacho*") No. 8363/2020, of 31 August 2020 (second series), published in the Portuguese official gazette, second series, No. 169, of 31 August 2020, of the Portuguese Secretary of State for tax affairs and may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

Interest paid to an associated company of the Bank which is resident in the European Union is exempt from withholding tax.

For these purposes, an "**associated company of the Bank**" is:

(a) a company which is subject to one of the taxes on profits listed in Article 3(a)(iii) of Council Directive 2003/49/EC without being exempt, which takes one of the forms listed in the Annex to that Directive, which is considered to be resident in a Member State of the European Union and is not, within the meaning of a double taxation convention on income concluded with a third state, considered to be resident for tax purposes outside the European Community; and

(b) which holds a minimum direct holding of 25% in capital of the Bank, or is directly held by the Bank in at least 25% or which is directly held in at least 25% by a company which also holds at least 25% of the capital of the Bank; and

(c) provided that the holding has been maintained for an uninterrupted period of at least two years. If the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of the Bank to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own benefit and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person.

Interest paid to an associated company of the Bank which is resident in Switzerland is also exempt from withholding tax under the conditions described above for associated companies resident in the European Union.

Capital gains obtained on the disposal or the refund of the Notes by an individual non-resident in Portugal for tax purposes are subject to Portuguese capital gains taxation on the (annual) positive difference between such gains and gains on other securities and losses in securities. Tax applies at 28%. An exemption applies to non-resident individuals, unless they are resident in a country, territory or region included in Ministerial Order No. 150/2004. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

Gains obtained on the disposal or the refund of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the holder is (a) more than 25% directly or indirectly, held by Portuguese resident entities or (b) if the holder is resident in a country, territory or region subject to a clearly more favourable tax regime included in Ministerial Order No. 150/2004. If the exemption does not apply, the gains will be subject to tax at 25%. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

No stamp tax applies to the acquisition through gift and inheritance of Notes by an individual who is not domiciled in Portugal.

The acquisition of Notes through gift or inheritance by a non-resident legal person is subject to corporate tax at 25%. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

There is neither wealth nor estate tax in Portugal.

Notes held through a centralised control system

The regime described above corresponds to the general tax treatment of investment income and capital gains on the Notes and to the acquisition through gift or inheritance of such Notes.

Nevertheless, pursuant to the Special Taxation Regime for Debt Securities approved by Decree-law No. 193/2005, of 7 November 2005, as amended from time to time (hereafter "**the special regime approved by Decree-Law No. 193/2005**"), investment income and gains on the disposal or the refund of debt securities issued by Portuguese resident entities, such as the Notes, may be exempt from Portuguese income tax, provided that the debt securities are integrated in a centralised system managed by Portuguese resident entities (such as the Central de Valores Mobiliários, managed by Interbolsa), by other European Union or EEA entities that manage international clearing systems (in the latter case if there is administrative co-operation for tax purposes with the relevant country which is equivalent to that in place within the European Union), or, when authorised by the member of the government in charge of finance (currently the Finance Minister), in other centralised systems and:

(a) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and

(b) the beneficial owners are central banks and government agencies, international organisations recognised by the Portuguese state, residents in a country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force or other non–resident entities which are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in Ministerial Order No. 150/2004.

The special regime approved by Decree-law No. 193/2005 sets out the detailed rules and procedures to be followed on the proof of non-residence by the holders of Notes to which it applies.

Under these rules, the direct register entity is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non-residence by the holders of Notes should be provided to, and received by, the direct register entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Notes), and, in the case of domestically cleared Notes, prior to the transfer of Notes, as the case may be. For the avoidance of doubt is it envisaged that the Notes will be integrated in a centralised system managed by a Portuguese domestic entity (Interbolsa).

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Offering Circular.

Domestically Cleared Notes

The beneficial owner of Notes must provide proof of non-residence in Portuguese territory substantially in the terms set forth below.

(a) If a holder of Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the holder of Notes, duly signed and authenticated or proof pursuant to sub-paragraph (d) below;

(b) If the beneficial owner of Notes is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country or jurisdiction with which Portugal has entered into a double taxation treaty, and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration or by the tax authorities confirming the legal existence of the holder of Notes and its domicile; or (C) proof of non-residence, pursuant to the terms of sub-paragraph (d) below;

(c) If the beneficial owner of Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of incorporation; or (B) proof of non-residence pursuant to the terms of sub-paragraph (d) below;

(d) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities, or (B) a document issued by the relevant Portuguese consulate certifying residence abroad, or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules on the authenticity and validity of the documents mentioned in sub-paragraph (d) above, in particular that the holder of Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until three months after the date on which the withholding tax would have been applied and will be valid for a 3-year period starting on the date such document is issued. The holder of Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying.

In what concerns the documents mentioned in sub-paragraphs (a) to (c) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption.

Internationally Cleared Notes

If the Notes are registered in an account with an international clearing system, prior to the relevant date for payment of any interest or the redemption date (for Zero Coupon Notes), the entity managing such system is to provide to the direct register entity or its representative the identification and number of

securities, as well as the income and, when applicable, the tax withheld, itemised by type of beneficial owner, as follows: (i) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are not exempt from tax and are subject to withholding tax; (ii) Entities domiciled in a country, territory, or region subject to a clearly more favourable tax regime included in Ministerial Order No. 150/2004, which are not exempt from tax and are subject to withholding tax ; (iii) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are exempt from tax and are not subject to withholding tax; (iv) other non-Portuguese resident entities.

In addition, the international clearing system managing entity is to provide to the direct register entity, in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in items (i), (ii) and (iii) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

No Portuguese exemption shall apply at source under the special regime approved by Decree-Law No. 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the regime approved by Decree-Law No. 193/2005.

The refund claim is to be submitted to the direct or indirect register entity of the Notes within 6 months from the date the withholding took place.

The refund of withholding tax in other circumstances or after the above 6 months period is to be claimed to the Portuguese Tax Authorities within 2 years from the end of the year in which tax was withheld. The refund is to be made within 3 months, after which interest is due.

