BANCO COMERCIAL PORTUGUÊS, S.A.

(incorporated with limited liability in Portugal)

Euro 12,500,000,000

COVERED BONDS PROGRAMME

Banco Comercial Português, S.A. (the "**Issuer**" or the "**Bank**") is an authorised credit institution for the purposes of Decree-Law No. 31/2022, of 6 May 2022 (as amended or superseded from time to time, the "**Legal Regime of Covered Bonds**"). The Covered Bonds (as defined below) will constitute covered bonds for the purposes, and with the benefit, of the Legal Regime of Covered Bonds. The Issuer's legal name is Banco Comercial Português, S.A. and it uses "Millennium bcp" as a brand name. The Issuer and its subsidiaries are together referred to in this Base Prospectus as the "**Group**".

Under this Euro 12,500,000,000 Covered Bonds Programme (the "**Programme**"), the Issuer may from time to time issue covered bonds (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Covered Bonds will be issued in book entry form. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed Euro 12,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under *Overview of the Covered Bonds Programme* and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Covered Bonds.

See *Risk Factors* for a discussion of certain risk factors to be considered in connection with an investment in the Covered Bonds.

This base prospectus (the "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Regulation. "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended or superseded from time to time. The Central Bank only approves this Base Prospectus 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 Covered Bonds. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

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

The requirement to publish a prospectus under the Prospectus Regulation only applies to Covered Bonds which are to be admitted to trading on a regulated market in the EEA 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. References in this Base Prospectus to "**Exempt Covered Bonds**" are to Covered Bonds for which no prospectus is required to be published under the Prospectus Regulation. Information contained in this Base Prospectus regarding Exempt Covered Bonds shall not be deemed to form part of this Base Prospectus and the Central Bank has neither approved nor reviewed such information.

Application has been made to Euronext Dublin for Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus (other than Exempt Covered Bonds) to be admitted to its Official List (the "**Official List**") and trading on the Euronext Dublin Regulated Market. The Programme provides that Covered Bonds 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 Covered Bonds and/or Covered Bonds not admitted to trading on any market or admitted to trading on any other market which is not a regulated market as described in the next paragraph. 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 Covered Bonds will specify whether or not such Covered Bonds will be listed on Euronext Dublin or Euronext Lisbon.

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and certain other information which is applicable to each Tranche (as defined under *Terms and Conditions of the Covered Bonds*) of Covered Bonds will (other than in the case of Exempt Covered Bonds) 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. In the case of Exempt Covered Bonds, the issue price of the Covered Bonds and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the "**Pricing Supplement**").

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from the date of this Base Prospectus. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy will not apply when this Base Prospectus is no longer valid.

Arranger

Barclays

Co-Arranger

Millennium Investment Banking

Dealers

Banco Santander Totta, S.A.	Barclays	BNP PARIBAS
BofA Securities	Citigroup	Commerzbank
Crédit Agricole CIB	Deutsche Bank	DZ BANK AG
HSBC	J.P. Morgan	Millennium Investment Banking
Morgan Stanley	Natixis	NatWest Markets
Nomura	Société Générale Corporate & Investment Banking	UBS Investment Bank
	UniCredit	

The date of this Base Prospectus is 13 November 2023.

IMPORTANT INFORMATION AND RESPONSIBILITY STATEMENTS

In respect of the Issuer, this Base Prospectus comprises a base prospectus for the purposes of the Prospectus Regulation for the purpose of giving information with regard to the Issuer which, according to the nature of the Issuer and the Covered Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, as well as of the features and characteristics of the Covered Bonds, the reasons for the issuance and its impact on the Issuer.

The format and contents of this Base Prospectus comply with the relevant provisions of the Prospectus Regulation and all laws and regulations applicable thereto.

The Issuer accepts responsibility for the information contained in this Base Prospectus and in the Final Terms for each Tranche of Covered Bonds and Pricing Supplement for each Tranche of Exempt Covered Bonds issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The only persons authorised to use this Base Prospectus in connection with an offer of Covered Bonds or Exempt Covered Bonds (as the case may be) are the persons named in the applicable Final Terms or applicable Pricing Supplement (as the case may be) as the relevant Dealer or the Managers.

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

Other than in relation to the documents which are deemed to be incorporated by reference (see *Documents Incorporated by Reference*), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in, or not consistent with, this Base Prospectus or any other information supplied in connection with the issue or sale of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers (as defined in *Definitions*), the Common Representative (as defined in *Definitions*) or any of the Dealers. Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented 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 Arranger, the Common Representative and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Investors should review, amongst other things, the most recent financial statements, if any, of the Issuer when deciding whether or not to purchase any Covered Bonds. The Arranger and the Dealers do not owe any fiduciary duties to any person in connection with this Base Prospectus.

As at the date of this Base Prospectus short-term and long-term senior obligations of the Issuer are rated, respectively, “P-2” and “Baa3” by Moody’s Investors Service España, S.A. (“**Moody’s**”), “A-3” and “BBB-” by S&P Global Ratings Europe Limited (“**S&P**”), “F3” and “BBB-” by Fitch Ratings Ltd (“**Fitch**”) and “R-2 (middle)” and “BBB (low)” by DBRS Ratings GmbH (“**DBRS**”).

Series of Covered Bonds issued under the Programme may be rated or unrated. Where a Series of Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms (or applicable

Pricing Supplement, in the case of Exempt Covered Bonds). The rating of Covered Bonds may not 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.

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 or superseded from time to time) (the "**CRA Regulation**"). Each of Moody's, S&P and DBRS is not established in the United Kingdom and has not applied for registration under 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**"). Accordingly, the ratings issued by Moody's have been endorsed by Moody's Investors Service Limited, the ratings issued by S&P have been endorsed by S&P Global Ratings UK Europe Limited and the ratings issued by DBRS have been endorsed by DBRS Ratings Limited, all in accordance with the UK CRA Regulation 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. Accordingly, the ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited ("**FRIL**") in accordance with the CRA Regulation and have not been withdrawn. 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.

BENCHMARKS REGULATION - Amounts payable on Floating Rate Covered Bonds (as described under "*Terms and Conditions of the Covered Bonds*") will be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"). As at the date of this Base Prospectus, 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 or superseded from time to time, the "**EU Benchmarks Regulation**").

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Covered Bonds (or Pricing Supplement in respect of any Exempt Covered Bonds) includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds 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 Directive 2014/65/EU (as amended or superseded from time to time, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016, on insurance distribution (as amended or superseded from time to time), 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 or superseded from time to time, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds 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 Covered Bonds (or Pricing Supplement in respect of any Exempt Covered Bonds) includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Covered Bonds 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 Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds 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 Covered Bonds (or Pricing Supplement in respect of any Exempt Covered Bonds) will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (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 Covered Bonds (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 Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither 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 Covered Bonds (or Pricing Supplement in respect of any Covered Bonds) will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (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 Covered Bonds (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 Covered Bonds is a manufacturer in respect of such Covered Bonds, 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 of Singapore, as modified or amended from time to time (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 Covered Bonds, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Covered Bonds 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).

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the Arrangers and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Covered Bonds 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, no action has been taken by the Issuer, the Arrangers or the Dealers (save for application for the approval by the Central Bank of this Base Prospectus as a base prospectus for the purposes of the Prospectus Regulation) which would permit a public offering of any Covered Bonds or the distribution of this Base Prospectus or any other offering material relating to the Programme or the Covered Bonds issued thereunder in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material relating to the Programme or the Covered Bonds issued thereunder may be distributed or published in any jurisdiction, except under circumstances that would result in compliance with any applicable securities laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that to the best of its knowledge all offers and sale by it will be made on the terms indicated above. Persons into whose possession this Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of the Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in the United States, the EEA (including Italy and Portugal), the United Kingdom and Japan. See *Subscription and Sale and Transfer Restrictions and Secondary Market Arrangements.*

The Arrangers, the Common Representative and the Dealers have not separately verified (i) the information contained or incorporated in this Base Prospectus or (ii) any statement, representation, or warranty, or compliance with any covenant, of the Issuer contained in any Covered Bond or any other agreement or document relating to any Covered Bonds or made in connection with the Programme, as may be prepared, or approved in writing, by the Issuer for use in connection with the Programme. Accordingly, none of the Arrangers, the Common Representative or the Dealers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to (a) the accuracy or completeness of any of the information contained or incorporated by reference in this Base Prospectus or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any Covered Bonds or any other agreement or document relating to any Covered Bonds or the Programme. The Arranger and the Dealers are acting solely pursuant to a contractual relationship with the Issuer on an arm's length basis with respect to the issue, offer and sale of the Covered Bonds (including in connection with determining the terms of the issue, offer and sale of the Covered Bonds) and not as a financial adviser or a fiduciary to the Issuer or any other person. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the Covered Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers, the Common Representative or the Dealers that any recipient of this Base Prospectus or any other financial information supplied in connection with the Programme should purchase the Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arrangers, the Common Representative or any of the Dealers to subscribe for or to purchase any Covered Bonds.

None of the Issuer, the Arranger, the Dealers nor any of their respective affiliates accepts any responsibility for any environmental, social or sustainability assessment of any Covered Bonds issued as ESG Covered Bonds or makes any representation or warranty or gives any assurance as to whether such Covered Bonds will meet any investor expectations or requirements regarding such "green", "environmental", "sustainable", "social", or similar labels. None of the Arranger, the Dealers nor any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets (as defined below), any verification of whether the Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets meet any eligibility criteria set out in the ESG Framework (as defined below) nor are they responsible for the use of proceeds (or amounts equal thereto) for any Covered Bonds issued as ESG Covered Bonds, nor the impact or monitoring of such use of proceeds or the allocation of the proceeds to particular Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets. The ESG Framework and the Second Party Opinion (as defined below) will be available on the Issuer's website at https://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/ESGBonds.aspx and any public reporting by or on behalf of the Issuer in respect of the application of proceeds will be available on the Issuer's website at https://ind.millenniumbcp.pt/en/Institucional/sustentabilidade/Pages/relatorios_anuais.aspx but, for the avoidance of doubt, will not be incorporated by reference into this Base Prospectus. None of the Arranger, the Dealers nor any of their respective affiliates make any representation as to the suitability or content of such materials.

Any offer of Covered Bonds in any Member State of the European Economic Area (each, a "**Relevant State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person making or intending to make an offer in that Relevant State of Covered Bonds which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Covered Bonds may only do so 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 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 have authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended or superseded from time to time (the "**Securities Act**"), or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to, or for the account of 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 laws of any state of the United States and any other jurisdiction (see *Subscription and Sale and Transfer Restrictions and Secondary Market Arrangements* below).

SUITABILITY OF INVESTMENT

The Covered Bonds may not be a suitable investment for all investors. Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Covered Bonds, the merits and risks of investing in the relevant Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

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

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;

(iv) understands thoroughly the terms of the relevant Covered Bonds and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate (either alone or with the help of a financial adviser) 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 (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

LEGAL CONSIDERATIONS IN RESPECT OF INVESTING IN COVERED BONDS

The Covered Bonds will not represent an obligation or be the responsibility of the Arrangers, the Common Representative or the Dealers or any person other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Covered Bonds and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators.

Amortisation of Mortgage Credits: *Mortgage credits which are included in the Cover Pool are and will generally be subject to amortisation of principal and payment of interest on a monthly basis. They are also subject to early repayment of principal at any time in whole or part by the relevant borrowers. Early repayments of principal on mortgage credits may result in the Issuer being required to include further credits and/or substitution assets in the Cover Pool in order for the Issuer to comply with the financial matching requirements under the Legal Regime of Covered Bonds.*

None of the Arranger or any of the Dealers has or will undertake any investigations, searches or other actions in respect of any assets contained or to be contained in the Cover Pool but will instead rely on representations and warranties provided by the Issuer in the Programme Agreement.

CERTAIN DEFINED TERMS AND OTHER INFORMATION

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "**€**", "**EUR**" or "**euro**" are 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, as amended, to "**U.S.$**", "**USD**" or "**U.S. dollars**" are to United States dollars, the lawful currency of the United States of America, to "**£**" or "**GBP**" or "**pounds sterling**" are to pounds sterling, the lawful currency of the United Kingdom, to "**PLN**" are to Polish zloty and to "**CHF**" are to Swiss francs.

In this Base Prospectus, 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 Base Prospectus 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.

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In connection with the issue of any Tranche (as defined in *Terms and Conditions of the Covered Bonds*), one or more Dealers (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds 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 is made and, if begun, 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE COVERED BONDS 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 Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement). Any reference in this section to "applicable Final Terms" or "relevant Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" or "relevant Pricing Supplement", respectively, where relevant.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980, as amended or superseded from time to time.

Capitalised terms used in this overview and not otherwise defined below or under Definitions have the respective meanings given to those terms elsewhere in this Base Prospectus.

Description:	Covered Bonds Programme.
Programme size:	Up to Euro 12,500,000,000 (or its equivalent in other currencies, all calculated as described under General Description of the Programme) aggregate principal amount (or, in the case of Covered Bonds issued at a discount, their aggregate nominal value) of Covered Bonds outstanding at any time. The Issuer will have the option at any time to increase the amount of the Programme, subject to compliance with the relevant provisions of the Programme Agreement.
Maximum period for which Covered Bonds may be issued under the Programme:	50 years
Issuer:	Banco Comercial Português, S.A.
Issuer Legal Entity Identifier:	JU1U6S0DG9YLT7N8ZV32
Arranger:	Barclays Bank Ireland PLC.
Co-Arranger:	Banco Comercial Português, S.A.
Dealers:	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, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, HSBC Continental Europe, J.P. Morgan SE, Morgan Stanley Europe SE, Natixis, NatWest Markets N.V., Nomura Financial Products Europe GmbH, Société Générale, UBS Europe SE and UniCredit Bank AG and any other Dealer(s) appointed from time to time by the Issuer in accordance with the Programme Agreement.
Common Representative:	Bondholders, S. L., in its capacity as representative of the holders of the Covered Bonds pursuant to Article 28 of the Legal Regime of Covered Bonds and in accordance with the Terms and

Conditions and the terms of the Common Representative Appointment Agreement, having its registered office at Avenida de Francia 17, A, 1, 46023 Valencia (Spain).

Agent:	Banco Comercial Português, S.A., in its capacity as Agent, with head office at Praça Dom João I, 28, 4000-295 Oporto, Portugal.
Paying Agent:	Banco Comercial Português, S.A., in its capacity as Paying Agent, with head office at Praça Dom João I, 28, 4000-295 Oporto, Portugal, and any other Paying Agent appointed from time to time by the Issuer in accordance with the Programme Documents.
Cover Pool Monitor:	KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A. (which is a member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), registered with the "*Comissão do Mercado de Valores Mobiliários*" (**CMVM**) with registration number 20161489, with registered office at Avenida Fontes Pereira de Melo, Building FPM41, n.º 41 - 15.º, 1069-006, Lisbon, Portugal. See *Cover Pool Monitor.*
Hedge Counterparties:	The parties or party (each, a "**Hedge Counterparty**" and together, the "**Hedge Counterparties**") that, from time to time will enter into Hedging Contracts with the Issuer in accordance with the Legal Regime of Covered Bonds.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Covered Bonds 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 Covered Bonds 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 Covered Bonds.
Distribution:	Covered Bonds may be distributed by way of private placement and on a non-syndicated or syndicated basis. The method of distribution of each Tranche of Covered Bonds will be stated in the applicable Final Terms. Covered Bonds will be issued and placed only outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). See *Subscription and Sale and Transfer Restrictions and Secondary Market Arrangements.*
Certain Restrictions:	Each issue of Covered Bonds 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 and Secondary Market Arrangements*).

Currencies:	Subject to compliance with relevant laws, Covered Bonds 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 Covered Bonds issued under the Programme may be rated or unrated. Where a Series of Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Covered Bonds). The rating of Covered Bonds 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 Covered Bonds issued under the Programme (other than Exempt Covered Bonds) to be admitted to its Official List and trading on the Euronext Dublin Regulated Market. Covered Bonds 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 Covered Bonds and/or Covered Bonds not admitted to trading on any market or Covered Bonds admitted to trading on other regulated markets for the purposes of Directive 2014/65/EU, as amended or superseded from time to time, 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 Covered Bonds are to be listed and/or admitted to trading (if any).
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the EEA (including Italy, Portugal, France and Belgium), the United Kingdom, Japan and Singapore as set out in *Subscription and Sale and Transfer Restrictions and Secondary Market Arrangements.*
United States Selling Restriction:	The Covered Bonds have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Accordingly, the Covered Bonds are being offered and sold only outside the United States in reliance upon Regulation S under the Securities Act. There may also be restrictions under United States federal tax laws on the offer or sale of Covered Bonds to U.S. persons; Covered Bonds may not be sold to U.S. persons except in accordance with United States Treasury regulations as set forth

in the applicable Final Terms. See *Subscription and Sale and Transfer Restrictions and Secondary Market Arrangements*.

Use of Proceeds: Proceeds from the issue of Covered Bonds will be used by the Issuer for its general corporate purposes or as otherwise set out in the applicable Final Terms or Pricing Supplement (as the case may be).

Status of the Covered Bonds: The Covered Bonds will constitute direct, unconditional and unsubordinated obligations of the Issuer and will rank *pari passu* among themselves. The Covered Bonds will be covered bonds issued by the Issuer in accordance with the Legal Regime of Covered Bonds and, accordingly, will be secured on cover assets that comprise a cover assets pool maintained by the Issuer in accordance with the terms of the Legal Regime of Covered Bonds, and will rank *pari passu* with all other obligations of the Issuer under covered bonds issued or to be issued by the Issuer pursuant to the Legal Regime of Covered Bonds. See *Characteristics of the Cover Pool*.

Terms and Conditions of the Covered Bonds: Final Terms will be prepared in respect of each Tranche of Covered Bonds, completing the Terms and Conditions of the Covered Bonds set out in *Terms and Conditions of the Covered Bonds*. A Pricing Supplement will be prepared in respect of each Tranche of Exempt Covered Bonds and may replace, modify or supplement the Terms and Conditions of the Covered Bonds.

Clearing System: Interbolsa. See *Form of the Covered Bonds and Clearing System*. Without prejudice to the foregoing, investors will be able to hold an interest in the Covered Bonds through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), who are clients of an Affiliate Member of Interbolsa for these purposes.

Form of the Covered Bonds: The Covered Bonds will be in book-entry form (*forma escritural*) and are *nominativas* (i.e. Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the holders of Covered Bonds and transmit such information to the Issuer) and thus title to such Covered Bonds 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 Covered Bonds. See *Form of the Covered Bonds and Clearing System*.

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

Maturities: The Covered Bonds 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), the Legal Regime of Covered Bonds or any laws or regulations applicable to the

	Issuer or the relevant Specified Currency. See also *Extended Maturity Date*.
Issue Price:	The Covered Bonds 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.
Events of Default:	Issuer Insolvency. See *Terms and Conditions of the Covered Bonds*.
Negative Pledge:	None.
Cross Default:	None.
Guarantor:	None.
Fixed Rate Covered Bonds:	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).
Floating Rate Covered Bonds:	Floating Rate Covered Bonds 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 Covered Bonds. 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 Covered Bonds:	Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms.
Exempt Covered Bonds:	The Issuer may agree with any Dealer that Exempt Covered Bonds may be issued in a form not contemplated by the *Terms and Conditions of the Covered Bonds*, in which event the relevant provisions will be included in the applicable Pricing Supplement, which will replace, modify or supplement those Terms and Conditions.
Redemption:	The applicable Final Terms relating to each Tranche of Covered Bonds will specify either (i) that the relevant Covered Bonds cannot be redeemed prior to their stated maturity, save as provided for in the Legal Regime of Covered Bonds (see *The Legal Regime of* Covered Bonds), or (ii) that the relevant Covered Bonds will be redeemable at the option of the Issuer and/or the holder of Covered Bonds upon giving notice to the

holder of Covered Bonds or the Issuer (as applicable), on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s). See also *Extended Maturity Date*.

Extended Maturity Date:

The applicable Final Terms may provide that an Extended Maturity Date applies to a Series of the Covered Bonds and shall correspond to at least one year after the applicable Maturity Date, provided that in any case the Issuer may not select an Extended Maturity Date in the applicable Final Terms that would entail that such Series of Covered Bonds would benefit from an earlier Extended Maturity Date *vis-à-vis* another Series of Covered Bonds with an earlier Maturity Date. If an Extended Maturity Date is specified in the applicable Final Terms, the maturity of the relevant Series of Covered Bonds will be automatically extended to the Extended Maturity Date if either (i) the Issuer fails to redeem the relevant Series of Covered Bonds on the applicable Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for five Business Days thereafter or (ii) the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority, and in each case notice thereof has been (or, in the case of (ii), is subsequently) given to the CMVM, all as further described in Condition 6.7 of the Terms and Conditions. If within ten calendar days of receiving such notice, CMVM objects to such extension of maturity, the extension of maturity will then cease to apply and the relevant Series of Covered Bonds will be redeemed on the applicable Maturity Date or (if the date such objection is received by the Issuer from CMVM is after the applicable Maturity Date) the Extension Cessation Date.

In respect of any Series of of Covered Bonds, in case of liquidation or resolution of the Issuer, no extension to an Extended Maturity Date shall (i) affect the ranking between any holders of Covered Bonds or (ii) invert the sequencing of the original maturity schedule of Covered Bonds. See Condition 6.7 of the Terms and Conditions.

Denomination of Covered Bonds:

Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, save that the denomination of each Covered Bond (other than an Exempt Covered Bond) will be at least EUR 100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency) or, in any case only if higher than EUR 100,000, any other specified denomination as may be allowed or required from time to time by the relevant central bank or supervisory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Each Series will have Covered Bonds of one denomination only.

Taxation of the Covered Bonds: All payments in respect of the Covered Bonds will be made without deduction for, or on account of, withholding taxes imposed by any jurisdiction, unless the Issuer shall be obliged by law to make such deduction or withholding. The Issuer will not be obliged to make any additional payments in respect of any such withholding or deduction imposed. See *Taxation*.

The Legal Regime of Covered Bonds: The Legal Regime of Covered Bonds introduced into Portuguese law a framework for the issuance of certain types of asset covered bonds. Asset covered bonds can only be issued by credit institutions licensed under the Banking Law. The Legal Regime of Covered Bonds establishes that issuers of covered bonds shall maintain a cover assets pool, comprised of mortgage credit assets and limited classes of other assets, over which the holders of the relevant covered bonds have a statutory special creditor privilege.

The Legal Regime of Covered Bonds also provides for (i) the inclusion of certain hedging contracts in the relevant cover pool and (ii) certain special rules that apply in the event of insolvency of the Issuer. The Legal Regime of Covered Bonds further provides for (i) the supervision and regulation of issuers of covered bonds by CMVM, (ii) the role of a cover pool monitor in respect of each issuer of covered bonds and the relevant cover pool maintained by it, (iii) the role of the common representative of the holders of covered bonds, (iv) restrictions on the types and status of the assets comprised in a cover pool (including loan to value restrictions, weighted average interest receivables and weighted average maturity restrictions), (v) asset/liability management between the cover pool and the covered bonds, and (vi) automatic extendable maturity structure for covered bonds. See *Characteristics of the Cover Pool*, *Insolvency of the Issuer*, *Common Representative of the Holders of Covered Bonds* and *The Legal Regime of Covered Bonds*.

The Covered Bonds issued by the Issuer will qualify as covered bonds for the purposes of the Legal Regime of Covered Bonds. The Covered Bonds will be senior obligations of the Issuer and will rank equally with all other Covered Bonds which may be issued by the Issuer. In the event of an insolvency of the Issuer, the holders of the Covered Bonds issued by the Issuer, together with the Other Preferred Creditors, will have recourse under the Legal Regime of Covered Bonds to the Cover Pool in priority to other creditors (whether secured or unsecured) of the Issuer who are not preferred creditors under the Legal Regime of Covered Bonds. See *Characteristics of the Cover Pool* and *Insolvency of the Issuer.*

Governing Law: Unless otherwise specifically provided, the Covered Bonds and all other documentation relating to the Programme are governed by, and will be construed in accordance with, Portuguese law.

RISK FACTORS

An investment in the Covered Bonds involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Covered Bonds. 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 Covered Bonds. 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 Covered Bonds. 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 the Covered Bonds issued under the Programme
    - 2.1 Risks relating to the Nature of the Covered Bonds
    - 2.2 Risks relating to Tax and other Relevant Laws
    - 2.3 Risks relating to the Market generally
    - 2.4 Risks related to the Structure of a particular issue of Covered Bonds
    - 2.5 Risks relating to ESG Covered Bonds

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 2022, gross domestic product ("**GDP**") grew 6.7%, which represented an acceleration compared to the 5.5% growth recorded in the preceding year. The performance of the Portuguese activity benefited from the dynamism of the private consumption and tourism, in a context of high levels of accumulated savings by the families and the strength of the labour market, while the investment decelerated strongly, hampered by the global supply chain disruptions and the strong rise of commodities prices. The annual average inflation rate increased to 8.1%, driven by the surge of energy and food prices.

The strong nominal growth of the Portuguese economy contributed to a reduction of the Portuguese public debt as a percentage of GDP, from 124.5% to 112.4% of GDP in 2022. In the first half of 2023 the Portuguese economic growth remained robust and the Banco de Portugal predicts a GDP growth rate of 2.7% for the whole year, backed by the tourism activity and investment growth driven by the implementation of the Recovery and Resilience Plan. Notwithstanding, the risks to the economic activity in Portugal are tilted to the downside. Lower growth levels could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Risks of recession and/or slowdown of the Portuguese economy

The materialisation of the risks related to (i) higher inflation; (ii) tighter financial costs; (iii) the slowdown of the Portuguese main trade partners; (iv) tensions on the geopolitical front; and (v) instability in the financial markets may negatively impact the Portuguese economy and lead to a recession in 2023 and/or to a slower growth pace.

Any limitation to the growth of the Portuguese economy would likely result in the fall of credit demand, increase of funding costs and deterioration of the loans' portfolio credit quality and other segments of the asset side of the Bank's balance sheet.

Dramatic tightening in global financial market conditions

The surge of global inflation and the tightening of monetary policy has led to a deterioration of the global financial market conditions. The possibility of aggravation or persistence of adverse financial conditions could further weigh in on economic conditions, hindering the evolution of the banking business and, consequently, its profitability.

Monetary policy risks

The Bank is exposed to risks associated with tighter monetary and liquidity conditions from the European Central Bank. A restrictive 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. On the contrary, any substantial decline of European Central Bank's reference interest rates would affect negatively the Bank's ability to generate net interest margin.

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.

Moreover, 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. 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 resignation of the Prime-Minister on 7 November 2023 could translate into high political instability until a new government is appointed. This could add to the current economic uncertainty and lead to a broad deterioration of the economic and financial conditions 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 the defense and energy sectors. 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.

Risks to the real estate market

The current context of greater uncertainty and higher financing costs, along with severe restrictions on the housing market, driven by supply constraints increases the risk of a significant devaluation of Portuguese real estate prices, including, without limitation, through a fall of demand both by residents and non-residents, 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 of the main trading partners of Portugal, along with global supply disruptions, rising commodity prices, 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. The war caused increased market volatility and may negatively affect the world’s economy in general even further, and in particular the economy of the countries where the Millennium bcp Group (the "**Group**") operates. The war has already caused a significant increase in prices of commodities and fuel and supply disruptions. The continuing conflict and/or its escalation may impose 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.

On 7 October 2023, Hamas launched an unprecedented attack on Israel. The fallout from the Hamas attack and Israel's response could put additional pressure on the increasing geopolitical risks with potential spillovers onto confidence, economic activity and energy prices.

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 financial markets instability

Significant factors affecting the operations of the Issuer and the Group include macroeconomic conditions and the situation on international financial markets, which have direct and indirect impact on the financial position of the Issuer and the Group. Possible disturbances in the economy or on international financial markets, which may have different sources, including situations involving events such as terrorist attacks, acts of war or hostile actions, catastrophes, states of epidemic and other similar events of an unpredictable nature could potentially lead to negative consequences for the Issuer, such as reduced ability to obtain financing, increase of its costs and difficult access to capital. Possible problems on the market and economic downturn may adversely affect the Issuer's operations, including: i) the level of significant parameters, such as market interest rates or exchange rate, ii) demand for products and services offered by the Issuer and the Group, iii) the situation of borrowers, which would lead to the deterioration of the quality of the loan portfolio and an increase in the cost of risk), iv) valuation of financial assets constituting individual assets. Such events may be a source of economic or political uncertainty and have a negative impact on the economic situation and the activities of the Issuer and the Group. Such events may also have a negative impact on the Group's financial standing.

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 constraints related to supply shortages could increase, resulting in lower economic activity and additional inflationary pressure.

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.

Other economies where the Bank operates

Poland

Economic and geopolitical risks

The outbreak of the war in Ukraine has significantly affected the Polish economy in 2022 and 2023. The economic sanctions imposed on Russia and Belarus as well as severe disruptions to the commodities' supply chains triggered a rapid increase in inflation. In February 2023, consumer price inflation in Poland reached 18.4% year-on-year, its highest level since 1996. To limit inflation, the Monetary Policy Council increased the NBP's reference rate to 6.75%, the highest level since 2002. High inflation accompanied by tight monetary conditions has reduced households' real income and therefore private consumption. As a consequence, economic growth decelerated. The tightening of the monetary policy led to a decrease in demand for loans, both from households and non-financial companies. Labour market was resilient to the economic downturn and unemployment rate remained at low levels.

The Bank expects the Polish economy to start recovering and the GDP dynamics to move into positive territory starting from the third quarter of 2023. Low unemployment, expected increase in wages (including minimum wage), social transfers paid by the government and a decrease in inflation should support the recovery in consumption. Inflation is expected to go down but should remain above the central bank’s target till late 2024. Lower inflation opened a room for the monetary policy easing in September 2023 and the Bank expects it will continue in 2024, but at a gradual pace.

Domestic political risks

The Issuer operates in Poland, therefore the macroeconomic, political and social situation in this country is significant for the business, financial position and operating result of the Issuer. Domestic political risk might increase as a result of the outcome of the general elections of October 2023. At the same time, bearing in mind the close connection between the Polish economy and the global economy, the Issuer's situation is also influenced by events in the global economy, in particular those relating to monetary policy, geopolitics, socio-political processes or global economic situation.

Risks related to banking system policy and legislation

Risks related to the implementation of economic policy decisions, in particular 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.

On 7 July 2022, the Parliament approved a bill on crowdfunding for business ventures and assistance to borrowers (the "**Act**"). The Act, among others, introduces credit holidays for PLN mortgage borrowers (possibility of not paying interest and principal up to 8 months in 2022-2023 for PLN mortgage eligible borrowers). Costs of these credit holidays were the direct reason for the significant net loss of Bank Millennium S.A. ("**Bank Millennium**") in Poland in the third quarter of 2022 and consequently a temporary breach of the regulatory minimum capital requirements. As a result, Bank Millennium launched a recovery plan and filed a capital protection plan with competent authorities. According to recent statements of Poland's officials in the media, the government of Poland is mulling an extension of this credit holiday scheme to a part or full 2024.

Although already in the fourth quarter of 2022 Bank Millennium improved its capital ratios above regulatory minimums, has since been profitable and continued to organically improve its capital ratios and intends continue this, further alterations to the bill or introduction of any other equally significant customer oriented regulations by the lawmakers/regulators or additional potential losses from current of future litigation processes, like litigation on CHF mortgage loans, may result in further losses and a result in a continuation of the breach of regulatory minimum capital requirements in the future.

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

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.

Separately, 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. 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**"), Autoridade de Supervisão de Seguros e Fundos de Pensões ("**ASF**"), and other national competent authorities and regulators in countries where the Bank's subsidiaries and branches are located, 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. 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 new rules amending the CRR are expected to apply from 1 January 2025, with certain elements of the regulation phasing in over the coming years. On 27 June 2023, the Council and the European Parliament reached a provisional agreement on amendments to the implementation of Basel III reforms.

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. At the end of 2022, Law No. 23-A/2022, of 9 December was published, which implemented the Capital Requirements Directive V (Directive (EU) 2019/878 ("**CRD V**")) and Directive 2014/59/EU (as amended, the "**Bank Recovery and Resolution Directive**" or "**BRRD II**") on access to banking and prudential supervision and the recovery and resolution of credit institutions and investment firms, respectively.

The macroprudential toolkit for banks has been applicable since 2014, mostly comprising a set of prudential tools designed to limit systemic risks and safeguard financial stability. The European Commission is working on improving the EU macroprudential framework for the banking sector. A legislative proposal may be submitted by the European Commission to the European Parliament and to the Council, and that may introduce changes to the banks' capital 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 and recommendations.

The implementation of new or revised regulations may increase capital or liquidity 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, issuing funding instruments, 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 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 European Central Bank (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, including deductions to regulatory capital. As of June 2021, CRD V and the CRR II introduced additional own funds requirements for the leverage ratio for which competent authorities are obliged to assess the risk of excessive leverage and potentially impose a P2R-LR on top of the P1R-LR if the risk of excessive leverage is not covered or not sufficiently covered by P1R-LR. Similarly, to the P2G, the P2G-LR is based on the outcomes of the adverse scenario of the relevant supervisory stress tests. See further "*Description of the Business of the Group – Recent developments on the banking regulation*".

A change in the prudential supervision framework or stemming from the regular supervisory review and evaluation process or macroprudential risks assessment may:

- impose additional capitalisation demands on the Bank, in particular if the SSM 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 higher capital buffers.

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, including in the newest update of the Banking Law) establishes a framework for the recovery and resolution of credit institutions and investment companies which contemplates that capital instruments 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*".

- Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 (regarding the ranking of unsecured debt instruments in insolvency hierarchy), which amended BRRD, was implemented in Portugal through Law No. 23/2019, of 13 March 2019, creating a new asset class of “non-preferred” senior debt that ranks in insolvency above own-funds instruments and subordinated liabilities that do not qualify as own funds, but below other senior liabilities. Further, it confers a preferential claim to generally all deposits vis-à-vis unsecured senior debt. Additionally, under the final rules to be implemented following the European Commission’s recent proposal to adjust and further strengthen the existing EU bank crisis management and deposit insurance ("**CMDI**") framework, the ranking in insolvency of depositors may be further changed or enhanced. 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. MREL is composed of a loss-absorption amount ("**LAA**") and a recapitalisation amount ("**RCA**"). The legal framework defines conditions under which the RCA may be adjusted upwards or downwards. 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 vary in the future, increasing issuance cost or 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 Mútuo) 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.

- 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 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.

- 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 change 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 and the update brought by the changes to the Banking Law, 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, which may be called by the DGF at any time, 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. Since 2011, all contributions made by the Bank to the DGF have been made entirely in cash (the current amount of irrevocable payment commitments outstanding is of approx. EUR 94.4 million).

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 European Union is proceeding with a review of the bank crisis management and deposit insurance framework that may entail changes to the single resolution mechanism and deposit guarantees schemes framework which could impact on the Bank's contributions to such schemes.

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, the effects of higher interest rates and policies in support of families but at cost to the banks may limit the business approach, increase contributions or limit fees that the Bank can charge in certain banking transactions.

Several European Commission regulatory initiatives regarding financial services and products have been 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 implemented in Portugal through 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. A proposal for a Regulation amending the PRIIPs Regulation is underway by the European Commission.

(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 implemented in Portugal through Decree-Law No. 91/2018, of 12 November 2018, creating new types of payment services and reinforcing customer protection and security. Proposals to update the PSD2 were adopted by the European Commission on 28 June 2023.

(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 interest rates and may lead to changes of the rates used as reference rates in the Bank's normal course of business, impacting margins, business approach and operations. Under the borrower's support framework in Poland the reference rate WIBOR will be replaced by a risk free rate over the medium term. The EURIBOR complies with the Benchmark Regulation and currently there are no plans to discontinue or replace it. However, banks are required to adopt fallback rates in case EURIBOR ends.

(6) The Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 ("**DORA Regulation**"), applicable from 17 January 2025, entered into force in January 2023, establishing the requirements about the security of network and information systems supporting the operational processes of financial entities.

(7) The European institutions are strongly supporting the transition to a low-carbon, more resource-efficient and sustainable economy and have been at the forefront of efforts to build a financial system that supports sustainable growth. On 13 June 2023, the European Commission presented several measures to strengthen the European Union's sustainable finance rules and further support investments in a sustainable future.

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 from time to time ("**GDPR**") harmonises 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.

On 28 June 2023, the European Commission adopted a legislative proposal that lays the groundwork for the legal framework underpinning the digital euro, akin to a digital version of central bank issued money.

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 Stabilisation Programme approved by the Portuguese Government established an additional solidarity contribution charged to banks, which continuity has been foreseen in the annual state budget law.

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. Furthermore, Decree-Law No. 80-A/2022, of 25 November 2022, establishes certain measures aimed at mitigating the effects of the increase of the reference indexes in credit agreements. In addition, Law No. 24/2023, of 29 May, and Law No. 19/2022, of 21 October, create new obligations for credit institutions regarding the marketing of mortgage loans, extending the services included in the minimum banking services account and introducing new restrictions on commissions. These measures result in higher operational costs for the Bank.

The Ukraine-Russian war, the Israel-Hamas conflict, high inflation, and high interest rates, along with the effects of the Covid-19 pandemic and the failure of Silicon Valley Bank and Credit Suisse, intensified the uncertainty context, namely concerning future actions by regulators and authorities' initiatives that could result in either further restrictions or further relief measures that could continue to have an impact on the Bank's regular course of business.

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

The implementation of 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.

Changes in Polish banking legislation

The Polish government enacted certain regulations to support borrowers comprising interest moratoria, contributions to support fund and benchmark rates reform, with significant costs to banks in Poland including Bank Millennium. The final impact of this legislation, and potential extension, on the business, financial condition, capital and prospects of Bank Millennium and the Bank remains uncertain.

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 others, 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, also including the evolution of Corporate Restructuring Funds. 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, as amended, 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, EUR 32.9 million in 2021, EUR 36.5 million in 2022 and EUR 37.5 million in 2023) 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, as amended, (EUR 15.0 million in 2020, EUR 16.8 million in 2021, EUR 18.5 million in 2022 and EUR 9.4 million in 2023). The periodic contributions are determined by a base rate, established by the Banco de 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, 2021, 2022 and 2023 amounted to EUR 5.8 million, EUR 6.2 million, EUR 6.6 million and EUR 6.8 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.

Belgium, France, Greece, Italy and Spain have already implemented unilateral FTT. 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.

During 2022 and 2023, in the Euro area, Spain, Lithuania and Italy imposed temporary levies on credit institutions and financial credit establishments, with different configurations. At this stage, there can be no assurance that similar windfall taxes or levies on the banking sector 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 Council Directive (EU) 2022/2523 of 14 December, on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union was published in the in the Official Journal of the European Union of 22 December 2022.

Member States shall transpose the Directive into their domestic law by 31 December 2023. Timing in relation to the introduction of the new rules in Portugal is currently uncertain. The potential implications resulting from the implementation of the Pillar Two Model Rules have not been evaluated at this stage.

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.

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 in Poland.

Court claims and current provisions for legal risk

Regarding mortgage loans granted by Bank Millennium in Poland in Swiss Franc ("**CHF**") until 2008, Bank Millennium currently faces risks relating to rulings issued by Polish courts in individual lawsuits against Bank Millennium started by borrowers of foreign exchange indexed ("**FX-indexed**" or "**FX**") mortgage loans (and which were also started against other Polish banks), as well as risks with respect to 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 30 June 2023, Bank Millennium had 18,441 loan agreements and 1,482 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by Bank Millennium against clients, i.e. debt collection cases) concerning the use of indexation clauses of FX mortgage loans submitted to the Polish courts (70% of the loans agreements before the courts of first instance and 30% of the loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 3.4 billion (EUR 770.5 million) and CHF 237.5 million (EUR 243.3 million). The breakdown of these claims by their respective origin is as follows: Bank Millennium portfolio: PLN 3.1 billion (EUR 707.8 million) and CHF 231.5 million (EUR 237.1 million) and former Euro Bank portfolio: PLN 277.6 million (EUR 62.6 million) and CHF 6 million (EUR 6.1 million). Out of 18,441 Bank Millennium loan agreements in ongoing individual cases, 163 are also part of a class action. From the total number of individual litigations against the Millennium Bank approximately 1,700, or 9.4%, were submitted by borrowers that had already repaid the loan or which loans were converted to polish zloty at the moment of submission and had not a settlement agreement and another 600 correspond to loans that were fully repaid since then.

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of paid principal and interest instalments as undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, Bank Millennium is a party to the group proceedings (class action) subject matter of which is to determine Bank Millennium's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,273 and from which 163 are also part of ongoing individual cases, 579 concluded settlements and 4 received final verdicts of invalidation of loan agreement. On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022.

The advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,985 individual claims were filed against Bank Millennium and 236 against the former Euro Bank, S.A., in 2020 the number increased by 3,006 (265), in 2021 the number increased by 6,156 (423), in 2022 the number increased by 5,750 (407), while in the first half of 2023 the number increased by 3,237 (272).

Based on ZBP (the Polish Banking Association ("**ZBP**")) and on data gathered from all banks having FX mortgage loans, the vast majority of disputes was finally resolved against the banks. As far as Bank Millennium (including former Euro Bank portfolio) is concerned, from 2015 until the end of the first half of 2023, 2,082 cases were finally resolved (2,011 in claims submitted by clients against Bank Millennium and 71 in claims submitted by Bank Millennium against clients i.e. debt collection cases) out of which 573 were settlements, 42 were remissions, 56 rulings were favourable for Bank Millennium and 1,411 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. Bank Millennium files appeals against negative judgements of the courts of first instance. Simultaneously Bank Millennium undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against Bank Millennium (including former Euro Bank portfolio) on 30 June 2023 was PLN 5.7 billion (EUR 1.3 billion), of which the outstanding amount of the loan agreements under the class action proceeding was PLN 826 million (EUR 186.3 million).

If all Bank Millennium’s originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 5.9 billion (EUR 1.3 billion). Overall losses would be higher or lower depending on the final court jurisprudence in this regard.

During the first half of 2023 Bank Millennium created provisions in the amount of PLN 1.5 billion (EU 331.6 million) for Bank Millennium's originated portfolio and PLN 85.1 million (EUR 18.4 million) for former Euro Bank's originated portfolio. The balance sheet value of provisions for Bank Millennium's portfolio at the end of June 2023 was at PLN 6.0 billion (EUR 1.4 billion), and PLN 474 million (EUR 106.9 million) for former Euro Bank's originated portfolio.

The methodology developed by Bank Millennium of calculating provisions for legal risk involved with indexed loans is based on the following main parameters:

(i) the number of ongoing cases (including class actions agreements) and potential future lawsuits that will arise within a specified (three-year) time horizon. As regards the increase in the number of future court cases, Bank Millennium monitors customer behaviours, follows market trends and expert comments, which resulted in the adjustment of previous assumptions. As a result, in the methodology of calculating provisions for legal risk in the case of active loans (loans with an outstanding balance as at the date of filing the lawsuit), Bank Millennium increased the estimated percentage of customers with active contracts who already filed or will decide to file a lawsuit against Bank Millennium to 70% of active loan agreements (compared to 55% at the end of 2022). As of end of June, Bank Millennium had 35,417 active CHF loan agreements. Another 19,485 agreements have been subject of a settlement agreement with the borrowers and about 45,000 loans have been naturally or early fully repaid or converted to PLN and not subject of a settlement agreement. Regarding loans already fully repaid or converted to PLN, Bank Millennium attributes a much lower probability of becoming the subject of a court case based on statistical analysis. In particular: a) Bank Millennium assesses the risk connected with the settlements reached with the clients in the past as negligible b) from the group of loans that have been repaid (naturally or early or converted into PLN loan) and were not subject of a settlement agreement, Bank Millennium assumes that about 1.3 thousand will decide to sue Bank Millennium in the future;

(ii) the currently estimated amount of Bank Millennium's potential loss in the event of a specific court judgment;

(iii) the probability of obtaining a specific court judgment calculated on the basis of statistics of judgments in cases where Bank Millennium is a party and legal opinions obtained;

(iv) after the decision of the Court of Justice of the European Union (the "**CJEU**") in case C-520/21, with particular emphasis on the extent to which provisions for legal risk may increase as a result of a negative judgment understood as no remuneration for Bank Millennium for the use of capital, Bank Millennium changed the methodology of calculating provisions and eliminated an element related to remuneration for Bank Millennium for the use of capital;

(v) in accordance with legal opinions, Bank Millennium does not include in the methodology for calculating provisions the element related to the potential claim for remuneration for the clients in connection with the repayments made by them;

(vi) estimates involved with amicable settlements with clients, concluded in court or out of court:

a) Bank Millennium assumes 15% probability of success of reaching a settlement within negotiations made with clients during court proceedings;
b) negotiations in court or out of court are conducted on a case-by-case basis and can be stopped at any time by Bank Millennium;
c) due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN, so at the moment the Bank adopts a conservative approach when taking into account the potential impact of this factor.

Bank Millennium is open to negotiate on a case-by-case basis favourable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 19,485: 1,362 in 2020; 8,450 in 2021; 7,943 in 2022 and 1,730 in the first half of 2023. As of the end of the first half of 2023, the Bank had 35,417 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totalled PLN 1.1 billion (EUR 238.5 million): PLN 44.4 million (EUR 9.6 million) in 2020; PLN 364.6 million (EUR 78.7 million) in

2021; PLN 515.2 million (EUR 111.3 million) in 2022 and PLN 180.7 million (EUR 39 million) in the first half of 2023 is presented mainly in "Result on exchange differences" and also in "Result on modification" in the profit and loss statement.

Legal risk from former Euro Bank portfolio is fully covered by an indemnity agreement with Société Générale.

Bank Millennium analysed the sensitivity of the methodology for calculating provisions, for which a change in the parameters would affect the value of the estimated loss to the legal risk of litigation:

Parameter	Scenario	Impact on loss
Change in the number of litigations	In addition, 1,000 new customers file a lawsuit against the Bank	PLN 163 million (EUR 36.77 million)
Change of estimated losses for each variant of judgment	Change of losses for each judgment variant by 1 p.p	PLN 60 million (EUR 13.53 million)
Change in probability of success in negotiations with court client	Change of probability by 1 p.p	PLN 25 million (EUR 85.64 million)

On 8 December 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ('**PFSA**') proposed a 'sector' solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF mortgage loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. As of the date of this Base Prospectus, Bank Millennium has not taken any decision regarding the implementation of this solution but cannot exclude implementing it in the future. The decision to generally implement this solution could imply the need of creating upfront provisions for the losses resulting from the conversion of CHF mortgage loans. Bank Millennium in practice has been using elements of such solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU verdict in case C-520/21 (below described), the possibility of successful implementation of a general offer of KNF solution is low.

Finally, it should also be mentioned, that Bank Millennium, as at 30 June 2023, had to maintain additional own funds for the coverage of additional capital requirements related to FX mortgage portfolio risks (Pillar II FX buffer) in the amount of 1.95 p.p. (1.94 p.p. at the Group level), part of which is allocated to operational/legal risk.

CJEU and Supreme Court of Poland rulings relevant to risk assessment

Jurisprudence of Court of Justice of the European Union

On 3 October 2019, the CJEU issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that:

(i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract;

(ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract;

(iii) article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs;

(iv) article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term 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 regarded as abusive in the circumstances of the case.

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., 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 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 is 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 national court may remove 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 Council Directive 93/13 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. At the same time, provisions of the Directive 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;

(iii) the consequences of a judicial finding that a term if 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) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall 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 18 November 2021, the CJEU issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the CJEU issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be "duly informed and reasonably observant and circumspect average consumers".

On 8 September 2022, the CJEU issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;

(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;

(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;

(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On 16 March 2023, the CJEU issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed;

(ii) a national court is not allowed, first, to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavourable consequences and, second, to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavourable financial consequences which it may have for him or her;

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavourable consequences which annulment of the contract might entail for him or her.

On 8 June 2023, the CJEU issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of "consumer", within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract.

(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of 'consumer', within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On 15 June 2023, the CJEU issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On 15 June 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected.

(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

Jurisprudence of the Supreme Court

On 7 May 2021, the Supreme Court of Poland ("**Supreme Court**") composed of 7 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. 385(1) § 1 of the Polish Civil Code), 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 bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Polish Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

On 28 April 2022 the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358(1) of the Polish Civil Code is a special provision to Article 353(1) of the Polish Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision permanently ineffective, rather than invalid. This decision of the Supreme Court should be perceived as significantly limiting the risk of Bank Millennium's claims for return of capital being time-barred.

The effect of the Supreme Court's resolution of 7 May 2021 is that Bank Millennium is entitled to a refund of the cash benefit provided by Bank Millennium in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, Bank Millennium, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the bank. Bank Millennium's demand consists of a claim for return of the capital made available to the borrower under the contract. After the CJEU verdict of 15 June 2023, in case C-520/21, it seems that the issue that requires further analysis is whether the return of the originally disbursed capital should be made at nominal value or with the loss of purchasing power of money taken into account. By 30 June 2023 the Bank filed 4.8 thousand lawsuits against the borrowers.

In this context, taking into consideration the recent negative evolution in the court verdicts regarding FX mortgage loans, and if such trend continues, Bank Millennium will have to regularly review and may need to continue to increase the balance of provisions allocated to court litigations.

Due to the complexity and uncertainty regarding the outcome of court cases, including counterclaims, as well as from potential implementation of the PFSA Chairman solution or other negotiation solutions or from potential Supreme Court decisions or CJEU decisions, it is difficult to reliably estimate final impacts from different potential outcomes as at the date of this Base Prospectus.

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 30 June 2023 was EUR 107.1 billion.

As at 30 June 2023, the breakdown of this exposure was the following: EUR 23.0 billion for central governments or central banks, EUR 1.2 billion for regional administrations or local authorities, EUR 0.4 billion for administrative entities and non-profit organisations, EUR 0.2 billion for multilateral development banks, EUR 2.8 billion for other credit institutions, EUR 69.7 billion for retail and companies customers and EUR 9.8 billion for other elements.

According to Banco de Portugal latest available data, Portugal's NPL coverage by loan loss reserves ("**LLR**") was 56.3% in March 2023 and the NPL ratio (loans only) stood at 3.1%. The Bank NPEs (loans only) as at 30 June 2023 were EUR 2.1 billion (3.7%) with a coverage by impairments of 73.6% and a coverage by impairments, collaterals of 117.6%. The Bank NPE ratio according to the European Banking Association (the "**EBA**") definition stood at 2.5% as at 30 June 2023, which compares to 2.8% as at 30 June 2022.

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 2022, 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 2022, 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 (BCP had 84% coverage as of June 2023);

- 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 (BCP had 80% coverage as of June 2023).

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 30 June 2023, was EUR 57.9 billion (of which EUR 56.0 billion were recorded in the caption "Financial assets at amortised cost – Loans to customers", EUR 1.9 billion were recorded in the caption "Debt securities held associated with credit operations" and EUR 0.012 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 3.7% as at 30 June 2023, compared to 4.3% as at 30 June 2022. As at 30 June 2023, the loan portfolio in Portugal amounted to EUR 39.9 billion. In Portugal, the ratio of NPEs stood at 3.2% as at 30 June 2023, compared to 4.0% as at 30 June 2022.

NPEs in Portugal amounted to EUR 1.26 billion as at 30 June 2023, with EUR 0.3 billion of NPEs relating to individuals and EUR 0.9 billion to companies. 30.2% of NPEs are NPLs more than 90 days. NPE coverage as at 30 June 2023 was 142% for Companies (92% by LLRs, 48% by real estate collateral and 3% by other collateral) and 100% for Individuals (29% by LLRs, 70% by real estate collateral and 1% by other collateral). NPLs more than 90 days' coverage as at 30 June 2023 was 258% for Companies (220% by LLRs, 34% by real estate collateral and 3% by other collateral) and 100% for Individuals (42% by LLRs, 58% by real estate collateral and 1% by other collateral). Other NPE coverage as at 30 June 2023 was 109% for Companies (54% by LLRs, 52% by real estate collateral and 2% by other collateral) and 100% for Individuals (18% by LLRs, 80% by real estate collateral and 2% by other collateral).

Loan impairment (net of recoveries) amounted to EUR 145.5 million as at 30 June 2023 recorded in the caption "Impairment for financial assets at amortised cost – Loans and advances to customers", compared to EUR 300.6 million as at 31 December 2022, recorded in the caption "Impairment for financial assets at amortised cost – Loans and advances to customers" and EUR 348.9 million in 2021, recorded in the caption "Loans impairment". From 2011 to 30 June 2023, the Bank made impairment provisions amounting to EUR 9.6 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 50 basis points as at 30 June 2023, compared to 52 basis points in 2022, compared to 60 basis points in 2021 and 92 basis points in 2020. 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 30 June 2023 was 2.1%, a decrease when compared to 2.0% as at 30 June 2022.

In Mozambique, the NPL ratio as at 30 June 2023 was 7.1%, a decrease when compared to 9.9% as at 30 June 2022.

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

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

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 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 2023 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 27 July 2023, the interest applied by the ECB to the main refinancing operations is 4.25%, while the one that applies to permanent deposit facilities is 3.75%. 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 positive and increasing interest rate environment, the Bank may increase the remuneration rate of such deposits following the increase of the interest rate applicable to credit operations.

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 impact the Bank's net interest income.

An increase of interest rates in the Eurozone, as result of a non-transitory 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.

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 30 June 2023, 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 6.3% which compares to 6.4% as at 31 December 2022.

The Bank also has high sectoral concentration in its loan book. As at 30 June 2023, the Bank's credit exposure to the real estate and civil construction sectors was 3.6% (real estate activities) and 2.7% (construction companies) of the total loan portfolio at the amortised cost (gross). On that date, 48.3% of the loan portfolio consisted of mortgage loans, the exposure to retail and wholesale commerce was 6.9% and the exposure to service sector companies was 14.5%.

As at 31 December 2022, the Bank's credit exposure to the real estate and civil construction sectors was 3.5% (real estate activities) and 2.4% (construction companies) of the total loan portfolio at the amortised cost (gross). On that date, 48.8% of the loan portfolio consisted of mortgage loans, the exposure to retail and wholesale commerce was 5.7% and the exposure to service sector companies was 13.9%. 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 amortised 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 amortised 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 2.7%, 3.6% and 48.3% of the consolidated loan portfolio at the amortised cost, respectively, as at 30 June 2023 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 0.2% of total assets of the Bank as at 30 June 2023), 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, to EUR 262 million as at 31 December 2022 and EUR 192 million as at 30 June 2023 (impairments of EUR 140 million as at 31 December 2020, 116 million as at 31 December 2021, EUR 78 million as at 31 December 2022 and EUR 66 million as at 30 June 2023). The coverage of assets received in lieu of payment stood at 17.4% as at 31 December 2020, 20.5% as at 31 December 2021, 29.8% as at 31 December 2022 and 34.4% as at 30 June 2023. In the first semester of 2023, the Bank sold 574 properties, from its portfolio of properties for EUR 64 million, above its book value of EUR 57 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 91 million as at 30 June 2023 (EUR 267 million as at 31 December 2022).

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

The item Properties in the Pension Fund Assets, 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 281 million recorded as at 30 June 2023 and EUR 275 million as at 31 December 2022. 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, adversely affecting the Bank's business, financial condition and results of operations. mortgage loans represented 48.3% of the total loan portfolio as at 30 June 2023) (48.8% as at 31 December 2022), 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.

On 29 December 2022, upon verification of the stipulated conditions precedent of the sale and purchase agreements entered into on 12 August 2022 between a related company of Davidson Kempner Capital Management LP, as purchaser ("**Purchaser**"), Novo Banco, S.A., Caixa Geral de Depósitos, S.A., Banco Santander Totta, S.A., Oitante, S.A. and the Bank, as sellers ("**Sellers**"), the Bank completed the sale process of the so-called Project Crow.

As a result of the closing of the Project Crow:

(i) the Sellers' participation units in Fundo de Recuperação Turismo, FCR ("**FRT**") together with the assets directly and indirectly held by FRT were transferred to the Purchaser;

(ii) the Sellers' shares in FLIT – PTREL, SICAV-SIF, S.C.A. ("**FLIT**") together with the assets directly and indirectly held by FLIT were transferred to the Purchaser;

(iii) certain hospitality assets indirectly held by Fundo Recuperação, FCR were acquired by FLIT prior to the conclusion of the transaction; and

(iv) certain assets indirectly held by FLIT and FRT were transferred to certain entities held or controlled by the Sellers.

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", not including the carved-out assets from the Crow Project mentioned in the following paragraph, was EUR 360 million as at 31 December 2022 (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.*"

At the end of December 2022, the designated sale process for the Crow Project was completed, which included the sale to a related company of Davidson Kempner Capital Management LP (Purchaser) of 3 hotel assets belonging to the Fundo Recuperação and the sale of all shares/units of participation of the FLIT-PTREL and Fundo Recuperação Turismo funds, together with the assets directly and indirectly held by these two funds, with the exception of a set of assets that were transferred to the sellers and which, in the case of Banco Comercial Português, S.A. include the investment held in a Venture capital fund, in 2 real estate funds and in a company. Carved-out assets of the Project Crow, completed in December 2022, amounted to EUR 50.4 million. Exposure to other assets Carved-out amount to EUR 56.4 million as at the end of 2022.

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 uncertain geopolitical situation in Europe following the invasion of Ukraine and considering the 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.

As at 31 December 2022, off-balance sheet customer funds totalled EUR 15.7 billion, consisting of assets under management (EUR 5.4 billion), assets placed with customers (EUR 5.4 billion) and insurance products (EUR 4.9 billion), including unit linked products (EUR 1.0 billion) and capitalisation insurance (EUR 3.7 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 amortised cost (consolidated) as at 30 June 2023. The average spread of the mortgage loans portfolio in Portugal stood at 1.22% and 55.0% of the balance of mortgage loans had spreads under 1%. As at 30 June 2023, 53% of the contracts and 33% of the balance of the mortgage loans portfolio in Portugal were indexed to EURIBOR 3 months, and 26% of the contracts and 38% 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 of 2023, 7,637 new mortgage credit operations were contracted with an average spread of 0.96%, compared to 20,884 new mortgage credit operations contracted year-on-year with an average spread of 1.03% in 2022. 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.

As at 30 June 2023, the Bank had 2.7 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 June 2023: 17.3% in loans to customers, 15.5% in loans to individuals, 17.0% in mortgage loans, 9.5% in consumer credit, 20.2% in customer funds, 20.0% in on-balance sheet customer funds, 19.0% in deposits and 20.9% 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 30 June 2023 the Bank operated 402 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 30 June 2023, around 3.8% of the Bank's total domestic customers also held ordinary shares of the Bank (around 3.8% as at 31 December 2022). 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 the first semester of 2023, more than 86% of the fees and commissions were related to banking (32% to cards and transfers, 17% to loans and guarantees, 18% to bancassurance and others, 21% 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 DBRS Ratings GmbH, or any of its affiliates or successor. The ratings as of the date of this Base Prospectus are the following: (a) Moody's: "Baa3 (long-term)/P-2 (short-term)" (re-presented as at 26 May 2023), (b) S&P Global Ratings Europe Limited: "BBB- (long-term)/A-3 (short-term)" (re-presented as at 12 September 2023), (c) Fitch Ratings Limited: "BBB- (long-term)/F3 (short-term)" (re-presented as at 21 September 2023) and (d) the relevant DBRS entity: "BBB(low) (long-term)/R-2 (middle) (short-term)" (re-presented as at 24 May 2023).

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 senior debt ratings assigned to the Bank are all 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 capitalisation levels, one of the main concerns of rating agencies.

In 2022 and 2023, some rating agencies took rating actions on BCP:

(i) on 14 June 2022, Moody's upgraded senior unsecured debt ratings from Ba1/NP to Baa3/P-2;

(ii) on 16 September 2022, S&P upgraded senior unsecured debt ratings from BB/B to BB+/B. This rating action was prompt by the upgrade of Portugal's public debt rating from BBB/A-2 to BBB+/A-2 on 9 September 2022;

(iii) on 29 September 2022, Fitch revised the Outlook to Positive and affirmed senior unsecured debt ratings at "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 albeit decreasing (some uncertainty regarding the evolution of the defaults) and the moderate levels, in relative terms, of capitalisation levels;

(iv) on 17 March 2023, Fitch upgraded long-term senior unsecured debt rating from BB to BB+;

(v) on 12 September 2023, S&P Global Ratings upgraded long-term senior unsecured debt rating from BB+ to BBB-;

(vi) on 21 September 2023, Fitch Ratings Limited upgraded long-term senior unsecured debt rating from BB+ to BBB-.

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 Base Prospectus are as follows: Moody's (Baa2/Positive), S&P (BBB+/Positive), Fitch Ratings (A-/Stable) and DBRS (A/Stable).

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 the first semester of 2023, the Bank's net profit (after income taxes and non-controlling interests) attributable to international operations was EUR -69.5 million, compared to net profits (after income taxes and non-controlling interests) of a total EUR 423.2 million for the Bank as a whole. For the same period, net income in Poland was EUR 77.3 million, (EUR 38.7 million of which was attributable to the Bank) and net income in Mozambique was EUR 48.5 million, excluding discontinued operations (of which EUR 32.3 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 as at 30 June 2023 stood at approximately EUR 2.1 billion (approximately 5.5% of the total loan portfolio in Poland, gross after legal risk provisions). The mortgage loans impaired ratio (stage 3)[2] stood at 4.5% as at 30 June 2023, which compares to 3.1% as at 31 December 2022.

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (including former Euro Bank portfolio) is concerned, from 2015 until the end of the first semester of 2023, 2,082 cases were finally resolved (2,011 in claims submitted by clients against Bank Millennium and 71 in claims submitted by Bank Millennium against clients i.e. debt collection cases) out of which 573 were settlements, 42 were remissions, 56 rulings were favourable for Bank Millennium and 1,411 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. Bank Millennium files appeals against negative judgements of the courts of first instance. Simultaneously Bank Millennium undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

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

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

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 ("**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.

In the context of the liquidation of Proindicus and MAM, the liquidator published, on 3 May 2022, an announcement in the Jornal de Notícias de Moçambique, through which the creditors of those companies are notified to submit, within thirty days counted from the said publication, the supporting documents of their credits. Following the publication of the said announcement, BIM – Banco Internacional de Moçambique, S.A. ("**BIM**") and BCP submitted, on 1 June 2022, their credit claims on Proindicus and MAM, respectively.

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 and several interim sessions related to the process of collecting and disclosure of evidence (DRD - Disclosure Review Documents), which is still ongoing.

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 2022, 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 30 June 2023, considering the 66.7% indirect investment in BIM, the Group's interest in BIM's equity amounted to EUR 322.6 million (as at 31 December 2022: EUR 347.6 million), with the exchange translation reserve associated with this participation, accounted in Group's consolidated equity, in a negative amount of EUR 147.1 million (as at 31 December 2022: negative amount of EUR 139.4 million). BIM's contribution to consolidated net income for the first semester of 2023, attributable to the shareholders of the Bank, amounts to EUR 30.0 million (as at 30 June 2022: EUR 31.0 million).

As at 30 June 2023, the subsidiary BIM's exposure to the State of Mozambique and to the Central Bank includes public debt securities denominated in Metical classified as Financial assets measured at amortised cost - Debt instruments in the gross amount of MZN 44.9 billion corresponding to EUR 643.8 million (as at 31 December 2022: MZN 57.9 billion corresponding to EUR 849.3 million) and Financial assets at fair value through other comprehensive income in the gross amount of MZN 2.9 billion corresponding to EUR 41.0 million (as at 31 December 2022: MZN 7.1 billion corresponding to EUR 104.0 million).

Additionally, BIM has also registered as at 30 June 2023, in the balance Loans and advances to customers, a direct gross exposure to the Mozambican State in the amount of MZN 18.8 billion corresponding to EUR 270.0 million (as at 31 December 2022: MZN 19.1 billion corresponding to EUR 279.8 million) and in the balance Guarantees granted revocable and irrevocable commitments, an amount of MZN 1.6 billion corresponding to EUR 22.8 million (as at 31 December 2022: MZN 4.8 billion corresponding to EUR 70.7 million).

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 (84% of the Bank's funding as at 30 June 2023). 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 30 June 2023 were 214% and 155%, respectively, compared to a regulatory requirement of 100% (fully implemented) for both ratios. The leverage ratio stood at 6.4% (fully implemented) as at 30 June 2023, 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 2023 EU-wide stress test conducted by the EBA, in cooperation with Banco de Portugal, the ECB, and the European Systemic Risk Board ("**ESRB**").

The 2023 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 (2023-2025). The stress test has been carried out applying a static balance sheet assumption as of December 2022, and therefore does not take into account future business strategies and management actions and does not represent a forecast of Bank's 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:

(i) the application of the adverse scenario resulted in a reduction of 448 basis points in the fully loaded CET1 capital ratio at the end of 2025 versus the data as at December 2022 (which compares with an average reduction of 459 basis points in the universe of 70 banks submitted to this exercise);

(ii) the application of the base scenario resulted in an increase of 256 basis points in the fully loaded CET1 capital ratio at the end of 2025 versus the data as at December 2022 (which compares with an increase of 136 basis points).

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 9.41% (4.5% Pillar 1, 1.41% Pillar 2 requirements, 2.5% CBR and 1.0% O-SIFI), the Group Tier 1 ratio is 11.38% and the Group total capital ratio is 14.0% from 31 December 2022. The Group's CET1 (fully implemented), Tier 1 and total capital ratios as at 31 December 2022 were 12.5%, 13.6% and 16.8%, respectively.

SREP may increase and an additional cushion may be requested.

In addition, Polish SREP requirements for 2023 are as follows: CET1 phased-in ratio required is 8.34%, the Tier 1 is 10.21% and the total capital ratio 12.70% from 1 January 2023. Bank Millennium's CET1, Tier 1 and total capital ratios as at 31 December 2022 were 11.3%, 11.3% and 14.4%, respectively. The Management Board of Millennium Bank has taken measures following such breach of capital ratios, including the launch of the Recovery Plan, notifying of the fact both Polish FSA and Bank Guarantee Fund. In the fourth quarter of 2022, capital ratios improved markedly, returning to levels above the minimum requirements. Bank Millennium expects to exit the Recovery Plan by the end of 2023. Consolidated total capital ratio increased to 14.4% at year-end 2022 from 12.4% at the end of September 2022, while consolidated Tier 1 ratio to 11.3%. This was an outcome of lower RWAs, fourth quarter 2022 net income and fair value impact of the securities portfolio. On the other hand, minimum required ratios for Bank Millennium were lowered by the regulator during the fourth quarter 2022, as a result of the reduction of the P2R buffer in December 2022.

The Management Board of Millennium Bank intends to continue to increase capital ratios above the minimum required levels through a combination of further improvement of operational profitability and capital optimisation initiatives such as management of risk weighted assets (including securitisations).

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 26,929 as at 30 June 2023, 26,976 as at 31 December 2022, 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 120% at the end of June 2023 (121% at the end of December 2022. As at 30 June 2023, the liabilities related to the pension fund and other employee benefits reached EUR 2.8 billion, compared with EUR 2,8 billion recorded as at 31 December 2022. In the first half of 2023, the pension fund recorded a positive 3.0% rate of return, whereas in 2022 it stood at negative 5.07%.

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%. In the financial statements with reference to 31 December 2022, the discount rate was at 4.17% and the pension growth rate 3.5% in 2023, 2.0% in 2024 and 0.75% in the following years. In the financial statements with reference to 30 June 2023, the discount rate was at 4.0% and the pension growth rate 2.0% in 2024 and 0.75% in the following years. The Bank shall re-evaluate the adequacy of its actuarial assumptions for the calculation of its liabilities with pensions on a semi-annual basis. Given the current inflationary environment the uncertainty about the assumptions of wages and pensions growth is a factor of risk. 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 87.9 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 82.1 million in the Bank's own capital, excluding the tax effect.

The sensitivity analysis to changes in assumptions, is as follows:

(Thousands of euros)

	Impact resulting from changes in financial			
	30 June 2023		**31 December 2022**	
	-0.25%	**0.25%**	**-0.25%**	**0.25%**
Discount rate	88.381	(82.501	87.938	(82.095
Pension's increase rate	(91.181	95.192	(98.276	102.703
Salary growth rate	(18.498	22.113	(20.620	23.675

(Thousands of euros)

	Impact resulting from changes in demographic			
	30 June 2023		**31 December 2022**	
	- 1 year	**+ 1 year**	**- 1 year**	**+ 1 year**
Changes in mortality table (*)	85,16	(85,78	83,01	(83,81

(*) The impact of 1 year reduction in the mortality table implies an increase in the average life expectancy

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 the first semester of 2023, actuarial differences were recorded representing a positive EUR 28 million which compares to a negative EUR 376 million in 2022, which include impacts that are not actuarial differences but that result from the change of assumptions, whereas actuarial differences in 2021 were recorded representing a positive EUR 135 million. 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 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 30 June 2023 correspond to EUR 2.84 billion, compared to EUR 2.93 billion as at 31 December 2022, 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 919 million (EUR 982 million as at 31 December 2022) and related employee benefits amounting to EUR 757 million (EUR 836 million as at 31 December 2022).

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 temporary differences deductible for tax purposes and the tax losses carry forward, 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 deferred tax assets was based on the projection of results for the period between 2023 and 2032. The projected results before taxes for the years 2023, 2024 and 2025 are consistent with the budget approved by the Board of Directors of the Bank in December 2022, which incorporates the priorities arising from the Strategic Plan 2021-2024.

The abandonment of negative interest rates, which imposed a burden on banks, is favourably reflected in projected profitability and convergence towards medium/long-term metrics and trends consistent with commercial positioning and the coveted capture of efficiency gains, established in the review of the Strategic Plan 2021-2024 approved by the corporate bodies, highlighting:

(i) the improvement in net interest income, which mainly reflects the referred increase in market interest rates and also benefits from the preserving of the deposit base, the effort to grow credit and also the reinvestment of assets at the new interest rates;

(ii) the increase in commission income based on efficient and judicious management of commissioning and pricing;

(iii) the reduction of the cost of risk for levels in line with the Bank's current activity, with a lesser impact from the historical portfolios of NPE, foreclosed assets and FRE (Corporate Restructuring Funds), consolidated the reduction of these exposures achieved over the last years;

(iv) capturing efficiency gains enhanced by digitalization, reflected in the control of operating costs, after the staff reduction carried out in 2021.

To estimate taxable net income for the periods of 2023 to 2032, the following main assumptions were considered:

The rules of the new tax regime of credit impairment were applied. In the application of these rules, the following assumptions were considered, in general terms:

(i) the impairment losses for credit risk relating to exposures analysed on an individual or collective basis, recognised in accordance with the applicable accounting and regulatory standards, were considered deductible for tax purposes;

(ii) impairment reversals created until 31 December 2021 not accepted for tax purposes were estimated based on the Reduction Plan of Non-Performing Assets 2022-2024 submitted to the supervisory authority in March 2022, and also on the average reversal percentage observed in the last years of 2016 to 2022;

(iii) 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 ("**NPE**");

(iv) 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;

(v) reversals of impairment of non-financial assets not accepted for tax purposes were projected considering 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 2022. Non-deductible expenses related to the reinforcement of impairment of non-financial assets were estimated on the based on the average percentage of amounts not deducted for tax purposes in the years from 2016 to 2022, compared to the amounts of reinforcements net of impairment recorded in those years;

(vi) 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;

(vii) the realization 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.

According to the estimate of future taxable income, the deferred taxes assets recorded as at 30 June 2023 and 31 December 2022 were considered adequate under the IAS 12 requirements.

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 2022, corresponds to 12.6% 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 2022 was EUR 478 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, 2021 and 2022.

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 Base Prospectus. 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. 80.9% of the Group’s employees were members of labour unions, at the end of June 2023, 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 the first semester of 2023 were caused by external and people risks, with a large portion having low material significance, under EUR 100,000 (95% of all operational losses Group wide). In fact, about 44% of the cases recorded in the first semester of 2023 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 30 June 2023, the loans-to-customer funds ratio in Poland and Mozambique was 73% and 33%, 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 30 June 2023), 5.5% of the total loan portfolio in Poland (gross after legal risk provisions) 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 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 6.5 billion as at 30 June 2023, of which EUR 442 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 2.5 billion recorded in "Financial assets at fair value through other comprehensive income" and EUR 3.6 billion recorded in “Financial assets at amortised cost – Debt securities”), creating a risk of substantial losses. Potential losses in the Portuguese public debt in June 2023 stand at around EUR 55 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 THE COVERED BONDS ISSUED UNDER THE PROGRAMME

2.1 Risks relating to the Nature of the Covered Bonds

Extended Maturity of the Covered Bonds

An Extended Maturity Date may apply to each Series of Covered Bonds issued under the Programme. If an Extended Maturity Date is specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, in the applicable Pricing Supplement) as applying to a Series of Covered Bonds, the maturity of the relevant Series of Covered Bonds will be automatically extended (subject to any earlier redemption on an Interest Payment Date, as described in the paragraph below) to the Extended Maturity Date if either (i) the Issuer fails to redeem the relevant Series of Covered Bonds on the applicable Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for five

Business Days thereafter or (ii) the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority, and in each case notice thereof has been (or, in the case of (ii), is subsequently) given to CMVM, all as further described in Condition 6.7 of the Terms and Conditions. If within ten calendar days of receiving such notice, CMVM objects to such extension of maturity, the extension of maturity will then cease to apply and the relevant Series of Covered Bonds will be redeemed at their Final Redemption Amount together with any accrued interest determined in accordance with Condition 4.4(B) of the Terms and Conditions on the applicable Maturity Date or (if the date such objection is received by the Issuer from CMVM is after the applicable Maturity Date) the Extension Cessation Date.

If an Extended Maturity Date is specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, in the applicable Pricing Supplement) and in the case of resolution or voluntary liquidation of the Issuer, if some but not all Series of Covered Bonds then outstanding have been subject to extension to their respective Extended Maturity Dates and any such Extended Maturity Date falls later than the relevant maturity date for the Covered Bonds of any other Series then outstanding that has not been extended the maturity of such other Series of Covered Bonds will be automatically extended to its relevant Extended Maturity Date, as required by article 21(1)(d) of the Legal Regime of Covered Bonds.

In the event of any extension of maturity of a Series of Covered Bonds pursuant to Condition 6.7 of the Terms and Conditions, the Issuer may also redeem all or part of the Principal Amount Outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, up to and including, the Extended Maturity Date, subject as otherwise provided in the applicable Final Terms (or, in the case of Exempt Covered Bonds, in the applicable Pricing Supplement). The interest payable on the Principal Amount Outstanding of any Series of Covered Bonds that has had its maturity extended pursuant to Condition 6.7 of the Terms and Conditions (and provided CMVM has not objected to any such extension) may change as provided in the applicable Final Terms (or, in the case of Exempt Covered Bonds, in the applicable Pricing Supplement) and such interest may apply on a fixed or floating basis. Neither (i) the extension of the maturity of any Series of Covered Bonds from the applicable Maturity Date to the applicable Extended Maturity Date nor (ii) any redemption of such Covered Bonds on the applicable Extension Cessation Date pursuant to Condition 6.7 of the Terms and Conditions will entitle the holders of such Covered Bonds to accelerate payments on those Covered Bonds or constitute an event of default for any purpose and no payment will be due to the holders of Covered Bonds in that event other than as set out in the *Terms and Conditions of the Covered Bonds*. In respect of any Series of Covered Bonds, in case of liquidation or resolution of the Issuer, no extension to an Extended Maturity Date may (i) affect the ranking between any holders of Covered Bonds or (ii) invert the sequencing of the original maturity schedule of Covered Bonds.

No assurance can be given by the Issuer that the CMVM will not oppose the extension of any Series of Covered Bonds in the future.

Benefit of special creditor privilege ("privilégio creditório")

The holders of Covered Bonds issued by the Issuer under the Programme whether outstanding at the date hereof or in the future benefit from a special creditor privilege ("*privilégio creditório*") over all assets comprised in the Cover Pool in relation to the payment of principal and interest on the Covered Bonds (see *Characteristics of the Cover Pool*). The Legal Regime of Covered Bonds establishes that any Hedge Counterparties at the date hereof and in the future are also preferred creditors of the Issuer which benefit from the abovementioned special creditor privilege ("*privilégio creditório*"). None of the assets comprised in the Cover Pool are or will be exclusively available to meet the claims of the holders of certain Covered Bonds ahead of other holders of Covered Bonds or of Other Preferred Creditors of the Issuer at the date hereof or in the future.

Dynamic Nature of the Cover Pool

The Cover Pool may contain mortgage credits, other eligible assets, substitution assets and hedging contracts, in all cases subject to the limitations provided for in the Legal Regime of Covered Bonds. The Legal Regime of Covered Bonds permits the composition of the Cover Pool to be dynamic and does not require it to be static. Accordingly, the composition of mortgage credits (and other permitted assets) comprised in the Cover Pool will change from time to time in accordance with the Legal Regime of Covered Bonds. See *The Legal Regime of* Covered Bonds.

Value of security over residential property

As described above, the holders of Covered Bonds benefit from a special creditor privilege ("*privilégio creditório*") over all assets comprised in the Cover Pool in relation to the payment of principal and interest on the Covered Bonds (see *Characteristics of the Cover Pool*). The security for a mortgage credit included in the Cover Pool consists of, among other things, a mortgage over a property granted in favour of the Issuer. The value of this property and accordingly the level of recovery on the enforcement of the mortgage, may be affected by, among other things, a decline in the value of the relevant property and no assurance can be given that the values of the relevant properties will not decline in the future. See *The Legal Regime of* Covered Bonds.

The Covered Bonds are intended to be labelled as "European Covered Bond (Premium)"

The Covered Bonds to be issued under this Base Prospectus are able to be labelled as "European Covered Bond (Premium)", as set out in Article 42(2) of the Legal Regime of Covered Bonds, provided that the Covered Bonds are in compliance with the Legal Regime of Covered Bonds and the CRR, and the Cover Pool comprises of only assets listed in Article 129(1) of the CRR (and the requirements under paragraphs 1(a) to 3(b) of Article 129 of the CRR are met). Given that the labelling of the Covered Bonds as "European Covered Bond (Premium)" depends on the fulfilment of legal requirements under the Legal Regime of Covered Bonds and the CRR, investors should consider, amongst other things, any regulatory impacts when deciding whether or not to purchase any Covered Bonds. No assurance or representation is given by the Arranger or any of the Dealers as to the assets that comprise the Cover Pool (including, without limitation, whether such assets comply with Article 129(1) of the CRR) nor as to any label assigned to any Series of Covered Bonds (including, without limitation, where such Covered Bonds are labelled as "European Covered Bond (Premium)").

2.2 Risks relating to Tax and other Relevant Laws

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, Law No. 17/2019, of 14 February 2019, Law no. 24-D/2022, of 30 December 2022 and Law no. 36/2023 of 26 July 2023.

The Council Directive 2014/107/EU, of 9 December 2014, regarding the mandatory automatic exchange of information in the field of taxation implemented in Portugal 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 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. This form must be submitted before the Portuguese Tax Authorities within 30 days. In case any professional privilege or confidentiality clauses applies to the intermediary, a period of 5 days applies to inform the taxpayer.

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.

Change of law

The *Terms and Conditions of the Covered Bonds* are governed by Portuguese law in effect as at the date of issue of the relevant Covered Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Portuguese laws, including the Legal Regime of Covered Bonds, or administrative practice after the date of issue of the relevant Covered Bonds.

Risks related to withholding tax

Under Portuguese law, income derived from the Covered Bonds integrated in and held through a centralised system managed by Portuguese resident entities (such as the Portuguese Centralised System of Registration of Securities ("**Central de Valores Mobiliários**"), managed by Interbolsa), by other European Union or European Economic Area 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 in accordance with Condition 7 (*Taxation*).

It should also be noted that, if interest and other income derived from the Covered Bonds 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 – Portugal*".

2.3 Risks relating to the Market generally

The secondary market generally

Covered Bonds 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. Therefore, investors may not be able to sell their Covered Bonds 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 Covered Bonds. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, are being issued to a single investor or a limited number of investors or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. In addition, should the Issuer be in financial distress, this is likely to have a significant impact on the secondary market for the Covered Bonds and investors may have to sell their Covered Bonds at a substantial discount to their principal amount.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds 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 risks 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: (i) the Investor's Currency-equivalent yield on the Covered Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds; and (iii) the Investor's Currency-equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. 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 Covered Bonds. 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. A rating agency may lower or withdraw its rating of the Covered Bonds and that action may reduce the market value of the Covered Bonds.

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 the European Securities and Markets Authority ("**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 or superseded from time to time) 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.

If the status of the rating agency rating the Covered Bonds 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 Covered Bonds may have a different regulatory treatment, which may impact the value of the Covered Bonds 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 Base Prospectus.

2.4 Risks relating to the Structure of a particular issue of Covered Bonds

A wide range of Covered Bonds may be issued under the Programme. Covered Bonds may have features which contain particular risks for potential investors who should consider the terms of the Covered Bonds before investing.

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

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Covered Bonds 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 Covered Bonds concerned.

Fixed/Floating Rate Covered Bonds may 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 and the market value of such Covered

Bonds as the change of interest basis may result in a lower interest return for investors. Where the Covered Bonds convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds tends to be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. Where the Covered Bonds convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Covered Bonds and could affect the market value of an investment in the relevant Covered Bonds.