The forms currently applicable for the above purposes were approved by Order ("Despacho") No. 2937/2014 of the Portuguese Secretary of State for Tax Affairs, published in the Portuguese official gazette, second series, No. 37, of 21 February 2014 and may be available for viewing and downloading at www.portaldasfinanças.gov.pt.

2. Irish Taxation

The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners of Ireland currently in force in Ireland as at the date of this Offering Circular and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

(a) Withholding Tax

In general, tax at the standard rate of income tax (currently 20%), is required to be withheld from payments of Irish source income. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

(i) The Issuer is resident in Ireland for tax purposes; or

(ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or

(iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (A) the Issuer is not and will not be resident in Ireland for tax purposes; (B) the Issuer will not have a branch or permanent establishment in Ireland; (C) that bearer Notes will not be physically located in Ireland; and (D) the Issuer will not maintain a register of any registered Notes in Ireland.

In any event, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act 1997 of Ireland for certain interest bearing securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include Euronext Dublin).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

(A) the person by or through whom the payment is made is not in Ireland; or

(B) the payment is made by or through a person in Ireland, and either:

(I) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised), or

(II) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

(b) Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income or corporation tax (and, in the case of individuals, the universal social charge) on such interest if (i) such interest has an Irish source (as discussed in 'Withholding Tax' above), (ii) the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (PRSI) liability for an individual in receipt of interest on the Notes) or (iii) the Notes are attributed to a branch or agency in Ireland.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory (a member state of the European Union (other than Ireland) or in a country with which Ireland has a comprehensive double taxation agreement) provided either (A) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above (B) if the Notes are not or cease to be quoted Eurobonds exempt from withholding

tax and the recipient of the interest is a company resident in a relevant territory that generally taxes foreign source interest.

Ireland operates a self-assessment system in respect of income and corporation tax and each person must assess its own liability to Irish tax.

(c) Withholding of Irish Encashment Tax

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the standard rate of Irish tax (currently 25%), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

3. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to: (i) certain payments from sources within the United States, (ii) "**foreign passthru payments**" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payment to any ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisor to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment via the Interbolsa system and the Issuer therefore has no responsibility for any amount thereafter transmitted through Euroclear and Clearstream, Luxembourg or Interbolsa and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) form payments they make.

Portugal signed an IGA with the United States on 6 August 2015 and has implemented through Law No. 82-B/2014, of 31 December 2014 (as amended), the legal framework based on the reciprocal exchange of information with the United States on financial accounts subject to disclosure. The IGA entered into force in 10 August 2016, and through Decree-Law No. 64/2016, of 11 October 2016, amended by Law No. 98/2017, of 24 August 2017 and Law No. 17/2019 of 14 February 2019, the Portuguese government approved the regulation required to comply with FATCA. Under this legislation, the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the US Internal Revenue Service. The

exchange of information shall be made by 31 July of each year comprising the information gathered respecting the previous year.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

4. The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**participating Member States**") and Estonia. However, Estonia has since stated that it will not participate.

Currently, after the withdrawal of the Republic of Estonia as a Member State wishing to participate in the establishment of the enhanced cooperation, ten countries are participating in the negotiations on the proposed directive. At the working party meeting of 7 May 2019, participating Member States indicated that they were discussing the option of an FTT based on the French model of the tax, and the possible mutualisation of the revenues among the participating member states as a contribution to the EU budget.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

5. Administrative co-operation in the field of taxation – Common Reporting Standard

Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014 (the Common Reporting Standard).

Portugal has implemented Directive 2011/16/EU through Decree-Law No. 61/2013, of 10 May 2013, as amended by Decree-Law No. 64/2016, of 11 October 2016, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019.

The Council Directive 2014/107/EU, of 9 December 2014, regarding the mandatory automatic exchange of information in the field of taxation was also transposed into the Portuguese law through the Decree-Law No. 64/2016, of 11 October 2016, as amended, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019. Under such law, the Issuer is required to collect information regarding certain accountholders and report such information to Portuguese Tax Authorities – which, in turn, will report such information to the relevant tax authorities of EU Member States or third States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard. Law no. 17/2019, of 14 February 2019 introduced the regime for the automatic exchange of financial information to be carried out by financial institutions to the Portuguese Tax Authority (until July 31, with reference to the previous year) with respect to accounts held by holders or beneficiaries resident in the Portuguese territory with a balance or value that exceeds EUR 50,000 (assessed at the end of each civil year). This regime covers information related to years 2018 and following years.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

In view of the regime enacted by Decree-Law No. 64/2016, of 11 October 2016, which was amended by Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order ("*Portaria*") No. 302-B/2016, of 2 December 2016, as amended by Ministerial Order ("*Portaria*") No. 282/2018, of 19 October 2018, Ministerial Order ("*Portaria*") No. 302-C/2016, of 2 December 2016, Ministerial Order ("*Portaria*") No. 302-D/2016, of 2 December 2016, as amended by Ministerial Order ("*Portaria*") No. 255/2017, of 14 August 2017, and by Ministerial Order ("*Portaria*") No. 58/2018, of 27 February 2018, and Ministerial Order ("*Portaria*") No. 302-E/2016, of 2 December 2016.

Administrative co-operation in the field of taxation – Mandatory Disclosure Rules

Council Directive 2011/16/EU, as amended by Council Directive (EU) 2018/822 of 25 May, introduced the automatic exchange of tax information concerning the cross-border mechanisms to be reported to the tax authorities, in order to ensure a better operation of the EU market by discouraging the use of aggressive cross-border tax planning arrangements.

Under Council Directive (EU) 2018/822 of 25 May, the intermediaries or the relevant taxpayers are subject to the obligation to communicate cross-border tax planning arrangements' information to the tax authorities of EU Member States, according to certain hallmarks indicating a potential risk of tax avoidance.

Portugal implemented Council Directive (EU) 2018/822 of 25 May through Law No. 26/2020, of 21 July, and Decree-Law No. 53/2020, of 11 August, with the following features:

- Reportable arrangements include cross-border and purely domestic arrangements, but generic hallmarks linked to the main benefit test are not relevant in case of purely domestic arrangements.