Covered Bonds 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 Covered Bonds) 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.

The reform and regulation of "benchmarks" may adversely affect the value of Covered Bonds linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be "benchmarks" (such as EURIBOR) 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 Covered Bonds linked to or referencing such a "benchmark".

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. It, among other things, (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 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 Covered Bonds 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) discourage market participants from continuing to administer or contribute to a "benchmark"; (ii) trigger 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 Covered Bonds linked to, referencing or otherwise dependent (in whole or in part) upon a "benchmark".

As regards EURIBOR, the new hybrid calculation of EURIBOR has already been adapted to the requirements of the EU Benchmarks Regulation. However, EURIBOR is also subject to constant review and revision. It is currently not foreseeable whether EURIBOR will continue to exist permanently and beyond 2025.

Some benchmarks, such as EURIBOR, have been reformed so as to comply with current standards of recent EU Benchmark Regulation for the time being. However, EURIBOR is also subject to constant review and revision. In this respect it is to be noted that the European Money Markets Institute as administrator of EURIBOR has launched a forward-looking term rate Efterm as alternative to and as a new fallback rate for EURIBOR. It is therefore currently not foreseeable whether EURIBOR will continue to exist permanently and beyond 2025.

Further to an attempt to evolve the EURIBOR methodology to a fully transaction-based methodology not being successful, the European Money Markets Institute, as administrator of EURIBOR, has developed a hybrid methodology for the determination of EURIBOR that takes into account current transaction data, historical transaction data and modelled data based on expert opinions and has obtained regulatory authorisation under the EU Benchmarks Regulation for the EURIBOR so calculated. However, since reference rates relying on expert opinion and modelled data are widely regarded as potentially less representative than reference rates determined in a fully transaction-based approach and because central banks, supervisory authorities, expert groups and relevant markets thus are developing towards preferred use of risk-free overnight interest rates with a broad and active underlying market as reference rates, there is a risk that the use or provision of EURIBOR may come to an end in the medium or long term.

The Conditions 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 Covered Bonds 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 Set of Agency Procedures as necessary, to ensure the proper operation of such Successor Rate or Alternative Reference Rate, without any requirement for consent or approval of the holders of the Covered Bonds.

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 holders of the Covered Bonds 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 holders of the Covered Bonds. 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, in relation to Floating Rate Covered Bonds 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 Covered Bonds based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, 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 Covered Bonds.

Finally, under the terms of the EU Benchmark Regulation, the European Commission was also granted powers to designate a replacement for certain critical benchmarks contained in contracts governed by the laws of an EU Member State (such as the Covered Bonds), where that contract does not already contain a suitable fallback. There can be no assurance, that the fallback provisions of the Covered Bonds would be considered suitable. Accordingly, there is a risk that any Covered Bonds linked to or referencing a benchmark would be transitioned to a replacement benchmark selected by the European Commission. There is no certainty at this stage what any such replacement benchmark would be.

Any of the above matters, which are not subject to the approval of the holders of the Covered Bonds, 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 Covered Bonds and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds.

2.5 Risks relating to ESG Covered Bonds

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

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

The Final Terms relating to any specific issue of Covered Bonds (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) may provide that such Covered Bonds are intended to be green Covered Bonds, social Covered Bonds or sustainability Covered Bonds. The Issuer intends to i) allocate an amount equal to the net proceeds from any issue of green Covered Bonds ("**Green Covered Bonds**") 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 Covered Bonds ("**Social Covered Bonds** ") 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 Covered Bonds ("**Sustainability Covered Bonds** ") 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 Base Prospectus, the relevant Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) 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 Covered Bonds together with any other investigation such investors deem necessary. The ESG Framework may be amended at any time without the consent of the holders of Covered Bonds and none of the Issuer or the Dealers or any of their respective affiliates assumes any obligation or responsibility to release any update or revision to the ESG Framework and/or information to reflect events or circumstances after the date of publication of the ESG Framework. The ESG Framework will not be, and shall not be deemed to be, incorporated in and/or form part of this Base Prospectus.

If the use of such proceeds is a factor in a prospective investor's decision to invest in ESG Covered Bonds, prospective investors should consult with their legal and other advisers before making an investment in any such ESG Covered Bonds and must determine for themselves the relevance of such information for the purpose of any investment. No Dealer shall be responsible for the ongoing monitoring of the use of proceeds in respect of any such Covered Bonds. 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 Green Asset, Eligible Social Asset or Eligible Green and Social Asset. There is also no commitment from the Issuer or any other entity for any Eligible Green Asset, Eligible Social Asset or Eligible Green and Social Asset to have a maturity or lifespan matching the minimum duration of any related ESG Covered Bonds or any other liabilities and any such mismatch shall not lead to a right or obligation of the Issuer to redeem any ESG Covered Bonds or give any holder of Covered Bonds the right to require redemption of its Covered Bonds, be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Covered Bonds, constitute an incentive to redeem any Covered Bonds or prejudice any qualification of any Covered Bonds as own funds and/or eligible liabilities (as applicable).

No assurance that Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets will be completed or meet their objectives

Whilst it is the intention of the Issuer to apply the proceeds of any Covered Bonds so specified for Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets in, or substantially in, the manner summarised in this Base Prospectus, no assurance or representation is given by the Issuer or the Dealers or any of their respective affiliates that any Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets. Nor can there be any assurance that such Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer when making its assessment whether or not to apply any proceeds of ESG Covered Bonds to such Eligible Green Asset, Eligible Social Asset or Eligible Green and Social Asset.

Any such event or failure by the Issuer will not constitute an Event of Default under the Covered Bonds or otherwise result in the Covered Bonds being redeemed prior to their maturity date.

No direct contractual link between ESG Covered Bonds and any ESG targets of the Issuer

There is no direct contractual link between any ESG Covered Bonds and any green, social or sustainability targets of the Issuer. Therefore, payments of interest, principal or other amounts, as applicable, payable in respect of any Covered Bonds and rights to accelerate under the Covered Bonds will not be impacted by the performance of Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets funded out of the proceeds of issue (or amounts equal thereto) of the Covered Bonds or by any other green, social or sustainable assets of the Issuer.

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

In connection with the issuance of ESG Covered Bonds, 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 Base Prospectus. 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 Covered Bonds 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 Assets, Eligible Social Assets or Eligible Green and Social Assets to fulfil any environmental, green, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus.

Any such, opinion or certification is not, and should not be deemed to be, a recommendation to buy, sell or hold any such ESG Covered Bonds. Any such opinion, report or certification is only current as at the date that opinion, report or certification was initially issued. 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 Covered Bonds. Investors in such ESG Covered Bonds shall have no recourse against the Issuer, the Dealers or the provider of any such opinion, report or certification for the contents of any such opinion, report or certification.

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 Covered Bond" 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 or that, if it does, any ESG Covered Bonds will comply with such definition, market consensus or label. In addition no assurance can be given by the Issuer, any Dealer or any of their respective affiliates or any other person to investors that any ESG Covered Bonds will comply with any future standards or requirements regarding any "green", "EuGB", "environmental", "sustainable", "social" or other equivalently-labelled performance objectives, including 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**") and accordingly the status of any Covered Bonds as being "green", "environmental", "sustainable", "social" (or equivalent) could be withdrawn at any time. 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.

Furthermore, a provisional political agreement was reached in February 2023 on the legislative proposal for a European Green Bond Standard, which will be a voluntary label for issuers of "green" use of proceeds bonds (such as Green Covered Bonds) where the proceeds will be invested in economic activities aligned with the EU Taxonomy. The European Parliament adopted the contents of the provisional political agreement on 5 October 2023 and the Council of the European Union adopted the regulation on 23 October 2023 (the "**EU Green Bond Regulation**"). The EU Green Bond Regulation is expected to become applicable in mid-2024 at the earliest. It is not clear at this stage the impact which the EU Green Bond Regulation, when implemented, may have on investor demand for, and pricing of, "green" use of proceeds bonds (such as the Green Covered Bonds) that do not meet such standard, which could reduce demand and liquidity for the Green Covered Bonds and their price.

No assurance that listing or admission to trading of ESG Covered Bonds will satisfy any investor requirements, investment criteria or expectations

In the event that any such ESG Covered Bonds are listed or admitted to trading on any dedicated or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, any Dealer or any of their respective affiliates or any other person that such listing or admission satisfies, 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. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer, the Dealers or any of their respective affiliates or any other person that any such listing or admission to trading will be obtained in respect of any such ESG Covered Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the ESG Covered Bonds.

The proceeds of the issue of ESG Covered Bonds will not be segregated and will be available to cover all losses on the balance sheet of the Issuer

The net proceeds (or equivalent amount thereof) of the issue of any ESG Covered Bonds which, from time to time, are not yet allocated as funding for Eligible Green Assets, Eligible Social Assets or 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 Covered Bonds and any proceeds of such ESG Covered Bonds 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.

No Events of Default related with ESG Covered Bonds specifically

Any event or failure by the Issuer to apply an amount equal to the net proceeds of any issue of ESG Covered Bonds to finance and/or refinance any Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets and/or any failure by the Issuer to meet any applicable ESG target or objective and/or any failure by the Issuer to advance loans to customers to finance and/or refinance any Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets, and/or any failure by any such customer to apply those funds to Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets as mentioned above, and/or withdrawal of any opinion or certification in connection with any ESG Covered Bonds, or any opinion or certification attesting that the Issuer or any of its customers is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any ESG Covered Bonds no longer being listed or admitted to trading on any stock exchange or securities market or any particular segment of any exchange or market as described above and/or any failure by the Issuer to provide or publish any reporting or any impact assessment on the use of proceeds (or amounts equal thereto) from any issue of ESG Covered Bonds may have a material adverse effect on the value of such ESG Covered Bonds and also potentially the value of any other Covered Bonds which are intended to finance Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose and will not:

(a) give rise to any claim of an holder of Covered Bonds against the Issuer, the BCP Group or the Dealers;

(b) constitute an Event of Default under any ESG Covered Bonds or a breach or violation of any term of the ESG Covered Bonds, or constitute a default by the Issuer for any other purpose, or permit any holder of Covered Bonds to accelerate the ESG Covered Bonds or take any other enforcement action against the Issuer;

(c) lead to a right or obligation of the Issuer to redeem any ESG Covered Bonds or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any ESG Covered Bonds or give any holder of Covered Bonds the right to require redemption of its Covered Bonds;

(d) otherwise affect or impede the ability of the Issuer to apply the proceeds of such ESG Covered Bonds to cover losses; or

(e) result in any step-up or increased payments of interest, principal or any other amounts, as applicable, in respect of any ESG Covered Bonds, or otherwise affect the terms and conditions of any ESG Covered Bonds.

However, such event or failure may adversely affect the reputation of the Issuer and the BCP Group and could have a material adverse effect on the value of the ESG Covered Bonds and also potentially the value of any other notes, including (without limitation) notes which are intended to finance the Issuer’s lending for other Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

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 Base Prospectus:

(a) the 2021 Annual Report of the BCP Group, including, without limitation, the following audited consolidated financial statements, notes and glossary (the "**2021 Financial Statements**") set out at the following pages:

Glossary	Page 187 to 189 of the pdf document
Income Statements	Page 191 of the pdf document
Statements of Comprehensive Income	Page 192 to 193 of the pdf document
Balance Sheet	Page 194 of the pdf document
Statement of Cash Flows	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 450 of the pdf document

(b) the external auditor's report on the 2021 Financial Statements

(c) the 2022 Annual Report of the BCP Group, including, without limitation, the following audited consolidated financial statements, notes and glossary (the "**2022 Financial Statements**") set out at the following pages:

Glossary	Page 186 to 188 of the pdf document
Income Statements	Page 190 of the pdf document
Statements of Comprehensive Income	Page 191 to 192 of the pdf document
Balance Sheet	Page 193 of the pdf document
Statement of Cash Flows	Page 194 of the pdf document
Statement of Changes in Equity	Page 195 of the pdf document
Notes to the Consolidated Financial Statements	Pages 196 to 455 of the pdf document

(d) the external auditor's report on the 2022 Financial Statements

(e) the unaudited and un-reviewed earnings press release and earnings presentation of the BCP Group, in each case as at, and for the six-month period ended 30 June 2023, 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 27 of the pdf document
Balance Sheet	Page 28 of the pdf document

(f) the report and accounts with limited review report of the BCP Group for the six-month period ended 30 June 2023, including, without limitation, the following consolidated financial statements, notes, glossary and auditor's limited review report set out at the following pages:

Alternative Performance Measures	Pages 144 to 146
Glossary	Pages 147 to 149
Income Statements	Page 151
Statements of Comprehensive Income	Page 153 and 154
Balance Sheet	Page 157
Statement of Cash Flows	Page 158
Statement of Changes in Equity	Page 159
Notes to the Consolidated Financial Statements	Pages 160 to 398
External Auditors' Limited Review Report	Pages 401 and 402

(g) the unaudited and un-reviewed earnings press release and earnings presentation of the BCP Group, in each case as at, and for the nine-month period ended 30 September 2023, 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 28 of the pdf document
Balance Sheet	Page 29 of the pdf document

(h) solely for the purposes of any issues of Covered Bonds which are expressed to be consolidated and form a single Series with a Tranche of Covered Bonds issued under an earlier Base Prospectus published by the Issuer, the terms and conditions of the Covered Bonds, on pages 40 to 63 (inclusive) of the Base Prospectus dated 5 June 2007, on pages 50 to 74 (inclusive) of the Base Prospectus dated 4 August 2008, on pages 55 to 79 (inclusive) of the Base Prospectus dated 23 July 2009, on page 59 to 84 (inclusive) of the Base Prospectus dated 6 May 2010, on pages 74 to 99 (inclusive) of the Base Prospectus dated 29 June 2012, on pages 81 to 105 (inclusive) of the Base Prospectus dated 10 July 2013, on pages 107 to 139 (inclusive) of the Base Prospectus dated 14 August 2014, on pages 106 to 138 (inclusive) of the Base Prospectus dated 23 October 2015, on pages 119 to 151 (inclusive) of the Base Prospectus dated 20 December 2016, on pages 108 to 139 (inclusive) of the Base Prospectus dated 15 May 2019, on pages 101 to 131 (inclusive) of the Base Prospectus dated 26 May 2020, on pages 108 to 138 (inclusive) of the Base Prospectus dated 21 May 2021 and on pages 109 to 139 (inclusive) of the Base Prospectus dated 20 May 2022 each as prepared by the Issuer in connection with the Programme.

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

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Covered Bonds.

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) be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

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

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2022/BCP_CLC_Consolidado_Dez21_EN.pdf

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2022/Annual-report-BCP-2022.pdf

and

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2022/BCP-CLC-31122022-consolidado-ENG.pdf

Documents referred to in (e) 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/2023/Earnings-Millennium-BCP-H12023-27072023.pdf

Earnings presentation:

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/ResultadosTrimestrais/2023/EarningsPres-06M23-27072023.pdf

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

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2023/BCP-S1-2023-RA.pdf

Documents referred to in (g) 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/2023/20231030_Earnings-MillenniumBCP-9M-2023-5.pdf

Earnings presentation:

https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/ResultadosTrimestrais/2023/EarningsPres-09M23-30102023-7.pdf

Earlier Base Prospectuses published by the Issuer referred to in (h) above can be viewed electronically and free of charge at the following links:

(a) Base Prospectus dated 5 June 2007: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB05062007.pdf;

(b) Base Prospectus dated 4 August 2008: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB04082008.pdf;

(c) Base Prospectus dated 23 July 2009: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB23072009.pdf;

(d) Base Prospectus dated 6 May 2010: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB06052010.pdf;

(e) Base Prospectus dated 29 June 2012: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB29062012.pdf;

(f) Base Prospectus dated 10 July 2013: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB10072013.pdf;

(g) Base Prospectus dated 14 August 2014: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB14082014.pdf;

(h) Base Prospectus dated 23 October 2015: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB23102015.pdf;

(i) Base Prospectus dated 20 December 2016: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/Base-Prospectus-28042017.pdf;

(j) Base Prospectus dated 15 May 2019: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/EuroCoveredBond-DocAnteriores/PB15052019.PDF;

(k) Base Prospectus dated 26 May 2020: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2020/BCP-CB-Prospectus_26052020.pdf;

(l) Base Prospectus dated 21 May 2021: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2021/UKO2-2002609530_BASE-PROSPECTUS_2021.pdf; and

(m) Base Prospectus dated 20 May 2022: https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2022/UKO2-2004649118_BCP-CB-Update2022-BaseProspectus.pdf

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Bank 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 Base Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Covered Bonds denominated in any currency agreed between the Issuer and the relevant Dealer, subject as set out herein. An overview of the terms and conditions of the Programme and the Covered Bonds appears under *Overview of the Covered Bonds Programme*. The applicable terms of any Covered Bonds will be agreed between the Issuer and the relevant Dealer prior to the issue of those Covered Bonds and will be set out in the *Terms and Conditions of the Covered Bonds* applicable to the Covered Bonds as completed by the applicable Final Terms attached to such Covered Bonds, or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement, as more fully described under *Final Terms for Covered Bonds* and *Pricing Supplement for Exempt Covered Bonds* below.

This Base Prospectus will only be valid for admitting Covered Bonds to trading on the Euronext Dublin Regulated Market during the period of 12 months after the date of approval of this Base Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding on all Covered Bonds previously or simultaneously issued under the Programme, does not exceed Euro 12,500,000,000 (subject to increase in accordance with the Programme Agreement (as defined in *Definitions*)) or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Covered Bonds issued under the Programme from time to time:

(a) the euro equivalent of Covered Bonds denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the Covered Bonds, or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Covered Bonds or on the preceding day on which commercial banks and foreign exchange markets are open for business in London and Lisbon, in each case, on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the Lisbon foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation; and

(b) the euro equivalent of Zero Coupon Covered Bonds (as specified in the applicable Final Terms in relation to the Covered Bonds or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) and other Covered Bonds issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

FORM OF THE COVERED BONDS AND CLEARING SYSTEM

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

The Covered Bonds will be held through a central securities depository ("**CSD**") which will be Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as operator of the Central de Valores Mobiliários ("**Interbolsa**").

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Interbolsa currently in effect. The information in this section concerning Interbolsa has been obtained from sources that the Issuer believes to be reliable, but none of the Arrangers or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of Interbolsa are advised to confirm the continued applicability of the rules, regulations and procedures of Interbolsa. None of the Issuer, the Arrangers or any of the Dealers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, interests in the Covered Bonds held through the facilities of Interbolsa or for maintaining, supervising or reviewing any records relating to such interests.

Interbolsa registers securities for its participants and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its participants. Interbolsa provides various services including safekeeping, administration, clearance and settlement of domestically and internationally traded securities and securities lending and borrowing.

The address of Interbolsa is Avenida da Boavista, 3433, 4100-138 Oporto, Portugal, the address of Euroclear is 1 Boulevard Du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg.

The Covered Bonds have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see *Subscription and Sale and Transfer Restrictions and Secondary Market Arrangements*). Accordingly, the Covered Bonds will only be issued outside the United States in reliance upon Regulation S.

The Covered Bonds are held through Interbolsa

General

Interbolsa manages 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. Issuers of securities, financial intermediaries, the Banco de Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The centralised securities system of Interbolsa provides for all the procedures required for the exercise of ownership rights inherent to the Covered Bonds held through Interbolsa.

In relation to each issue of securities, Interbolsa's centralised system comprises, inter alia, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) 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.

The Covered Bonds shall only be tradable in one specified denomination.

The Covered Bonds will be attributed an International Securities Identification Number ("**ISIN**") code through the codification system of Interbolsa and will be accepted for clearing through the clearing system operated at Interbolsa and settled by Interbolsa's settlement system. Covered Bonds may be attributed Financial Instrument Short Name ("**FISN**"), Classification of Financial Instruments ("**CFI**") code and/or other securities identifier, which will be contained in the Final Terms relating thereto.

Form of the Covered Bonds

The Covered Bonds of each Series will be in book-entry form ("*forma escritural*") and title to the Covered Bonds 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 Covered Bonds. The Covered Bonds will be nominative Covered Bonds *("nominativas*") (i.e. Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa information regarding the identity of the holders of Covered Bonds and transmit such information to the Issuer).

The Covered Bonds 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 Affiliate Member of Interbolsa on behalf of the holders of the Covered Bonds. Such control accounts reflect at all times the aggregate of Covered Bonds held in the individual securities accounts opened by the holders of the Covered Bonds with each of the Affiliate Members of Interbolsa. The expression "**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository 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 Clearstream, Luxembourg.

Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Covered Bonds shall be treated as the holder of the principal amount of the Covered Bonds recorded therein.

The Covered Bonds may be eligible for Eurosystem monetary policy. Registering the Covered Bonds with Interbolsa, however does not necessarily mean that the Covered Bonds 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, as such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Payment of principal and interest in respect of Covered Bonds

While the Covered Bonds are held through Interbolsa, payment of principal and interest in respect of the Covered Bonds will be (i) **if made in euro** (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; (ii) **if made in currencies other than euro** (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System ("*Sistema de Liquidação em Moeda Estrangeira*"), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the owners of Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer must provide Interbolsa with a prior notice of all payments in relation to Covered Bonds and all necessary information for that purpose. In particular, such notice must contain:

(a) the identity of the Paying Agent responsible for the relevant payment; and

(b) a statement of acceptance of such responsibility by the Paying Agent.

The Paying Agent notifies Interbolsa of the amounts to be paid for payments to be processed in accordance with Interbolsa procedures and regulations.

In the case of a partial payment, the amount held in the current account of the Paying Agent with the Banco de Portugal must be apportioned pro-rata between the accounts of the Affiliate Members of Interbolsa. After a payment has been processed, whether in full or in part, the Paying Agent must confirm that fact to Interbolsa.

Procedures relating to Covered Bonds denominated in a currency other than Euro will be in accordance with the relevant Interbolsa procedures.

Transfer of Covered Bonds

Covered Bonds held through Interbolsa 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 Covered Bonds. No owner of a Covered Bond will be able to transfer such Covered Bond, except in accordance with Portuguese law and the applicable procedures of Interbolsa.

FINAL TERMS FOR COVERED BONDS

The form of Final Terms that will be issued in respect of each Tranche of Covered Bonds issued under the Programme, subject only to the deletion of non-applicable provisions, is set out below:

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS -** The Covered Bonds 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 Directive 2014/65/EU (as amended or superseded from time to time, "**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 the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended or superseded from time to time, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds 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 Covered Bonds 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 Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds 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 Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended or superseded from time to time, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (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 Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds 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 Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (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 Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**SINGAPORE SFA PRODUCT CLASSIFICATION**: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (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 Covered Bonds 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]

Final Terms dated [ ]

Banco Comercial Português, S.A.

Legal Entity Identifier (LEI): JU1U6S0DG9YLT7N8ZV32

Issue of [ ]

[[ ]% Fixed Rate/Floating Rate/Zero Coupon] Covered Bonds due [ ]

under the Euro 12,500,000,000 Covered Bonds Programme

THE COVERED BONDS (AS DESCRIBED HEREIN) ARE COVERED BONDS ISSUED IN ACCORDANCE WITH DECREE-LAW NO. 31/2022, OF 6 MAY 2022 (AS AMENDED OR SUPERSEDED FROM TIME TO TIME, THE "**LEGAL REGIME OF COVERED BONDS**") AND FURTHER APPLICABLE REGULATIONS. THE ISSUER HAS THE CAPACITY TO ISSUE COVERED BONDS IN ACCORDANCE WITH THE LEGAL REGIME OF COVERED BONDS. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE COVERED BONDS ARE SECURED ON THE COVER POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE LEGAL REGIME OF COVERED BONDS.

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the "**Terms and Conditions**") set forth in the Base Prospectus dated 13 November 2023 [and the supplemental Base Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended or superseded from time to time, the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at, and electronic copies can be obtained from, [*BCP's website*] and the website of Euronext Dublin (https://live.euronext.com/).]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the "**Terms and Conditions**") set forth in the Base Prospectus dated 5 June

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

2007/4 August 2008/23 July 2009/6 May 2010/29 June 2012/10 July 2013/14 August 2014/23 October 2015/20 December 2016/15 May 2019/26 May 2020/21 May 2021/20 May 2022, which are incorporated by reference in the Base Prospectus dated 13 November 2023. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Regulation (EU) 2017/1129 (as amended or superseded from time to time, the "**Prospectus Regulation**") and must be read in conjunction with the Base Prospectus dated 13 November 2023 [and the supplemental Base Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, including the Terms and Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at, and electronic copies can be obtained from, [*BCP's website*] and the website of Euronext Dublin (https://live.euronext.com/).]

1.	(i) Series Number:	[ ]
	(ii) Tranche Number:	[ ]
	(iii) Date on which the Covered Bonds will be consolidated and form a single Series:	[The Covered Bonds will be consolidated and form a single Series with [ ] on the Issue Date]/[Not Applicable]
2.	Specified Currency:	[ ]
3.	Aggregate Nominal Amount of Covered Bonds:	
	(i) Series:	[ ]
	(ii) Tranche:	[ ]
4.	Issue Price:	[ ]% of the Aggregate Nominal Amount [plus accrued interest from [ ] (if applicable)]
5.	Specified Denominations:	[ ]
6.	(i) Issue Date:	[ ]
	(ii) Interest Commencement Date:	[ ] [Issue Date] [Not Applicable]
7.	Maturity Date:	[ ] [Interest Payment Date falling in or nearest to [ ]] *(NB: In case (i) no Extended Maturity Date is specified or (ii) an Extended Maturity Date is specified when a Series of Covered Bonds with no Extended Maturity Date feature is outstanding, the Issuer, when deciding the applicable Maturity Date, shall ensure that such change will not affect the ranking of outstanding Covered Bonds nor invert the sequencing of the original maturity schedule of outstanding Covered Bonds in case of resolution or liquidation.)*
8.	Extended Maturity Date:	[Applicable/Not Applicable]

		[*insert date*] (*If applicable, the date shall be at least one year after the Maturity Date, provided that in any case the Issuer may not specify an Extended Maturity Date that is earlier than the applicable Extended Maturity Date for any other outstanding Series of Covered Bonds with an earlier Maturity Date. If not applicable, insert "Not Applicable*").
9.	Interest Basis:	
	(i) Period to (and including) Maturity Date (or the Extension Cessation Date, if applicable):	[[ ]% Fixed Rate] [[ ] month EURIBOR +/- [ ]% Floating Rate] [Zero Coupon] (further particulars specified in [14/15/16] below)
	(ii) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [[ ]% Fixed Rate] [[ ] month EURIBOR +/- [ ]% Floating Rate] (further particulars specified in [14/15/16] below)
10.	Redemption Basis:	Subject to the Conditions and to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at [ ]% of their nominal amount.
11.	Change of Interest Basis:	[ ] [Not Applicable]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified in [17/18] below)] [Not Applicable]
13.	Date of [Board] approval for issuance of Covered Bonds obtained:	[ ] [Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Covered Bonds Provisions:	[Applicable/Not Applicable]
	(i) Rate (s) of Interest:	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [[ ]% per annum payable in arrear on each Interest Payment Date]
	• From Maturity Date up to Extended Maturity	[Not Applicable] [[ ]% per annum. payable in arrear on each Interest Payment Date]

	Date (subject to Condition 6.7(F)):	
(ii)	Interest Payment Date(s):	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [[ ] in each year up to and including the Maturity Date / [ ]]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [[ ] in each month up to and including the Extended Maturity Date]/[ ]]
(iii)	Day Count Fraction:	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [30/360] [Actual/Actual (ICMA)]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [30/360] [Actual/Actual (ICMA)]
(iv)	Determination Date(s):	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [[ ] in each year]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [[ ] in each year]
15.	Floating Rate Covered Bonds Provisions:	[Applicable/Not Applicable]
(i)	Specified Period(s)/ Specified Interest Payment Dates:	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [ ]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [ ]
(ii)	Business Day Convention:	

	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]
(iii)	Additional Business Centre(s):	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [ ]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [ ]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [Screen Rate Determination]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [Screen Rate Determination]
(v)	Party responsible (the "**Calculation Agent**") for calculating the Rate of Interest and Interest Amount (if not the Agent):	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [ ]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.(F)):	[Not Applicable] [ ]
(vi)	Screen Rate Determination:	[Applicable/Not Applicable]
	A. To Maturity Date (or the Extension Cessation Date, if applicable):	[Applicable/Not Applicable]

- Reference Rate: [EURIBOR]
- Interest Determination Date: [ ]
- Relevant Screen Page: [Reuters Screen Page EURIBOR01 (or any successor page)] [ ]

B. From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Applicable]/[Not Applicable]

- Reference Rate: [EURIBOR]
- Interest Determination Date: [ ]
- Relevant Screen Page: [Reuters Screen Page EURIBOR01 (or any successor page)] [ ]

(vii) Margin (s):

- To Maturity Date (or the Extension Cessation Date, if applicable): [Not Applicable] [[+/-] [ ]% per annum]
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable] [[+/-] [ ]% per annum]

(viii) Minimum Rate of Interest:

- To Maturity Date (or the Extension Cessation Date, if applicable): [Not Applicable] [[ ]% per annum]
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable] [[+/-] [ ]% per annum]

(ix) Maximum Rate of Interest:

- To Maturity Date (or the Extension Cessation Date, if applicable): [Not Applicable] [[ ]% per annum]
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable] [[+/-] [ ]% per annum]

	(x)	Day Count Fraction:	
		• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
		• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
16.	Zero Coupon Covered Bonds Provisions:		[Applicable/Not Applicable]
	(i)	Accrual Yield:	[ ]% per annum
	(ii)	Reference Price:	[ ]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount(s) of each Covered Bond:	[ ] per Covered Bond of [ ] Specified Denomination
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[Not Applicable] [ ]
		(b) Maximum Redemption Amount:	[Not Applicable] [ ]
	(iv)	Notice period:	Minimum period: [ ] days Maximum period: [ ] days
18.	Investor Put		[Applicable/Not Applicable]

	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount(s) of each Covered Bond:	[ ] per Covered Bond of [ ] Specified Denomination
	(iii)	Notice period:	Minimum period: [ ] days Maximum period: [ ] days
19.	Final Redemption Amount of each Covered Bond:		[ ] per Covered Bond of [ ] Specified Denomination
20.	Early Redemption Amount of each Covered Bond payable on an event of default:		[ ] per Covered Bond of [ ] Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

21.	Form of Covered Bonds:	
	Form:	Book Entry Covered Bonds *nominativas*
22.	Additional Financial Centre(s):	[Not Applicable] [ ]

Signed on behalf Banco Comercial Português, S.A.:

By:______________________________

Duly authorised

PART B – OTHER INFORMATION

1. **Listing and Admission to trading**

(i)	Listing and Admission to trading:	[Application [has been/will be] made by the Issuer (or on its behalf) for the Covered Bonds 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 Covered Bonds to be admitted to trading on the [Euronext Lisbon's regulated market] with effect from [ ].]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. **Ratings**

Ratings:	The following ratings reflect rating assigned to the Covered Bonds issued under the Programme generally: [ ] by Moody's [ ] by Fitch [ ] by the relevant DBRS entity [The Covered Bonds to be issued [[have been]/[are expected to be]] rated [ ] by [ ].] [Moody's/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 Covered Bonds has an interest material to the issue. [Certain [Dealers/Managers] and their affiliates have engaged, and may in the future engage, in investments, banking and or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary cover of business.]]

4. **Reasons for the Offer and Estimated Net Proceeds**

(i)	Reasons for the offer:	[*Give details*][4]
		[General Corporate Purposes – see the first paragraph of "Use of Proceeds" wording in Base Prospectus]
		[ESG Covered Bonds – [An amount equal to the net proceeds from the issue of the Covered Bonds 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 Covered Bonds 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 Covered Bonds 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.*)

5. **Yield – Fixed Rate Covered Bonds only**

Indication of yield: [Not Applicable] [ ]%

6. **Historic and Future Interest Rates – Floating Rate Covered Bonds only**

[Details of historic and future EURIBOR rates can be obtained from [Reuters] [ ].] [Not Applicable]

7. **Operational Information**

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively

[4] To include reasons for the issuance and, if relevant, its impact on the Issuer.

		sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	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]
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Intended to be labelled as "European Covered Bond (Pemium)"	[Yes] [No]

8. **Distribution**

(i)	If syndicated, names of Managers:	[Not Applicable/[ ]]
(ii)	Date of [Subscription] Agreement:	[ ]
(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/[ ]]
(v)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2] [TEFRA C] [TEFRA rules not applicable]
(vi)	Prohibition of Sales to EEA Retail Investors:	[Not Applicable][Applicable] (*If the Covered Bonds clearly do not constitute "packaged products" or the Covered Bonds do constitute a "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged products" and no key information document will be prepared in the EEA, "Applicable" should be specified.*)
(vii)	Prohibition of Sales to UK Retail Investors:	[Not Applicable][Applicable] (*If the Covered Bonds clearly do not constitute "packaged products" or the Covered Bonds do constitute a "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged products" and no key information document will*

		be prepared in the UK, "Applicable" should be specified.)
(viii)	Prohibition of Sales to Belgian Consumers:	[Not Applicable][Applicable]
(ix)	Singapore Sales to Institutional Investors and Accredited Investors only:	[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.]

PRICING SUPPLEMENT FOR EXEMPT COVERED BONDS

The form of Pricing Supplement that will be issued in respect of each Tranche of Exempt Covered Bonds (herein also referred to as the "**Covered Bonds**") whatever the denomination of such Covered Bonds, subject only to the deletion of non-applicable provisions, is set out below. The Central Bank has neither approved nor reviewed information contained in this Pricing Supplement.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds 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 Directive 2014/65/EU (as amended or superseded from time to time, "**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 (as amended or superseded from time to time, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended or superseded from time to time, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds 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 Covered Bonds 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 Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MIFID II/UK MiFIR product governance / target market – [*appropriate target market legend to be included*]]

[**SINGAPORE SFA PRODUCT CLASSIFICATION**: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (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 Covered Bonds 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.][5]

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

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE PROSPECTUS REGULATION FOR THE ISSUE OF THE EXEMPT COVERED BONDS DESCRIBED BELOW.

Pricing Supplement dated [ ]

Banco Comercial Português, S.A.

Issue of [*Aggregate Nominal Amount of Tranche*]

Legal Entity Identifier (LEI): JU1U6S0DG9YLT7N8ZV32

[[ ]% Fixed Rate/Floating Rate/Zero Coupon] Covered Bonds due [ ]

under the Euro 12,500,000,000 Covered Bonds Programme

THE COVERED BONDS (AS DESCRIBED HEREIN) ARE COVERED BONDS ISSUED IN ACCORDANCE WITH DECREE-LAW NO. 31/2022, OF 6 MAY 2022 (AS AMENDED OR SUPERSEDED FROM TIME TO TIME, THE "**LEGAL REGIME OF COVERED BONDS**") AND FURTHER APPLICABLE REGULATIONS. THE ISSUER HAS THE CAPACITY TO ISSUE COVERED BONDS IN ACCORDANCE WITH THE LEGAL REGIME OF COVERED BONDS. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE COVERED BONDS ARE SECURED ON THE COVER POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE LEGAL REGIME OF COVERED BONDS.

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement of the Exempt Covered Bonds described herein. This document must be read in conjunction with the Base Prospectus dated 13 November 2023 [and the supplemental Base Prospectus dated [*date*]] ([together] the "**Base Prospectus**"). Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing at, and electronic copies can be obtained from, [*BCP's websit*e] and the website of Euronext Dublin (https://live.euronext.com/).

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the "**Terms and Conditions**") set forth in the Base Prospectus.

(*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.*)

1.	Issuer:		Banco Comercial Português, S.A.
2.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ] (*If fungible with an existing series, details of that series, including the date on which the Covered Bonds become fungible*)
3.	Specified Currency:		[ ] (*Note: Covered Bonds may only be issued in Euro, U.S. Dollars, Sterling, Japanese yen, Swiss francs,*

		Australian Dollars and Canadian Dollars or any other currency as can be settled through Interbolsa from time to time)
4.	Aggregate Nominal Amount of Covered Bonds:	
	(i) Series:	[ ]
	(ii) [Tranche:	[ ]]
5.	Issue Price:	[ ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
6.	Specified Denomination:	[ ]
7.	(i) Issue Date:	[ ]
	(ii) [Interest Commencement Date (if different from the Issue Date):	[*specify*/Issue Date/Not Applicable]] (*NB An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero Coupon Covered Bonds*.)
8.	Maturity Date:	[*Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month*]] *(NB: In case (i) no Extended Maturity Date is specified or (ii) an Extended Maturity Date is specified when a Series of Covered Bonds with no Extended Maturity Date feature is outstanding, the Issuer, when deciding the applicable Maturity Date, shall ensure that such change will not affect the ranking of outstanding Covered Bonds nor invert the sequencing of the original maturity schedule of outstanding Covered Bonds in case of resolution or liquidation.)*
9.	Extended Maturity Date:	[Applicable/Not Applicable] [*insert date*] (*If applicable, the date shall be at least one year after the Maturity Date, provided that in any case the Issuer may not specify an Extended Maturity Date that is earlier than the applicable Extended Maturity Date for any other outstanding Series of Covered Bonds with an earlier Maturity Date. If not applicable, insert "Not Applicable*").
10.	Interest Basis:	
	(i) Period to (and including) Maturity	[[ ]% Fixed Rate]

		Date (or the Extension Cessation Date, if applicable):	[[ ] month [EURIBOR/[ ]] +/- [ ]% Floating Rate] [Zero Coupon] (further particulars specified in [15/16/17] below)
	(ii)	Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] / [[ ]% Fixed Rate] [[ ] month [EURIBOR/[ ]] +/- [ ]% Floating Rate] (further particulars specified in paragraph [15/16/17] below) (*Insert "Not Applicable" only if Extended Maturity Date does not apply*)
11.	Redemption Basis:		Subject to the Conditions and any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at [ ]% of their nominal amount
12.	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs [15 and 16] below and identify there*] [Not Applicable]
13.	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified in paragraph [18/19] below)] [ ]
14.	Date [Board] approval for issuance of Covered Bonds obtained		[ ] [Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Covered Bonds Provisions:		
	•	To Maturity Date (or the Extension Cessation Date, if applicable):	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	•	From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Applicable/Not Applicable] (*If subparagraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph*) [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
	(i)	Rate [(s)] of Interest:	

	• To Maturity Date (or the Extension Cessation Date, if applicable):	[ ]% per annum payable in arrear on each interest payment day
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/ [ ]% per annum. payable in arrear on each interest payment day [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date.*]
(ii)	Interest Payment Date(s):	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[[ ] in each year up to and including the Maturity Date / [*specify other*]]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [[ ] in each month up to and including the Extended Maturity Date]/[*specify other*] [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
(iii)	Day Count Fraction:	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[30/360 or Actual/Actual (ICMA)]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] [30/360 or Actual/Actual (ICMA)]

	[State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F)).]
(iv) Determination Date(s):	
• To Maturity Date (or the Extension Cessation Date, if applicable):	*[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)]* in each year]
• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable] *[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative*)] in each year
	[State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F)).]

16. Floating Rate Covered Bonds Provisions:	
• To Maturity Date (or the Extension Cessation Date, if applicable):	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph.*)
• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph.*) *[State "Not Applicable*" *unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
(i) Specified Period(s)/Specified Interest Payment Dates:	
• To Maturity Date (or the Extension Cessation Date, if applicable):	[ ]
	[Not Applicable]/ [ ]

	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
(ii)	Business Day Convention:	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention] *[State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).*]*
(iii)	Additional Business Centre(s):	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable]/ [ ]
	• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/ [ ] [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	
	• To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable]/ [Screen Rate Determination]

	•	From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
(v)	Party responsible (the "**Calculation Agent**") for calculating the Rate of Interest and Interest Amount (if not the Agent):		
	•	To Maturity Date (or the Extension Cessation Date, if applicable):	[Not Applicable]/ [ ] [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
	•	From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	
(vi)	Screen Rate Determination:		
	A.	To Maturity Date (or the Extension Cessation Date, if applicable):	[EURIBOR/[ ]]
	•	Reference Rate:	[ ] *(The second day on which the T2 is open prior to the start of each Interest Period if Euribor)*
	•	Interest Determination Date:	[Reuters Screen Page EURIBOR01 (or any successor page)] [ ]
	•	Relevant Screen Page:	[Not Applicable]
	B.	From Maturity Date up to Extended Maturity Date	[*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]

	(subject to Condition 6.7(F)):	[EURIBOR/[ ]]
•	Reference Rate:	[ ] *(The second day on which the T2 is open prior to the start of each Interest Period if Euribor)*
•	Interest Determination Date:	[Reuters Screen Page EURIBOR01 (or any successor page)] [ ]
•	Relevant Screen Page:	

(vii) Margin(s):

•	To Maturity Date (or the Extension Cessation Date, if applicable):	[+/-] [ ]% per annum
•	From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/ [+/-] [ ]% per annum] [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]

(viii) Minimum Rate of Interest:

•	To Maturity Date (or the Extension Cessation Date, if applicable):	[ ]% per annum
•	From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/ [+/-] [ ]% per annum] [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]

(ix) Maximum Rate of Interest:

•	To Maturity Date (or the Extension Cessation Date, if applicable):	[ ]% per annum

	•	From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/ [+/-] [ ]% per annum] [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]
(x)	Day Count Fraction:		
	•	To Maturity Date (or the Extension Cessation Date, if applicable):	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) (see Condition 4 (*Interest*))
	•	From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/ Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) (see Condition 4 (*Interest*)) [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date* (subject to Condition 6.7(F)).]

17. Zero Coupon Covered Bonds Provisions: [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i)	Accrual Yield:	[ ]% per annum
(ii)	Reference Price:	[ ]

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(i)	Optional Redemption Date(s):	[ ]

	(ii)	Optional Redemption Amount(s) of each Covered Bond:	[ ] per Covered Bond of [ ] Specified Denomination
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[ ]
		(b) Maximum Redemption Amount:	[ ]
	(iv)	Notice period:	Minimum period: [ ] days Maximum period: [ ] days (*NB - When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
19.	Investor Put		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount(s) of each Covered Bond:	[ ] per Covered Bond of [ ] Specified Denomination
	(iii)	Notice period:	Minimum period: [ ] days Maximum period: [ ] days (NB - *When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
20.	Final Redemption Amount of each Covered Bond:		[ ] per Covered Bond of [ ] Specified Denomination
21.	Early Redemption Amount of each Covered Bond payable on an event of default:		[ ] per Covered Bond of [ ] Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22.	Form of Covered Bonds:	
	Form:	Book Entry Covered Bonds *nominativas*

23. Additional Financial Centre(s): [Not Applicable */give details] (Note that this item relates to the place of payment and not Interest Period end dates to which item 16(iii) relates*)

Signed on behalf Banco Comercial Português, S.A.:

By:________________________________

Duly authorised

PART B – OTHER INFORMATION

1. **Listing and Admission to trading**

(i)	Listing and Admission to trading:	[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Covered Bonds to be [listed/admitted to trading] on *[specify market - note this should not be a regulated market with effect from [ ]*.] [Not Applicable] *(When documenting a fungible issue need to indicate that original Covered Bonds are already admitted to trading*)
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. **Ratings**

Ratings:	The following ratings reflect rating assigned to the Covered Bonds issued under the Programme generally: [ ] by Moody's [ ] by Fitch [ ] by the relevant DBRS entity [The Covered Bonds to be issued [[have been]/[are expected to be]] rated *[insert details*] by *[insert the legal name of the relevant credit rating agency entity(ies*)].]

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 Covered Bonds has an interest material to the issue. [Certain [Dealers/Managers] and their affiliates have engaged, and may in the future engage, in investments, banking and or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary cover of business] - *Amend as appropriate if there are other interests*]

4. **Reasons for the Offer**

Reasons for the offer:	[*Give details*][6] *[General Corporate Purposes – see the first paragraph of "Use of Proceeds" wording in Base Prospectus]* *[ESG Covered Bonds – [An amount equal to the net proceeds from the issue of the Covered Bonds is intended to be used for the purposes of the finance and/or refinance, in whole or in part of Eligible Green Assets.]*

[6] To include reasons for the issuance and, if relevant, its impact on the Issuer.

or

[An amount equal to the net proceeds from the issue of the Covered Bonds 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 Covered Bonds 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.]

5. **Yield – Fixed Rate Covered Bonds only**

Indication of yield:	[Not Applicable] [ ]
	[The yield is calculated at the Issue Date on the basis of the Issue Price, using the formula set out in the Base Prospectus (see *General Information*). It is not an indication of future yield.]

6. **Operational Information**

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	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]
(iv)	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]
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Intended to be labelled as "European Covered Bond (Premium)"	[Yes] [No]

7. **Distribution**

(i)	If syndicated, names of Managers:	[Not Applicable/give *names]*

(ii)	Date of [Subscription] Agreement:	[ ]
(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(v)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2] [TEFRA C] [TEFRA rules not applicable]
(vi)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared in the EEA, "Applicable" should be specified.*)
(vii)	Prohibition of Sales to UK Retail Investors:	[Applicable / Not Applicable] (*If the Covered Bonds clearly do not constitute "packaged products" or the Covered Bonds do constitute a "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged products" and no key information document will be prepared in the UK, "Applicable" should be specified.*)
(viii)	Prohibition of Sales to Belgian Consumers:	[Not Applicable][Applicable]
(ix)	Singapore Sales to Institutional Investors and Accredited Investors only:	[Not Applicable][Applicable]

8. **Third Party Information**

[[Relevant third party information] has been extracted from [specify source]. 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 [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

TERMS AND CONDITIONS OF THE COVERED BONDS

The following, save for the text in the footnotes, are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into each Covered Bond. The applicable Pricing Supplement in relation to any Tranche of Exempt Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Covered Bonds. The applicable Final Terms (or the relevant provisions thereof) will be incorporated by reference into each Covered Bond. Reference should be made to "Final Terms for Covered Bonds" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.

THE COVERED BONDS (AS DEFINED IN THESE TERMS AND CONDITIONS) ARE COVERED BONDS ISSUED IN ACCORDANCE WITH THE LEGAL REGIME OF COVERED BONDS (AS DEFINED IN THESE TERMS AND CONDITIONS). THE ISSUER (AS DEFINED IN THESE TERMS AND CONDITIONS) IS A CREDIT INSTITUTION WITH THE CAPACITY TO ISSUE COVERED BONDS PURSUANT TO THE LEGAL REGIME OF COVERED BONDS. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE LEGAL REGIME OF COVERED BONDS ARE SECURED ON THE ASSETS THAT COMPRISE THE COVER POOL (AS DEFINED BELOW) MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE LEGAL REGIME OF COVERED BONDS.

IT IS THE INTENTION OF THE ISSUER, BUT NOT ITS CONTRACTUAL UNDERTAKING, THAT ANY COVERED BONDS TO BE ISSUED ARE ABLE TO BEAR THE LABEL "EUROPEAN COVERED BOND (PREMIUM)", AS FORESEEN IN ARTICLE 42(2) OF THE LEGAL REGIME OF COVERED BONDS. THE ACTUAL ABILITY FOR SUCH LABEL TO BE USED WILL DEPEND ON THE COMPLIANCE OVER TIME WITH THE RELEVANT REQUIREMENTS OF THE LEGAL REGIME OF COVERED BONDS AND OF ARTICLE 129 OF THE CRR.

This Covered Bond is one of a Series (as defined below) of covered bonds issued by Banco Comercial Português, S.A. (the "**Issuer**") in accordance with the procedures set out in the Set of Agency Procedures (as defined below).

References herein to the Covered Bonds shall be references to the Covered Bonds of this Series and shall mean the book-entries corresponding to the units of the Specified Denomination in the Specified Currency.

The Covered Bonds have the benefit of a set of agency procedures (such set of agency procedures as amended and/or supplemented and/or restated from time to time, the "**Set of Agency Procedures**") dated 13 November 2023 and made and agreed by Banco Comercial Português, S.A. (acting in its capacity as Agent and Paying Agent, which expressions shall include any successors, and as Issuer) and by any subsequent agent, paying agent and/or agent bank appointed by the Issuer.

The final terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to this Covered Bond which complete information regarding these Terms and Conditions (the "**Conditions**") or, if this Covered Bond is a Covered Bond which is neither admitted to trading on (i) a regulated market in the European Economic Area or (ii) a UK regulated market as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, nor offered in (i) the European Economic Area or (ii) the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation or the Financial Services and Markets Act 2000, as the case may be (an "**Exempt Covered Bond**"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this

Covered Bond. References to the applicable Final Terms are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to this Covered Bond. Any reference in the Conditions to "**applicable Final Terms**" or "**relevant Final Terms**" shall be deemed to include a reference to "**applicable Pricing Supplement**" or "**relevant Pricing Supplement**", respectively, where relevant. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended or superseded from time to time.

Any reference to "**holders of Covered Bonds**" shall mean the persons in whose name the Covered Bonds are registered.

As used herein, "**Tranche**" means Covered Bonds which are identical in all respects (including as to listing) and Series means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single Series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, interest rates and/or Issue Prices.

Copies of the Set of Agency Procedures (i) are available for inspection or collection during normal business hours at the specified office of each of the Paying Agents (such Paying Agents being together referred to as the "**Agents**") or (ii) may be provided by e-mail to a holder of Covered Bonds following their prior written request to any Paying Agents and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents. If the Covered Bonds are to be admitted to trading on the regulated market of Euronext Dublin, the applicable Final Terms will be published on the website of Euronext Dublin (https://live.euronext.com/). If this Covered Bond is an Exempt Covered Bond, the applicable Pricing Supplement will only be obtainable by a Covered Bonds holder holding one or more Covered Bond and such Covered Bonds holder must produce evidence satisfactory to the Issuer, the Common Representative and the relevant Paying Agent as to its holding of such Covered Bonds and identity. The Covered Bonds holders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Set of Agency Procedures and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Set of Agency Procedures.

Words and expressions defined in the Set of Agency Procedures 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 Set of Agency Procedures and the applicable Final Terms, the applicable Final Terms will prevail.

As used herein, **outstanding** means in relation to the Covered Bonds all the Covered Bonds issued other than:

(a) those Covered Bonds which have been redeemed and cancelled pursuant to these Terms and Conditions;

(b) those Covered Bonds in respect of which the date for redemption under these Terms and Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under these Terms and Conditions after that date) have been duly paid to or to the order of the Agent in the manner provided in the Set of Agency Procedures (and, where appropriate, notice to that effect has been given to the Covered Bonds holders in accordance with these Terms and Conditions) and remain available for payment against presentation of the relevant Covered Bonds as applicable;

(c) those Covered Bonds which have been purchased and cancelled under these Terms and Conditions; and

(d) those Covered Bonds which have become prescribed under these Terms and Conditions.

1. FORM, DENOMINATION AND TITLE

The Covered Bonds will be issued in book entry form, being *nominativas* (i.e. Interbolsa, at the Issuer's request, can ask the Affiliated Members of Interbolsa for information regarding the identity of the holders of Covered Bonds)

The Covered Bonds will be in book-entry form and title to the Covered Bonds will be evidenced by book entries in accordance with the provisions of Portuguese Securities Code and the applicable CMVM regulations. No physical document of title will be issued in respect of the Covered Bonds. Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Covered Bonds shall be treated as the holder of the principal amount of the Covered Bonds recorded therein.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Where the applicable Final Terms specifies that an Extended Maturity Date applies to a Series of Covered Bonds, those Covered Bonds may be Fixed Rate Covered Bonds or Floating Rate Covered Bonds in respect of the period from the Issue Date to and including the Maturity Date and Fixed Rate Covered Bonds or Floating Rate Covered Bonds in respect of the period from the Maturity Date up to and including the Extended Maturity Date, subject as specified in the applicable Final Terms.

Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, save that the denomination of each Covered Bond (other than an Exempt Covered Bond) will be at least EUR 100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency) or, in any case only if higher than EUR 100,000, any other specified denomination as may be allowed or required from time to time by the relevant central bank or supervisory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Each series will have Covered Bonds of one denomination only.

Subject as set out below, title to the Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Set of Agency Procedures. The Issuer, the Paying Agents and the Common Representative will (except as otherwise required by law) deem and treat the registered holder of any Covered Bonds 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. TRANSFERS OF COVERED BONDS

The transferability of the Covered Bonds is not restricted.

Covered Bonds 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 Covered Bond. No owner of a Covered Bond will be able to transfer such Covered Bond, except in accordance with Portuguese law and with the applicable procedures of Interbolsa.

The holders of Covered Bonds will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE COVERED BONDS

The Covered Bonds and any interest thereon constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and rank *pari passu* without any preference among themselves. The Covered Bonds are covered securities issued in accordance with the Legal Regime of Covered Bonds, which are secured by the Cover Pool maintained by the Issuer in accordance with the terms of the Legal Regime of Covered Bonds, and rank *pari passu* with all other obligations of the Issuer under covered bonds issued or to be issued by the Issuer pursuant to the Legal Regime of Covered Bonds (or which have been originally issued pursuant to the Covered Bonds Law and to which the Legal Regime of Covered Bonds became applicable following the approval of the Programme by CMVM under the Legal Regime of Covered Bonds).

4. INTEREST

4.1 Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Subject as provided in Condition 4.4, interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date (as specified in the relevant Final Terms).

Interest on Fixed Rate Covered Bonds will be calculated on the full nominal amount outstanding of the Fixed Rate Covered Bonds and will be paid to the Affiliate Members of Interbolsa for distribution by them to accounts of entitled holders of the Covered Bonds 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 Covered Bonds, 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 in accordance with this Condition 4.1:

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

  (a) in the case of Covered Bonds 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

  (b) in the case of Covered Bonds 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 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 a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

(i) "**Determination Period**" means each 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);

(ii) "**Principal Amount Outstanding**" means in respect of a Covered Bond the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of the Covered Bond in respect thereof; and

(iii) "**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, one cent.

4.2 Interest on Floating Rate Covered Bonds

(A) Interest Payment Dates

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding 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 the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding 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).

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 would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(a) in any case where Specified Periods are specified in accordance with Condition 4.2(A)(b) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) 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 (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) 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

(b) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(c) the Modified Following Business Day Convention, such Interest Payment 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 shall be brought forward to the immediately preceding Business Day; or

(d) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "**Business Day**" means a day which is both:

(a) 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 London and Lisbon and any Additional Business Centre(s) specified in the applicable Final Terms; and

(b) either (1) 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 (if other than London and Lisbon and any Additional Business Centre(s)) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement System or any successor or replacement for that system ("**T2**") is open.

(B) *Rate of Interest*

Floating Rate Covered Bonds

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(a) *Screen Rate Determination for Floating Rate Covered Bonds*: Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

1. the offered quotation (if there is only one quotation on the Relevant Screen Page); or

2. 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 (being EURIBOR, as further specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels 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 or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified. If five or more of 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) or, as applicable, the relevant Calculation Agent, of such offered quotations.

If the Relevant Screen Page is not available or if no offered quotations appear thereon, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at 11.00 a.m. (Brussels time) on the Interest Determination Date (as specified in the applicable Final Terms) 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 11.00 a.m. (Brussels 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 Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any). However, if one only or none of the Reference Banks provide the Agent with such offered rates at the Agent's request, the Rate of Interest for the relevant Interest Period will be 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 11.00 a.m. (Brussels 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 Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined on the Interest Determination Date for the last preceding Interest Period (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).

In these Conditions, **Reference Banks** means those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page or, if applicable, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(C) *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 provisions of Condition 4.2 above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If no minimum interest rate is specified or if the minimum interest rate is specified as Not Applicable in the applicable Final Terms, then the minimum interest rate shall be zero.

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 provisions of Condition 4.2 above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(D) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, 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 or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, will calculate the amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination (each an "**Interest Amount**") for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, 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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) 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**", "**360/360**" 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

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 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;

(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 (i) that day is the last day of February or (ii) 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 (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(E) Notification of Rate of Interest and Interest Amounts

The Agent, or where the applicable Final Terms specifies a Calculation Agent for this purpose, the Calculation Agent so specified, 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 to any Stock Exchange or other relevant competent listing authority or quotation system on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded and notice thereof to be published in accordance with Condition 11 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Common Representative and each Stock Exchange or other relevant authority on which the relevant Floating Rate Covered Bonds are for the time being listed or by which they have been admitted to listing and to the holders of Covered Bonds in accordance with Condition 11 (*Notices*). For the purposes of this paragraph, the expression "**London 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 London.

(F) *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 4.2, whether by the Agent or the Calculation Agent (if applicable) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents, any Calculation Agent, the Common Representative and all holders of Covered Bonds and (in the absence of wilful default or bad faith) no liability to the Issuer, any Calculation Agent, the holders of Covered Bonds 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.

4.3 *Accrual of interest*

Subject as provided in Condition 4.4, interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof (which, in any case where an extension of maturity ceases to apply after the Maturity Date pursuant to Condition 6.7(F), shall be the Extension Cessation Date) unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until the earlier of (i) the date on which all amounts due in respect of such Covered Bond have been paid; and (ii) five days after the date on which the full amount of the moneys payable in respect of such Covered Bond has been received by the Agent and notice to that effect has been given to the holders of Covered Bonds in accordance with Condition 11 (*Notices*).

4.4 *Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*

(A) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6.7, the Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full or the Extended Maturity Date, subject to Conditions 4.3, 4.4(B) and 6.7(F). In that event, interest shall be payable on those Covered Bonds at the rate determined in accordance with Condition 4.4(B) on the principal amount outstanding of the Covered Bonds in arrear on the Interest Payment Date in each month after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date.

(B) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6.7 and subject to Condition 6.7(F), the rate of interest payable from time to time in respect of the principal amount outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms (or, in connection with any redemption of the Covered Bonds (other than

Zero Coupon Covered Bonds) where an extension of maturity ceases to apply after the Maturity Date pursuant to Condition 6.7(F), interest will continue to accrue from (and including) the Maturity Date to (but excluding) the Extension Cessation Date at the same Rate of Interest that was applicable in respect of the interest period ending on (but excluding) the Maturity Date).

(C) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date, for the purposes of this Condition 4.4 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

(D) This Condition 4.4 shall only apply if the maturity of the Covered Bonds is extended up to the Extended Maturity Date in accordance with Condition 6.7.

4.5 Benchmark Replacement

This Condition 4.5 applies only where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined. If the Issuer determines that a Benchmark Event occurs in relation to the Original Reference Rate, then the following provisions shall apply to the Covered Bonds:

(A) 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 holders of the Covered Bonds) (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 Covered Bonds 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;

(B) if the Issuer (a) is unable to appoint an Independent Adviser; or (b) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Reference Rate in accordance with this Condition 4.5 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) 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 4.5. 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;

(C) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (a) or (b) 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 4.5);

(D) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)) 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;

(E) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)) 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 Covered Bonds) also specify changes to these Conditions and/or the Set of Agency Procedures 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, Relevant Time and/or the definition of Reference Rate and (B) the method for determining the fall-back rate in relation to the Covered Bonds. 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 4.5. No consent shall be required from the holders of the Covered Bonds 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

(F) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the holders of the Covered Bonds in accordance with Condition 11 (*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 4.5 shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Agent or the holders of the Covered Bonds for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.5.

Without prejudice to the obligations of the Issuer under this Condition 4.5, the Original Reference Rate and the other provisions in this Condition 4.5 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)) is unable to or does not determine a Successor Rate or an Alternative Reference Rate in accordance with this Condition 4.5, 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 11 (*Notices*)) the holders of the Covered Bonds 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).

5. PAYMENTS

5.1 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);

(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; and

(iii) payments in US dollars will be made by a transfer to a US dollar account maintained by the payee with a bank outside the United States (which expression as used in this Condition 5 (*Payments*), means the United States of America including the States, and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction or by cheque drawn on a US bank. In no event will payment be made by a cheque mailed to an address in the United States. All payments of interest will be made to accounts outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to any Interbolsa regulations, fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.2 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to the provisions of Condition 7 (*Taxation*), 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, official interpretations thereof, or law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds, and no additional amounts will be paid on the Covered Bonds with respect to any such withholding or deduction.

5.3 Payments in relation to Covered Bonds

Payment of principal and interest in respect of the Covered Bonds will be (i) **if made in euro** (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; (ii) **if made in currencies other than euro** (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate

Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the owners of Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

5.4 *Payment Day*

If the date for payment of any amount in respect of any Covered Bond 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, Payment Day means any day which (subject to Condition 8 (*Prescription*)) 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 any Additional Financial Centre specified in the applicable Final Terms; and

(ii) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open; and

(iii) either (1) 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 (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the T2 is open.

5.5 *Interpretation of principal*

Any reference in these Terms and Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

(i) the Final Redemption Amount of the Covered Bonds;

(ii) the Optional Redemption Amount(s) (if any) of the Covered Bonds; and

(iii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds.

6. REDEMPTION AND PURCHASE

6.1 *Final redemption*

Subject to Condition 6.7, unless previously redeemed or purchased and cancelled or extended as specified below, each Covered Bond 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.

6.2 Redemption at the option of the Issuer (Call Option)

If Issuer Call option is specified 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[7] to the Common Representative, the Agent and, in accordance with Condition 11 (*Notices*), the holders of Covered Bonds (which notice shall be irrevocable) redeem all or some only (as specified in the applicable Final Terms) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer shall be bound to redeem the Covered Bonds accordingly. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. The Optional Redemption Amount will be the specified percentage of the nominal amount of the Covered Bonds stated in the applicable Final Terms. In the case of a partial redemption of Covered Bonds the nominal amount of all outstanding Covered Bonds will be redeemed proportionally.

6.3 Redemption at the option of the holders of Covered Bonds (Put Option)

If Investor Put option is specified in the applicable Final Terms, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 11 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms[8] the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount as 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 Covered Bond the holder of this Covered Bond must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a Put Notice) and in which the holder must specify a bank account to which payment is to be made under this Condition. Any Put Notice given by a holder of any Covered Bond pursuant to this paragraph shall be irrevocable. The right to require redemption will be exercised directly against the Issuer, through the relevant Paying Agent.

6.4 Purchases

The Issuer or any of its subsidiaries may at any time purchase or otherwise acquire Covered Bonds at any price in the open market or otherwise. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to the Paying Agent for cancellation.

6.5 Cancellation

All Covered Bonds which are redeemed will forthwith be cancelled. All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6.4 shall be cancelled by Interbolsa and cannot be held, reissued or resold.

[7] When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent).

[8] When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent).

6.6 Late payment on Zero Coupon Covered Bonds

If the amount payable in respect of any Zero Coupon Covered Bond to which Condition 6.7 does not apply (or, where an extension of maturity ceases to apply pursuant to Condition 6.7(F)), upon redemption of such Zero Coupon Covered Bond pursuant to paragraph 6.1, 6.2 or 6.3 or upon its becoming due and repayable as provided in Condition 9 (*Events of Default – Insolvency Event and Enforcement*) is improperly withheld or refused or where an extension of maturity ceases to apply after the Maturity Date pursuant to Condition 6.7(F), the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated according to the following formula:

$$\text{“RP”} \times \left(1 + \mathrm{AY}\right)_{\mathrm{y}}$$

where:

"RP" means the Reference Price; and

"AY" means the Accrual Yield expressed as a decimal; and

"y" is a fraction, the denominator of which is 360 and the numerator of which is 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 Covered Bonds to (but excluding) the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and

(ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Agent and notice to that effect has been given to the holders of Covered Bonds either in accordance with Condition 11 (*Notices*) or individually.

6.7 Extension of Maturity up to Extended Maturity Date

(A) Any Extended Maturity Date specified in the applicable Final Terms as applying to a Series of Covered Bonds shall be at least one year after the applicable Maturity Date, provided that in any case the Issuer may not specify an Extended Maturity Date that is earlier than the applicable Extended Maturity Date for any other outstanding Series of Covered Bonds with an earlier Maturity Date.

The Issuer may decide not to apply an Extended Maturity Date to a Series of Covered Bonds, provided that the rating assigned to the outstanding Covered Bonds by the Rating Agencies at the time of issue of such Series is not adversely affected.

(B) In the case of liquidation or resolution of the Issuer, no extension of maturity for a Series of Covered Bonds to the applicable Extended Maturity Date shall (i) affect the ranking of covered bonds issued by the Issuer and subject to the Legal Regime of Covered Bonds or (ii) invert the sequencing of the original maturity schedule for such covered bonds referred to in paragraph (A) above.

(C) If an Extended Maturity Date is specified in the applicable Final Terms and the Issuer fails to redeem all of the Covered Bonds of a Series in full on the Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for five Business Days thereafter, the maturity of such Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of these Terms and

Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject to paragraph (F) below.

(D) If an Extended Maturity Date is specified in the applicable Final Terms and in the case of resolution or voluntary liquidation of the Issuer, if some but not all Series of Covered Bonds then outstanding have been subject to extension to their respective Extended Maturity Dates and any such Extended Maturity Date falls later than the relevant maturity date for the Covered Bonds of any other Series then outstanding that has not been extended, the maturity of such other Series of Covered Bonds will be automatically extended to its relevant Extended Maturity Date, as required by article 21(1)(d) of the Legal Regime of Covered Bonds.

(E) If an Extended Maturity Date is specified in the applicable Final Terms and if the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority (being the European Central Bank and the Banco de Portugal, acting individually or jointly, and including any successor) and leading to mandatory liquidation of the Issuer, the maturity of all Series of Covered Bonds will, subject to the right of CMVM to oppose such extension in the manner described in paragraph (F) below), be automatically extended up to but no later than the Extended Maturity Date.

(F) If an Extended Maturity Date is specified in the applicable Final Terms, the Issuer shall, at least ten calendar days in advance of a possible extension of maturity (or, if that is not possible, in light of the occurrence or knowledge of the event, as soon as possible), give notice to CMVM of such extension and the respective grounds for such extension, in particular that it is foreseeable (as determined by the Issuer) that (i) (in the case of any extension of maturity in the circumstances described in paragraph (C) above) the Covered Bonds will not be redeemed on the Maturity Date and such failure will continue for five Business Days thereafter or (ii) (in the case of any extension of maturity in the circumstances described in paragraph (E) above) the Issuer's authorisation as credit institution will be (or has been) revoked. CMVM may oppose any such extension within ten calendar days of the Issuer giving notice to CMVM if it considers that the Extension Legal Requirements are not met.

If CMVM decides on the basis of the Extension Legal Requirements to oppose such extension of maturity, the extension to the relevant Extended Maturity Date will not apply. In the absence of any decision by CMVM to oppose such extension within ten calendar days from the date the Issuer gives the relevant notice to CMVM, such extension to the relevant Extended Maturity Date will continue to apply.

For the avoidance of doubt, if CMVM has received less than ten calendar days' notice from the Issuer of any possible extension and at the date on which the maturity for the Covered Bonds is scheduled to be automatically extended to the Extended Maturity Date CMVM has not yet decided whether or not it opposes such extension, the maturity for the Covered Bonds will extend to the Extended Maturity Date. If subsequently (but within ten calendar days from the date the Issuer gives the relevant notice to CMVM) CMVM then decides on the basis of the Extension Legal Requirements to oppose such extension, the extension to the Extended Maturity Date will cease to apply and the relevant Series of Covered Bonds will be redeemed on the applicable Maturity Date or (if the date such objection is received by the Issuer from CMVM is after the applicable Maturity Date) on the date on which the extension to the Extended Maturity Date ceases to apply (the "**Extension Cessation Date**"). Each Cover Bond shall be redeemed at its Final Redemption Amount together with any accrued interest determined pursuant to Condition 4.4(B) (or, in the case of Zero Coupon Covered Bonds, an amount determined in accordance with Condition 6.6).

(G) If an Extended Maturity Date is specified in the applicable Final Terms, the Issuer shall give to the holders of the Covered Bonds (in accordance with Condition 11 (*Notices*)), the Rating Agencies, the Agent and the other Paying Agents, notice that it has notified CMVM of any potential extension to the maturity of the Covered Bonds and of any decision CMVM notifies to the Issuer in respect of such potential extension. Any failure by the Issuer to notify any such persons shall not affect the validity or effectiveness of any extension or give rise to rights in any such person, under this Condition 6.7.

(H) In the event of an extension of the maturity for the Covered Bonds to the Extended Maturity Date, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date. The Issuer shall give to the holders of Covered Bonds (in accordance with Condition 11 (*Notices*)), the Agent and the other Paying Agents, notice of its intention to redeem all or any of the principal amount outstanding of the Covered Bonds in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.

(I) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date, for the purposes of this Condition 6.7 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.

(J) Any extension of the maturity of Covered Bonds under this Condition 6.7 shall be irrevocable unless CMVM opposes such extension, as described within paragraph (F) above. Where this Condition 6.7 applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 6.7 shall not constitute an event of default for any purpose or give any holder of Covered Bonds any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Terms and Conditions.

(K) In the event of the extension of the maturity of Covered Bonds under this Condition 6.7, interest rates, interest periods and interest payment dates on the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4.4.

(L) If the Issuer redeems part and not all of the principal amount outstanding of Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Covered Bonds and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.

(M) If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6.7, for so long as any of those Covered Bonds remains in issue, the Issuer shall not issue any further covered bonds, unless the proceeds of issue of such further covered bonds are applied by the Issuer on issue in redeeming in whole or in part the relevant Covered Bonds in accordance with the terms hereof.

7. TAXATION

7.1 Payments free of taxes

All payments of principal and interest in respect of the Covered Bonds shall be made free and clear of, and without withholding or deduction for, any Taxes unless the Issuer or any Paying Agent (as the case may be) is required by law to make any such payment subject to any such withholding or deduction. In that event, the Issuer or any Paying Agent (as the case may be) shall be entitled to withhold or deduct the required amount for or on account of Tax from such payment and shall account to the relevant Tax Authorities for the amount so withheld or deducted.

7.2 No payment of additional amounts

Neither the Issuer nor the Paying Agent will be obliged to pay any additional amounts to the holders of Covered Bonds in respect of any Tax Deduction made in accordance with Condition 7.1.

7.3 Taxing Jurisdiction

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Portuguese Republic, references in these Terms and Conditions to the Portuguese Republic shall be construed as references to the Portuguese Republic and/or such other jurisdiction.

7.4 Tax Deduction not event of default

Notwithstanding that the Issuer or any Paying Agent is required to make a Tax Deduction in accordance with Condition 7.1, this shall not constitute an event of default by the Issuer.

8. PRESCRIPTION

The Covered Bonds will become void unless presented for payment within 20 years (in the case of principal) and five years (in the case of interest) in each case from the Relevant Date therefor, subject in each case to the provisions of Condition 5 (*Payments*). As used in these Terms and Conditions, "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys 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 moneys having been so received, notice to that effect is duly given to the holders of Covered Bonds in accordance with Condition 11 (*Notices*).

9. EVENTS OF DEFAULT – INSOLVENCY EVENT AND ENFORCEMENT

9.1 Insolvency Event

Pursuant to the Legal Regime of Covered Bonds, if an Insolvency Event in respect of the Issuer occurs, the holders of Covered Bonds may approve a Resolution, by a majority of 2/3 of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding, to determine the serving of an Acceleration Notice, in which case all outstanding Covered Bonds shall immediately become due and payable each at their Early Redemption Amount together with accrued interest.

For the purposes of these Terms and Conditions: "**Insolvency Event**" means the winding-up and dissolution of the Issuer under any applicable laws and regulations (including under Decree-Law No. 199/2006, of 25 October 2006, Decree-Law No. 298/92, of 31 December 1992 and/ or (if applicable) under the Code for the Insolvency and Recovery of Companies introduced by Decree-Law No. 53/2004, of 18 March 2004).

9.2 Enforcement

(A) Following the approval of a Resolution as described in Condition 9.1, the holders of the Covered Bonds (or the Common Representative on their behalf, provided it has been indemnified and/or secured to its satisfaction) may at any time after service of an Acceleration Notice, at its discretion and without further notice, take such proceedings against the Issuer, and/or any other person as it may deem fit to enforce the provisions of the Covered Bonds.

(B) In exercising any of its powers and discretions the Common Representative shall only have regard to the interests of the holders of Covered Bonds of all Series.

(C) No holder of Covered Bonds shall be entitled to proceed directly against the Issuer or to take any action with respect to the Common Representative Appointment Agreement, the Covered Bonds or any other Programme Document unless the Common Representative, having become bound so to proceed, fails so to do within a reasonable time and such failure shall be continuing.

10. AGENT AND PAYING AGENT

(A) The names of the Agent and the Paying Agent and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Agents will be specified in the applicable Final Terms. In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Agent, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint such other bank to act as such in its place.

(B) The Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid. The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent;

(b) the Issuer will, so long as any of the Covered Bonds is outstanding, maintain a Paying Agent (which may be the Agent) in Portugal capable of making payment in respect of the Covered Bonds as contemplated by these Terms and Conditions of the Covered Bonds, the Agency Terms and applicable Portuguese law and regulation; and

(c) so long as any of the Covered Bonds are listed on any Stock Exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant Stock Exchange or as the case may be, other relevant authority).

11. NOTICES

Notices to the holders of Covered Bonds shall be published on the CMVM's information system (www.cmvm.pt). Furthermore, any such notice may be disclosed by any further means required to allow a fast access by all holders of Covered Bonds throughout the European Union and shall be deemed to have been given on the date of such publication or, if published more than once or on different dates or venue, on the first date or venue on which publication is made. All notices regarding the Covered Bonds shall comply with the Portuguese law requirements that may be applicable.

12. MEETINGS OF HOLDERS OF COVERED BONDS

(A) The Portuguese Companies Code, which applies to Covered Bonds in accordance with article 28 of the Legal Regime of Covered Bonds, contains provisions for convening meetings of the holders of Covered Bonds to consider any matter attributed to them by law and in their common interest (which provisions are described and supplemented in the Common Representative Appointment Agreement), including the modification by Resolution of these Terms and Conditions or the provisions of the Common Representative Appointment Agreement.

(B) The quorum at any meeting convened to vote on: (i) a Resolution not regarding a Reserved Matter will be any person or persons holding or representing whatever the Principal Amount Outstanding of the Covered Bonds then outstanding; or (ii) a Resolution regarding a Reserved Matter of the Covered Bonds, will be any person or persons holding or representing at least 50% of the Principal Amount Outstanding of the Covered Bonds then outstanding so held or represented or, at any adjourned meeting, any person being or representing whatever the Principal Amount Outstanding of the Covered Bonds then outstanding. Each Covered Bond grants its holder one vote.

(C) The majorities required to approve a Resolution at any meeting convened in accordance with the applicable rules shall be: (a) if in respect to a Resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; (b) if in respect to a Resolution regarding a Reserved Matter except for the one set out in (c) below, at least 50% of the Principal Amount Outstanding of the Covered Bonds then outstanding or, at any adjourned meeting 2/3 of the votes cast at the relevant meeting; or (c) if in respect to a Resolution regarding an increase in the obligations of the holders of Covered Bonds, all holders of the relevant Series of Covered Bonds.

For the purposes of these Terms and Conditions, a "**Reserved Matter**" means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Covered Bonds of all or of a given Series, (ii) to reduce the amount of principal or interest due on any date in respect of the Covered Bonds of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Covered Bonds of all or of a given Series on redemption or maturity; (iii) to effect the exchange, conversion or substitution of the Covered Bonds of all or of a given Series into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Covered Bonds of all or of a given Series are payable; (v) to alter the priority of payment of interest or principal in respect of the Covered Bonds of all or of a given Series; (vi) to amend this definition; and (vii) any other matter required by law to be approved by the majorities set out in Condition 14(C);

(D) A Resolution approved at any meeting of the holders of Covered Bonds of a Series shall, subject as provided below, be binding on all the holders of Covered Bonds of such Series, whether or not they are present at the meeting. Pursuant to the Common Representative Appointment Agreement, the Common Representative may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Common Representative there is no conflict between the holders of such Covered Bonds, in which event the provisions of this paragraph shall apply thereto mutatis mutandis.

(E) Notwithstanding the provisions of the immediately preceding paragraph, any Resolution to direct the Common Representative to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default – Insolvency Event and Enforcement*) or to direct the Common Representative to take any enforcement action (each a "**Programme Resolution**") shall only be capable of being passed at a single meeting of the holders of Covered Bonds of all Series then outstanding.

(F) Any such meeting to consider a Programme Resolution may be convened by the Common Representative or, if it refuses to convene such a meeting, by the Chairman of the General Meeting of Shareholders of the Issuer; if both the Common Representative and the Chairman of the General Meeting of Shareholders of the Issuer refuses to convene the meeting, then 5% of the holders of Covered Bonds of any Series may petition the court to order a meeting to be convened.

(G) A Programme Resolution passed at any meeting of the holders of Covered Bonds of all Series shall be binding on all holders of Covered Bonds of all Series, whether or not they are present at the meeting.

(H) In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in euro, the nominal amount of the Covered Bonds of any Series not denominated in euro shall be converted into euro at the relevant exchange rate at the date of the meeting.

13. INDEMNIFICATION OF THE COMMON REPRESENTATIVE CONTRACTING WITH THE ISSUER

(A) If, in connection with the exercise of its powers and discretions, the Common Representative is of the opinion that the interests of the holders of Covered Bonds of any one or more Series would be materially prejudiced thereby, the Common Representative shall not exercise such powers and discretions without the approval of such holders of Covered Bonds by a Resolution or by a written resolution of such holders of Covered Bonds of at least the majority of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

(B) The Common Representative shall not be required to expend its own funds or otherwise incur or risk incurring any liability in the performance of its duties or in the exercise of any of its rights, powers, authorities or discretions if it has grounds for believing the repayment of such funds is not reasonably assured to it under the Legal Regime of Covered Bonds or if it has not been provided with adequate indemnity against or security for such risk or liability. Notwithstanding any Programme Resolution or any other Resolution approved at any meeting or any written resolution of any holders of Covered Bonds, the Common Representative may (i) refrain from taking any action until it has been provided with sufficient funds or adequate indemnity against or security for any liability it may incur as a result of any such actions and (ii) refrain from doing anything which might in its opinion be contrary to any law of any jurisdiction or which might otherwise render it liable to any person and (iii) do anything which is in its opinion necessary to comply with any such law, and in no circumstances shall be liable to the holders of Covered Bonds for any consequences of such actions or inaction. The Common Representative Appointment Agreement contains further provisions for the indemnification of the Common Representative and for its relief from responsibility.

14. OVERCOLLATERALISATION, LIQUIDITY BUFFER AND ISSUER COVENANTS

14.1 Overcollateralisation

For so long as the Covered Bonds are outstanding, the total nominal amount (determined in accordance with the Legal Regime of Covered Bonds, the CRR and the CMVM Regulation) of the Cover Pool maintained by the Issuer shall at all times be a minimum of 105.0% of the total nominal amount of all outstanding Covered Bonds issued under the Programme or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor (the "**Overcollateralisation Percentage**"), provided that:

(i) the Overcollateralisation Percentage shall not, for so long as there are Covered Bonds outstanding, be reduced by the Issuer below 105.0%;

(ii) without prejudice to (i) above, the Issuer shall not at any time reduce the Overcollateralisation Percentage which applies for the purposes of this Condition 14 if this could result in any credit rating then assigned to the Covered Bonds by any Rating Agency, being reduced, removed, suspended or placed on credit watch; and

(iii) assets contributing to the Overcollateralisation Percentage in excess of 100 per cent. of the aggregate nominal amount of all outstanding Covered Bonds issued under the Programme shall not be subject to the limits on exposure size set out in accordance with Condition 14.3 (A) (b) and shall not count towards those limits.

14.2 Liquidity Buffer

For so long as the Covered Bonds are outstanding, the Cover Pool shall include a Liquidity Buffer comprised by Liquidity Assets to cover the maximum Net Liquidity Outflows accumulated over the next 180 days, provided that (i) uncollateralised claims from exposures considered in default pursuant to article 178 of the CRR cannot contribute to the Liquidity Buffer, and (ii) if an Extended Maturity Date is specified in the applicable Final Terms, principal repayments under the Covered Bonds shall be considered due for this purpose on the relevant Extended Maturity Date.