- The main benefit test is only satisfied if the obtaining of a tax advantage, beyond a reasonable doubt, is the main benefit or one of the main benefits which, having regard to all relevant facts and circumstances, a person may reasonably expect to derive from an arrangement.

- Tax advantage is defined as any reduction, elimination or tax deferral, including the use of tax losses or the granting of tax benefits that would not be granted fully or partially, without the use of the mechanism.

- In case any professional privilege or confidentiality clauses apply, the reporting obligations are shifted to the relevant taxpayer; however, in case the relevant taxpayer does not comply with this obligation, the reporting obligation is then shifted again to the intermediary.

The deadlines to file information to the Portuguese Tax Authorities are as follows:

- The standard 30-day reporting period, as well as the period of 5 days to inform the taxpayer in case any professional privilege or confidentiality clauses applies to the intermediary, begin on 1 January 2021;

- Reportable cross-border arrangements which first step was implemented between 25 June 2018 and 30 June 2020 – to be filed by 28 February 2021;

- Reportable domestic or cross-border arrangements made available for implementation or ready for implementation, or where the first step in its implementation has been made between 1 July 2020 and 31 December 2020 - the period of 30 days for filing information and the period of 5 days to inform the taxpayer begin on 1 January 2021;

- The deadline for the first periodic reporting of domestic and cross-border marketable arrangements is 30 April 2021.

The applicable form (Model 58) to comply with the reporting obligations to the Portuguese Tax Authority was approved by Ministerial Order no. 304/2020, of 29 December.

CLEARING AND SETTLEMENT

To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case), the information in this section concerning Interbolsa is correct as of the date of this Offering Circular. The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Interbolsa currently in effect. Investors wishing to use the facilities of Interbolsa are advised to confirm the continued applicability of the rules, regulations and procedures of Interbolsa. The Issuer, any agent party to the Agency Terms, the Arranger or any of the Dealers will have no responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes held through the facilities of Interbolsa or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

General

Interbolsa holds security through a centralised system (*sistema centralizado*) composed by interconnected securities accounts, through which such securities (and inherent rights) are held and transferred, and which allows Interbolsa to control at all times the amount of securities so held and transferred. The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Notes.

In relation to each issue of securities, Interbolsa's centralised system comprises, inter alia, (a) the issue account, opened by the Issuer in the centralised system and which reflects the full amount of issued securities; and (b) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Notes will be attributed an International Securities Identification Number code ("**ISIN**") through the codification system of Interbolsa (and if applicable any other relevant financial instrument codes, such as a Classification of Financial Instruments code ("**CFI**") and a Financial Instrument Short Name code ("**FISN**")). Notes will be accepted and registered with Central de Valores Mobiliários, the centralised securities system managed and operated by Interbolsa and settled by Interbolsa's settlement system.

Form of the Notes

The Notes of each Series will be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) and the applicable CMVM and Interbolsa regulations. No physical document of title will be issued in respect of the Notes.

The Notes of each Series will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Interbolsa Participant (as defined below) on behalf of the holders of the Notes. Such control accounts reflect at all times the aggregate of Notes held in the individual securities accounts opened by the holders of the Notes with each of the Interbolsa Participants. The expression "**Interbolsa Participant**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depositary banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded therein.

Payment of principal and interest in respect of Notes

Payment of principal and interest in respect of the Notes will be (i) credited, according to the procedures and regulations of Interbolsa, by the Agent (acting on behalf of the Issuer) to the accounts used by the Interbolsa Participants for payments in respect of securities held through Interbolsa and thereafter (ii) credited by such Interbolsa Participants from the aforementioned accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Transfer of Notes

Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Notes. No owner of Notes will be able to transfer such Notes, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Programme Dealers, pursuant to an amended and restated dealer agreement dated 20 May 2022 (as amended, restated or supplemented from time to time, the "**Dealer Agreement**"), have agreed with the Issuer on the terms upon which any one or more of the Programme Dealers may from time to time agree to purchase (as principal, unless the applicable Final Terms states otherwise) Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*"; "*Form of Final Terms*"; and "

Terms and *Conditions of the* Notes" above. In the Dealer Agreement, the Issuer has agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme. The Issuer may also agree to issue Notes to Issue Dealers who shall enter into the Dealer Agreement with the Issuer for the purpose only of a particular issue or issues of Notes under the Programme on, and subject to, the terms of the Dealer Agreement. Dealers will be entitled in certain circumstances to be released from their obligations under the Dealer Agreement in respect of the issue and purchase of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The applicable Final Terms will identify whether TEFRA C rules apply or whether TEFRA is not applicable. If TEFRA C applies, the Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made

available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the Prospectus Regulation); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA , each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Member State, except that it may make an offer of such Notes to the public in that Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Articles 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide

to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended from time to time.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and

- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Portugal

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code ("*Código dos Valores Mobiliários*") enacted by Decree Law No. 486/99, of 13 November 1999, as amended (or under any legislation which may replace or complement it in this respect from time to time), unless the requirements and provisions applicable to the public offerings in Portugal are met, including without limitation, all registration, filing, approval or recognition procedures with the Portuguese Securities Market Commission ("*Comissão do Mercado de Valores Mobiliários*") (the "**CMVM**") and, if relevant, any other competent authorities. In particular, should the obligation to publish a prospectus under the Prospectus Regulation not be applicable, the offer of new securities may be through a private placement, including, *inter alia,* if directed exclusively to qualified investors (*investidores qualificados*) within the meaning of the Prospectus Regulation. In addition, each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that, other than in compliance with all applicable provisions of the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect from time to time), the Prospectus Regulation and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be including the publication of a base prospectus, when applicable, and that

such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations: (a) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold, re-sold, re-offered or delivered and will not directly or indirectly take any action, offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect from time to time), notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in the Portuguese territory, as the case may be; and (b) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Offering Circular or any other offering material relating to the Notes to the public in Portugal.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of the Offering Circular or any other offering material relating to the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**"). Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(A) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**") and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Italian CONSOB regulations of Italian laws and regulations; or

(B) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11973 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (A) or (B) above must be:

(I) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation

No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(II) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Please note that, in accordance with Article 100-bis where no exemption from the rules on public offerings applies under (A) and (B) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been, and will not be, registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (**SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018 of Singapore.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (**CMP Regulations 2018**), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction, in particular **Australia**, **South Africa** and **Canada**, to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefor.

Neither the Issuer nor any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, in particular **Australia**, **South Africa** and **Canada** or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme have been duly authorised by resolutions of the Board of Directors of the Bank dated 3 September 1998, 9 November 1999, 20 November 2000, 7 December 2001, 16 December 2002, 14 November 2003, 12 November 2004, 7 December 2005, 11 September 2006, 2 April 2007, 22 April 2008, 21 April 2009, 19 April 2010, 5 April 2011 and 16 October 2017 and by resolutions of the Executive Committee of the Bank dated 19 June 2012, 2 July 2013, 5 August 2014, 20 October 2015, 13 December 2016, 10 November 2017, 11 September 2018, 8 May 2019, 12 May 2020, 11 May 2021 and 10 May 2022 and the increase in the Programme limit was authorised by resolutions of the Board of Directors of the Bank dated 9 November 1999, 20 November 2000, 7 December 2001, 14 November 2003, 12 November 2004, 7 December 2005, 11 September 2006 and 2 April 2007.

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market will be admitted separately as and when issued, subject only to the issue of the relevant Note. Application has been made to Euronext Dublin for the Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market. The approval of the Programme in respect of the Notes was granted on or about 20 May 2022.

Documents Available

For the period of 12 months, following the date of this Offering Circular, copies of the following documents, save for (a) below, will, when published, be available for inspection at https://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx:

(a) the constitutional documents (in English) of the Issuer (available at https://ind.millenniumbcp.pt/en/Institucional/governacao/Documents/estatutos_BCP_EN.pdf);

(b) the published audited consolidated financial statements of the Banco Comercial Português Group in English and auditors' report contained in the Bank's Annual Report for the two financial years ended on 31 December 2020 and 31 December 2021;

(c) the most recently available published unaudited interim condensed consolidated balance sheet and interim condensed consolidated income statement of the Bank;

(d) copy of this Offering Circular; and

(e) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Offering Circular and any other documents incorporated herein or therein by reference.

The information mentioned in paragraphs (a) to (c) above represent an accurate translation from their original Portuguese form. In the event of a discrepancy the original Portuguese version will prevail.

Clearing Systems

The Notes will be accepted for clearance through Interbolsa. The appropriate ISIN for each Tranche of Book Entry Notes will be specified in the applicable Final Terms.

The address of Interbolsa is Avenida da Boavista, 3433, 4100-138 Oporto.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price, using the formula set out below. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Where:

"**P**" is the Issue Price of the Notes;

"**C**" is the annualised amount of interest payable;

"**A**" is the principal amount of Notes due on redemption;

"**n**" is time to maturity in years; and

"**r**" is the annualised yield.

Significant or Material Change

Save as disclosed under "*The Bank is exposed to the consequences of the COVID-19 pandemic*", there has been no significant change in the financial or trading position of the Banco Comercial Português Group since 31 March 2022. There has been no material adverse change in the prospects of the Bank or Banco Comercial Português Group since the date of the last audited annual accounts, 31 December 2021.

Litigation

1. In 2012, the Portuguese Competition Authority initiated an administrative proceeding relating to competition restrictive practices. During the investigations, on 6 March 2013, several searches were conducted in the Bank's premises, as well as to at least eight other credit institutions, where documentation was seized in order to investigate allegations of exchange of privileged commercial information among Portuguese banks.

   The Portuguese Competition Authority has declared the administrative proceeding to stay under judicial secrecy, once it considered that the interests dealt with in the investigation, as well as the parties' rights, would not be compatible with the publicity of the process. On 2 June 2015, the Bank was notified of the Portuguese Competition Authority's notice of illegality in connection with an administrative offence, by which the Bank is accused of participating in an information exchange between banks of the system related to prices already approved and housing and consumer credit operations already granted or approved. In light of the accusations, the Bank filed a response to the note of illegality, to which may follow a judicial appeal. Note that the notification of a note of illegality does not constitute a final decision in relation to the accusations. According to the terms foreseen in the law, the illicit under investigation in this administrative proceeding may be punished with a fine up to a maximum limit of 10% of the defendant's annual consolidated turnover with reference to the year preceding the decision. However, judicial appeal

against such decision is possible. In October 2016, the Lisbon Court of Appeals overruled an earlier decision by the Competition, Regulation and Supervision Court to suspend the Competition Authority's investigation.

On 4 July 2017, the Competition Authority notified the Bank on the decision regarding the withdrawal of the suspension concerning the access to documents deemed as confidential and of the extension of the term for the making of a decision on the illicit act for more 40 days. The Portuguese Competition Authority refused the Bank's application for confidential treatment of some of the information in the Bank's defence against the notice of illegal act. In June 2018 the Bank filed an appeal with the Portuguese Competition, Regulation and Supervision Court (which is pending) and filed its defence against the notice of illegal act in a non-confidential version.

On 5 November 2018, the Bank was notified of the ruling of the Portuguese Competition, Regulation and Supervision Court, that gives approval to the appeal presented by BCP, on the subject of secrecy, accepting, in its essence, BCP's argument that the Portuguese Competition Authority, infringed on the right to a prior hearing.

On 25 January 2019, the PCA granted the Bank a 10-business day period to provide summaries for the co-defendants' confidential information. On 4 February 2019, the Bank filed an appeal before the Competition Court and, on 11 February 2019, submitted a reply to the PCA (although restating its opposition to the PCA's request).

On 9 September 2019, the PCA adopted its final decision on this proceeding, fining BCP in EUR 60 million for its alleged participation in a confidential information exchange system with its competitors in the mortgage, consumer and small and medium enterprises credit segments. The Bank considers that this decision contains serious factual and legal errors, having filed an appeal on 21 October 2019 before the Competition Court requesting the annulation of the decision and the suspensive effect of the appeal. The admission of the appeal and the decision on its respective effect are expected.

On 8 May 2020, BCP’s appeal was admitted.