14.3 Issuer Covenants

For so long as any of the Covered Bonds are outstanding, the Issuer shall ensure that:

(A) *Eligible Assets:* only assets listed in article 129(1) of the CRR (and provided that the requirements under paragraphs 1(a) to 3 of article 129 of the CRR are met) may be part of the Cover Pool (whether as Primary Assets, Substitution Assets or Liquidity Assets), provided that:

(a) the value of a Mortgage Credit may not exceed the lesser of (i) the principal amount of the respective Mortgage (combined with any prior mortgages, if they exist) and (ii) either 80% of the Current Property Value, in case of a Property intended primarily for residential purposes, or 60% (or 70%, in the circumstances foreseen in article 129(i)(f) of the CRR) of the Current Property Value, in case of a Property intended primarily for commercial purposes; and

(b) (i) exposures to credit institutions that qualify for credit quality step 1 (as defined in the CRR) shall not exceed 15% of the aggregate nominal amount outstanding of the Covered Bonds; (ii) exposures to credit institutions that qualify for credit quality step 2 (as defined in the CRR) shall not exceed 10% of the aggregate nominal amount outstanding of the Covered Bonds; (iii) exposures to credit institutions that qualify for credit quality step 3 (as defined in the CRR) shall comply with the requirements set out under Article 129(1)(c) and 1-A(c) of the CRR; (iv) the total exposure to credit institutions that qualify for credit quality step 1, 2 or 3 shall not exceed 15% of the aggregate nominal amount outstanding of the Covered Bonds; and (v) the total exposure to credit institutions that qualify for credit quality step 2 or 3 shall not exceed 10% of the aggregate nominal amount outstanding of the Covered Bonds;

(B) *Primary Assets:* the Primary Assets shall be Mortgage Credits;

(C) *Valuations:* all the required valuations of Covered Bonds, Mortgage Credits, Hedging Contracts, Properties or other assets in the Cover Pool will be made in compliance with the requirements of the Legal Regime of Covered Bonds and the CRR;

(D) *Cover Pool Monitor:* the Cover Pool Monitor will be provided with all necessary elements and information to monitor compliance by the Issuer of this Condition 14 in accordance with the Legal Regime of Covered Bonds and under the terms set forth in the Cover Pool Monitor Agreement;

(E) *Mortgage Credits:* the Mortgage Credits included in the Cover Pool are not Non-Performing Mortgage Credits; and

(F) *Insurance:* the Properties are adequately insured against the risk of damage.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the holders of Covered Bonds to create and issue further securities with the same terms and conditions of the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

16. GOVERNING LAW

The Common Representative Appointment Agreement, the Set of Agency Procedures, the Covered Bonds and the other Programme Documents are governed by, and shall be construed in accordance with, Portuguese law.

17. DEFINITIONS

In these Terms and Conditions, the following defined terms have the meanings set out below:

"**Acceleration Notice**" means a notice served on the Issuer pursuant to Condition 9 (*Events of Default – Insolvency Event and Enforcement*).

"**Adjustment Spread**" means 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)) 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)) 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)), in each case in its discretion and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

"**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

"**Agent**" means Banco Comercial Português, S.A., in its capacity as Agent with head office at Praça Dom João I, 28, 4000-295 Oporto, Portugal.

"**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 Covered Bonds, 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) 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 Covered Bonds 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).

"**Clearstream, Luxembourg**" means Clearstream Banking *société anonyme*, Luxembourg.

"**CMVM**" means the *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission.

"**CMVM Regulation**" means CMVM's Regulation no. 2/2023 regarding covered bonds.

"**Common Representative**" means Bondholders, S. L., in its capacity as representative of the holders of the Covered Bonds pursuant to Article 28 of the Legal Regime of Covered Bonds in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement, having its registered office at Avenida de Francia 17, A, 1, 46023 Valencia (Spain).

"**Common Representative Appointment Agreement**" means the agreement (as amended and/or supplemented and/or restated from time to time) dated 13 November 2023 entered into between the Issuer and the Common Representative and which sets out the terms and conditions upon and subject to which the Common Representative has agreed to act as Common Representative.

"**Cover Pool**" means the pool of assets maintained by the Issuer and allocated to the issue of Covered Bonds under the Programme, held to the benefit of the holders of Covered Bonds and the Other Preferred Creditors, and comprises the Primary Assets, the Substitution Assets and the Liquidity Assets, as specified in the Register.

"**Cover Pool Monitor**" means the entity from time to time appointed as cover pool monitor under the Cover Pool Monitor Agreement (being, as at 13 November 2023, KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A. (which is a member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), registered with the CMVM with registration number 20161489, with registered office at Avenida Fontes Pereira de Melo, Building FPM41, n.º 41 - 15.º, 1069-006, Lisbon, Portugal).

"**Cover Pool Monitor Agreement**" means the agreement (as amended and/or supplemented and/or restated from time to time or superseded) dated 13 November 2023 entered into by and between the Issuer and the Cover Pool Monitor.

"**Covered Bond**" means any covered bond issued by the Issuer and subject to the Legal Regime of Covered Bonds in the form specified in the applicable Final Terms and "**Covered Bonds**" shall be construed accordingly.

"**Covered Bonds Law**" means the Portuguese legal framework applicable to the issuance of covered bonds, enacted by Decree-Law No. 59/2006, of 20 March 2006, as amended or superseded from time to time, which has been revoked by Decree-Law No. 31/2022, of 6 May 2022.

“**CRR**” means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012, as amended, including by Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds.

“**Current Property Value**” means, in relation to a Property securing a Mortgage Credit, the updated Property Valuation of such Property.

“**DBRS**” means DBRS Ratings GmbH, or any of its affiliates or successor.

“**Dealer**” means any dealer appointed under the Programme from time to time by the Issuer.

“**Euro**”, “**EUR**”, "**€**" or “**euro**” means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty.

“**Euroclear**” means Euroclear Bank S.A./N.V.

“**Euronext Dublin**” means the Irish Stock Exchange plc trading as Euronext Dublin.

“**Extended Maturity Date**” means the date so specified in the applicable Final Terms, extending the maturity of the relevant Series of Covered Bonds if the conditions foreseen in Condition 6.7 are met.

“**Extension Cessation Date**” has the meaning given in Condition 6.7(F).

“**Extension Legal Requirements**” means the legal requirements applicable to an extension of maturity of covered bonds, as foreseen in article 21(1) and (2) of the Legal Regime of Covered Bonds.

“**Final Terms**” means, in relation to each Tranche, the applicable final terms attached to such Covered Bonds.

“**Fitch**” means any entity that is part of Fitch Group and any successor to the relevant rating agency.

“**Hedge Counterparties**” means the party or parties that, from time to time, will enter into Hedging Contracts with the Issuer in accordance with the Legal Regime of Covered Bonds (and the relevant terms of article 129 of the CRR).

“**Hedging Contracts**” means the hedging contracts entered into by the Issuer in accordance with the Legal Regime of Covered Bonds for the purpose of hedging interest rate, exchange or liquidity risks in relation to the Cover Pool.

“**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.

“**Interbolsa**” means Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as operator of the Central de Valores Mobiliários.

"**Interest Determination Date**" means, in respect of Floating Rate Covered Bonds where Screen Rate Determination applies, the date(s) specified in the applicable Final Terms on which the Rate of Interest for an Interest Period is to be determined.

"**Interest Amount**" means, as applicable, the amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination, calculated by the Calculation Agent pursuant to Condition 4 (*Interest*).

"**Legal Regime of Covered Bonds**" means the Portuguese legal regime applicable to the issuance of covered bonds, annexed to Decree-Law 31/2022, of 6 May 2022 (transposing Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU), as amended from time to time.

"**Liquidity Assets**" means the assets which may compose the Liquidity Buffer in accordance with the Legal Regime of Covered Bonds, as described below:

(a) Assets qualifying as level 1, level 2A or level 2B assets pursuant to the applicable delegated regulation adopted pursuant to article 460 of the CRR, that are valued in accordance with such regulation, and are not issued by the Issuer itself, its parent undertaking, unless it is a public sector entity that is not a credit institution, its subsidiary or another subsidiary of its parent undertaking or by a securitisation special purpose entity with which the Issuer has close links; and

(b) Short-term exposures to credit institutions that qualify for credit quality step 1 or 2 (as defined in the CRR), or claims, including deposits, that are short-term to credit institutions that qualify for credit quality step 1, 2 or 3 (as defined in the CRR), in accordance with article 129(1)(c) of the CRR,

provided that any such assets comply with any applicable requirements under Condition 14.3(A)(b), subject to Condition 14(1)(iii).

For the avoidance of doubt, and provided that the requirements under b) above are met, the assets under b) above can include short term deposits held with the Bank of Portugal or the Issuer, segregated and allocated to the Cover Pool as part of the Liquidity Assets.

"**Liquidity Buffer**" means the liquidity buffer included in the Cover Pool in accordance with article 19 of the Legal Regime of Covered Bonds and Condition 14.2 (Liquidity Buffer).

"**Maturity Date**" means the maturity date of a Series of Covered Bonds, as specified in the applicable Final Terms.

"**Moody's**" means any entity that is part of Moody's Group and any successor to the relevant Rating Agency.

"**Mortgage**" means, in respect of any Mortgage Credit, the charge by way of legal mortgage over the relevant Property together with all other encumbrances or guarantees the benefit of which is vested in the Issuer as security for the repayment of that Mortgage Credit.

"**Mortgage Credit**" means a loan receivable granted by the Issuer secured by a Mortgage which is registered as being comprised in the Cover Pool for the amount and with the characteristics required to be met pursuant to the Legal Regime of Covered Bonds, provided that it complies with any applicable requirements under Condition 14.3(A).

“**Net Liquidity Outflows**” means all payment outflows falling due on one day, including principal (if applicable, as it will only be considered due for these purposes on the relevant Extended Maturity Date) and interest payments under the Covered Bonds and payments under the Hedging Contracts, net of all payment inflows falling due on the same day for assets in the Cover Pool.

“**Non-Performing Mortgage Credits**” means, with respect to a Mortgage Credit, that such Mortgage Credit:

(a) is in the course of being foreclosed or otherwise enforced; or

(b) has one or more payments of principal or interest past due for 90 days or more.

“**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 Covered Bonds.

“**Other Preferred Creditors**” means the Hedge Counterparties.

“**Overcollateralisation Percentage**” has the meaning given to it in Condition 14.1.

“**Paying Agents**” means the paying agents named in the Set of Agency Procedures together with any successor or additional paying agents appointed from time to time in connection with the Covered Bonds under the Set of Agency Procedures.

“**Primary Assets**” means the dominant cover assets that determine the nature of a cover pool of covered bonds, under the Legal Regime of Covered Bonds. In particular in respect of the Cover Pool, the Primary Assets are Mortgage Credits, corresponding to the type of assets foreseen in article 129(1), paragraphs (d) and (f) of the CRR.

“**Programme**” means the Euro 12,500,000,000 covered bonds programme established on 5 June 2007 and updated on 4 August 2008, on 23 July 2009, on 6 May 2010, on 29 June 2012, on 10 July 2013, on 14 August 2014, on 23 October 2015, 20 December 2016, 15 May 2019, 26 May 2020, 21 May 2021, 20 May 2022 and 13 November 2023 for the issuance of Covered Bonds by the Issuer as described in this Base Prospectus.

“**Programme Resolution**” means any Resolution directing the Common Representative to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default – Insolvency Event and Enforcement*) or directing the Common Representative to take any enforcement action and which shall only be capable of being passed at a single meeting of the holders of Covered Bonds of all Series then outstanding.

“**Property**” means, in relation to any Mortgage Credit, the property upon which the repayment of such Mortgage Credit is secured by the corresponding Mortgage and “**Properties**” means all of them.

“**Property Valuation**” means, in relation to any Property the amount determined as such Property’s market value (which means, in accordance with point (76) of article 4(1) of the CRR, the estimated amount for which the Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion), in accordance with the most recent independent valuation of such Property, at the time or after the relevant Mortgage Credit was originated, in accordance with the Legal Regime of Covered Bonds and articles 129 and 208 of the CRR, provided that, in accordance with the foregoing, the Issuer may use statistical methods to monitor the value of the Property and identify if it needs revaluation.

"**Rating Agency**" means Moody's, Fitch, Standard & Poor's or DBRS as applicable.

"**Register**" means the register of the Cover Pool and associated collateral maintained by the Issuer in accordance with the Legal Regime of Covered Bonds and the CMVM Regulation.

"**Relevant Date**" means the date on which a payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the holders of Covered Bonds in accordance with Condition 11 (*Notices*).

"**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.

"**Reserved Matter**" means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Covered Bonds of all or of a given Series, (ii) to reduce the amount of principal or interest due on any date in respect of the Covered Bonds of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Covered Bonds of all or of a given Series on redemption or maturity; (iii) to effect the exchange, conversion or substitution of the Covered Bonds of all or of a given Series into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Covered Bonds of all or of a given Series are payable; (v) to alter the priority of payment of interest or principal in respect of the Covered Bonds of all or of a given Series; (vi) to amend this definition; and (vii) any other matter required by law to be approved by the majorities set out in Condition 14(C).

"**Resolution**" means a resolution adopted at a duly convened meeting of holders of Covered Bonds and approved in accordance with the applicable provisions.

"**Securities Act**" means the United States Securities Act of 1933, as amended or superseded from time to time.

"**Set of Agency Procedures**" means the set of agency procedures (such set of agency procedures as amended and/or supplemented and/or restated from time to time) dated 13 November 2023 and made and agreed by Banco Comercial Português, S.A. (acting in its capacity as Agent and Paying Agent, which expressions shall include any successors, and as Issuer) and by any subsequent agent, paying agent and/or agent bank appointed by the Issuer.

"**Standard & Poor's**" means any entity that is part of Standard & Poor's Group and any successor to the relevant rating agency.

"**Stock Exchange**" means Euronext Dublin or any other stock exchange where Covered Bonds may be listed as per the relevant Final Terms or Pricing Supplement.

"**Substitution Assets**" means the cover assets that contribute to the coverage requirements in relation to covered bonds other than Primary Assets, under the Legal Regime of Covered Bonds, provided that they comply with the relevant requirements foreseen in article 129 of the CRR.

"**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.

"**T2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system.

"**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Authority and "**Taxes**", "**taxation**", "**taxable**" and comparable expressions shall be construed accordingly.

"**Tax Authority**" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function including the Irish Revenue Commissioners and H.M. Revenue and Customs.

"**Tax Deduction**" means any deduction or withholding on account of Tax.

"**Terms and Conditions**" means in relation to the Covered Bonds, the terms and conditions to be endorsed on the Covered Bonds and any reference to a particular numbered Condition shall be construed in relation to the Covered Bonds accordingly.

"**Treaty**" means the treaty establishing the European Communities, as amended by the Treaty on European Union.

CHARACTERISTICS OF THE COVER POOL

INTRODUCTION – CAPACITY TO ISSUE COVERED BONDS

In general, only duly licensed credit institutions may issue covered bonds. The Issuer complies with this requirement and is thus allowed to issue covered bonds under the Legal Regime of Covered Bonds.

ISSUER REQUIRED TO MAINTAIN COVER POOL

The Issuer may issue Covered Bonds only if it maintains a related Cover Pool in compliance with the Legal Regime of Covered Bonds. The Cover Pool may contain Primary Assets, Substitution Assets and Liquidity Assets subject to the limitations provided for in the Legal Regime of Covered Bonds. The Legal Regime of Covered Bonds allows for the composition of the Cover Pool to be dynamic and does not require it to be static. Accordingly, the mortgage credit assets (and other permitted assets) to be comprised in the Cover Pool may change from time to time after the date hereof in order to ensure compliance with the requirements of the Legal Regime of Covered Bonds and with the CMVM Regulation.

To enable it to issue Covered Bonds, the Issuer has established and will maintain a permanently identifiable and segregated register (the "**Register**") in relation to the Cover Pool for the purposes of the Legal Regime of Covered Bonds.

The Issuer plans to issue from time to time Covered Bonds and will include in the relevant Cover Pool additional mortgage credit assets, substitution assets or other eligible assets as security for those Covered Bonds in accordance with relevant provisions of the Legal Regime of Covered Bonds, as further detailed below.

The Issuer is required, as soon as practicable after becoming aware that it has contravened the provisions of the Legal Regime of Covered Bonds, to take all possible steps to prevent the contravention from continuing or being repeated.

ELIGIBILITY CRITERIA FOR ASSETS COMPRISED IN THE COVER POOL

Only mortgage credits or receivables which comply with the legal eligibility criteria described below may be included in the Cover Pool.

As the Covered Bonds will be labelled as "*European Covered Bond (Premium)*", as set out in Article 42(2) of the Legal Regime of Covered Bonds, the Covered Pool shall comply with the requirements set out in the Legal Regime of Covered Bonds and the CRR. As such, the Cover Pool will only comprise assets listed in Article 129(1) of the CRR, provided that the requirements under Article 129(1)(a) to (3)(b) of the CRR are met.

Mortgage Credits and Exposures to Credit Institutions Eligibility Criteria

Mortgage Credits and exposures to credit institutions may be included in the Cover Pool, provided that:

(a) any Mortgage Credit complies with the loan-to-value restrictions described under section "*Loan-to-Value Restrictions*" below; and

(b) exposures to credit institutions that qualify for credit quality step 1 (as defined in the CRR) shall not exceed 15 per cent. of the aggregate nominal amount outstanding of the Covered Bonds; (ii) exposures to credit institutions that qualify for credit quality step 2 (as defined in the CRR) shall not exceed 10 per cent. of the aggregate nominal amount outstanding of the Covered Bonds; (iii) exposures to credit institutions that qualify for credit quality step 3 (as defined in the CRR) shall comply with the requirements set out under Article 1291(c) and 1-A(c) of the CRR; (iv) the total exposure to credit institutions that qualify for credit quality step

1, 2 or 3 shall not exceed 15 per cent. of the aggregate nominal amount outstanding of the Covered Bonds; and (v) the total exposure to credit institutions that qualify for credit quality step 2 or 3 shall not exceed 10 per cent. of the aggregate nominal amount outstanding of the Covered Bonds.

Other assets Eligibility Criteria:

The following assets may also be included in the Cover Pool:

(a) the assets described above under section "*Mortgage Credits and Exposures to Credit Institutions Eligibility Criteria*" above if they are not deemed to be Primary Assets;

(b) deposits with the Banco de Portugal in cash or securities eligible for credit transactions in the Eurosystem;

(c) current or term account deposits with credit institutions located in the EEA which are not in a control or group relationship with the Issuer; and

(d) other assets located in the EEA meeting both the low risk and high liquidity requirements.

At the date of this Base Prospectus, the Issuer intends to include in the Cover Pool mortgage credits which are located in Portugal and secured primarily on residential property for the purposes of the Legal Regime of Covered Bonds.

The Issuer does not intend at the date of this Base Prospectus to include either (i) Mortgage Credits which have their primary security over commercial property or (ii) Mortgage Credits in respect of which the associated Property is located for the purposes of the Legal Regime of Covered Bonds outside Portugal without first obtaining (in each case for so long as the Covered Bonds are rated by such rating agency) confirmation from the Rating Agencies that any such action will not result in a downgrade of the rating then ascribed by such rating agency to the Covered Bonds.

HEDGING CONTRACTS

The Legal Regime of Covered Bonds allows the Cover Pool to include hedging contracts aimed exclusively at hedging risks, namely interest rate, exchange rate or liquidity risks. These hedging contracts will form part of the Cover Pool and may be taken into account in the assessment of the financial ratios and requirements of the Legal Regime of Covered Bonds as described in this section.

Pursuant to the requirements of the Legal Regime of Covered Bonds and Article 129 of the CRR, any such hedging contracts can only be included in the Cover Pool provided they (i) are exclusively aimed at covering risk; (ii) their volume is adjusted in the case of a reduction in the risk covered; (iii) cease if the covered risk ceases to exist; (iv) are sufficiently documented; (v) are segregated in accordance with the Legal Regime of Covered Bonds; (vi) cannot be terminated upon the liquidation or resolution of the Issuer; (vii) are traded on a regulated market or multilateral trading facility of an EU Member State, or on a recognised market of an OECD country, or whose counterparties are credit institutions located in the EEA, whose exposures are eligible (A) for credit quality step 1 or credit quality step 2 (both as defined in CRR); or (B) for credit quality step 3 (as defined in the CRR), if authorised by the competent authority; and (viii) are included on the basis of their market value, or, in the absence of such market value, at a value calculated on the basis of adequate valuation methods. The Legal Regime of Covered Bonds empowers CMVM to develop the eligibility criteria for hedging contracts to form part of the Cover Pool.

Also pursuant to the Legal Regime of Covered Bonds, the Register shall, in relation to each Hedging Contract, identify (i) the Covered Bonds to which the relevant Hedging Contract relates; (ii) the underlying asset or assets; (iii) the nominal value of the Hedging Contract; (iv) the Hedge Counterparty; and (v) the commencement date and the maturity date of such Hedging Contract.

If a particular Tranche of Covered Bonds is issued in a denomination other than the euro, the Issuer may enter into Hedging Contracts for the purpose of hedging any currency exchange risk.

LOAN-TO-VALUE RESTRICTIONS

Pursuant to the Legal Regime of Covered Bonds and Article 129(1) of the CRR, the amount of any Mortgage Credit included in the Cover Pool may not exceed the lesser of (i) the principal amount of the respective Mortgage (combined with any prior mortgages, if they exist), and 80 per cent. of the Current Property Value, in case of a Property intended primarily for residential purposes, or 60 per cent. (or 70 per cent., in the circumstances foreseen in Article 129(1)(f) of the CRR) of the Current Property Value, in case of a Property intended primarily for commercial purposes.

The loan to value limit shall apply on a loan-by-loan basis, shall determine the portion of the loan contributing to the coverage of liabilities attached to the covered bond and shall apply throughout the entire maturity of the loan. For further information regarding the valuation of assets, please see *"Valuation of the Cover Pool"* below.

OVERCOLLATERALISATION

In compliance with the Legal Regime of Covered Bonds, Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) requires the Issuer to over-collateralise the Cover Pool with respect to outstanding Covered Bonds at a minimum level of 105 per cent., provided that: (i) the Overcollateralisation Percentage shall not, for so long as there are Covered Bonds outstanding, be reduced by the Issuer below 105 per cent.; (ii) without prejudice to (i) above, the Issuer shall not at any time reduce the Overcollateralisation Percentage which applies for the purposes of Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) if this could result in any credit rating then assigned to the Covered Bonds by any Rating Agency being reduced, removed, suspended or placed on credit watch; and (iii) assets contributing to the Overcollateralisation Percentage in excess of 100% of the aggregate value nominal amount of all outstanding Covered Bonds issued under the Programme shall not be subject to the limits on exposure size set out in accordance with Condition 14.3 (A) (b) and shall not count towards those limits. See *Terms and Conditions of the Covered Bonds*.

For the purposes of the calculation by the Issuer and the Cover Pool Monitor of the level of overcollateralisation referred to above:

(a) the Mortgage Credits shall be accounted according to the nominal value of the respective outstanding principal;

(b) the debt securities shall be accounted according to the nominal value of outstanding principal;

(c) the derivative contracts shall be accounted for in accordance with the terms and conditions set out in the Legal Regime of Covered Bonds; and

(d) in relation to any other assets included in the Cover Pool:

 (i) deposits shall be accounted for according to their amount; and

 (ii) securities eligible for Eurosystem credit transactions shall be accounted for by the value resulting from the application of the rules regarding margin valuation laid down by the Eurosystem or, if lower, according to their nominal value.

Also for the purpose of these calculations the Issuer and the Cover Pool Monitor shall use the exchange rates published by the European Central Bank as a reference.

COMPLIANCE WITH FINANCIAL REQUIREMENTS

The Cover Pool Monitor, in accordance with the terms set forth in the Cover Pool Monitor Agreement, must monitor the Issuer's compliance with the financial requirements established in the Legal Regime of Covered Bonds.

Should a breach of the homogeneity, coverage or liquidity of the Cover Pool occur, the Issuer is required, immediately after becoming aware thereof, to take all possible steps to remedy such breach, by:

(a) allocating new Primary or Substitution Assets, with or without substitution of those already allocated to the Covered Bonds; and/or

(b) acquiring Covered Bonds in a sufficient amount to remedy the breach; and/or

(c) allocating new liquid assets to the liquidity buffer.

Notwithstanding the above, Mortgage Credits that become delinquent after being allocated to the Cover Pool may still remain in such Cover Pool provided that the delinquency period is not equal to or higher than 90 days and such Mortgage Credits not removed from the Cover Pool following 90 days shall not count towards the statutory tests or the Overcollateralisation Percentage.

VALUATION OF COVER POOL

The Legal Regime of Covered Bonds sets out certain requirements and criteria which are required to be met by the Issuer in respect of the valuation of Mortgage Credits comprised in the Cover Pool.

The Legal Regime of Covered Bonds empowers CMVM to establish, by regulation, requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it may consider relevant for determining the value of eligible assets for the purposes of the Legal Regime of Covered Bonds. However, the CMVM Regulation does not contain explicit provisions regarding the methodologies and frequency of valuation of the cover assets, their risk management, and the registration and archiving of all this information. Instead, it refers to national and EU banking prudential legislation and regulations.

Valuation of Properties

General Overview

The value of each Property associated with a Mortgage Credit comprised in the Cover Pool shall be equal to or less than the amount determined as such Property's market value, in accordance with the most recent independent valuation of such Property.

The market value, in accordance with Article 4(1)(76) of the CRR, means the estimated amount for which the Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuation by expert

In accordance with the Legal Regime of Covered Bonds, prior to the inclusion in the Cover Pool of the related Mortgage Credit, each Property must be valued by a real estate valuation expert, with necessary qualifications, competence and experience. The real estate valuation expert shall (i) be independent from the decision-making process concerning the granting of the credit; (ii) not take into account speculative elements in the assessment of the value of the physical cover asset and the cover documents; and (iii) document the value of the physical cover asset in a transparent and clear manner.

The Issuer may not appoint a real estate valuation expert with any potential conflicts of interest, notably where there is (i) any specific interest of the real estate valuation expert in the Property subject to the valuation, (ii) any relationship, commercial or personal, with the borrower of the Mortgage Credit related to the Property subject to valuation, or (iii) where the remuneration of the valuation expert is dependent on the valuation of the relevant Property.

The Issuer may appoint a valuation expert within the Group, provided such valuation expert is independent from the credit analysis and decision-making process within the Group.

Valuation experts are required to comply with the terms and conditions set forth in Law no. 153/2015, of 14 September.

Methods of valuation

The Issuer must ensure that each real estate valuation expert it appoints uses one of the following methods of valuation, which shall be chosen in light of the specific characteristics of the Property subject to valuation, as well as of the specific conditions of the local market:

(a) Cost method;

(b) Income method; or

(c) Comparison method.

Valuation report

Each real estate valuation expert appointed by the Issuer shall prepare a written report in relation to the valuation of each Property, setting out, in a clear and detailed manner, all the elements relevant for the full understanding of the analysis and conclusions of such valuation, in particular:

(a) the identification of the relevant Property, with a detailed description of its characteristics;

(b) a description and basis for the selection of the method(s) of valuation, any parameters used and/or assumptions adopted, identifying the manner in which the volatility effects of the short term market or the market temporary conditions were taken into account;

(c) a description of possible qualifications to the analysis;

(d) the valuation of the Property, in terms of both the value of the mortgaged Property and the market value of the Property;

(e) a statement of the valuation expert that he has effected the valuation according to the applicable requirements set out in the Legal Regime of Covered Bonds; and

(f) the date of the valuation and the identification and the signature of the valuation expert.

Subsequent valuations of Properties and subsequent update of the value of Properties

The Issuer shall perform any internal check of the value of each of the Properties on a frequent basis and at least once a year.

The Issuer may use statistical methods to monitor the value of the Property and to identify the Property that needs revaluation.Notwithstanding the above, the Issuer shall proceed with a more frequent monitoring where the market conditions are subject to significant changes.

In addition, such valuation shall be reviewed by a real estate valuation expert whenever the information available to the Issuer indicates that the value of the Property may have materially decreased in relation to general market prices.

In respect of Mortgage Credits that exceed (i) 5% of the own funds of the Issuer or (ii) EUR 3,000,000.00, the valuation of the relevant Property shall be reviewed by a real estate valuation expert at least every three years.

The Issuer shall provide the Cover Pool Monitor with all information necessary for the Cover Pool Monitor to supervise compliance by the Issuer with the requirements set forth in the Legal Regime of Covered Bonds relating to the valuation of the Properties securing the Mortgage Credits comprised in the Cover Pool.

Valuation of other assets

Pursuant to the CMVM Regulation, the other assets in the Cover Pool shall be valued as follows:

(a) the deposits shall be accounted according to their amount;

(b) the securities eligible for Eurosystem credit transactions shall be accounted for according to the value resulting from the application of the rules regarding margin valuation laid down by the Eurosystem or, if lower, according to the nominal value of such securities;

(c) the debt securities shall be accounted for the nominal value of the outstanding capital; and

(d) the derivative contracts shall be accounted for in accordance with the terms and conditions set out in the Legal Regime of Covered Bonds.

Insurance

Pursuant to the Legal Regime of Covered Bonds, the Issuer shall adopt and implement procedures to verify if any property mortgaged as security for payment of interest and principal in relation to a mortgage credit asset comprised in the Cover Pool is duly insured against the risk of loss or damage.

Any credits arising from the relevant insurance policies shall be segregated in accordance with the Legal Regime of Covered Bonds.

COVER POOL SEGREGATED REGISTER AND SPECIAL CREDITOR PRIVILEGE

Autonomous pool of assets and segregated register

Pursuant to the Legal Regime of Covered Bonds, the Cover Pool constitutes an autonomous pool of assets ("*património autónomo*"), not liable for any general indebtedness incurred by the Issuer until all amounts due to the holders of Covered Bonds and the Other Preferred Creditors are fully paid and discharged.

The Legal Regime of Covered Bonds provides that the appropriate particulars of each asset comprised in the Cover Pool must be recorded in a segregated register within, and maintained by, the Issuer. Such register must record the following:

(a) the borrower's identification;

(b) the outstanding amount;

(c) the interest rate;

(d) the amortisation date;

(e) for collateralised claims, the identification of the entity or individual before whom the relevant deed was drawn up or who authenticated the private deed whereby the collateral was created; and

(f) proof of definitive registration of the collateral in the corresponding real estate registry.

In case of default in payment of interest or principal on the Covered Bonds, and in case the holders of such Covered Bonds decide to accelerate the relevant Covered Bonds, holders of such Covered Bonds, or the Common Representative on their behalf, may have access to the list of assets making up the Cover Pool allocated to the relevant Covered Bonds, in accordance with Article 8 of the CMVM Regulation.

Special creditor privilege

Under the Legal Regime of Covered Bonds, the holders of Covered Bonds and the hedging counterparties enjoy a special creditor privilege (*privilégio creditório especial*) over the Cover Pool with preference over any other general creditor, in relation to the repayment of principal and payment of interest due under the Covered Bonds. For further information, please see chapter entitled "*Legal Regime of Covered Bonds*".

INSOLVENCY OF THE ISSUER

The Legal Regime of Covered Bonds governs, to a certain extent, the impact on the Covered Bonds of a possible insolvency or winding-up of the Issuer, so as to ensure due protection to the holders of Covered Bonds.

In the event of insolvency or liquidation of the Issuer, the Legal Regime of Covered Bonds establishes that any assets comprised in the Cover Pool, as well as interest revenue, repayments, and any collateral in connection with derivative contracts shall be segregated from the Issuer's insolvent estate and will be managed autonomously by a third party, and will not form part thereof, until full payment of the amounts due and payable to the holders of Covered Bonds and counterparties of derivative contracts. In any case, and even if the Issuer is declared insolvent, the Legal Regime of Covered Bonds determines that timely payments of interest and reimbursements under the Covered Bonds shall continue to be carried out. However, if the assets comprised in the Cover Pool are insufficient to meet interest and principal payments, the holders of Covered Bonds will rank pari passu with unsecured creditors of the Issuer in relation to the remaining assets of the Issuer.

Where a resolution action is taken against the Issuer, which shall be immediately notified to CMVM, CMVM shall cooperate with the Banco de Portugal, as the competent resolution authority, to protect the rights and interests of the holders of Covered Bonds, in particular by verifying the continuity and sound management of the covered bonds programme following the resolution action.

In this situation, pursuant to the Legal Regime of Covered Bonds, the holders of Covered Bonds are entitled to adopt a resolution approving the immediate acceleration of the Covered Bonds by a majority of at least two thirds of the votes of the holders of Covered Bonds then outstanding, in which case the entity appointed to manage the Cover Pool shall provide for the liquidation thereof to the benefit of the holders of Covered Bonds. If an Insolvency Event occurs in relation to the Issuer, the Banco de Portugal, as the competent resolution authority, shall notify CMVM, as soon as possible, when it applies a resolution measure to the Issuer, informing it, specifically, of the treatment of the Covered Bonds in the resolution action applied. In addition, if the authorisation of the Issuer to act as a credit institution in Portugal is revoked, the Banco de Portugal will immediately inform CMVM of the decision to revoke the authorisation of the Issuer.

In case of revocation of the authorisation to act as a credit institution in Portugal and consequent liquidation of the Issuer, CMVM may appoint a special administrator (the "**Special Administrator**") within 10 business days after the revocation of such authorisation, to ensure that the rights and interest of the holders of the Covered Bonds are preserved. The roles and responsibilities of the Special Administrator include:

(a) extinction of liabilities associated with the Covered Bonds;

(b) the management and settlement of cover assets, including their transfer to another credit institution that issues covered bonds, together with the liabilities associated with such covered bonds;

(c) performing all acts and operations necessary for:

   (i) the adequate administration of the Cover Pool;

   (ii) the continuous monitoring of the coverage of the liabilities associated with the Covered Bonds; and

- (iii) the initiation of the necessary legal actions to reintegrate the assets into the Cover Pool and the transfer of the remaining assets to the insolvent estate (massa insolvente) of the Issuer, after all Covered Bond liabilities have been discharged;

(d) performing all acts and operations necessary for the sound management of the claims and respective collateral, to ensure the timely payment of all amounts due to the holders of the Covered Bonds, including, but not limited to:

- (i) selling the Mortgage Credits comprised in the Cover Pool;
- (ii) ensuring collection services in respect of the Mortgage Credits comprised in the Cover Pool;
- (iii) administrative services in connection with such Mortgage Credits and respective borrowers; and
- (iv) amending and extinguishing conservative acts relating to the guarantees; and

(e) maintaining and keeping updated a segregated register of the Cover Pool in accordance with the Legal Regime of Covered Bonds.

CMVM may dismiss the Special Administrator, in particular, in cases where such Special Administrator fails to fulfil and comply with the duties and responsibilities assigned under the Legal Regime of Covered Bonds. The remuneration of the Special Administrator is fixed by CMVM and constitutes a charge on the Cover Pool.

Finally, CMVM, the Banco de Portugal, as the competent resolution authority, and (if appointed) the Special Administrator shall coordinate their measures and exchange the necessary information for the performance of their respective functions.

The Special Administrator will prepare, immediately upon being appointed, an opening balance sheet in relation to the Cover Pool, supplemented by the corresponding explanatory notes, as well as an annual report, regarding the Cover Pool. The annual report shall be subject to an audit report, prepared by an independent auditor appointed by the Special Administrator. By the end of the quarter following the end of the relevant financial year, the Special Administrator will share with CMVM the annual report, jointly with the audit report.

COMMON REPRESENTATIVE OF THE HOLDERS OF COVERED BONDS

Bondholders, S. L., with registered office at Avenida de Francia 17, A, 1, 46023 Valencia (Spain), has been appointed by the Issuer as representative of the holders of the Covered Bonds pursuant to Article 28 of the Legal Regime of Covered Bonds and in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement. The rights and obligations under the Common Representative Appointment Agreement, including the appointment of the Common Representative, are subject to the condition precedent (*condição suspensiva*) of CMVM's approval of the Programme as compliant with the Legal Regime of Covered Bonds, pursuant to article 7(5) of Decree-Law 31/2022 of 6 May 2022.

The Issuer has appointed the Common Representative to represent the holders of Covered Bonds. According to the Legal Regime of Covered Bonds and to the relevant provisions of the Portuguese Commercial Companies Code, the Common Representative may be entitled to perform all the necessary acts and actions in order to ensure protection of the holders of Covered Bonds, namely: (a) to represent the holders of Covered Bonds in respect of all matters arising from the issuance of the Covered Bonds and to enforce on their behalf their legal or contractual rights; (b) to enforce any decision taken by the general meetings of the holders of Covered Bonds, in particular those where the acceleration of the Covered Bonds may be decided; (c) to represent the holders of Covered Bonds in any judicial proceedings, including judicial proceedings against the Issuer and, in particular, in the context of any winding-up, dissolution or insolvency commenced by or against the Issuer; (d) to collect and examine all the relevant documentation in respect of the Issuer which is provided to its shareholders; and (e) to provide the holders of Covered Bonds with all relevant information regarding the issuance of the Covered Bonds it may become aware of by virtue of its role as Common Representative under the Common Representative Appointment Agreement.

The holders of the Covered Bonds may at any time, by means of resolutions passed in accordance with the Terms and Conditions and the Common Representative Appointment Agreement, remove the Common Representative and appoint a new common representative. The removal of any Common Representative shall not become effective unless a common representative in office is appointed.

COVER POOL MONITOR

APPOINTMENT OF A COVER POOL MONITOR

The Legal Regime of Covered Bonds requires that the Board of Directors of the Issuer appoints a qualified person or entity to be the Cover Pool Monitor who shall be responsible, for the benefit of the holders of Covered Bonds, for monitoring the compliance by the Issuer of the requirements contained in the Legal Regime of Covered Bonds and the CMVM Regulation.

Pursuant to the Legal Regime of Covered Bonds, the Cover Pool Monitor must be an independent auditor registered with the CMVM. For these purposes, an independent auditor must be an auditor which is not related to or associated with any group of specific interests within the issuer and is not in a position that hinders its independent analysis and decision-making process. In particular, such independent auditor (i) shall not be the statutory auditor responsible for the statutory audit of the Issuer's annual report in the two years prior to the time of its appointment and shall not be financially, personally, commercially, professionally, or otherwise related to any such statutory auditor, its network, or any individual who can influence the findings of the audit; and (ii) shall not be associated with any special interest group in the Issuer nor shall it be in any situation that could hinder its impartiality of analysis or decision-making, in particular because it holds or acts on behalf of the holders of qualifying holdings of 5 per cent. or more of the Issuer 's share capital nor has performed the duties set out in section "*Duties and Powers of the Cover Pool Monitor*" below in relation to the relevant issuance or the covered bonds programme for 10 consecutive years.

The Issuer is responsible for paying any remuneration or other money payable to the Cover Pool Monitor in connection with the Cover Pool Monitor's responsibilities in respect of the Issuer and the holders of Covered Bonds.

ROLE OF THE COVER POOL MONITOR

Pursuant to the Cover Pool Monitor Agreement, dated 13 November 2023, the Issuer appointed KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A. as Cover Pool Monitor. KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A. is registered with the CMVM under registration number 20161489. The rights and obligations under the Cover Pool Monitor Agreement, including the appointment of the Cover Pool Monitor, are subject to the condition precedent (*condição suspensiva*) of CMVM's approval of the Programme as compliant with the Legal Regime of Covered Bonds, pursuant to article 7(5) of Decree-Law 31/2022 of 6 May 2022.

The Cover Pool Monitor Agreement reflects the requirements of the Legal Regime of Covered Bonds in relation to the appointment of a monitor of the Cover Pool in respect of the requirements (namely, financial requirements and the requirements set forth in Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*)) concerning the Cover Pool and the Covered Bonds.

The Cover Pool Monitor Agreement provides for certain matters such as prudential requirements and eligibility criteria, the payment of fees by the Issuer to the Cover Pool Monitor, the retirement of the Cover Pool Monitor and the appointment of a new Cover Pool Monitor by the Issuer.

DUTIES AND POWERS OF THE COVER POOL MONITOR

In accordance with the Legal Regime of Covered Bonds, the Cover Pool Monitor is required to monitor, for the benefit of the holders of the Covered Bonds, compliance by the Issuer of the financial and prudential requirements established in the Legal Regime of Covered Bonds and in the CMVM Regulation in respect of the Cover Pool. In particular, the Cover Pool Monitor shall be engaged to assess compliance by the Issuer with the requirements set forth in Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*).

Pursuant to the Legal Regime of Covered Bonds, the Cover Pool Monitor is entitled to be provided with all information required to monitor compliance by the Issuer with the requirements relating to outstanding Covered Bonds and the Cover Pool.

In accordance with Article 17 of the Legal Regime of Covered Bonds, in the performance of its duties, the Cover Pool Monitor shall verify on an ongoing basis, including in the event of liquidation or resolution of the Issuer, the quality of the assets comprising the Cover Pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the Cover Pool, segregation, intra-group structures and joint funding, coverage and liquidity requirements, as well as the information provided to the holders of Covered Bonds. The Cover Pool Monitor must produce an annual report, by reference to 31 December, with an assessment of the Issuer's compliance with the above requirements.

If, during the performance of its duties, the Cover Pool Monitor becomes aware that the Issuer has not complied with any of the provisions of the Legal Regime of Covered Bonds and/or of any of the requirements set out for the Cover Pool, it must notify, immediately, the Issuer and CMVM of such event. If the situation remains unremedied within 10 business days after such notification, the Cover Pool Monitor will notify the Arranger, the Common Representative and the relevant Dealers of the non-compliance.

REMUNERATION AND TERMINATION OF THE APPOINTMENT OF THE COVER POOL MONITOR

In accordance with the Cover Pool Monitor Agreement, the Cover Pool Monitor shall be remunerated by the Issuer for its services as Cover Pool Monitor at a rate as may from time to time be agreed between the Issuer and the Cover Pool Monitor.