On 8 June 2020, the Bank submitted a request before the Court, claiming that the rule according to which appeals do not have, in principle, a suspensory effect violates the Portuguese Constitution, submitting elements aimed at demonstrating considerable harm in the advance provisional payment of the fine, and offering a guarantee in lieu (indicating the respective percentage of the fine to be offered as a guarantee).

On 9 July 2020, BCP requested the Court to declare the PCA’s condemnatory decision null and void, due to the omission of an analysis of the economic and legal context in the terms required by the recent jurisprudence of the Court of Justice of the European Union. Subsequently, the Competition Court clarified that preliminary questions will not be known before the court hearing begins.

On 14 December 2020, a hearing was held before the Competition Court, and an agreed solution was reached between PCA and the appellant banks, including BCP, regarding the dosimetry (i.e., 50% of the amount of the fine) and the modalities of the guarantees to be provided, in order for the appeal to have a suspensory effect.

On 21 December 2020, BCP submitted, and the Competition Court accepted, a bank guarantee in the maximum amount of EUR 30 million, issued by the Bank itself as a way to satisfy the referred security deposit.

On 1 March 2021, the Competition Court notified BCP that the guarantee had been presented in a timely manner and in the agreed form, and, as a result, attributed suspensory effect to the appeal. By order of 20 March 2021, the Competition Court lifted the judicial secrecy and informed the appellants that the trial would, in principle, start in September 2021.

On 13 January 2021, BCP was notified of an application submitted by "Associação Ius Omnibus – Nova Associação de Consumidores" to the Competition Court asking it to have access to a non-confidential version of the file, based on the need to assert the "rights to indemnification of the consumers whose rights and interests it represents, and the possible exercise and proof of those rights in the context of an action for damages". On the same date, BCP was notified by the Competition Court of its decision authorising the news agency "Lusa" to access the file of the administrative phase of the case. BCP appeal of this decision to the Appeal Court of Lisbon, on 25 January 2021 and opposed to the request of "Ius Omnibus" on 2 February 2021.

On 20 March 2021, the Competition Court determined: (i) the lifting of the judicial secrecy; (ii) the forwarding to the Public Prosecutor of the appeal of BCP against the decision of the Competition Court relating to "Lusa", for reply; (iii) the provisional start date of the judgement hearing on September 2021, having requested suggestions by the co-appellants for venues.

By decision of 9 April 2021 of the Competition Court, a preparatory hearing took place on 30 April 2021 for discussion of issues precedent to the begging of the judgment hearings, in which the procedures relating to the treatment of confidential information of the co-appellants in the appeals was defined, as well as the conditions relating to access to file. The Competition Court also set forth preliminary dates for the judgement hearing and scheduled a preparatory hearing for 7 July 2021.

On 28 June 2021, BCP was notified by the Competition Court to reply to the requests submitted by some of the co-appellants and confirm that all confidential information had been duly eliminated from non-confidential versions submitted by each co-appellant. The Competition Court also determined that the hearing of 7 July 2021 was cancelled and its object would be transferred to the next hearing date (6 September 2021).

On 8 July 2021, BCP presented its reply to the notification of 28 June 2021, having also requested confirmation in relation to the scheduling of the judgement hearing, namely confirmation that the preparatory hearing will take place on 6 September 2021 and that the judgement hearing will be initiated at as of the pre-scheduled date of 8 September 2021.

On 6 September 2021, the preparatory session of the trial in the Competition, Regulation and Supervision Court took place. The trial, which takes place in Santarém, began on 6 October 2021.

Several representatives of the banks raised the question of the possible unconstitutionality of the seizure proceedings of e-mail messages used as evidence in the PCA's decision, which objection appeal will now take place. This issue was raised bearing in mind the recent Decision of the Constitutional Court no. 687/2021 on the administrative offence case no. 225/15.4YUSTR-W. A petition on this matter was filed with the Court on 20 October 2021, requesting the Court to take a position on the matter before the beginning of the trial.

On 28 April 2022, the Court issued a decision on the case No. 225/15.4YUSTR-W, concerning the objection appeal on the decision of the Competition Authority of September 2019 (PRC/2012/09), which imposed fines to a group of banking institutions for alleged violation of competition rules due to their participation in a process of information exchange on operations of housing credit, consumer credit and credit to SMEs.

In this extensive sentence, the Court lists the facts deemed proved, considering the testimonial evidence produced and the documents attached to the proceedings, both in the administrative phase and on hearing, however, at this stage, the Court has not yet concluded on the legal framework of the facts proved, nor, consequently, on the imposition of fines, the Court having decided to make a pre-judicial referral to the European Court of Justice (ECJ) to answer the two questions it raises, requesting that this referral is to be followed by further proceedings under expedited procedure, given the prescription risk. It should be highlighted that it is not for the ECJ to judge the case, but merely to interpret the rules of Community law by replying in abstract to the questions submitted to it by the referring court.

This pre-judicial referral had already been requested by BCP and other institutions concerned in this case. So long as the ECJ has not yet ruled on the case, the proceedings are suspended. The Court also decided that the course of the prescription period is suspended, invoking certain legal provisions for that purpose, although that decision appears to have no legal basis.

2. On 20 October 2014, the Bank became aware of a class action brought against Bank Millennium in Poland by a group of borrowers represented by the Municipal Consumer Ombudsman in Olsztyn. As other Polish banks in a similar situation, Bank Millennium was in the meantime notified of such class action, which seeks to assess the institution's "illicit" enrichment from certain clauses contained in the mortgage loan agreements denominated in Swiss francs. In the referred class action, clients have questioned a set of those agreements' clauses, notably those related with the spread bid-offer between Polish zloty and Swiss francs applicable in the conversion of credits. On 28 May 2015, the Regional Court of Warsaw issued a decision rejecting the class action on the grounds that the case cannot be heard in class action proceedings. The decision of the Regional Court of Warsaw is not final. On 3 July 2015, the claimants filed an appeal against this decision and the Court of Appeal upheld the appeal by refusing the dismissal of the claim.

   On 31 March 2016, the Regional Court in Warsaw issued a decision dismissing the Bank's motion for a security deposit to secure litigation costs. On 6 April 2016, the Bank filed an appeal against this decision.