The Cover Pool Monitor can only be dismissed by the Issuer with cause, and its dismissal and relevant cause must be communicated to CMVM within 10 days from its occurrence. The Cover Pool Monitor may retire, upon giving not less than three calendar months' notice in writing to the Issuer. Any such termination or retirement shall not become effective until a new cover pool monitor is appointed.

DESCRIPTION OF THE BUSINESS OF THE GROUP

Group Overview

The Millennium bcp Group (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 current 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 June 2023, total assets in the amount of EUR 91.0 billion 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 92.4 billion. Loans to customers (gross) amounted to EUR 57.9 billion (of which EUR 56.0 billion were recorded in the caption "Financial assets at amortised cost – Loans to customers", EUR 1.9 billion were recorded in the caption "Debt securities held associated with credit operations" and EUR 12 million (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 reached 14.0%, as at 30 June 2023. Based on the latest available data from Banco de Portugal, the Group accounted for 17.3% of loans to customers (gross) and 19.2% of deposits in the Portuguese banking sector on 31 March 2023.

In addition, on 30 June 2023, the Bank was the fifth largest company listed on Euronext Lisbon in terms of market capitalisation (EUR 3.3 billion).

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/en.

The Bank operates notably under the Portuguese Companies Code and the Decree-Law No. 298/92, of 31 December 1992 (as amended) (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 Portuguese law, 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 the state-owned banks.

While the Bank's development was initially characterised by organic growth, a series of strategic acquisitions helped to solidify its position in the Portuguese market and increase its offering of financial products and services. In March 1995, BCP acquired the control of Banco Português do Atlântico, S.A. ("**Atlântico**"), which was then the largest private sector bank in Portugal, and that was followed by a joint takeover bid for the whole share capital of Atlântico. In June 2000, Atlântico was merged into BCP, whereby in the same year BCP also acquired Império, along with Banco Mello and Banco Pinto & Sotto Mayor.

In 2004, BCP, with the aim of increasing its focus on the core business of financial products distribution and optimising capital consumption, sold insurers Império Bonança, Seguro Directo, Impergesto and Servicomercial to Caixa Geral de Depósitos group. BCP also entered into agreements with Fortis (now named Ageas) for the 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.

In 2004, the Bank sold its non-life insurance businesses and divested a portion of its life insurance business by entering a joint venture with Ageas (formerly Fortis), named Millenniumbcp Ageas, of which 51% is held by Ageas and 49% by the Bank.

The Bank, after the consolidation of its position in the Portuguese banking market, focused on developing its retail business in other geographies, with the aim of attaining significant positions, by replicating its successful Portuguese business model 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 Portuguese origin communities (such as Angola, Mozambique, the United States, Canada, France, Luxembourg and Macao), as well as in markets where the Bank's business model could be exported to meet the specific needs of each geography (such as Poland, Greece and Romania).

The Bank has implemented a consistent market segmentation strategy and, 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, with all banking operations controlled by BCP being developed under the "Millennium" brand. In Portugal, the Group also operates under the "ActivoBank" brand.

Over the last few years, the Bank has refocused on operations that it considers core to its business development. 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 composed of non-executive members and with a majority of independent members, in accordance with the applicable law).

In December 2012, the Bank prepared and presented to the Portuguese government a Restructuring Plan, as 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 European Commission and, in July 2013, the Bank agreed on the plan with the European Commission entailing an improvement of the Bank's profitability in Portugal through continued cost reduction, among other drivers. In September 2013, the Directorate General for Competition announced its formal agreement with the Portuguese authorities regarding the Bank's Restructuring Plan. Pursuant to the decision, the Bank's Restructuring Plan was considered in compliance with the European Union's state aid rules, demonstrating the Bank's viability without continued state support. The implemented Restructuring Plan aimed to strengthen the Bank's strategy by focusing on its core activities.

In May 2014, as part of a process aimed at refocusing on core activities defined as priorities in its Strategic Plan, the Bank announced that it agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements signed in 2004, which included the sale of its 49% interest in the 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. and 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 volumes 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 with preference for current shareholders. 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 potential risk of core businesses' sale and the tail risk of conversion. This transaction was designed to strengthen the balance sheet through the improvement of CET1 fully implemented and Texas ratio, aligning BCP with sector benchmarks and placing it above current regulatory requirements.

On 27 December 2019, it was signed the deed of merger of Banco de Investimento Imobiliário, S.A., a wholly-owned subsidiary of BCP, with the Bank by incorporation into the latter.

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 integration of Eurobank S.A. into Bank Millennium S.A. was completed in November, with the Bank resulting from the merger 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 allowed the Group to pursue its strategy of focusing resources and management on core geographies, enhancing their development and, thus, increasing value for stakeholders.

On 29 December 2021, BIM – Banco Internacional de Moçambique, S.A. ("**BIM**") (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, S.A., ("**Fidelidade**") with a view to strengthen capabilities and expand the insurance offer in 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, S.A. ("**SIM**"), with BIM maintaining approximately 22% of its share capital. BIM and Fidelidade also agreed on call and put options with a view to enable 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.

In the first semester of 2023, Bank Millennium completed the sale of 80% of Millennium Financial Services stake to the Group Towarzystwo Ubezpieczeń, with which it established a strategic partnership in the bancassurance business.

Business Overview

Nature of Operations and Principal Activities

The Group provides a wide variety of banking services and financial activities in Portugal and abroad, being 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 current 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

The strategic cycle launched in 2021 reflects the Bank’s determination to accelerate transformation and strengthen its positioning for the future, preparing to face and overcome the challenges that are shaping both the macroeconomic environment and the banking competitive landscape.

Successfully executing on the key priorities and levers of the Bank’s previous Strategic Plan cycle (2018-2020) was crucial for setting the Bank on a solid normalisation path, by significantly reducing its legacy exposures. It also laid important foundations for the future by substantially accelerating Bank's level of digitisation.

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 (~5% p.a. growth in loans and customer deposits over 2018-20) and increase its share of revenues (+0.6pp in 2018-20), despite the environment of margin compression under a context of continued low interest rates.

In Poland, despite a positive operational performance and the ability shown in the swift integration of EuroBank, the bottom-line result has been hindered by negative developments in FX mortgages (despite the Bank having stopped writing new FX mortgages in 2008).

Entering in this cycle, the Bank faced an economic turmoil environment, whose recovery prospects were expected to bring promising growth opportunities. Greater customer expectations, more digital and e-commerce activity, the increasing threat of tech platforms and digital hackers, and the overriding requirement of sustainability were factors that together presented significant challenges but also major opportunities.

The Bank's profitability was also constrained by legislative developments in Portugal, namely the contributions to the National Resolution Fund and limitations regarding fair commissions and fees.

The update of the Strategic Plan was designed to preserve relevant priorities from the previous strategic cycle, consolidating the progress made and adding elements consistent with the new framework.

This Strategic Plan reflected the Bank’s aspiration to achieve robust profitability and balance sheet position levels, and to manage the impact of the crisis caused by the pandemic, while accelerating its competitive differentiation in efficiency and customer engagement levels, supported by targeted human touch, new mobile/digital solutions and new business models, enabled by a highly skilled and effective talent base, while at the same time addressing social sustainability challenges with a focus on climate change risks and the opportunities that may unfold from their mitigation.

Therefore, the main strategic priorities for the Bank in Portugal have been set out for this cycle, preserving a balance between continuity and the implementation of bolder initiatives that reinforced the competitive edge and innovation in the Bank’s positioning:

– Serving the customers’ financial and protection needs with personalised solutions that combine targeted human touch with a leading mobile platform: aspiring to increase relevance and develop high engagement relationships that empower the Bank’s customers in their financial lives. This priority is about being the bank of choice to meet the retail customers’ needs, and in which the Bank holds a leadership position: investment management, bancassurance and personal lending solutions.

– Being a trusted partner for corporate recovery and transformation: supporting customers in accessing opportunities driven by EU funds for economic recovery (notably through the *Plano de Recuperação e Resiliência* or the PT 2030 programmes), while, at the same time, enabling solutions to encourage an increase in digitalisation, competitiveness and export-oriented corporate landscape.

– Capital and risk resilience: reinforcing the balance sheet and ensuring readiness for the post-pandemic scenario by strengthening both risk and capital management practices.

– Best in class in efficiency: realising cost savings enabled by productivity gains initiated in the previous cycle as a result of several transformational changes implemented, including the full exploitation of mobile and automated capabilities, increased efficiency in the branch network and tech and data-driven process reengineering and automation.

– Deepening the advantage of data and technology: focusing efforts on the implementation of the Bank’s next-generation data platform while scaling advanced analytic models, enabling differentiation through mass personalisation capabilities, intelligent automation, informed and agile business and regulatory management. In parallel, the Bank will expand the deployment of its new technology infrastructure, including 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.

– Developing skills and renewing talent: reinforcing the Bank’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 the Bank’s business model to increase differentiation towards communities and customers' growing expectations in the sustainability area, while capturing associated business opportunities as well as addressing regulatory requirements.

– Finally, the Bank’s innovation initiatives enable the Bank to explore broader opportunities, going beyond traditional banking, not only in order to deliver a superior customer experience, but also to support the Bank’s income growth and cost-containment goals.

The execution of these priorities in Portugal was combined with consistent initiatives that allowed the prudent use of full growth potential of the Bank's international operations, constantly seeking ways to optimise their footprint.

This plan will enable the Bank to deliver against a set of bold targets for 2024. The Group aspires to improve cost-to-income (to ~40% in 2024) and profitability (aiming at a ROE of ~10%). In parallel, the Bank has the goal to significantly reduce cost of risk (to ~50 bps) and NPE ratio (to ~4%), while keeping a prudent CET1 ratio (>12.5%). Additionally, the Bank continued to invest in the mobile penetration increase (from 48% to more than 65%), while maintaining the focus on leading digital customer satisfaction (#1 in digital NPS – Net Promoter Score).

Targets for 2024

In the new Strategic Plan cycle, the Bank aims to speed up the transition in Portugal towards a strengthened competitive and ready for the future position, notwithstanding the risks that shape the macroeconomic environment and the competitive landscape.

The Bank's aspiration can be summarised as follows:

(a) achieve robust profitability, asset quality and capital levels, managing the impact of the crisis caused by the pandemic, the war in Ukraine effects and the distribution crisis, with consequent price inflation;

(b) accelerate the Bank's competitive differentiation in efficiency and customer engagement, supported by targeted human touch, mobile/digital solutions and in new business models with an excellence talent base;

(c) address social, environmental and corporate governance challenges with a focus on the risks arising from climate change, and the opportunities associated with adopting solutions to mitigate and adapt to the new reality.

In the international business, the Bank will continue the journey started in 2018 making adjustments in light of recent developments. In Poland, where the Bank is implementing a resilience plan, the focus is on meeting the risks of exposure to mortgage loans in Swiss francs, reducing the need for provisions for such risks, ensuring the continued development of the commercial franchise and customer satisfaction. In Mozambique, the Bank will continue to adapt the business model to improve the service and address the evolving needs of customers, maintaining a strong commitment to profitability, efficiency and risk control.

The successful execution of the Bank's strategic priorities will reinforce its franchise position and business model sustainability.

Ambitious goals aligned with strategic priorities — Group level

	H1 2023	2024
Cost-to-income ratio	32%	**~40%**
Cost of risk	50 bps	**~50 bps**
ROE	16.8%	**~10%**
CET1 ratio	14.0%	**>12.5%**
NPE ratio	3.7%	**~4%**
Share of mobile customers	66%	**>65%**
Growth of high engagement customers* (vs. 2020)	+11%	**+12%**
Average ESG rating**	69%	**>80%**

* Adjusted cost to income: without the positive one-off effect related with the sale of 80% of Millennium Financial Services stake (international operations) and without the charge regarding mainly the compensation for the temporary reduction of remuneration in the period 2014/2017 in Portugal.
**Active customers with card transactions in the previous 90 days or funds > €100 (>MZM 1,000 in Mozambique).

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 5 September 2023 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 opinions or authorisations in respect of costs for 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 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 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). The Commission has decision-making powers on the value proposal, the distribution model and issues related to the profitability and management of customer offer;

e) *Compliance and Operational Risks Commission*: The main mission of this Commission is monitoring the activity of the Bank and/or of the subsidiaries of the Group in each jurisdiction, regularly coordinating and managing the policies and obligations of the Bank and/or of the subsidiaries of the Group, in order to ensure compliance with the legal and compliance regulations, the alignment of the Group strategies and the definition 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 (i) monitoring compliance of the group´s risk levels with the RAS, (ii) monitoring 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) verifying if the management of risks complies with the applicable legislation/regulations;

i) *One Sub-Commission operates under the Risk Commission*, *the Validation and Monitoring 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) *Operational Resilience 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 security management policies of IT systems, management and quality of data, management of physical security, management of the business continuity and protection of personal data, definition of safety requirements and Disaster Recovery Plan and business continuity 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 Sustainability, 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

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 30 June 2023. 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, and focuses its offerings on individuals and small and medium-sized companies. Bank Millennium is a full-service 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 30 June 2023, Bank Millennium's foreign exchange mortgages amounted to EUR 2.1 billion, which represents 5.5% of the Group's total loans. These figures exclude PLN 0.5 billion (approximately EUR 99 million) CHF indexed mortgages from Eurobank, the litigation/political risk on this portfolio being 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 10% of its Polish subsidiary total gross loans (approximately 6% market share).

In the first semester of 2023, Bank Millennium completed the sale of 80% of Millennium Financial Services stake to the Group Towarzystwo Ubezpieczeń, with which it established a strategic partnership in the bancassurance business.

Mozambique

The Bank has had banking operations in Mozambique since 1995. BIM is the second Mozambique's largest bank in terms of assets, loans and deposits market shares (Source: Central Bank of Mozambique). On 29 December 2021, BIM formalised the entry into force of a long-term agreement with Fidelidade, 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 SIM with BIM maintaining approximately 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.

In June 2023, Millennium bim recorded a net income of EUR 48.5 million, a 4.4% increase when compared to the same period of the previous year. In this period, banking income[9] increased by 9.4% amounting to EUR 135.5 million, driven by the increase of net interest income (+14.7%) and commissions (+7.1%). Operating costs increased 14.7% to EUR 61.1 million, and cost-to-income stood at 45.3%. ROE stood at 23.2%. Loan impairment amounted to EUR 5.6 million (EUR 6.8 million recorded in June 2022) and the cost of risk decreased from 211 basis points to 153 basis points. As at 30 June 2023, Millennium bim had a capital ratio of 41.9%.

Total customer funds on 30 June 2023 stood at EUR 2.0 billion, down from EUR 2.2 billion, recorded on 30 June 2022, showing a decrease of 8.4%. Loans to customers (gross) amounted to EUR 725 million in June 2023, compared to EUR 676 million in June 2022, an increase of 7.2%.

As at 30 June 2023, Millennium bim had 196 branches, 1 less than in June 2022. At that date, the bank had 2,524 employees (excluding employees from SIM, the insurance company) and had 2,539 employees as at 30 June 2022.

[9] "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.

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 the Group's earnings in June 2023 was EUR 0.8 million which compares to EUR -2.2 million in June 2022.

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 30 June 2023, customer funds stood at EUR 487 million and gross loans reached EUR 953 million. In June 2023, net income amounted to EUR 9.1 million.

Other

The Bank also has six representative offices (one in the United Kingdom, two in Switzerland, two in Brazil and one in China in Canton), and three commercial protocols (United States, 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.

Developments in 2023

On 9 January 2023, the Bank announced, in addition to the announcement made on 29 December 2022, regarding the conclusion of the so-called Project Crow, in which the Bank sold the participation units in Fundo de Recuperação Turismo, FCR and FLIT-PTREL-SIF, S.C.A., as well as other hospitality assets, that the completion of this transaction resulted in the receipt of approximately EUR 233 million.

The Bank informed that the conclusion of the Project Crow had a positive marginal impact of EUR 1.6 million on the consolidated results for the year 2022. In terms of capital ratio (CET1 fully implemented), the reduction in exposure on the balance sheet to these assets, due to the sales made, was reflected in an increase of approximately 15 bps.

On 17 March 2023, the Bank announced that Fitch Ratings upgraded its long-term deposits rating to ‘BBB-’ and the long-term Issuer Default Rating to ‘BB+’, with a stable Outlook.

On 24 March 2023, the Bank announced that it was notified of the favourable decision of the supervisory authority on the request for the application of article 352 (2) of the CRR for the exclusion of the calculation of weighted assets for market risk of certain structural exchange positions for hedging of regulatory ratios against changes in exchange rates. The Bank also announced that the change had an estimated impact on the fully implemented CET1 ratio of around 50 bps and of around 70 bps in the total capital ratio.

On 5 April 2023, 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: "(references in the extract below to the Bank are to Bank Millennium S.A.):

"*The Management Board of Bank Millennium S.A. ("the Bank") informs that it took a decision to create in its first quarter 2023 accounts, PLN 484 million of provisions for legal risk connected with FX mortgage loans originated by the Bank. Additionally, PLN 43 million worth of provisions were created against legal risk related to the loan book originated by former Euro Bank, S.A. but without a bottom line impact. Furthermore, the Management Board decided to make conservative adjustments in the methodology used to calculate such provisions in anticipation of further potential negative trends. These translated into an additional provision of PLN 337 million for Bank Millennium originated loans. Taking into consideration the positive results from the core business activity, the gain on transaction communicated in current report no. 7/2023 of 13 February 2023 and the above mentioned provisions, the Management Board expects the Bank to have a positive net result in first quarter 2023 at a level broadly similar to this reported in the fourth quarter of 2022* (which was later confirmed). *More information about these factors and first quarter 2023 financial results will be disclosed in a quarterly report scheduled for 28 April 2023.*".

On 28 April 2023, the Bank announced its Annual General Meeting of Shareholders, to be held on 24th May 2023, with the following agenda:

Item One – To resolve upon the management report, the balance sheet and the individual and consolidated accounts for the 2022 financial year, the Corporate Governance Report, which includes a chapter on the remuneration of the management and supervisory bodies, and the Sustainability Report;

Item Two – To resolve upon the proposal for the appropriation of profit regarding the 2022 financial year;

Item Three – To carry out a generic appraisal of the management and supervision of the company;

Item Four – To resolve on the update of the Remuneration Policy of Members of the Management and Supervisory Bodies and Revoking the Retirement Regulation of the Executive Directors;

Item Five – To resolve on the update of the Policy for Selection and Appointment of the Statutory Auditor or Audit Firm and the Hiring of Not Prohibited Non-Audit Services under the terms of the legislation in force; and

Item Six – To resolve upon the acquisition and sale of own shares and bonds.

On 24 May 2023, the Bank announced that it concluded, through electronic means and, simultaneously, at the Bank's facilities, with 64.29% 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, the balance sheet and financial statements of 2022, and the Corporate Governance Report, which 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 2022 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 and revoking the retirement regulation of the Executive Directors;

Item Five – Approval of the update of the policy for selection and appointment of the Statutory Auditor or Audit Firm and the hiring of not prohibited non-audit services under the terms of the legislation in force; and

Item Six – Approval of the acquisition and sale of own shares and bonds.

On 16 June 2023, the Bank announced that it was notified by Bank Millennium about the preliminary estimation of provisions against legal risk related to FX mortgage loans portfolio of Bank Millennium in 2nd quarter 2023, according to the following report (references in the extract below to the Bank are to Bank Millennium and references to the Group are to Bank Millennium and its subsidiaries):

«*The Management Board of Bank Millennium S.A. ('the Bank') informs that the preliminary estimation of 2 nd quarter 2023 provisions for legal risk connected with FX mortgage loans originated by the Bank amounts to PLN 680 million, bringing the total accumulated amount of provisions created during the 1st half 2023 to circa PLN 1,500 million. Additionally, PLN 38 million worth of provisions are estimated to be created against legal risk related to the loan book originated by former Euro Bank S.A. (1H23: circa PLN 81 million) but without a bottom line impact. These preliminary, unaudited, estimates take into consideration the judgement of the European Court of Justice of June 15, 2023 on case C-520/21, with resultant elimination from the Bank's legal risk provisioning methodology of the probability of receiving remuneration for the use of capital it had provided. Additionally, the Bank also updated other parameters in this methodology. Assuming the above mentioned preliminary estimation of provisions and no other unexpected events, and taking into consideration the continuation of positive results from the core business activity, the Management Board expects the Bank to post a positive net result in 2 nd quarter 2023 and consequently a positive net result in the 1 st half of 2023. Final value of legal risk provisions in 2 nd quarter 2023 and 1st half 2023 financial results will be disclosed in the 1st half report scheduled for July 26, 2023.*»

On 12 July 2023, the Bank announced that it has been notified by Banco de Portugal, as the national resolution authority, about the update 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 that of a multiple point of entry.

The MREL requirements to be met by the Bank's resolution group (consisting of the Bank, Banco ActivoBank, S.A. and all the subsidiary companies of the Bank apart from Bank Millennium and BIM and their respective subsidiaries), from 1 January 2024 is of:

- 24.65% 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 28.15%); and
- 6.71% of the leverage ratio exposure measure ("**LRE").**

The Bank is not subject to any subordination requirements.

In accordance with the regulations in force, MREL requirements could be annually updated by the competent authorities, and therefore these targets replace those previously set.

The Bank complies with the currently applicable MREL requirement, both as a percentage of the TREA (also including the applicable CBR) and as a percentage of the LRE.

The MREL requirements, now communicated to the Bank resolution group described above, are in line with the 2021-24 Strategic Plan and are accommodated by the ongoing funding plan.

On 28 July 2023, the Bank announced that it was subject to the 2023 EU-wide stress test conducted by the EBA, in cooperation with Banco de Portugal, the ECB and the ESRB.

The 2023 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 assisted 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 covered a three-year time horizon (2023-2025). The stress test was carried out applying a static balance sheet assumption as of December 2022, and therefore did not take into account future business strategies and management actions. It was not a forecast of the Bank's profits.

The Bank also informed that when analysing the results, it should be taken into account that the projections made under the adverse scenario incorporated a significant increase in provisions associated with the legal risk related to credits indexed to Swiss Francs at Bank Millennium in Poland.

It should also be noted that, since the end of 2022, the reference date for the stress test, there has been: (i) an increase of 150 b.p. in the Bank's CET1 ratio, currently standing at 14%[10]; (ii) a reinforcement of provisions for loans indexed to the Swiss Franc by EUR 332 million.

Also, considering the results of the Bank in the stress test, it should be highlighted the following:

- the application of the adverse scenario resulted in a reduction of 448 b.p. in the fully loaded CET1 capital ratio at the end of 2025 compared to December 2022, which compares with an average reduction of 459 b.p. in the universe of the 70 banks submitted to this exercise.

- the application of the baseline scenario resulted in an increase of 256 b.p. in the fully loaded CET1 capital ratio at the end of 2025 compared to December 2022, which compares with an average increase of 136 b.p.

Lastly, the Bank announced that detailed information on these results in the stress test was available on the EBA website (www.wba.europa.eu).

On 12 September 2023, the Bank announced that S&P Global Ratings upgraded the Bank's senior unsecured debt ratings to Investment Grade, from BB+/B to BBB-/A-3. The Bank also announced that this upgrade reflected the view that the Bank creditworthiness gradually improved in absolute terms and relative to peers due to a combination of extraordinary measures and solid internal capital generation driven by improving profitability, based on better-than-peer efficiency levels and the expectation that a possible asset quality deterioration will be manageable. The Bank also informed that this rating also incorporated potential downside risks arising from the group's Polish operations and its impact on earnings in 2023 and 2024.

The stable Outlook reflected the expectation that the Bank can defend its solid domestic retail franchise and financial profile over the next 18-24 months and the fact that possible further unpredictable government interventions in the Polish market would have a manageable effect on the Bank's capitalisation, which would remain adequate.

[10] Including unaudited net income for 1H23. Includes the implementation of CRR 352 (2) following the ECB approval in March 2023

The Bank also announced that S&P Global Ratings also raised the ratings on the Bank's Additional Tier 1 and Tier 2 instruments by two notches.

On 21 September 2023, the Bank announced that Fitch Ratings upgraded its long-term senior unsecured debt ratings to Investment Grade, from BB+ to BBB-, following the upgrade of the long-term Issuer Default Rating ("**IDR**") from BB+ to BBB- and the Viability Rating ("VR") from bb+ to bbb-. The Bank also informed that this upgrade reflected Fitch Ratings' view that the Banks' capital ratios have increased to levels considered adequate. This improvement has been supported by materially stronger profitability given higher interest rates, strong cost efficiency and a balance sheet with reduced credit risk. The upgrade also reflected reduced risks surrounding litigations costs coming from its Polish subsidiary in relation to legacy Swiss franc-denominated mortgage loans. The Outlook on the Long-Term IDR is Stable.

S&P Global Ratings also raised the ratings on the Bank's Additional Tier 1 and Tier 2 instruments by one notch.

On 25 September 2023, the Bank informed that it has fixed the terms for a new issue of senior preferred debt securities eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities), under its euro note programme.

The issue, in the amount of EUR 500 million, will have a tenor of 3 years, with the option of early redemption by the Bank at the end of year two, an issue price of 99.825% and an annual interest rate of 5.625% during the first two years (corresponding to a spread of 1.90% over the two-year mid-swap rate). The interest rate for the third year was set at three-month Euribor plus a 1.90% spread.

The issue was placed among a very diversified base of institutional investors, with demand exceeding the transaction amount by more than three times.

On 4 October 2023, 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 (references in the extract below to the Bank are to Bank Millennium S.A.):

"*The Management Board of Bank Millennium S.A. ('the Bank') informs that the estimated level of 3rd quarter 2023 provisions for legal risk connected with FX mortgage loans originated by the Bank amounts to PLN 673 million. Additionally, PLN 71 million worth of provisions are estimated to be created against legal risk related to the loan book originated by former Euro Bank S.A. without a bottom-line impact.*

Assuming the above-mentioned estimation of provisions and no other unexpected events and taking into consideration the continuation of positive results from the core business activity, the Management Board expects the Bank to post a positive net result in 3rd quarter 2023.

Final value of legal risk provisions in the 3rd quarter 2023 and financial results will be disclosed in the 3rd quarter report scheduled for October 27, 2023."

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 19% by gross loans + customer funds), generates 17% 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 31 March 2023).

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 30 June 2023, BCP had a market share of 17.3% of loans to customers (gross) and 19.0% of deposits in its domestic market.

As at the end of June 2023, 164 credit institutions were registered in Portugal (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 30 June 2023 (last available data), 31 December 2022 and 2021:

	As at 30 June	*As at 31 December*	
	2023	*2022*	*2021*
Loans to customers	17.3%	17.5%	17.3%

Source: BCP and Banco de Portugal.

The following table shows the number and geographic location of the Bank's branches as at 30 June 2023, 31 December 2022 and 2021:

	As at 30 June	*As at 31 December*	
	2023	*2022*	*2021*
Portugal	402	408	434
Bank Millennium in Poland	621	635	655
Millennium bim in Mozambique	196	197	199
Banco Millennium Angola	0	0	0
Total in the International activity	817	832	854
	1,219	1,240	1,288

The following table illustrates the competitive environment in Portugal for the two years ended 31 December 2022 and 2021:

	As at 31 December	
	2022	*2021*
Number of banks(1)	29	29
Number of branches	3,363	3,514
Population (thousands)	10,444	10,407
Inhabitants per branch	3,106	2,962
Branches per bank	116	121

(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 June 2023, Bank Millennium's market share in Poland, according to the Bank's estimates derived from data published by the National Bank of Poland, was 5.7% of loans to customers (gross) and 5.5% of deposits.

In Mozambique, Millennium bim is a market leader with a market share of 15.9% of loans to customers and 22.5% of deposits in 30 June 2023, according to the Bank of Mozambique. Currently, 16 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

In 2022 GDP grew 6.7%, which represented an acceleration compared to a 5.5% growth observed in the previous year. The dynamism of private consumption and of tourism exports was crucial to boost economic activity and mitigate the impact of the slowdown in investment.

In 2023, the Banco de Portugal predicts a more contained acceleration of the Portuguese economy - 2.6% growth - hindered by the uncertainty regarding external demand and the evolution of the inflation rate, which is expected to rise to 5.6%, after reaching 8.1% in 2022.

The strong nominal growth of the Portuguese economy contributed to a reduction of the Portuguese public debt as a percentage of GDP, from 125.4% to 113.8% of GDP in 2022, being the estimation for 2023 of 107.9% of GDP.

The profitability of Portuguese banks continues to improve in 2023. The rise in interest rates is benefiting the banking system, although controlling the cost of deposits is being crucial. Inflation continues to put pressure on operating costs. However, Portuguese banks remain efficient, with the system's cost-to-income ratio below 50%.

The cost of risk maintains the normalisation trend, with no significant impact until now, from an eventual deterioration in the quality of assets. Portuguese banks have solid lending policies due to the Banco de Portugal's macroprudential recommendations issued in 2018.

Portuguese banks have improved their funding profile over the past decade, with bank deposits representing the large majority of their funding structures. The loan-to-deposit ratio is expected to remain below 80% in 2023.

The sector has improved its asset quality and capitalisation since 2016 and is now more resilient.

Impact on the Group's activity

In 2023, BCP continues the path of convergence to achieve the objectives of its Strategic Plan.

The Bank should improve its profitability, benefiting from the environment of higher interest rates in the geographies in which it operates, and from strict control over the evolution of operating costs. The cost of risk should maintain the normalisation trend, even in a context of deceleration of the Portuguese economy, given the level of almost full employment.

BCP reinforced its liquidity position in the first half of 2023. On-balance sheet customer funds grew by 2.9% to EUR 76.7 billion, reflecting growth of EUR 2.1 billion (9.3%) in international operations. And simultaneously, at Group level, the customer base increased by 3.7%, to 6.6 million, with emphasis on the 13% increase in mobile customers compared to June 2022, which represent 66% of total assets of Group customers (55% in Portugal). As a result of the higher interest rate environment, credit is growing moderately. In 2023, the Bank continues to present a solid liquidity position.

The Group has been pursuing a trend of improving asset quality, particularly in Portugal, with the NPE ratio standing below 4% at the end of June 2023, an objective set out in the Strategic Plan. A significant deterioration in asset quality is not expected even in a scenario of economic slowdown.

In the first half of 2023, the Bank managed to demonstrate its ability to generate organic capital, with the CET1 ratio reaching the strategic objective established for 2024. In the second half of 2023, the Bank does not anticipate any adverse effect in terms of evolution of the capital ratio and should continue to generate capital organically. In steady state, the Bank should be able to distribute dividends, according to a dividend payout ratio in line with the benchmark for the sector.

Summary of the developments between 2011 and first half of 2023 of some relevant indicators of the Bank[11]

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 such as the reduction of the commercial gap from EUR 13.2 billion at 31 December 2012 to EUR -19.0 billion at 30 June 2023, following a significant deleveraging (net loans decreased by 10% and deposits increased by 53%), a recovery of net interest income in Portugal from EUR 343 million in 2013 to EUR 805 million in 2020, EUR 831 million in 2021, EUR 951 million in 2022 and EUR 708 million in the first half of 2023, a reduction of operating costs from EUR 853 million in 2013 to EUR 650 million in 2020, EUR 693 million in 2021, EUR 602 million in 2022 and EUR 307 million in the first half of 2023, and a reduction of cost of risk from 157 basis points in 2013 to 53 basis points in the first half of 2023. The Group's pre-provision profit[12] increased from EUR 474 million in 2013, EUR 1.2 billion in 2020, EUR 1.2 billion in 2021, EUR 1.8 billion in 2022 and EUR 1.3 billion in the first half of 2023. As a percentage of assets, pre-provision profit increased from 0.6% in 2013 to 1.4% in 2020, 1.3% in 2021, 2.0% in 2022 and 1.4% in the first half of 2023. As a result of the significant deleveraging, reliance on ECB funding has decreased from EUR 10.0 billion in 2013 to an excess of EUR 0.9 billion as at 30 June 2023.

The balance sheet breakdown as at 30 June 2023 is, on the assets side: gross loans and advances to customers (including debt securities and commercial paper) in the amount of EUR 57.9 billion (EUR 56.0 billion recorded in "Financial assets at amortised cost – Loans to customers"; EUR 1.9 billion recorded in "Debt securities held associated with credit operations" and EUR 0.012 billion (gross amount without considering fair value adjustments) recorded in "Financial assets not held for trading

[11] 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;
"**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.
[12] "**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.

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 23.4 billion and other assets net in the amount of EUR 5.9 billion; and on the liabilities side: deposits in the amount of EUR 75.4 billion (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 -2.9 billion, debt issued by the Bank in the amount of EUR 4.5 billion and shareholders' equity in the amount of EUR 6.6 billion. The balance sheet breakdown as at 31 December 2011, was 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 30 June 2023 (EUR 2.9 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 1.7 billion), bonds and certificates (EUR 1.0 billion), securitisations (EUR 0.1 billion), subordinated debt (EUR 1.4 billion) and loan agreements (EUR 0.3 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 2011-2017 was on average EUR 2.3 billion per year, from 2018-2022 was on average EUR 0.6 billion and in 2023 EUR 0.1 billion. The amount of debt to be repaid in the years after 2023 amounts to EUR 4.5 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 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 23.4 billion as at 30 June 2023 of which EUR 19.8 billion is sovereign debt (Portuguese Government Bonds totalled EUR 6.5 billion of which EUR 6.1 billion are bonds and EUR 0.4 billion are T-Bills, Polish Government Bonds totalled EUR 3.5 billion; Mozambican Government Bonds totalled EUR 0.5 billion and other totalled EUR 9.2 billion) and EUR 3.7 billion other instruments.

Evolution of some relevant indicators of the Bank between 2011 and June 2023

Consolidated	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Jun 2023**
Contribution to consolidated results of international operations *(€ mn)*...	-	-	159	178	170	173	175	187	144	49	-35	-146	69.5
Net loans (*€ bn*)........	68.0	62.6	56.8	53.7	52	48	47.6	48.1	52.3	54.1	56.4	56.2	56.3
Deposits (*€ bn*)	47.5	49.4	49.0	49.8	51.5	48.8	51.2	55.2	60.9	63.3	69.6	75.9	75.4
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	-19.7	-19.0
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	23.9	24.2
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	-2.6	-0.9

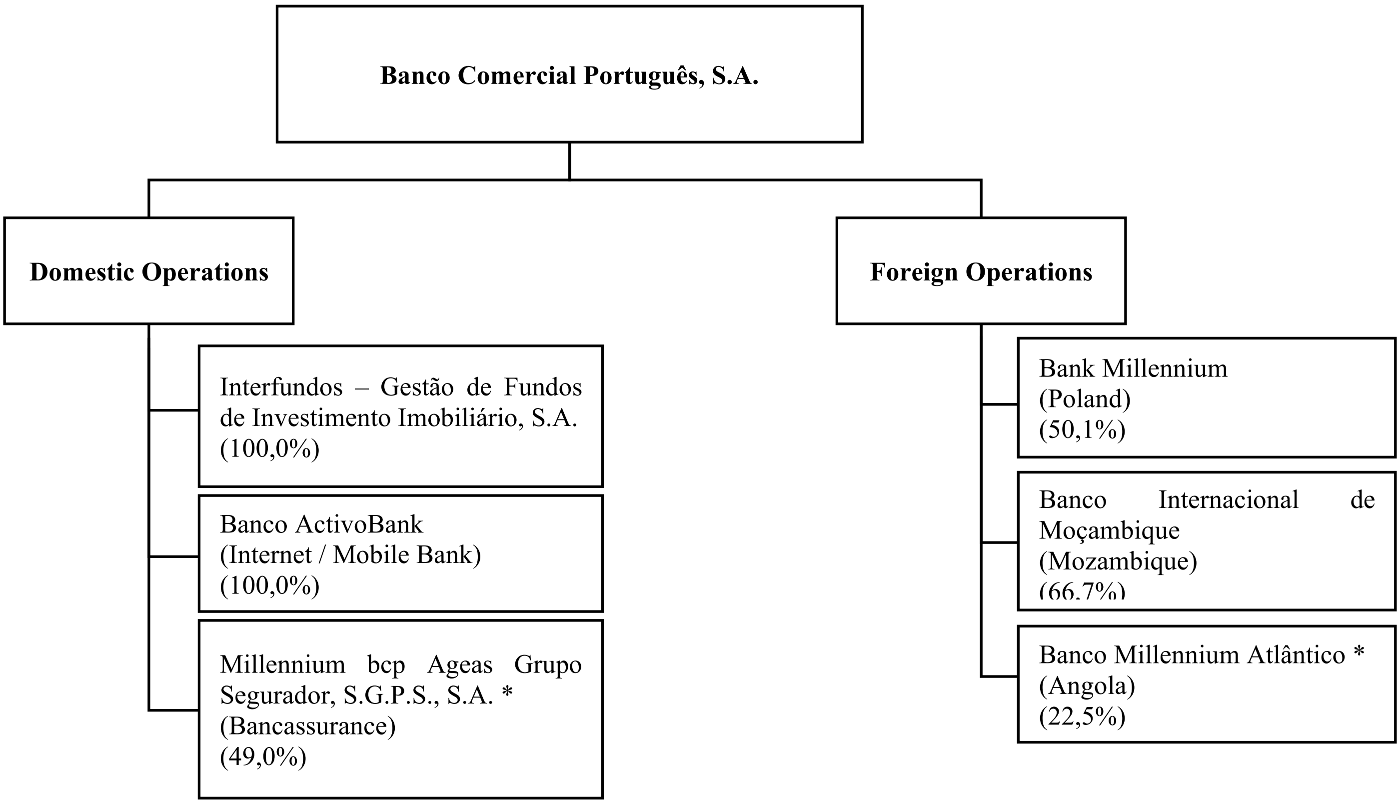
Individual (Portugal)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Jun 2023**
Net Interest Income (*€ mn*)............	343	527	711	736	808	803	789	805	831	951	708
Net Interest Margin (*%*)................	0.6%	1.0%	1.5%	1.6%	1.8%	1.8%	1.7%	1.6%	1.4%	1.5%	2.5%

Cost of time deposits (*bps*)	-239	-173	-123	-83	-69	-56	-56	-52	-57	27	255
Total funding costs (*%*)	2.41%	1.92%	1.21%	0.78%	0.44%	0.33%	0.26%	0.13%	0.01%	0.09%	0.48%
Operating costs (*€ mn*)(*)	853	690	644	624	588	641	674	650	693	602	307
Number of branches(**)	774	695	671	618	578	546	505	478	434	408	402
Number of employees(***)	8,584	7,795	7,459	7,333	7,189	7,095	7,204	7,013	6,289	6,252	6,256
Impairment charges (*€ mn*)	743	1,021	730	1,045	533	389	279	354	273	218	106
Cost of risk (*bps*)	157	233	175	266	140	105	76	92	69	54	53
Performing loans (*€ bn*)	34.5	32.9	31.8	30.8	31.2	32.4	33.5	36.1	38.0	38.8	38.6
Customer deposits (*Term deposits*) (*€ bn*)	24.9	24.3	21.9	19.9	18.9	18.2	16.7	16.1	15.9	19.2	19.7
Customer deposits (*On-demand deposits*) (*€ bn*)	9.0	10.1	12.9	14.1	16.4	19.5	22.7	27.2	31.8	33.5	30.9
(*) 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 30 June 2023:



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 30 June 2023:

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	93.0
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 3,000,000,000.00 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. Further, subsidiaries located in EU countries and third countries are subject to local laws and regulations.

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**"), that supervises the Bank on a consolidated basis (at solo basis for the group's entities located in the euro area) 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**"). It is also subject to the authority of the Single Resolution Board ("**SRB**"). In Poland the Polish Financial Supervision Authority ("**UKNF**") ensures the orderly functioning and safe development of the financial market and in Mozambique the supervisor is the Banco de Moçambique.

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%.

As of June 2021, CRD V/CRR II introduced additional own funds requirements for the leverage ratio for which competent authorities are obliged to assess the risk of excessive leverage and potentially impose a P2R-LR on top of the P1R-LR if risk of excessive leverage is not covered or not sufficiently covered by P1R-LR. Similar to the P2G, the P2G-LR is based on the outcomes of the adverse scenario of the relevant supervisory stress tests.

Following from the regular supervisory review performed by the competent supervisory authorities, additional requirements may be established (Pillar 2 requirements - including Pillar 2 requirement for the risk of excessive leverage (P2R-LR) - and Pillar 2 guidance, including Pillar 2 guidance for the risk of excessive leverage (P2G-LR)).

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.

Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 (regarding the ranking of unsecured debt instruments in insolvency hierarchy), which amended BRRD, was implemented in Portugal through Law No. 23/2019, of 13 March 2019, creating a new asset class of “non-preferred” senior debt that ranks in insolvency above own-funds instruments and subordinated liabilities that do not qualify as own funds, but below other senior liabilities. Further, it confers a preferential claim to generally all deposits vis-à-vis unsecured senior debt. Additionally, under the final rules to be implemented following the European Commission’s recent proposal to adjust and further strengthen the existing EU bank crisis management and deposit insurance (CMDI) framework, the ranking in insolvency of depositors may be further changed or enhanced.