   On 17 February 2016, the claimant filed a submission with the Regional Court in Warsaw, extending the claim again to include 1,041 group members. Bank Millennium has not yet been notified of this submission.

   On 2 August 2016 the Regional Court in Warsaw issued a decision ordering the publication of an announcement in the press concerning the commencement of action proceedings. Following the Bank's motion to repeal this decision, the Court suspended its execution, but, on 8 August 2016, it issued another decision for the case to be heard in the group action proceedings. On 31 August 2016, the Bank appealed this decision. On 16 December 2016 the Court of Appeal in Warsaw overruled decision of the Regional Court for the case to be heard in group action proceedings and referred the request for the case to be heard in group action proceedings to the Regional Court for re-examination. At a hearing on 15 March 2017 the Regional Court issued decision for the case to be heard in group action proceedings. On 18 April 2017 the Bank filed an appeal against the above decision; the date of reviewing the case by the Court of Appeal in Warsaw has not been scheduled yet. On 30 June 2017 the claimant filed a submission with the Regional Court in Warsaw, extending the claim again by a further 676 group members. The new value of the subject matter of the dispute was indicated as approximately PLN 132.7 million (including the values provided in the statement of claim and the previous submissions concerning extension of the claims dated 4 March 2015 and 17 February 2016). The submission dated 30 June 2017 extending the claim has not yet been served on the Bank's counsel. On 28 September 2017 the Court of Appeal in Warsaw issued a decision dismissing the Bank's appeal against the

decision of the Regional Court in Warsaw dated 15 March 2017; thus, the decision for the case to be heard in group action proceedings became final. On 20 November 2017 the Regional Court in Warsaw issued a decision ordering the publication of an announcement in the "Rzeczpospolita" newspaper concerning the commencement of group action proceedings. The announcement was published on 23 January 2018; the deadline for further borrowers to join the proceedings was 23 April 2018.

In the last extension of claim (dated 24 April 2018), 382 new borrowers declared their accession to the group. Including all previous extensions of claim, the total number of declared members of the group is currently approximately 5,400 persons, while the total value of the subject matter of the dispute was indicated as approximately PLN 146 million.

On 14 January 2019, the Regional Court in Warsaw issued a decision on the composition of the group. Both parties appealed against this decision. On 27 August 2019, the Court of Appeal in Warsaw issued a final decision on the composition of the group. The proceedings have thus entered the phase of reviewing the case on the merits. The date of the hearing was scheduled for 20 March 2020. Due to the COVID-19 pandemic, the hearing was cancelled. The new date of the hearing was scheduled for 26 October 2020. During the hearing, the Bank requested for suspension of the proceedings and/or adjustments to the list of the group members. In effect, the court adjourned the hearing. The court has not yet decided on the Bank's requests filed during the hearing on 26 October 2020. The next date of the hearing is not yet set.

On 11 August 2020, the claimant requested granting interim measures to secure the claims against the Bank. In a decision of 18 August 2020, the request for granting interim measures was dismissed. On 26 October 2020, the claimant appealed the court's decision dismissing the request for interim measures and on 9 February 2021 the court dismissed the claimant's appeal.

On 26 October 2020 the claimant filed another request for interim measures to secure the claims against the Bank concerning two group members. In a decision of 6 November 2020, the request for granting interim measures was dismissed. According to information obtained from the court, the claimant did not appeal this decision.

Currently, the number of the group members is 5.350 and the value of the litigation has been estimated to approximately PLN 146 million. The number of loan agreements involved is 3,281.

On 3 December 2015, Bank Millennium received notice of a class action lawsuit lodged by a group of 454 borrowers represented by the Municipal Consumer Ombudsman in Olsztyn pertaining to low down payment insurance used with CHF-indexed mortgage loans. The plaintiffs demand the payment of the amount of PLN 3.5 million (approximately EUR 0.77 million) claiming for some clauses of the agreements pertaining to low down-payment insurance to be declared null and void. The Bank already contested the claim, demanding that the lawsuit be dismissed. The first hearing took place on 13 September 2016, the Court having ruled that the proceedings were admitted. On 16 February 2017, the Court of Appeal denied the appeal brought forward by the Bank and the previous sentence became definitive. On 30 March 2017 the Regional Court in Warsaw dismissed Bank's motion to oblige the plaintiff to provide security for costs of proceedings. On 10 April 2017 Bank filed a complaint to the Court of Appeal in Warsaw against the decision dismissing the motion to provide security. On 13 September 2017, the Court of Appeal in Warsaw dismissed the complaint against the decision of the Regional Court in Warsaw of 30 March 2017 on dismissal of the motion to provide security. The Regional Court in Warsaw announced the initiation of group proceedings in the daily newspaper "Rzeczpospolita", thus setting a period of three months for submitting statements on joining the group by the interested parties. Pursuant to the court´s order, the representative of the group filed

with the Regional Court in Warsaw an update list of all the members of the group amounting to 709 persons and lodged a further claim for slightly above 5 million PLN altogether.

On 1 October 2018, the group's representative corrected the total amount of claims pursued in the proceedings and submitted a revised list of all group members, covering a total of 697 borrowers and 432 loan agreements. The value of the subject of the dispute, as updated by the claimant, is PLN 7,371,107.94.

On 21 November 2018, the Bank filed objections regarding the membership of individual persons in the group. The court also ordered the Bank to submit its objections as to the revised list of all group members by 28 January 2019.

The next stage of the proceedings is establishing the composition of the group (i.e. determining whether all persons who joined the proceedings may participate in the group).

On 28 January 2019, the Bank submitted second objection regarding the membership in the group of persons included in the revised list. On 27 July 2019, the Bank filed a motion to exclude a judge from the case. On 26 October 2019, the court issued a decision to exclude three judges from hearing the case.

By the resolution of 1 April 2020, the court established the composition of the group (in essence – excluding one person) as per the request of the claimant.

On 1 April 2020, the Regional Court decided to examine the written testimonies of the witnesses.

There was a remote court hearing on 21 October 2021. The court announced that the judgment would be announced in closed session, but did not set a date for it. The Bank expects judgment announcement at any moment.

3. On 28 December 2015 and 5 April 2016, Bank Millennium was notified of two cases filed by PCZ SA in the amount of PLN 150 million and by Europejska Fundacja Współpracy Polsko - Belgijskiej / European Foundation for Polish-Belgian Cooperation ("**EFWP-B**"), in the amount of PLN 521.9 million (approximately EUR 114.4 million) based on the same grounds. The claimants allege in their petitions that Bank Millennium misrepresented certain contractual clauses, which determined the maturity of the credits, causing losses to the claimants. In the case brought by EFWP-B a decision of the first instance of the Warsaw Regional Court is pending. As regards the case brought by PCZ SA, on 7 April 2017 the Wrocław Regional Court (first instance) issued a verdict favourable to Bank Millennium by rejecting the case. The plaintiff has lodged an appeal. On 21 December 2017, the Appeal Court of second instance in Wrocław has issued a verdict favourable to the Bank dismissing the appeal. This decision is final.

   The Bank is requesting complete dismissal of the suit, stating disagreement with the charges raised in the claim. Supporting the position of the Bank, the Bank's attorney submitted a binding copy of final verdict of Appeal Court in Wrocław favourable to the Bank, issued in the same legal state in the action brought by PCZ S.A. against the Bank.

   Favourable forecasts for the Bank, as regards dismissal of the suit brought by EFWP-B to the Warsaw Regional Court, have been confirmed by a renowned law firm representing the Bank in this proceeding.

4. On 19 January 2018, the Bank has received the lawsuit petition of First Data Polska SA requesting the payment of PLN 186.8 million (approximately EUR 40.96 million). First Data claims a share in an amount which the Bank has received in connection with the Visa Europe

takeover transaction by Visa Inc. The plaintiff based its request on an agreement with the Bank on cooperation in scope of acceptance and settlement of operations conducted with the usage of Visa cards. The Bank does not accept the claim and filed the response to the lawsuit petition within the deadline set forth in the law.

In accordance with the decision issued on 13 June 2019, the Bank won the case before the Court of First Instance. On 10 March 2021, the Court of Second Instance dismissed First Data Polska SA`s appeals. The Bank won the case. However, First Data Polska SA may file an extraordinary (cassation) appeal to the Supreme Court. The deadline to do so is 2 months from the date when First Data Polska SA receives the copy of the court decision together with its reasoning.

The case is closed and there has been no extraordinary appeal from First Data Polska S.A..

5. On 3 January 2018, Bank Millennium was notified of a decision of the President of the Office of Competition and Consumer Protection (the "**UOKiK**"), in which the President of UOKiK found infringement by the Bank of the rights of consumers. In the opinion of the President of UOKiK, the essence of the violation was that the Bank informed consumers (connected with 78 agreements), in response to their complaint, that the court verdict stating the abusiveness of the provisions of the loan agreement regarding exchange rates did not apply to them. According to the position of the President of UOKiK, the abusiveness of contract's clauses determined by the court in the course of abstract control is constitutive and effective for every contract from the beginning. As a result of the decision, the Bank had to: 1) send information of the UOKiK decision to the said 78 clients; 2) post the information on the decision and the decision itself on the website and on twitter, which it has already done; and 3) to pay a fine amounting to PLN 20.7 million. The decision on the fine is not immediately enforceable. The decision of the President of UOKiK is not final. The Bank does not agree with this decision and lodged an appeal within the statutory time limit.

   On 7 January 2020, the first instance court dismissed the Bank's appeal in its entirety. The court presented the view that the judgment issued in the course of the control of a contractual template (in the course of an abstract control), recognising the provisions of the template as abusive, determines the abusiveness of similar provisions in previously concluded contracts. Therefore, the information provided to consumers was incorrect and misleading. As regards the penalty imposed by UOKiK, the court pointed out that the policy of imposing penalties by UOKiK had changed in the direction of tightening penalties and that the court agrees with this direction.

   In the Bank's assessment, the court should not assess the Bank's behaviour in 2015 from the perspective of today's case-law views on the importance of abstract control (it was not until January 2016 that the Supreme Court's resolution supporting the view of the President of UOKiK was published), nor should it impose penalties for these behaviours using current policy. The above constitutes a significant argument against the validity of the judgment and supports the appeal which the Bank submitted to the Court of Appeal.

   On 24 February 2022, the Court of Appeal in Warsaw upheld our appeal and overturned the decision of the President of the Office of Competition and Consumer Protection on a fine of PLN 21 million (for the content of the Bank's responses to customer complaints). In oral justification, the court indicated that the Bank presented one of the possible legal views in these replies. Presenting one of the possible legal views (interpretation) cannot be considered as disseminating false information. There is no written justification as at the date of this Offering Circular.

6. On 22 September 2020, the Bank received decision of the Chairman of the Office for Protection of Competition and Consumers ("**OPCC Chairman**") recognising clauses stipulating principles

of currency exchange applied in the so-called anti-spread annex as abusive and prohibited the use thereof.

Penalty was imposed upon the Bank in the amount of PLN 10.5 million. Penalty amount takes account of two mitigating circumstances: cooperation with the Office for Protection of Competition and Consumers and discontinuation of the use of provisions in question.

The Bank was also requested, after the decision becomes final and binding, to inform consumers, by registered mail, to the effect that the said clauses were deemed to be abusive and therefore not binding upon them (without need to obtain court's decision confirming this circumstance) and publish the decision in the case on the Bank's website.

In the decision justification delivered in writing the OPCC Chairman stated that FX rates determined by the Bank were determined at Bank's discretion (on the basis of a concept, not specified in any regulations, of average inter-bank market rate). Moreover, client had no precise knowledge on where to look for said rates since provision referred to Reuters, without precisely defining the relevant website.

Provisions relating to FX rates in Bank's tables were challenged since the Bank failed to define when and how many times a day these tables were prepared and published.

In justification of the decision, the OPCC Chairman also indicated that in the course of the proceeding, Bank Millennium presented various proposed solutions, which the OPCC Chairman deemed to be insufficient.

The decision is not final and binding. The Bank appealed against said decision within statutory term. The Bank believes that chances for winning the case are positive.