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, CRD, the BRRD and the SSM Regulation.

This legislative package included 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.

The Bank also operates under Banking Law, applicable to credit institutions in Portugal. On 9 December 2022, Law no. 23-A/2022 implemented CRD V and BRRD II on access to banking and prudential supervision and the recovery and resolution of credit institutions and investment firms, respectively.

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.

On 27 October 2021, the European Commission published a proposal aiming to finalise 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.

On 8 November 2022, the European Union Council set its position on the proposals, specifying that:

- Implementation date of 1 January 2025 for most elements of the Basel 3 reforms;

- Banks have the discretion to apply the output floor at the highest level of consolidation;

- Fit and proper framework should further consider national specificities and practices, while agreeing with the two-year delay to 2025;

- Five-year phasing-in of the Standardised Output Floor from 1 January 2025 to 1 January 2030; and

- Possibility to delay the implementation of revised Market Risk requirements by up to two years.

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; and

(d) the other systemically important institutions buffer.

The combined buffer requirement ("**CBR**") 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 a macroprudential instrument 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 July 2023. 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.

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 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 macroprudential toolkit for banks has been applicable since 2014, mostly comprising a set of prudential tools designed to limit systemic risks and safeguard financial stability. The European Commission is working on improving the EU macroprudential framework for the banking sector. A legislative proposal may be submitted by the European Commission to the European Parliament and to the Council. Such changes may have an impact on some of the above-mentioned buffer requirements. The setting of the countercyclical buffer or systemic risk buffer has to be disclosed by the NCA with one year in advance to its implementation.

The ECB revised its floor methodology for assessing capital buffers for O-SIIs. The revised floor methodology increases the number of buckets to which O-SIIs are allocated from four to six and raises the floor level for the highest bucket to 1.50% while keeping the floor of the lowest bucket unchanged at 0.25%. The ECB will use the revised floor methodology to assess O-SII buffers proposed by national authorities as of 1 January 2024.

The Bank's O-SII buffer was set at 1% and is to be complied with from 1 January 2023 onwards. Banco de Portugal revises or confirms the buffer usually on a yearly basis.

Evolution of the Solvency Ratio in the first half of 2023

The estimated CET1 ratio as at 30 June 2023 stood at 14.0% both phased-in and fully implemented, reflecting a change of +249 and +268 basis points, respectively, compared to the 11.5% phased-in and 11.3% fully implemented ratios reported in the same period of 2022, comfortably above the minimum ratios defined on the scope of SREP (Supervisory Review and Evaluation Process) for the year 2023 (CET1 9.41%, Tier 1 11.38% and Total 14.00%) and in line with the medium-term solvency targets.

The evolution of capital ratios in the period continued to be significantly influenced by the impact on Bank Millennium related to the increase in provisions for legal risks associated with loans in foreign currency and with the new regime of moratoria on mortgage loans adopted in Poland. These effects were, however, more than offset by the positive performance of the recurrent activity in Portugal and by the careful management of capital, including the supervisory authority's approval of the request for the application of CRR article 352 (2) to exclude from the market risk weighted assets certain structural currency positions, maintained with the aim of immunising regulatory ratios against exchange rates' changes.

SOLVABILITY RATIOS (Million euros)

	30 Jun. 23	30 Jun. 22
FULLY IMPLEMENTED		
OWN FUNDS		
Common Equity Tier 1 (CET1)	5,855	5,221
Tier 1	6,353	5,728
TOTAL CAPITAL	**7,670**	**7,060**
RISK WEIGHTED ASSETS	**41,815**	**46,131**
CAPITAL RATIOS (*)		
CET1	14.0%	11.3%
Tier 1	15.2%	12.4%
Total	**18.3%**	**15.3%**
PHASED-IN		
CET1	14.0%	11.5%

(*) 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 Tier 1 capital by a non-risk-based measure of an institution's on-balance and off-balance sheet items 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.

The Bank’s leverage ratio was 6.4% fully implemented, as at 30 June 2023.

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 Bank's LCR calculated in accordance with the Commission Delegated Regulation (EU) 2015/61, of 10 October 2014, as amended, and the NSFR, estimated in accordance with Basel III methodology, were 212% and 155%, respectively, as at 30 June 2023, 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).

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 European Commission presented the European Green Deal, a growth strategy aiming to make Europe the first climate neutral continent by 2050. To this end, the European 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. On 30 March 2022, the recommendations for the final technical screening criteria for the remaining EU Taxonomy objectives were published by the Platform for Sustainable Finance.

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 is supported by the ECB's economy-wide climate stress tests, while EBA has already defined the inclusion of ESG related risks in the Pillar 2 framework.

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.

As part of the agenda for the completion of the Banking Union, the bank crisis management and deposit insurance framework ("**CMID**") - consisting of the BRRD, SRMR and the DGSD, acting together with relevant national legislation - is under review. The purpose of the review is to increase the efficiency, proportionality and overall coherence of the crisis management and deposit insurance framework.

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 expected to reach its target funding level by the end of 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 approximately 110 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 - including P2R-LR - and Pillar 2 capital guidance ("**P2G**") – including Pillar 2 guidance for the risk of excessive leverage ("**P2G-LR**"), 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;

(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 Maximum Distributable Amount ("**MDA**").

The MDA is the maximum amount a bank is allowed to pay out, for example for bonuses or dividends. The MDA is calculated as the amount of interim or year-end profits not yet incorporated in CET1 capital, multiplied by a factor ranging from 0 to 0.6 depending on the size of the CET1 shortfall against the combined buffer. An institution which does not report interim or year-end profits, and which does not comply with the combined buffer, is not allowed to distribute dividends, to pay coupons on AT1 instruments, nor to pay discretionary bonuses.

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.

On 10 December 2022, Law no. 23-A/2022 of 9 December entered into force, revising a wide range of banking and financial rules related to the transposition of the CRD V and BRRD II. It also amends the Banking Law and the Portuguese Securities Code (*Código dos Valores Mobiliários*). 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 45c (1) of the BRRD and in applying the bail-in tool, the resolution authority should ensure that the resolution entity has sufficient own funds and eligible liabilities to ensure that, if the bail-in tool or write down and conversion powers, respectively, were to be applied to them, losses could be absorbed and that it is possible to restore the total capital ratio and, as applicable, the leverage ratio. 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 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 implemented in Portugal through 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 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. The legal framework defines conditions under which the RCA may be adjusted upwards or downwards. For example, a market confidence charge (MCC) is applied where warranted to ensure that a bank sustains market confidence post-resolution; and
- adjustments to overall MREL target, namely the DGS adjustment, linked to any potential involvement of a DGS to protect insured depositors, and other adjustments stemming from the resolution measure itself (such as transfer, sale of business and impediments to resolution).

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.

If Multiple Point of Entry (MPE) is the preferred resolution strategy, the MRELs for the different resolution groups (i.e. the points of entry) should be set in such a way that each can be resolved independently without causing immediate shortfalls in other resolution groups.

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 was 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.

BRRD II was implemented in Portugal through Law no. 23-A/2022, of 9 December.

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.

In addition, subject to the requirements under the SRMR, the SRB may impose a prohibition under which it would be prohibited to distribute more than the 'maximum distributable amount related to the minimum requirement for own funds and eligible liabilities' ("**M-MDA**"). The SRB may set restrictions for banks that do not comply with the CBR considered in addition to MREL, which under the new Banking Package is added on top of the MREL requirements expressed in TREA ("**Total Risk Exposure Assets**"), preventing them from distributing more than the M-MDA via various actions (including dividend payments on CET1, variable remuneration and payments on AT1 instruments).

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; and

(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 Portuguese 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 Mútuo*) 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. 19/2022, published on 15 December 2022, set the base rate for 2023 for the determination of periodic contributions to the Resolution Fund at 0.029% (vs. 0.57% in 2022).

The contribution of the Bank to the Resolution Fund was EUR 9.5 million in the first half of 2023, EUR 18.7 million in 2022, EUR 17.0 million in 2021, EUR 15.1 million in 2020, EUR 16.0 million in 2019, EUR 12.1 million in 2018 and EUR 8.5 million in 2017. 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 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 4.9 billion, becoming, on that date, the sole shareholder. Further, in accordance with information published on the Resolution Fund's website, the Resolution Fund borrowed EUR 4.6 billion, of which EUR 3.9 billion 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.

According to the Resolution Fund's 2022 Annual Report, the Resolution Fund filed an appeal against the list of creditors with the Judicial Court of the District of Lisbon, requesting the recognition of its claims. The appeal was upheld, and the Liquidation Committee of BES filed an appeal. In 2023, the Lisbon Court of Appeal rejected the appeal filed by the Liquidation Committee of BES and, in favour of the position defended by the Resolution Fund, confirmed the decision of the Court of First Instance and the recognition, in the amount of EUR 1,242,568,900, of the credits claimed by the Resolution Fund as privileged credits. In February 2023, the Liquidation Committee of BES filed a review appeal with the Supreme Court of Justice, which decision is expected during 2023.

Following the resolution measure of BES, a significant number of lawsuits against the Resolution Fund was filed and is underway. According to note 20 of the Resolution Fund's annual report of 2022, "Legal actions related to the application of resolution measures have no definitive 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 Resolution Fund, supported by legal advice of the attorneys for 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”.

According to note 22 of the Resolution Fund’s annual report of 2022, "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 2022, twelve decisions have become final and unappealable condemning Novo Banco, Spanish branch, as well as four sentences in relation to which due compensation has been requested from the Resolution Fund”.

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 1.0 billion 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 that revealed significant uncertainties regarding adequacy in provisioning:

(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 conditions[13][14][15];

[13] Exact value not disclosed by the European Commission for confidentiality reasons

[14] As referred to in the respective European Commission Decision

[15] 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%

(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[13]; and

(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 instruments5. According to the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, "the risk of triggering the additional capital mechanism (capital backstop), up to EUR 1.6 billion, provided for in the commitments made by the Portuguese State to ensure the viability of NB, exists".

According to an investor's presentation from Novo Banco of June 2023, Novo Banco still has EUR 485 million under the MCC in addition to the EUR 209 million included in the capital call for 2021. The mechanism is in place until December 2025, date that can be extended, under certain conditions, by one additional year.

According to a statement issued by the Resolution Fund on 13 February 2023, "the Ministry of Finance has disclosed that the European Commission intends to consider the restructuring process of Novo Banco as completed. The information disclosed today confirms the successful restructuring of Novo Banco, resulting from the combined execution of the restructuring plan agreed in 2017, under the sale transaction conducted by Banco de Portugal, and the sale agreements, namely the CCA, under which the Resolution Fund transferred to Novo Banco EUR 485 million, less than the maximum amount set in the contract (EUR 3.89 billion). The completion of the restructuring of Novo Banco (…) is also another indicator that Novo Banco should not need to request any further payment to the Resolution Fund under the CCA, without prejudice to the ongoing litigation or that still may occur regarding the amounts already requested by Novo Banco in relation to past years and that the Resolution Fund considers that are not due". On the same day, Banco de Portugal issued the following statement "The conclusion of the Novo Banco restructuring process also results in the end of the backstop mechanism, which provided for the possibility, which was always considered remote, of the Portuguese State providing extraordinary support to Novo Banco in extreme scenarios. This mechanism protected Novo Banco and the national financial system from more adverse scenarios, which did not materialise. With the end of the backstop, the financial risk for the Portuguese State is eliminated".

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 2022 Resolution Fund's annual report, the Resolution Fund follows the work carried out by the Verification Agent, while specific analyses are being requested.

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 3.9 billion 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%;

- The initial reference value of the portfolio comprising the CCA was, as of 30 June 2016, EUR 7.9 billion (book value of the associated assets, net of impairments); and

- The value of the portfolio, as at 31 December 2022, amounted to EUR 1.1 billion (book value, net of impairments), according to Novo Banco's 2022 annual 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 3.9 billion. 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 3.9 billion in accordance with the CCA. The above arbitral proceedings therefore do not represent an additional risk compared to the ceiling of EUR 3.9 billion".

According to Resolution Fund's annual report of 2022, "the award of the Arbitration Court, constituted under the aegis of the International Chamber of Commerce, was known at the end of October 2021, and was favourable to the Resolution Fund. The Arbitration Court considered that (...) the financial impact on Novo Banco's own funds could not be covered by the CCM. The value of the dispute at the date of the award amounted to EUR 169 million, an amount that the Resolution Fund would have had to pay to Novo Banco if the Arbitration Court's award had not been favourable".

Additionally, regarding the intervention of the Resolution Fund concerning the transitional regime of the implementation of the dynamic component of IFRS 9, Novo Banco estimates a positive impact on its own funds in the amount of EUR 171 million (which implies a reduction in the capital requirements that Novo Banco intended to pass on to the CCM in the amount of EUR 161.6 million). Accordingly, the Resolution Fund initiated a second arbitration proceeding, also under the aegis of the International Chamber of Commerce, with a view to settling the difference between the parties. This process is in progress, and it is estimated that an award will be rendered at the end of 2023 or in the first half of 2024.

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. The information was presented by the independent entity that carried out the special audit, showed 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.

According to Resolution Fund’s annual report of 2022, the procedure relating to the payment to Novo Banco regarding 2020 accounts has been concluded, concluding that a payment of EUR 112 million was due to Novo Banco from the Resolution Fund which had remained pending further verification. Therefore, that amount was paid to Novo Banco, in December 2021.

According to Resolution Fund’s annual report of 2022, Novo Banco submitted to the International Chamber of Commerce a request for arbitration to have recognized the right to receive an aggregate amount of EUR 165.4 million (divestment of Novo Banco's activity in Spain in the amount of EUR 147.4 million and valuation differences regarding a set of assets held by Novo Banco in the amount of EUR 18.0 million) which the Resolution Fund considered, and considers, not to merit the coverage of the CCM.

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.

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 Novo Banco’s 2022 annual report (note 30), Novo Banco adhered to the Special Regime applicable to Deferred Tax Assets under Law No. 61/2014, of 26 August, according to which, the deferred tax assets recorded until 31 December 2015 can be converted into tax credits when the taxable entity reports an annual net loss, in accordance to the proportion of the amount of the said net loss to total equity at the individual company level, A special reserve was established with an amount identical to the tax credit approved, increased by 10%. The conversion rights are securities that entitle the Portuguese State to require Novo Banco to increase its share capital by incorporating the amount of the special reserve and consequently issuing and delivering free of charge ordinary shares. The shareholders have the right to acquire the conversion rights attributed to the Portuguese State.

According to the Resolution Fund’s 2022 annual report, under the terms of the sale of Novo Banco, the 75% of the share capital of Novo Banco held by Nani Holdings is not affected by the dilution associated with the Special Regime applicable to deferred tax assets (REIAD).

On 17 December 2021, Novo Banco, carried out a capital increase in the amount of EUR 154.9 million, through the conversion of the rights that had been attributed to the Portuguese State due to the conversion of the deferred tax assets of Novo Banco, into tax credits, with reference to the 2015 tax period, under the REIAD. As of that date, the Portuguese State became a shareholder of Novo Banco, having been attributed a participation corresponding to 1.56% of the share capital. Later, on 4 November 2022, Novo Banco made a further capital increase of EUR 249.75 million by converting the rights that had been attributed to the Portuguese State by virtue of the conversion of Novo Banco's DTA into tax credits, with reference to the 2016 and 2017 tax periods.

Following the two capital increases mentioned above, the Resolution Fund's stake in Novo Banco was diluted from 25% to 19.31%.

According to Novo Banco's statement of 22 March 2023, the final amount of conversion rights under the REIAD for the 2018 and 2019's exercises, attributed to the State, represents an additional 6.27% stake in the share capital of Novo Banco, which would hold 11.96% of Novo Banco's share capital.

According to the Resolution Fund's 2022 annual report, it is estimated that the process of the DTA conversion into tax credits, for the period of 2020 may correspond to 3.88%. in addition to the aggregated reduction of 11.96%.

According to a presentation of Novo Banco to investors disclosed in June 2023, Lone Star owns 75% of Novo Banco, the Resolution Fund 13%, and the Portuguese State 12%.

Thus, it is estimated that the aggregate effect of the application of the REAID, taking into account the losses recorded by Novo Banco, from 2015 to 2020, will result in the Portuguese State's stake of 15.84% and the reduction of the Resolution Fund's participation to 9.16%.

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.

On 4 July 2022, Oitante - 100% owned by the Resolution Fund - completed the process of repayment of the bonds issued in connection with the resolution of BANIF. Oitante's debt, which initially amounted to EUR 746 million, was thus fully repaid. With the repayment of the debt, the Resolution Fund's responsibility as guarantor also ceases, as well as the Portuguese State's responsibility as provider of a counter-guarantee.

On 16 January 2023, the Liquidation Committee of Banif announced a list of all the acknowledged and a list of the non-acknowledged creditors. According to the Resolution Fund's 2022 annual report, the Resolution Fund holds a claim on Banif of EUR 489 million, which has a higher claim ranking provided for in article 166-A of the RGICSF. Under the judicial liquidation process of Banif, which was initiated following the resolution, the independent evaluator estimates that the level of recovery of the financial support made available by the Resolution Fund, as having a higher ranking at the end of the liquidation, is expected to be 7.6%.

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 2021, included the amounts made available (i) in 2014 for the financing of the resolution measure applied to BES (EUR 3.9 billion); (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);

- 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;

  - in 2021 by seven domestic credit institutions, including BCP, to finance payments due under the CCA up to a maximum of EUR 429 million;

- The underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount of EUR 400 million 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 neutralised by the Resolution Fund;

- Legal proceedings filed against the Resolution Fund;

- Guarantee granted to secure the bonds issued by Oitante, totally reimbursed, as described above;

- 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%; and

- 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 Resolution Fund's annual report of 2022, contingent liabilities from the CCA are limited to a maximum aggregate amount of EUR 3.89 billion and that the aggregate amount of this contingent liability, which corresponds to the difference between that maximum amount and the amounts already paid by the Resolution Fund, amounts to EUR 485 million.

The expectation of the Resolution Fund is that, except for what may eventually 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 compensated, 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.

According to note 22 of the Resolution Fund's 2022 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 3.9 billion 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 materialisation 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 4.95 billion, of which EUR 4.3 billion 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 the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, "the repayment of the EUR 2.1 billion loans granted by the Portuguese State to the Resolution Fund will not end in 2046, as expected, rather in 2056 (without payments under the CCA after 2021) or in 2059 (with the use of the CCA cap). (...) In other, more pessimistic scenarios, these loans will still be being repaid in 2062".

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 2022, the Resolution Fund's own resources had a negative equity of EUR 6.97 billion, as opposed to EUR 7.2 billion at the end of 2021, according to the latest 2022 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.

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. 19/2022, published on 15 December 2022, set the base rate for 2023 for the determination of periodic contributions to the Resolution Fund at 0.029% (0.057% in 2022).

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".

In 2015, following the establishment of the Single Resolution Fund (SRF), the Group made an initial contribution in the amount of EUR 31.4 million. 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 Single Resolution Fund does not cover undergoing situations with the National Resolution Fund as at 31 December 2015. The total amount of the contribution attributable to the Group in the first half of 2023 was EUR 22.9 million, of which the Group delivered EUR 17.7 million and the remaining was constituted as irrevocable payment commitment.

In the first half of 2023, the Group made regular contributions to the Portuguese Resolution Fund in the amount of EUR 9.5 million. The amount related to the contribution on the banking sector in Portugal, registered in the first half of 2023, was EUR 44.8 million. These contributions were recognised as a cost in the first half of 2023, in accordance with IFRIC no. 21 – Levies.

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 Deferred Tax Assets; (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 neutralised by the Resolution Fund; and, (iv) legal proceedings against the Resolution Fund.

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 2022 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. The Resolution Fund may also, exceptionally, obtain financial support from the State, namely through loans or guarantees, as set out in article 153-J of the same regime".

To meet a payment from the Resolution Fund to Novo Banco, as per to Resolution no. 63-A/2021 of 27 May 2021 of the Council of Ministers and Order from the Minister of State and Finance, of 31 May 2021 - intended to provide the Resolution Fund with the financial resources necessary to meet any obligations arising from the Contingent Capitalisation Agreement in the years 2021 and 2022 – providing for a new loan from the State to the Resolution Fund, a number of national financial institutions offered to finance the Resolution Fund, 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.

According to the Resolution Fund’s 2022 annual report from the maximum amount of EUR 475 million the Resolution Fund used EUR 429 million, which corresponds to the payment made to Novo Banco in 2021. 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. 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. 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 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 implemented in Portugal through 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, which may be called by the DGF at any time, 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. Since 2011, all contributions made by the Bank to the DGF have been made entirely in cash (the current amount of irrevocable payment commitments outstanding is of approx. EUR 94.4 million). Since 2011, all contributions made by the Bank to the DGF have been made entirely in cash (the current amount of irrevocable payment commitments outstanding is of approx. EUR 94.4 million).

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.

The European Commission has proposed an adjustment to the bank crisis management and deposit insurance (CMDI) framework, that will enable authorities to organise an orderly market exit for failing banks of any size and business model.

Other financial service laws and regulations

The Bank is subject to other Directives and Regulations important for its business, among which:

– Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, as amended, implemented in Portugal through 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. On 28 June 2023, the European Commission adopted a package of proposals aimed at improving the functioning of the payment services market and widening access to and use of financial data, consisting of a proposal for a new Payment Services Directive 3 (PSD3), a proposal for a Payment Services Regulation (PSR) and a proposal for a Financial Data Access Regulation (FIDAR).

– 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. 1/2022, of 6 June 2022, 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 in order to boost the efficient functioning of the AML/CTF framework of the Union the EU will create a dedicated Anti-money laundering Authority ("**AMLA**"). The European Council also entrusts the Authority to supervise up to 40 groups and entities - at least in the first selection process – and to ensure a complete coverage of the internal market under its supervision. More powers are also given to the general board in the governance of AMLA. Once set, the new entity and framework may have impact on the Bank's operations and risk management features, imposing additional compliance costs or business restrictions and procedures. In order to enlarge the scope of the existing regulatory framework the Council agreed its position on an anti-money laundering regulation and a new directive (AMLD6). Together with the proposal for a recast of the transfer of funds regulation, on which an agreement has already been reached with the European Parliament, these will form the new EU anti-money laundering rulebook once adopted.

– The Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 ("DORA Regulation"), applicable from 17 January 2025, entered into force in January 2023, laying down the requirements about the security of network and information systems supporting the operational processes of financial entities.

– Approval by the European Parliament in April 2023 of the European Regulation on crypto-assets ("MiCA"), aiming at protecting consumers against abuse and market manipulation.

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. The Directive on credit servicers and credit purchasers (Directive (EU) 2021/2167 of 24 November 2021) – which was also included in the package of measures to be tackled by the European Commission - lays down a common framework and requirements strengthening 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. Furthermore, a Decree-Law on renegotiation of mortgage loans for highly indebted households was approved in November 2022, which include solutions such as maturity extension, in order to ease the debt service burden to customers with mostly operational costs to the banks.

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.

Decree-Law No. 80-A/2022, of 25 November, establishes certain measures aimed at mitigating the effects of the increase of the reference indexes in credit agreements for the acquisition or construction of permanent own housing.

The potential impact of rising interest rates on households' financial capacity has been motivating specific consumer protection regulations, such as Law No. 24/2023 of 29 May and Law No. 19/2022 of 21 October, bringing new obligations for credit institutions in the marketing of mortgage loans, extending the services included in the minimum banking services account and introducing new restrictions on commissions.

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 implemented in Portugal through 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.

On 1 January 2023 Millenniumbcp Ageas made the simultaneous adoption of IFRS9 - Financial lnstruments and IFRS17 - lnsurance Contracts. lt opted for the possibility given to lnsurance Companies to deter the application of IFRS9, since the combined implementation with IFRS17 would minimise the distortion of results. lnitial application of IFRS 17 and IFRS 9 requires comparative information. Therefore, Millenniumbcp Ageas Grupo Segurador made the transition exercise on 1 January 2022.

Also, the European Union Council has agreed on establishing a framework for the recovery and resolution of insurance and reinsurance undertakings ("**IRRD**"), reinforcing the Solvency II Directive. 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, a Strategic Board and 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 4 May 2022 approved the election of the Board of Directors for the 2022/2025 term of office, including the Audit Committee.

Two members of the Board of Directors, elected at the General Meeting held on 4 May 2022, Clara Patrícia Costa Raposo and Teófilo César Ferreira da Fonseca, decided, on 5 August 2022 and 8 July 2022 respectively, not to accept the position for which they were elected. On 11 October 2022, the Board of Directors, unanimously, approved the proposal for, and on 20 December 2022, the General Meeting approved, the co-optation of, subject to the non-opposition to the exercise of functions by the Banco de Portugal and the European Central Bank, Altina Sebastián and Pedro Ferreira Malaquias to fill the two vacancies. On 7 December 2022, the supervisors authorised the exercise of functions by these two directors.

Currently, following persons exercise functions as members of the Board of Directors of the Bank:

Position	**Name**
Chairman:	Nuno Manuel da Silva Amado

Vice-Chairmen:	Jorge Manuel Baptista Magalhães Correia
	Valter Rui Dias de Barros
	Miguel Maya Dias Pinheiro
Members:	Cidália Maria da Mota Lopes
	Fernando da Costa Lima
	Ana Paula Alcobia Gray
	João Nuno de Oliveira Jorge Palma
	José Miguel Bensliman Schorcht da Silva Pessanha
	Lingjiang Xu
	Lingzi Yuan (Smilla Yuan)
	Maria José Henriques Barreto de Matos de Campos
	Miguel de Campos Pereira de Bragança
	Rui Manuel da Silva Teixeira
	Altina de Fátima Sebastian Gonzalez Villamarin
	José Pedro Rivera Ferreira Malaquias

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
	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 da 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)
	Member of the Scientific Board	Coimbra Business School - ISCAC
Jorge Manuel Baptista Magalhães Correia	Chairman of the Board of Directors	Luz Saúde, S.A.

	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.
	Non-executive member of the Board of Directors	Longrun, Portugal, SGPS, S.A.
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.
	Vice-Chairman of the Board of Directors and chairman of the Audit Committee	Banco Millennium Atlântico, 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	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	Member of the Senior Board	Alumni Clube ISCTE
	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	APB – Associação Portuguesa de Bancos (in representation of Banco Comercial Português, S.A.
Rui Manuel da Silva Teixeira	Member of the Board of Directors of	Ageas-Sociedade Gestora de Fundos de Pensões, S.A.

	Member of the Board of Directors	Millenniumbcp Ageas – Grupo Segurador, SGPS, S.A
	Member of the Board of Directors	Ocidental – Companhia Portuguesa de Seguros Vida, S.A.
	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)	Vice-Chairwoman	Shangai Fosun High Technology (Group Co., Ltd.)
	Chairperson	Fosun Financial Services Group (Internal titles under working contract with Fosun Group)
	Non-Executive Chairwoman	Zhangxingbao (Shanghai) Network Technology Co., Ltd. (subsidiary of Fosun)
	Non-Executive Director	MYBank
	Non-Executive Director	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
	Visiting Professor	Faculdade de Economia do Porto
Altina de Fátima Sebastian Gonzalez Villamarin	Director and Member of Audit Committee	San Jose Group Company
	Member of the Advisory Board	Expansion y Actualidad Economica
	Member of the Portuguese World Network	Council of the Portuguese Diaspora
	Guest Professor	Complutense University
	Visiting Professor	Católica Lisbon Business & Economics
José Pedro Rivera Ferreira Malaquias	Partner	Abreu Advogados, Sociedade de Advogados

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:

Position	**Name**
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:

Position	**Name**
Members:	Cidália Maria da Mota Lopes
	Valter Rui Dias de Barros
	Fernando da Costa Lima
Alternate member:	Altina de Fátima Sebastian Gonzalez Villamarin

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 Meetings of Shareholders held on 30 May 2018 and 4 May 2022, 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., effectively represented by its partner João Carlos Henriques Gomes Ferreira, ROC n.º 1129, who replaced on 21 July 2022, Paulo Alexandre de Sá Fernandes, ROC n.º 1456, because he reached the maximum duration of the limit for the exercise of functions, and alternatively by 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.

THE PORTUGUESE MORTGAGE MARKET AND THE SERVICING OF THE COVER POOL

PORTUGUESE MORTGAGE MARKET

Since Portugal joined the EU in 1986, the country has steadily improved its living standards. GDP per capita in purchasing power has increased from less than 60% of the EU average in 1986 to 79% in 2019[16].

The EU integration process during the 1990s provided a favourable environment of political and financial stability, which was conducive to a strong expansion of the mortgage business in Portugal. The "EU convergence momentum" has moderated significantly since 2001 leading to a prolonged period of gradual adjustment in the construction business and weak housing dynamics.

The Portuguese economy has not been immune to the global recession in 2008-2009. The abrupt change in global financial markets, mainly in relation to access to capital, coupled with high indebtedness levels, led the Portuguese government to request external assistance by mid-2011. From May 2011 to May 2014 Portugal was under a specific economic and adjustment programme ("**PAEF**") that has entailed a wide range set of structural reforms, which were expected to allow for stable public finances and stronger economic growth over the long term.

Notwithstanding the longer-term positive effects expected to emanate from the PAEF and its conclusion[17] in May 2014, the austerity coupled with adverse external and financial conditions significantly constrained the country's ability to grow in the 2011-2013 period. Following these three consecutive years of recession, the Portuguese economy recovered, supported by the growth of exports and less depressed levels of domestic demand. Between 2014 and 2019, the economic activity, measured by real GDP growth rate, grew near 13.5%[18] in accumulated terms.

However, this positive growth trend experienced a sudden and marked deterioration in 2020 due to the COVID-19 pandemic, as the health crisis had a severe impact on economic activity. In 2021, the Portuguese economy grew 5.5% recovering partly the output level lost in 2020. In 2022, the Portuguese economy recovery was strong, and the real GDP surpassed its pre-pandemic levels, growing 6.7%[19]. In the first semester of 2023, the Portuguese economy continued to grow at steady pace. However, higher financing costs, the surge of inflation rates, and the global economic slowdown could hinder the economic activity in the coming quarters. Against this background, the outlook for the mortgage markets could worsen.

1. Long-term developments

The Portuguese economy has recorded a decent performance over the past 35 years, driven by the process of EU integration – "cohesion" (1986-1993) and then "convergence" (1993-1998) – but had shown some difficulties in adjusting to the monetary union (1999 to 2013).

During the first two phases, from the high levels of unemployment, inflation and public deficit recorded in the mid-1980s, Portugal managed to comply with the Maastricht criteria only ten years later. The country's unemployment rate declined from 9% to 4%; inflation dropped from close to 30% in 1985 to 2% in the late 1990s. Over those years, real GDP growth averaged 3.5% per year. The three-month Lisbon interbank offer rate moved from 10% in 1993 to about 3% by the end of the decade.

[16] Eurostat, March 2021.
[17] Statement by the EC, ECB and IMF on the Twelfth Review Mission to Portugal, 2 May 2014.
[18] Portugal's National Statistics Institute, March 2022.
[19] Portugal's National Statistics Institute, March 2023

The ongoing deregulation and liberalisation of the banking and financial markets led to growing competition among market participants. Demand for residential property was strong. The growth rate of credit granted to households rose quickly for most of the 1990s, topping 38% year-on-year in 1998.

After 2000, the Portuguese economy convergence process stalled. The loss of the exchange rate instrument, greater emphasis on productivity gains and flexible markets and increasing competition all resulted in the Portuguese economy facing great difficulties in the global marketplace. At a domestic level, households' build-up of debt, uncertainty and fiscal policy constraints led to a downward adjustment of spending patterns. In sharp contrast with the 90s' performance, real GDP growth averaged only 0.9% from 2000 to 2009 (comparing with 1.4% for the Eurozone average)[20].

Despite a more adverse economic climate and the end of public subsidies for housing loans after 2002, housing loans continued to grow for most of the decade. More sophisticated scoring systems, judicious allocation of capital, strong home-ownership ratio and financial innovation contributed to easing households' financial burden and contain credit risks. Credit delinquency remained rather low throughout the period.

However, the degree of indebtedness across certain sectors of the economy, including households, continued to increase steadily. These circumstances put the Portuguese economy in a rather vulnerable position for what was to happen in 2007/2008 as the subprime meltdown morphed into a full-blown global financial crisis. This event severely restricted the access of Portuguese issuers to funding and unravelled a recession which, together with the eruption of the European sovereign debt crisis in 2010, provoked a jump in mortgage credit delinquency that greatly damaged the housing market. New mortgage lending collapsed, foreclosures spiked, and house prices fell.

The intensification of the European sovereign crisis put the Portuguese debt-driven growth model to an end. Back in April 2011, the Portuguese government negotiated the PAEF with the IMF, the ECB and the European Commission envisioning a total of EUR 78 billion of institutional funding through 2014, conditional on Portugal achieving several goals in terms of consolidation of public finances, implementation of structural reforms and support to the financial system.

In the short term, the structural reforms and readjustment of the productive structure had a negative impact on Portuguese economic activity, which contracted *circa* 7%, in accumulated terms, between 2011 and 2013[21].

However, as a result of the structural reforms and the fiscal consolidation, the economic situation eventually improved. Since the last quarter of 2013, the year-on-year GDP growth rates turned positive, beginning a period of sustained recovery of economic activity, which was supported by growth of exports, alongside an improving trend in domestic demand. Between 2017 and 2019[22] the recovery gained further depth, with GDP recording annual growth rates around 3.0%. In line with the economy's recovery, the unemployment rate declined to 6.6% in 2019, after reaching a peak of 18.5% in the first quarter of 2013[23]. The consolidated value of the gross debt of the public administration declined from 132.9% of GDP in 2014 to116.6% of GDP in 2019[24] and the government balance, which was -11.4% of GDP in 2010, recorded a surplus of 0.1% in 2019 for the first time in decades[25]. The restructuring of balance sheets in both the public and private sectors, and growth in exports helped to reduce the external imbalance, leading to significant improvements in current and capital account balances.

2. Current situation

[20] Portugal's National Statistics Institute and Bank of Portugal, March 2021.
[21] Portugal's National Statistics Institute, March 2021.
[22] Portugal's National Statistics Institute, March 2022.
[23] Portugal's National Statistics Institute, March 2022.
[24] Bank of Portugal, March 2022.
[25] Portugal's National Statistics Institute, March 2022.

(a) The economy

In 2020, the Portuguese economy recorded an unprecedented contraction of 8.3% stemming from the effects of the COVID-19 pandemic, which turned out particularly pernicious to exports amid the collapse of tourism activity, to private consumption and, in a lesser degree, to investment.

In 2021 the GDP grew 5.5%, which represented a strong recovery compared to the contraction recorded in the preceding year, benefited from the removal of containment measures from the second quarter onwards. In 2022, the recovery intensified, and the GDP grew 6.7% supported by the dynamism of private consumption and tourism, in a context of high levels of accumulated savings by the families and the strength of the labour market, while the investment decelerated markedly, hampered by global supply chain disruptions and the rise of commodities prices. The annual average inflation rate climbed to 8.1%, driven by the surge of energy and food prices.

The strong nominal growth of the Portuguese economy contributed to a reduction of the Portuguese public debt as a percentage of GDP, from 124.5% to 112.4% of GDP in 2022.

In 2023, the Banco de Portugal predicts a significant deceleration of the recovery of the Portuguese economy, hindered by (i) high inflation rates; (ii) tighter financial costs; (iii) the slowdown of the Portuguese main trade partners; and (iv) the risks on the geopolitical front. These factors are expected to translate in lower growth levels, with a particular negative impact on low-income families.

Specific vulnerabilities of the Portuguese economy could compound the shock associated to the geopolitical uncertainty, rising financing costs and high inflation rates. Specifically, (i) the importance of the tourism sector exposes the overall economy to the risks of a slow recovery in global demand; (ii) the persisting high levels of both corporate and households' debt increase the risks of widespread defaults in a case of a more acute economic and financial environment; and (iii) 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.

(b) The housing market

The housing market was stricken hard by the 2011-13 Portuguese economic and financial crises as the demand for big tickets such as houses was sharply cut back in a context of high uncertainty, reduced income and a dearth of supply of mortgage financing. However, in 2013 this depressing trend started to give way to a recovery that has since been gaining considerable traction, benefiting from the rebound in the overall economic activity, especially within the tourism sector, and a surge in the involvement of foreign investors in the residential real estate. As a result, the number and value of transactions in the residential real estate market have soared and house prices have risen strongly and consistently in 2018 and 2019 (the annual growth rate was 10.3% and 9.6%[26], respectively). The evolution of the demand for new housing loans mirrored the trends of the overall housing market albeit with some lag as cash-only transactions gained considerable prominence. Residential permits issued and new dwellings completed, which had been declining since 2002, contributing to some rebalancing of the residential property market, have embarked on an upward trajectory since 2016. Credit delinquencies decreased, reflecting a marked improvement in the unemployment rate and historical low EURIBOR rates, the main indexer in Portuguese housing loans, which have mitigated the impact of higher prices on house affordability, thereby contributing to maintain mortgage instalments at low values.

In 2020, the Portuguese real estate market proved quite resilient against the pandemic shock. Despite the number of transactions' drop of 11.2%[27], due to the constraints resulting from the health measures, the house prices rose by 8.0%.[28] The resilience of the real estate sector benefited from a more solid financial situation of households compared to previous crises, an environment of low interest rates and

[26] Portugal's National Statistics Institute, December 2021.
[27] Portugal's National Statistics Institute, March 2023.
[28] Portugal's National Statistics Institute, March 2023.

economic policies aimed at supporting households' income. In 2021, the number of transactions increased, and the house prices continued to grow at a steady pace in 2022 (11.6%[29]). In the first half of 2023, the Portuguese housing market slowed down. In the coming quarters, risks that the economic shock stemming from the Russia-Ukraine and the Israel-Hamas conflicts could have an important adverse impact on Portuguese real estate market prevail and relate mainly to the pervasive uncertainty regarding the evolution of the global economy, which could dampen the interest of residents and non-residents in Portuguese housing market, likely leading to a fall of housing demand and thereby to a devaluation of housing real estate.

Moreover, the rising risk of default by Portuguese households, as debt servicing costs increase and the labour market worsen, should put non-performing loans on a renewed upward trend. Even though the residential mortgage market credit delinquency is lower than other credit segments and has been moving downwards continuously (after peaking in June 2016[30]), dropping in June 2023 to a historical minimum (0.3% of loans[31]), it could start to increase again amid weak economic activity and higher interest rates.

Most of the mortgage lending is done at a variable interest rate, usually indexed to the average three-month or six-month EURIBOR, with a one-month lag. Although fixed-rate lending or capped-rate alternatives have been increasing, its share in the total outstanding mortgage book is still quite limited. The spread charged over the benchmark interest rate is a function of several factors: the individual's credit assessment; the loan-to-value level; the banking relationship; other collateral arrangements; and global market conditions. The widespread use of contracts at variable interest rate makes households exposed to interest rate risk. During the pandemic crisis this feature eased the debt servicing burden. However, the marked increase of reference interest rates since mid-2022 to tame inflation pressures and the risk that persistent high inflation rates prompt a forceful action of the European Central Bank could drive interest rates higher. Any additional tightening in global financial market conditions could lead to higher EURIBOR rates, and further increase households' debt burden, adding to the significant rise in 2022-2023.

Prior to the previous crises, the ratio of mortgages outstanding by nominal GDP moved upwards consistently, from slightly less than 20% at the end of 1995 to a peak of about 65% by the end of 2012[32]. Since then, however, the ratio has been falling and in 2022 it reached 42%[33].The mortgage credit share in total lending to private individuals has grown over the years, standing currently near 78% of the total, at around EUR 99.4 billion (excluding securitised loans)[34]. Portuguese households have been steadily reducing their indebtedness ratios. In fact, household loans declined from almost 90% of disposable income in 2009 to 61% in 2022[35]. Moreover, considering the asset side, and according to Banco de Portugal's estimates, households' global financial situation is arguably resilient, as financial wealth (i.e. excluding real estate assets) is roughly three times higher than households' total financial debt. In spite of the fact that households (and thus banks) are now in a much-improved condition to face a marked deterioration in the Portuguese real estate fundamentals, the risks of a deterioration of the mortgage market increased significantly as a result of: (i) higher interest rates; (ii) risks of weak demand; (iii) restrictions on the housing supply; and (iv) legislative changes.