On 31 March 2022, the Court overruled the contested decision in its entirety and ordered the defendant to pay the Bank the amount of PLN 1.720 as reimbursement of the court fees.

In the oral reasons for the decision, the Court referred only to the argument raised by the Bank that the President of the Office of Competition and Consumer Protection was not authorized to examine the provisions in question, as they did not constitute the provisions of standard contracts. The court noted that the provisions were concluded by consumers voluntarily after the conclusion of the loan agreement. The court also drew attention to the fact that the annexes were not concluded by all consumers who concluded credit agreements, and there were such significant differences between the annexes concluded by individual consumers that it was impossible to talk about the existence of an annex - not all annexes questioned by the President of UOKiK, the clauses were even included. Therefore, the Court considered that the contested contractual clauses did not constitute "conditions drawn up for the purpose of general use" within the meaning of Art. 7 sec. 1 of Directive 93/13, and consequently the President of UOKiK did not have the competence to audit them.

The judgment is not final.

7. In October 2015, a set of companies connected to a group which has debts in default towards the Bank in the amount of approximately EUR 170 million, resulting from a financing agreement entered into in 2009 – such debts having been fully provisioned for in the Bank's accounts – brought a judicial proceeding against the Bank, after having received a notification from the Bank enforcing payment of such debts. In the judicial proceedings it is envisaged:

(a) to deny the obligation of payment of those debts, by arguing the voidness and nullity of the respective agreement, but without the correspondent obligation of returning the amounts received;

(b) that the Bank is also convicted to bear the amounts of approximately EUR 90 million and EUR 34 million related to other debts contracted by those entities with other banking institutions, as well as the amounts, in a total sum of approximately EUR 26 million, that the debtors would have already paid in the context of the respective financing agreements; and

(c) to declare that the Bank is the owner of the object of the pledges associated with said financing agreements, which corresponds to approximately 340 million shares of the Bank itself, allegedly acquired at the request of, on behalf of and in the interest of the Bank.

The Bank has filed its defence and counterclaim, reinforcing the demand for payment of the debt. The claimants filed their statements of defence regarding the counterclaim filed by the Bank and the Bank replied to those statements in July 2016.

The Court issued a decision establishing the facts that are considered to be proven and those that must still be proven in court. The parties presented their requests for proof and each of the parties appointed its expert. The Court shall now issue a decision regarding the proof requested by the parties and appoint the third expert.

The claimants challenged both experts appointed by BCP and the Court, but the Court maintained the appointed experts, who were notified on 13 March 2020 to proceed with the expert evidence.

The expert evidence is currently ongoing. The proceedings are waiting for the experts to present their report.

8. Litigation initiated by BCP and Millennium bim in relation to their exposure to Mozambique entities and sovereign guarantees:

On 8 April 2020, the Bank filed a Claim in the High Court of Justice Business & Property Courts of England and Wales Commercial Court in which the Bank claims sums due and in default under a facility agreement and a sovereign guarantee in the amount of USD 158,942,748.88, as at 8 April 2020, plus other interest and other costs.

Further to legal action brought by the State with a view to seek, inter alia, a declaration that a State guarantee is not valid, legal or enforceable, on 27 April 2020 Millennium bim issued a Claim in the High Court of Justice Business & Property Courts of England and Wales Commercial Court against the original arranger and lender of a credit facility benefiting from said State guarantee and related persons. Millennium bim was assigned loans under this facility in the amounts of USD 37.2 million and USD 24 million. The total amount outstanding as at 27 April 2020 was US$79,639,385.33.

Trial sessions relating to the two cases are scheduled to begin in October 2023.

Save as disclosed in this section entitled "*Litigation*" there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The current auditors of the Bank are Deloitte & Associados – Sociedade de Revisores Oficiais de Contas, S.A. ("**Deloitte**") (which is a member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), with registered office at Av. Eng. Duarte Pacheco, 7, 1070-100 Lisbon.

The consolidated financial statements of the Banco Comercial Português Group for the financial years ended on 31 December 2020 and 31 December 2021 were prepared in accordance with IFRS as adopted by the European Union. The financial statements of the Banco Comercial Português Group were audited for each of the two years ended 31 December 2020 and 31 December 2021 by Deloitte & Associados, SROC, S.A., independent certified public accountants and members of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*).

All financial information in this Offering Circular relating to the Bank for the years ended on 31 December 2020 and 31 December 2021 has been extracted without material adjustment from the audited consolidated financial statements of the Bank for the financial years then ended and all financial information in this Offering Circular relating to the Bank for the three month period ended 31 March 2022 has been extracted from the unaudited and un-reviewed earnings press release and earnings presentation of the BCP Group for the three month period ended 31 March 2022.

Credit Ratings

In accordance with Moody's ratings definitions available as at the date of this Offering Circular on https://www.moodys.com/ratings-process/Ratings-Definitions/002002, a long-term rating of "Ba1" indicates obligations that are judged to be speculative and are subject to substantial credit risk. In accordance with such Moody's ratings definitions, an "NP Issuer" rated "Not Prime" does not fall within any of the Prime rating categories. In accordance with S&P's ratings definitions available as at the date of this Offering Circular on https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352, a long-term rating of "BB" indicates an obligation having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. An obligation rated "BB" is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. In accordance with such S&P ratings definitions, a short-term rating of "B" indicates that an obligation is vulnerable and has significant speculative characteristics. It indicated that the obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments. In accordance with Fitch's ratings definitions available as at the date of this Offering Circular on https://www.fitchratings.com/site/definitions, a long-term rating of "BB" indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments. In accordance with such Fitch ratings definitions, a short-term rating of "B" indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. In accordance with DBRS's ratings definitions available as at the date of this Offering Circular on https://www.dbrsmorningstar.com/media/00000000069.pdf, a long-term rating of "BBB (low)" indicates adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. The obligor may be vulnerable to future events. In accordance with such DBRS ratings definitions, a short-term rating of "R-2" indicates the capacity for the payment of short-term financial obligations as they fall due is acceptable. The obligor may be vulnerable to future events.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer or its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer in a way consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, the term "**affiliates**" includes parent companies.

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