The residential mortgage legal framework has changed over the years, from a highly regulated market with few institutions qualified to grant mortgage loans, to a more liberal setting. In 2002, subsidised mortgage schemes were discontinued, and the terms of the loan were liberalised. By mid-2007, a cap on prepayment penalties, conditional on the type of interest rate index (variable or fixed), as well as specific rounding procedures for the interest rate charged were introduced. Lenders must disclose a full set of the loan conditions when publicising product offers. Since 2018, lenders are subject to

[29] Portugal's National Statistics Institute, March 2023.
[30] Bank of Portugal, March 2021.
[31] Bank of Portugal, September 2023.
[32] Bank of Portugal, March 2021.
[33] Bank of Portugal and Statistics Portugal, September 2023.
[34] Bank of Portugal, February 2022.
[35] Bank of Portugal and Statistics Portugal, September 2023.

comprehensive duties of information in respect of consumers – both borrowers and guarantors – and are required to reflect negative interest rates and the decline of the EURIBOR rate in loan documentation. This set of rules enhances both competition and transparency in the marketplace.

The Residential Mortgage business of the Bank

In 1992, the Bank established, in association with Cariplo, an autonomous residential mortgage bank – Banco de Investimento Imobiliário S.A. ("**BII**"). Until December 2000, all residential mortgage loan business generated by Bank's branch network and by BII's own branches was booked at and administered by BII. In December 2000, all residential mortgage loans granted by BII to clients of the Group were separated from BII's portfolio and migrated into the Bank's. Since then, the Bank has granted mortgage loans to its clients directly.

Origination

The Bank's residential mortgages are originated at branch level as a result of direct contact by borrowers. Customers may also use digital channels (home banking, mobile App) in order to initiate a mortgage loan application process; however further steps will be conducted at branch level. Until 2011, applications could also be submitted by real estate agents (which would nevertheless require customers to go to a branch to deliver the required information).

Underwriting

The Bank's residential mortgage loan applications data and prospective borrowers' and guarantors' details are introduced at branch level through an electronic front-end system application linked to an automatic decision-making support process and an electronic underwriting and pricing workflow.

Appropriate behaviour or application probability of default ("**PD**") models (according to customer segment and risk portfolio) are embedded in the automatic decision-making support process and generate a credit risk rating assigned to the customer. PD models are owned by Risk Office since June 2019. PD models performance is monitored by independent teams at Models Monitoring and Validation Cabinet (Gabinete de Acompanhamento e Validação de Modelos). Although rarely used, a rating override facility may be performed at the Rating Division (Direção de Rating).

Income checking is based on income tax statements, proved income or salary paid in the customer's current account. Additional layers of risk assessment are considered in credit underwriting: filters (negative risk filters, product specifications, financial and real estate criteria), minimum down payment, loan-to-value ratio, risk assessment using PD models and debt service to income ratio or assessment of financial available capacity using customers' financial information at the Bank.

Information available at the Banco de Portugal's credit bureau is checked automatically.

The electronic workflow system where credit applications are automatically processed will define, according to the automatic decision-making support message and underwriting empowerment rules (defined in credit regulations), whether the underwriting decision will be made by credit officers at the branch or at the Credit Division (Direção de Crédito) and which commercial level will be establishing the pricing conditions.

The branch credit committee is empowered to underwrite by automated models according to predefined credit rules and constraints, taking also into account the customer's probability of default.

If the branch credit committee is not empowered to underwrite the credit risk, the loan application can be forwarded electronically to the Credit Division.

At the Credit Division, additional enquiries may be made, notably on borrowers' and guarantors' (if any) delinquency records at the Bank, information on total borrowings and credit in arrears or in default at the Banco de Portugal's credit bureau, bank accounts information on the Bank's Customer Information System, bank account statements at other banks and additional information collected by the branch officers (e.g. other assets owned by the client).

Underwriting decisions are sent electronically to the branch and, in the case of an "accept" decision, a real estate appraisal is automatically requested from a randomly selected independent appraiser. The Credit Division's agreed service level is 48 hours.

The issue of a formal letter of approval, loan agreement contract and loan disbursement occur only after confirmation of all data provided by the Contracting Area (*Direção de Operações – Departamento Operacional de Crédito*).

Insurance Cover

Life and property insurance coverage is required, although the former is waived in some exceptional cases. While life insurance covers the amount of the loan, property insurance covers the replacement cost of a reconstruction of the property.

Mortgage Products

Under the laws of the Portuguese Republic, since 2 November 2002 the maturity of new residential mortgage loans is freely agreed among the parties. The maturity of mortgage loans originated in the Group cannot exceed 40 years. Since July 2018, Macroprudential Recommendations set a maximum term of 40 years for mortgage loans or equivalent, which must gradually converge to an average maturity of 30 years by the end of 2022. Since April 2022 maturity (35-40 years) depends upon the age of the oldest applicant. Current average maturity on new production is approximately 31 years. The majority of residential mortgage loans new production pay interest on a floating rate basis indexed to twelve-month EURIBOR, with a spread depending on the LTV ratio and customer risk grade. Most loans, once fully drawn up, must be repaid in monthly instalments, although different amortisation profiles or interest-only payment periods may have been agreed prior to July 2018. Since July 2018, the LTV ratio cannot exceed 90% if owner occupied homes (100% if bank's foreclosed properties and leasing housing deals) or 80% otherwise.

In mid-March 2020, most risk criteria for new credit underwriting have been tightened up due to the COVID-19 pandemic. From August 2020, there has been a phased-in easing of automated credit decision criteria.

Arrears Procedures

In Retail Network, delinquencies persisting for less than 60 days are dealt with directly at branch level (this may be extended to 90 days if the customer only has overdrafts in their current account). Branch officials receive a daily report on arrears, on which they are expected to take appropriate action depending on their relationship with the borrower. Seven days after the first day of arrears the bank initiates a remote communication plan with the borrowers, using SMS, CAT (self-service machines for BCP's customers) and the internet and all branches receive lists of these customers in their working lines (in the IT tool they use daily) in order to contact each of them. More recently, the bank has invested on increasing its effectiveness with the remote communication collecting procedures, using statistic decision models in order to define the load, channel and periodicity of those remote collecting attempts.

Once 60 days' overdue, loans are transferred to the retail recovery department. Everyday a centralised strategy team runs a segmentation decision tree on the newcomers, defining which team will be responsible for the next recovery actions. Customers can be segmented into 4 categories: Leasing (for customers with a leasing dominant exposure), SME's, individuals with collateralised loans and uncollateralised customers. On that same day, newcomers in the retail recovery department are distributed to the teams that are responsible for managing each segment.

When distributed, each team / recovery manager will apply the collections and recovery strategies that are defined for each segment. That may include phone contacts, emails and SMS in order to collect or restructure the loans in debt or even meetings with customers (although not very frequent). If these attempts are unsuccessful, the recovery manager will proceed to the judicial execution of the debt (if applicable), calling upon external lawyers.

Throughout the whole recovery process, a set of letters following a sequential pattern is sent to the borrower and any guarantors in order to inform the debtors of their failure to pay and facilitate the recovery process by warning them about the next steps.

The team that receives the customers for treatment and, usually, the same recovery manager, will be responsible for handling the recovery procedure until it ends, whether that happens with a recovery or with a write-off. This means the customer is managed on an end-to-end approach when in the retail recovery department.

Legislative consumer support measures

Decree-Law No. 80-A/2022, of 25 November, establishes certain measures aimed at mitigating the effects of the increase of the reference indexes in credit agreements for the acquisition or construction of permanent own housing.

The potential impact of rising interest rates on households' financial capacity has been motivating specific consumer protection regulations, such as Law No. 24/2023 of 29 May and Law No. 19/2022 of 21 October, bringing new obligations for credit institutions in the marketing of mortgage loans, extending the services included in the minimum banking services account and introducing new restrictions on commissions.

Decree-Law no. 20-B/2023, of 22 March, also creates extraordinary and temporary support for families to pay the rent for a lease or sublease of their first residence and the instalment of credit agreements for the purchase, renovation or construction of their own permanent residence.

In September 2023, the Portuguese Government proposed a temporary mechanism aimed at lowering and stabilising monthly mortgage payments contracted under a variable rate regime or a mixed rate regime. The mechanism was approved through Decree-Law 91/2023, of 11 October and is expected to be in place between the end of 2023 and the beginning of 2024. The Portuguese Government has also proposed a temporary reinforcement of the existing programme of subsidies to mortgage payments.

USE OF PROCEEDS

The net proceeds resulting from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes or as otherwise stated in paragraph 4 (*Reasons for the offer*) of the applicable Final Terms or Pricing Supplement (as the case may be).

In particular, if specified in the relevant Final Terms (or, in the case of Exempt Covered Bonds, in the applicable Pricing Supplement), the Issuer intends to apply an amount equal to the net proceeds from an offer of Covered Bonds specifically for projects with environmental benefits, social benefits or both. Such Covered Bonds may also be referred to as "ESG Covered Bonds".

ESG Framework

The ESG Framework has the objective to ensure transparency and quality of the Issuer's ESG bonds. It is therefore aligned 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 Markets Association, as follows (and as further described in Sections 3.1 to 3.4 (pages 5-11) of the ESG Framework):

1. Use of Proceeds: it establishes the criteria to elect, and the categories of, green or social assets, in which the funds can be allocated.

2. Process for Project Evaluation and Selection: it describes the process of selection of assets, which business units are responsible for the selection and allocation of proceeds and how regularly they should meet.

3. Management of Proceeds: it establishes how the proceeds will be managed and allocated.

The Issuer will adopt a portfolio approach, ensuring that the nominal amount of Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets (all as defined below) in the portfolio is higher than the total nominal amount of green Covered Bonds ("**Green Covered Bonds**"), social Covered Bonds ("**Social Covered Bonds**") and sustainability Covered Bonds ("**Sustainability Covered Bonds**") outstanding.

BCP intends to (a) allocate an amount equal to the net proceeds from any issue of Green Covered Bonds for the purposes of the finance and/or refinance, of loans and/or investments with environmental benefits ("**Eligible Green Assets**"), (b) allocate an amount equal to the net proceeds from any issue of Social Covered Bonds for the purposes of the finance and/or refinance, of loans and/or investments with social benefits ("**Eligible Social Assets**") and (c) allocate an amount equal to the net proceeds from any issue of Sustainability Covered Bonds 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**"), 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).

Pending the full allocation of the net proceeds as described above, or in case of insufficient Eligible Green Assets, Eligible Social Assets or Eligible Green and Social Assets, the Issuer will invest the balance of the net proceeds in cash, cash equivalent, socially responsible investing (SRI) funds and/or other liquid marketable instruments as per the Issuer's general internal liquidity management policy.

In case part of the net proceeds of any issue of Green Covered Bonds, Social Covered Bonds or Sustainability Covered Bonds is allocated to financing new origination, it is the Issuer's intention to do it within thirty-six months from their issuance.

4. Reporting: it sets two types of reporting (allocation report and impact report) the respective data to be reported and the link where will this information be available.

The ESG Framework will not be, and shall not be deemed to be, incorporated in and/or form part of this Base Prospectus.

THE LEGAL REGIME OF COVERED BONDS

FRAMEWORK

The Covered Bonds Law introduced a framework for the issuance of asset covered debt securities into Portuguese law.

On 6 May 2022, Decree-Law 31/2022, of 6 May 2022, approving the new Legal Regime of Covered Bonds, transposing Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the "**CBD**") was published in the Portuguese Official Gazette. Without prejudice to some transitory provisions, this new regime entered into force on 1 July 2022.

The Legal Regime of Covered Bonds grants to CMVM the authority to supervise all covered bond programmes and to issue regulations with regard to covered bonds. On 28 July 2023, CMVM Regulation no. 2/2023 was published in the Portuguese Official Gazette. This regulation focuses only on those aspects that are directly subject to the Legal Regime of Covered Bonds, namely, (i) the instructive/ancillary elements for the purpose of authorising covered bond programmes; (ii) the criteria for legal, contractual or voluntary overcollateralisation; (iii) the issuer's information duties towards the CMVM; (iv) the document preservation duties related to the covered bond programmes; (v) the common representative's right of access to information about the cover pool; (vi) the means of sending and disclosing information relating to covered bond programmes; (vii) the procedures for the replacement of the programme's credit manager and the fee due and payable for the authorisation of covered bond programmes.

In accordance with the transitional provisions of Decree-Law 31/2022, of 6 May 2022, BCP as issuer of covered bonds applied to CMVM, as supervisory authority, for the conversion of its covered bonds programme, under the Covered Bonds Law, to a covered bonds programme compliant with the Legal Regime of Covered Bonds. No issuance of Notes under the Programme will take place until CMVM has authorised such conversion and, following such conversion, all outstanding covered bonds of BCP issued under the Covered Bonds Law will be subject to the Legal Regime of Covered Bonds.

COVER ASSETS

The Legal Regime of Covered Bonds and the CRR sets out the type of assets that are eligible to collateralise issues of covered bonds made by a credit institution.

The Covered Bonds to be issued under this Base Prospectus will be labelled as "European Covered Bond (Premium)", as set out in Article 42(2) of the Legal Regime of Covered Bonds provided that the Covered Bonds are in compliance with the Legal Regime of Covered Bonds and the CRR.

As such, the Cover Pool will comprise only assets listed in Article 129(1) of the CRR (and provided that the requirements under paragraphs 1a to 3(b) of Article 129 of the CRR are met).

For further information regarding the eligible types of assets, please see the "Characteristics of the Cover Pool" above.

Hedging contracts may also be included in the cover pool for hedging purposes, provided they meet certain legal requirements established in the Legal Regime of Covered Bonds and in Article 129 of the CRR.

The Legal Regime of Covered Bonds contains certain rules governing the limits and conditions for the use of these hedging contracts. The evaluation rules of the hedging contracts established in Article 4(e) of the CMVM Regulation.

For further details on the abovementioned requirements, see the section "Hedging Contracts" in the chapter entitled "Characteristics of the Cover Pool".

The cover pool is of a dynamic nature. Accordingly, the credit institution may be required, or may otherwise decide, to include new assets in such cover pool or substitute assets in case the existing ones no longer comply with the applicable financial and prudential requirements.

Furthermore, a credit institution is required by the Legal Regime of Covered Bonds to maintain a register, in segregated accounts of the credit institution, of all the assets comprised in the cover pool, including hedging contracts.

VALUATION AND LTV CRITERIA

Credit institutions are required to conduct valuations of mortgage properties and periodic updates of such valuations in accordance with Articles 129 and 208 of the CRR, which establishes rules on the methods and frequency of the valuations of the properties.

In accordance with Article 129(1) of the CRR, the maximum loan to value ratio for residential mortgages is 80%, while for commercial mortgages loans it is set at 60%. However, in the case of commercial mortgages loans, this ratio may be increased to 70%, subject to certain conditions set out in the CRR.

The loan-to-value limit shall (i) apply on a loan-by-loan basis, (ii) determine the portion of the loan contribution to the coverage of liabilities attached to the covered bond and (iii) apply throughout the entire maturity of the loan.

Article 208 of the CRR contains detailed provisions regarding valuation of properties securing mortgage credits included in a cover pool (including subsequent valuations).

For further information regarding the valuation of assets, please see "*Characteristics of the Cover Pool*" above.

ASSET-LIABILITY MANAGEMENT AND FINANCIAL REQUIREMENTS

The Legal Regime of Covered Bonds establishes asset and liabilities matching requirements namely, the total aggregate amount of the mortgage credits and other assets at any time comprised in the relevant cover pool shall at least be equal to or greater than the aggregate amount of liabilities arising from the outstanding covered bonds.

For the purposes of the calculation of the coverage requirement set out above, , the liabilities arising from covered bonds shall include:

(a) the obligations for the payment of the principal amount of issued covered bonds;

(b) the obligations for payment of any interest arising from the outstanding covered bonds;

(c) the payment obligations arising from derivative contracts comprised in the cover pool; and

(d) the estimated costs related to maintenance and administration of the settlement of the relevant programme.

Should a breach of the homogeneity, coverage or liquidity of the Cover Pool occur, as foreseen in Article 20 of the Legal Regime of Covered Bonds, a credit institution is required to remedy the situation immediately by (i) allocating new primary or substitution assets, with or without replacing any assets already attached to the covered bonds, (ii) amortising outstanding covered bonds in the sufficient amount to remedy the breach and/or (iii) allocating new liquid assets to the liquidity buffer.

Mortgage credits that become delinquent after being allocated to the cover pool may still remain in such cover pool provided that the delinquency period is not equal to or higher than 90 days, in which case such mortgage credits must be removed from the cover pool by the credit institution and, if necessary to comply with the prudential requirements established in the Legal Regime of Covered Bonds substituted by new primary or substitution assets.

Mortgage credits underlying covered bonds may only be sold or encumbered if the credit institution allocates new primary or substitution assets sufficient to maintain compliance with the financial and prudential requirements set forth in the Legal Regime of Covered Bonds.

SEGREGATION OF COVER ASSETS AND INSOLVENCY REMOTENESS

Asset segregation and insolvency of Credit Institutions

The cover assets and hedging contracts allocated by the Credit Institution to the issues of covered bonds, including liquidity buffer assets, interest revenue, repayments, and security collateral relating to derivate contracts, will permanently remain and be registered in segregated accounts of the Credit Institution.

For further information regarding the asset segregation and the impacts of insolvency of the Issuer, please see "*Characteristics of the Cover Pool*" and "*Insolvency of the Issuer*" above.

Preferential status for covered bonds holders

Pursuant to the Legal Regime of Covered Bonds, holders of covered bonds benefit from a special creditor privilege over the assets assigned to the issue, with precedence over any other creditors, for the purpose of redemption of principal and receipt of interest corresponding to the relevant covered bonds.

The mortgages that serve as collateral for the entitlements of the holders of covered bonds prevail over any real estate preferential claims.

The hedging contracts entered into by the credit institution also form part of the cover pool and thus the relevant counterparties will also benefit from the special creditor privilege over such cover pool. Accordingly, these counterparties will have similar rights to those of the holders of the covered bonds and, consequently, their contracts are not expected to be called in case of insolvency of the credit institution.

In particular, the holders of covered bonds and the hedging counterparties have: (a) a claim against the credit institution issuing the covered bonds, (b) in the case of the insolvency or resolution of the credit institution issuing the covered bonds, a special creditor privilege on the cover assets in the amount of the principal and any accrued and future interest and (c) in the case of the insolvency of the credit institution issuing the covered bonds and in the event that the privileged credit referred in (b) cannot be fully satisfied, a common claim against the insolvency estate of that credit institution, which ranks *pari passu* with the claims of the credit institution's ordinary unsecured creditors of the credit institution. The entitlements under (a) to (c) above are limited to the total payment obligations under the covered bonds and the above dual recourse and special creditor privilege also applies in case of maturity extension of those covered bonds that are subject to automatic maturity extension, pursuant to the Legal Regime of Covered Bonds.

Pursuant to the Legal Regime of Covered Bonds, in the case of dissolution and winding-up of a credit institution, a meeting of holders of all series of covered bonds then outstanding may decide, by a 2/3 majority vote, to accelerate the covered bonds, in which case the administrator shall provide for the settlement of the cover pool allocated to the relevant covered bonds in accordance with the provisions defined in the Legal Regime of Covered Bonds and in the relevant terms and conditions that govern such covered bonds.

Maturity Extension

Pursuant to the Legal Regime of Covered Bonds, credit institutions may issue covered bonds with an automatic extendable maturity structure when:

(a) the non-discretionary extension requirements are specified in the terms and conditions of the issue applicable to the covered bonds;

(b) the information provided to holders of covered bonds relating to covered bonds with such automatic extendable maturity structure is sufficient to perceive the respective risk, including:

    (i) the operation of the maturity extension;

    (ii) the consequences for a maturity extension of the liquidation or resolution of the relevant credit institution; and

    (iii) CMVM's duties in relation to the maturity extension;

(c) the final maturity date of the covered bonds is determinable at all times; and

(d) in the event of liquidation or resolution of the relevant credit institution, maturity extensions do not affect the ranking of holders of covered bonds or invert the sequencing of the relevant covered bond programme's original maturity schedule.

In addition, the maturity of the covered bonds can only be extended in case of:

(a) revocation of the authorisation of the relevant credit institution; or

(b) foreseeable or actual failure to pay the principal or interest amounts of the covered bonds due at the initial maturity date, that is not remediable within an established period of time in the terms of the relevant issue or the covered bond programme, not exceeding ten business days.

In order to be able to extend the maturity of covered bonds, the credit institution shall notify CMVM of the referred extension together with the relevant reasons for such extension (i) no less than ten calendar days prior to the effective date or (ii) as soon as possible, if the occurrence of the reason for the extension or the time it becomes known does not allow the credit institution to respect the ten calendar days deadline. CMVM shall oppose the maturity extension within ten calendar days from receipt of such notice from the credit institution referred to above, when it considers that the requirements for the extension of the maturity are not fulfilled.

If, prior to the date on which the Covered Bonds will be automatically extended, CMVM has timely and duly decided to oppose to such extension, the extension to an extended maturity date will not apply; otherwise, such extension will apply thereafter (if CMVM timely opposes to such extension, it shall cease to apply; otherwise, it will continue to apply).

TAXATION

The following is a general description of certain tax considerations relating to the Covered Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Covered Bonds, 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 Covered Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds 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 Covered Bonds. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Portugal

The following is a general summary of the Issuer's understanding of current law and practice in Portugal as in effect on the date of this Base Prospectus in relation to certain current relevant aspects to Portuguese taxation of the Covered Bonds 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 Covered Bonds. 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 Covered Bonds. 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 Covered Bonds. 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 Covered Bonds or any related documentation.

Economic benefits derived from interest, accrued interest, amortisation or reimbursement premiums and other instances of remuneration arising from the Covered Bonds are designated as investment income for Portuguese tax purposes.

Gains obtained with the repayment of Covered Bonds or of any other debt securities are qualified as capital gains for Portuguese tax purposes.

1. Covered Bonds not held through a centralised control system

Portuguese resident holders and non-resident holders with a Portuguese permanent establishment

Interest and other types of investment income obtained on Covered Bonds 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%.

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.

Gains obtained on the disposal or the refund of the Covered Bonds 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 and losses on other 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%.

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 Covered Bonds, 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 78,834.

Stamp tax at 10% applies to the acquisition through gift or inheritance of Covered Bonds 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 Covered Bonds and capital gains realised with the transfer of the Covered Bonds 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 50,000 in the case of small, medium-sized and Small Mid Cap 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.

The acquisition of Covered Bonds 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 income tax at 21% or 17% on the first EUR 50,000 in the case of small, medium-sized and Small Mid Cap 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 neither wealth nor estate tax in Portugal.

Non-resident holders without a Portuguese permanent establishment

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 and the filing in of official forms. 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:

(i) 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

(ii) 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

(iii) 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.

Capital gains obtained on the disposal or the refund of the Covered Bonds 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 and losses on other 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 Covered Bonds 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 Covered Bonds by an individual who is not domiciled in Portugal.

The acquisition of Covered Bonds 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.

2. **Covered Bonds held through a centralised control system**

The regime described above corresponds to the general tax treatment of investment income and capital gains on Covered Bonds and to the acquisition through gift or inheritance of such Covered Bonds.

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 Covered Bonds, 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 European Economic Area 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:

(i) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and

(ii) 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 Covered Bonds 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 Covered Bonds 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 Covered Bonds), and, in the case of domestically cleared Covered Bonds, prior to the transfer of Covered Bonds, as the case may be. For the avoidance of doubt is it envisaged that the Covered Bonds 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 Base Prospectus.

Domestically Cleared Covered Bonds

The beneficial owner of Covered Bonds must provide proof of non-residence in Portuguese territory substantially in the terms set forth below:

(i) If a holder of Covered Bonds 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 Covered Bonds, duly signed and authenticated or proof pursuant to paragraph (iv) below;

(ii) If the beneficial owner of Covered Bonds is a credit institution, a financial company, a 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 Covered Bonds and its domicile; or (C) proof of non-residence, pursuant to the terms of paragraph (iv) below;

(iii) If the beneficial owner of Covered Bonds 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 paragraph (iv) below;

(iv) 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 paragraph (iv) above, in particular that the holder of Covered Bonds must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until 3 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 Covered Bonds 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 (i) to (iii) 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 Covered Bonds

If the Covered Bonds 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 Covered Bonds), 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 Covered Bonds 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.

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 passthrough 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 Covered Bonds 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 on 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 Covered Bonds.

The Issuer is not obliged to gross up any amounts which may be withheld or deducted pursuant to FATCA.

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.

Belgium, France, Greece, and Italy and Spain have already implemented unilateral FTT.

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.

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 EU Member States may decide to participate. Prospective holders of Covered Bonds are advised to seek their own professional advice in relation to the FTT.

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).

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.

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, Law No. 17/2019, of 14 February 2019, Law No. 24-D/2022, of 30 December 2022 and Law No. 36/2023 of 26 July 2023.

The Council Directive 2014/107/EU, of 9 December 2014, regarding the mandatory automatic exchange of information in the field of taxation was also implemented in Portugal 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 31 July, 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.

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 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. This form must be submitted before the Portuguese Tax Authorities within 30 days. In case any professional privilege or confidentiality clauses applies to the intermediary, a period of 5 days applies to inform the taxpayer.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS AND SECONDARY MARKET ARRANGEMENTS

The Dealers have, in the Programme Agreement dated 13 November 2023, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Covered Bonds. The Dealers are entitled in certain circumstances to be released and discharged from their obligations under the Programme Agreement prior to the closing of the issue of the Covered Bonds, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the relevant issue date. In this situation, the issuance of the relevant Covered Bonds may not be completed. Investors will have no rights against the Issuer or Dealers in respect of any expense incurred or loss suffered in these circumstances.

In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Covered Bonds have not been and will not be registered under the Securities Act or the securities laws or "blue sky 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 or not subject to the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Covered Bonds are initially being offered and sold only outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

The applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) will identify whether TEFRA C rules apply or whether TEFRA is not applicable. If TEFRA C applies, the Covered Bonds 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 regulations thereunder.

Each Dealer has agreed (and each further Dealer named in a Final Terms will be required to agree) that it will not offer or sell Covered Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of which such Covered Bonds are part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act, and it will have sent to each dealer to which it sells Covered Bonds during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have meanings given to them by Regulation S.

Until 40 days after the completion of the distribution of all Covered Bonds of the Tranche of which such Covered Bonds are a part, an offer or sale of the Covered Bonds within the United States by any dealer whether or not participating in the offering of such Tranche may violate the registration requirements of the Securities Act.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended or superseded from time to time; the "**FIEA**"). 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 has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Covered Bonds 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 superseded from time to time)), or to others for re-offering or re-sale, 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.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds (or Pricing Supplement, in the case of Exempt Covered Bonds) specify "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 to and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

the expression **retail investor** means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded from time to time, "MiFID II"); or

(b) 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

(c) not a qualified investor as defined in the Prospectus Regulation; and

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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds (or Pricing Supplement, in the case of Exempt Covered Bonds) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area , 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 Covered Bonds which are the subject of the offering contemplated by this Base Prospectus 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 Covered Bonds to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor, as defined in the Prospectus Regulation;

(b) 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

(c) at any time in any other circumstances falling within Articles 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) 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 Covered Bonds**" in relation to any Covered Bonds 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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended or superseded from time to tim.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds (or Pricing Supplement, in the case of Exempt Covered Bonds) 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 Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

the expression **retail investor** means a person who is one (or more) of the following:

(a) 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

(b) 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

(c) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds (or Pricing Supplement, in the case of Exempt Covered Bonds) 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 Covered Bonds which are the subject of the offering contemplated by this Base Prospectus 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 Covered Bonds 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 Covered Bonds 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 Covered Bonds to the public** in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds; 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 Dealer has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended or superseded from time to time (the "**FSMA**")) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Covered Bonds in, from or otherwise involving, the United Kingdom.

Italy

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

(i) 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; or

(ii) 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 Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under paragraph (i) or (ii) above must be:

(A) 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. No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the "**Banking Act**"); and

(B) 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 (i) and (ii) above, the subsequent distribution of the Covered Bonds 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 Covered Bonds being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

Portugal

In relation to the Covered Bonds, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Covered Bonds 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 and restated from time to time (the "Portuguese Securities Code") (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 made 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 Dealer has represented and agreed, and each further 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 Covered Bonds by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, where applicable: (i) no action has been or will be taken to directly or indirectly offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Covered Bonds 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 Portuguese territory, as the case may be; and (ii) no action has been or will be taken to distribute, make available or cause to be distributed this Base Prospectus or any other offering material relating to the Covered Bonds to the public in Portugal.

France

Each Dealer and the Issuer 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 Covered Bonds and the distribution in France of the Base Prospectus or any other offering material relating to the Covered Bonds.

Belgium

Other than in respect of Covered Bonds 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 Covered Bonds 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 Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

Singapore

Unless the Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) in respect of any Covered Bonds specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, 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 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) in respect of any Covered Bonds specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds 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 Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the 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 Covered Bonds 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 Covered Bonds 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.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Covered Bonds, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms or Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge, comply with all relevant securities laws, regulations and directives in each jurisdiction, in particular **Australia**, **South Africa** and **Canada**, in which it purchases, offers, sells or delivers Covered Bonds or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms or Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

Secondary Market Arrangements

The Issuer may enter into agreements with Dealers or other persons in relation to a Tranche or Series of Covered Bonds whereby such Dealers may agree to provide liquidity in those Covered Bonds through bid and offer rate arrangements. The relevant Dealers or relevant persons in such agreements may agree to quote bid and offer prices for the relevant Covered Bonds at such rates and in such sizes as are specified in the relevant agreement and the provision of such quotes may be subject to other conditions as set out in the relevant agreement. Not all issues of Covered Bonds under the Programme will benefit from such agreements.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 7 May 2007, in accordance with the provisions of the Covered Bonds Law. The updates of the Programme were duly authorised by resolutions of the Board of Directors of the Issuer dated 17 July 2008, 21 July 2009, 19 April 2010 and by resolutions of the Executive Committee of the Issuer dated 19 June 2012, 10 July 2013, 5 August 2014, 20 October 2015, 13 December 2016, 8 May 2019, 12 May 2020, 11 May 2021, 10 May 2022 and 31 October 2023.

The Issuer applied to CMVM to convert the Programme into a covered bonds programme compliant with the Legal Regime of Covered Bonds. No issuance of Notes under the Programme will take place until CMVM has authorised such conversion. Listing

Application has been made to Euronext Dublin for Covered Bonds issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market.

Clearing system

The Covered Bonds have been accepted for clearance through Interbolsa. The appropriate ISIN for each Tranche of Covered Bonds allocated by Interbolsa (and the appropriate Common Code for each such Tranche allocated by Euroclear or Clearstream, Luxembourg) will be specified in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Covered Bonds).

Yield

In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Covered Bonds 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 Covered Bonds and will not be an indication of future yield.

$$P = \frac{C}{r}\left(1 - \left(1 + r\right) - n + A\left(1 + r\right) - n\right)$$

where:

“P” is the Issue Price of the Covered Bonds;

“C” is the annualised amount of interest payable;

“A” is the principal amount of Covered Bonds due on redemption;

“n” is time to maturity in years; and

“r” is the annualised yield.

Significant or material change

There has been no significant change in the financial performance or trading position of the BCP Group since 30 September 2023. There has been no material adverse change in the prospects of the Bank or the BCP Group since the date of the last audited accounts, 31 December 2022.

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 (the "**CRSC**") 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 CJEU 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 CJEU 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 CJEU 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.

The CJEU rejected a request for an accelerated procedure and for priority to be given in the assessment of this case, hence the CJEU's assessment must be given within the normal timeline for these prejudicial proceedings, after which the judgment of this Court will then be concluded. The Bank was notified by the CJEU to, if it wished, submit its written observations, and to do so by 2 September 2022. The Bank forwarded its observations to the CJEU on 1 September 2022.

On 22 June 2023, the oral hearing was held at the CJEU, and the parties' lawyers made their presentations and answered the questions that the Judge and the Advocate-General wished to raise.

The following Advocate General's conclusions were made public on 5 October: (i) Article 101 of the Treaty on the Functioning of the European Union ("**TFEU**") does not preclude the classification as a restriction by object of an exchange of information between competitors on commercial conditions applicable to transactions (in particular spreads and current and future risk variables) and production figures, in the context of the supply of credit for housing, businesses and consumption in the banking sector, where that practice has artificially increased transparency and reduced uncertainty about the functioning of the market; and (ii) Article 101 of the TFEU does not preclude such categorisation where no efficiency gains, ambivalent effects or pro-competitive effects resulting from such exchange of information have been established or can be identified.

It is estimated that about two or three months after that reading, the CJEU will deliver its judicial ruling.

If this judicial ruling so determines, the trial may be "reopened" for some additional evidence to be produced. If this is not the case, the CRSC will deliver the corresponding sentence, which can also be appealed to the Lisbon Court of Appeal and to the Portuguese Constitutional Court.

After receiving an answer from the CJEU, it is expected that the CRSC will be able to issue a decision, where it may cancel, confirm, reduce or increase the fine applied by the Portuguese Competition Authority to the Bank.

On the appeal submitted, and at the trial hearing, arguments of fact and law were presented, which we believe to be solid and sufficient to justify the acquittal of BCP. However, given the complexity of the case, its several legal and extra-legal implications and the position that the CRSC has already taken on the facts, it is not possible to anticipate the final decision of the case.

2. The Bank Millennium in Poland is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,273. On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. Both parties requested a written justification of the judgment. On 13 December 2022 the claimant filed on appeal against the judgment of 24 May 2022. On August 11, 2023, the Bank has filed a response to the appeal.

3. On 3 December 2015, a class action was served on Bank Millennium by a group of the Bank Millennium's debtors (454 borrowers party to 275 loan agreements). The plaintiffs demanded payment in the total amount of PLN 3.5 million, claiming that the clauses of the agreements, pertaining to the low down payment insurance are unfair and thus not binding. plaintiffs extended the group in the court letter filed on 4 April 2018, therefore the claims increased from PLN 3.5 million to over PLN 5 million. 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 the total of 697 borrowers in 432 loan agreements. The value of the dispute, as updated by the claimant, is PLN 7,371,107.94. By resolution on 1 April 2020, the court established the composition of the group as per request by the plaintiffs and decided to take witness evidence in writing and called on the parties to submit questions to the witnesses. The Bank submitted a pleading with questions to witnesses in July 2020, after which the court began a period of collecting written testimony from witnesses. The initial hearing took place on 24 October 2023 and the next hearing is scheduled for 18 October 2024.

   As at 30 September 2023, there were also 150 individual court cases regarding LTV insurance (cases in which only a claim for the reimbursement of the commission or LTV insurance fee is presented).

4. As at 31 March 2023, in the group of the court cases where the Group's companies were defendant, was a lawsuit brought up by a shareholder of PCZ S.A. in bankruptcy (PHM, then European Foundation for Polish-Belgian Cooperation (EFWP-B) currently named The European Foundation for Polish-Kenyan Cooperation) against Bank Millennium S.A., worth of the dispute PLN 521.9 million with statutory interest from 5 April 2016 until the day of payment. The plaintiff filed the suit dated 23 October 2015 to the Regional Court in Warsaw; the suit was served to the Bank on 4 April 2016. According to the plaintiff, the basis for the claim is damage to their assets, due to the actions taken by the Bank and consisting in the wrong interpretation of the Agreement for working capital loan concluded between the Bank and PCZ S.A., which resulted in placing the loan on demand.

The Bank is requesting complete dismissal of the claim, 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 SA against the Bank. On 10 May 2023, the first instance Court announced a verdict dismissing the claim in its entirety. The verdict was appealed by the plaintiff and the date of its hearing has not yet been set.

5. On 3 January 2018, Bank Millennium was notified of a decision of the Chairman of the Office for Protection of Competition and Consumers ("**OPCC Chairman**" and the "**OPCC**"), in which the OPCC Chairman found infringement by Bank Millennium of the rights of consumers. In the opinion of the OPCC Chairman, the essence of the violation is that the Bank informed consumers (regarding 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 OPCC Chairman, 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 was forced had to: (a) send information on the OPCC's decision to the said 78 clients; (b) post the information on the decision and the decision itself on the website and on twitter; and (c) to pay a fine amounting to PLN 20.7 million. Millennium Bank lodged an appeal within the statutory time limit.

   On 7 January 2020, the first instance court dismissed Millennium Bank's appeal in its entirety. Millennium Bank appealed against the judgment within the statutory deadline. 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 OPCC, the court pointed out that the policy of imposing penalties by OPCC had changed in the direction of tightening penalties and that the court agrees with this direction.

   In Millennium Bank's assessment, the Court should not assess its 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 OPCC Chairman 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.

   The Court of Appeal, in its judgment of 24 February 2022, completely revoked the decision of the OPCC Chairman. On 31 August 2022, the OPCC Chairman lodged a cassation appeal to the Supreme Court. Millennium Bank believes that the prognosis regarding the litigation chances of winning the case before the Supreme Court is positive.

6. On 22 September 2020, the Bank received decision of the Chairman of the Office for Protection of Competition and Consumers 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.

On 31 March 2022, the first instance court revoked the entire decision of the OPCC Chairman. On 23 May 2022, the OPCC Chairman filed an appeal. On 26 October 2022, the Court of Appeal changed the judgment of the court of first instance and shared the position of the OPCC Chairman as to the abusiveness of the provisions regarding the determination of exchange rates in the annexes concluded with foreign currency borrowers. On 21 November 2022, the Court of Appeals, at the request of the Bank, suspended the execution of the judgment until the end of the cassation proceedings. On 30 January 2023 the Bank filed a cassation appeal to the Supreme Court.

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.

After our claims regarding the expert report and attachment of documents, the Court accepted the claims presented and sent the same to the experts to get their opinion.

BCP sent several documents and information to support its position and to enable the experts to reformulate the conclusions of the expert report in June 2023.

8. Litigation initiated by BCP and Millennium bim in relation to their exposure to Mozambique entities and sovereign guarantees:

    (a) 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.

    (b) 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.

    (c) On 30 September 2023, the Republic of Mozambique and Credit Suisse/UBS announced that they have settled amicably the legal proceedings in London concerning the above-mentioned disputed state guaranteed financing transactions in the Proindicus Facility Agreement. This settlement includes most of the other lenders under the Proindicus Facility Agreement, including Millennium bim. The parties have mutually released each other from any liabilities and claims relating to the Proindicus Facility Agreement.

Nevertheless, trial sessions relating to the other cases under dispute began 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.

Accounts

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 BCP Group for the financial years ended 31 December 2021 and 31 December 2022 were prepared in accordance with IFRS as adopted by the European Union. The financial statements of the BCP Group were audited for each of the two years ended 31 December 2021 and 31 December 2022 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 Base Prospectus relating to the Bank for the years ended 31 December 2021 and 31 December 2022 has been extracted or derived without material adjustment from the audited consolidated financial statements of the BCP Group for the financial years then ended and all financial information in this Base Prospectus relating to the Bank for the six-month period ended 30 June 2023 has been extracted or derived from the unaudited consolidated interim financial statements of the BCP Group for the six-month period ended 30 June 2023.

Documents available for inspection

For the period of 12 months following the date of this Base Prospectus, 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 audited consolidated financial statements of the Issuer and the auditor's report contained in the Issuer's Annual Report in respect of the financial years ended 31 December 2021 and 31 December 2022 in English;

(c) the most recently published unaudited interim consolidated financial statements (if any) of the Issuer;

(d) the Set of Agency Procedures dated 13 November 2023;

(e) the Common Representative Appointment Agreement dated 13 November 2023;

(f) this Base Prospectus; and

(g) any future prospectuses, offering circulars, information memoranda and supplements, including Final Terms and (in the case of Exempt Covered Bonds) Pricing Supplements (save that Pricing Supplements will only be available for inspection by a holder of such Covered Bond and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Covered Bonds and identity), to this Base Prospectus and any other documents incorporated herein or therein by reference.

The documents listed under paragraphs (a) to (c) above are a direct and accurate translation from the original Portuguese versions. In the event of a discrepancy, the Portuguese version will prevail.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Covered Bonds.

Dealers transacting with the Issuer

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, 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 respective affiliates may have positions, deal or make markets in the Covered Bonds 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 respective 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 Issuer's affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their respective 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 Covered Bonds issued under the Programme. Any such positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their respective 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.

Third party information

Information sourced from Banco de Portugal, Portuguese Banking Association (*Associação Portuguesa de Bancos*), Portugal's National Statistics Institute (*Instituto Nacional de Estatística*), the National Bank of Poland, the Bank of Mozambique, the Bank of Angola and from other sources mentioned in this Base Prospectus has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Where information from third parties is referenced in this Base Prospectus, the source of the information is identified alongside each statement.

DEFINITIONS

In this Base Prospectus, the following defined terms have the meanings set out below:

"**ActivoBank**" means Banco ActivoBank, S.A.

"**Adjustment Spread**" means 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)) 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)) 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)), in each case in its discretion and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

"**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

"**Agent**" means Banco Comercial Português, S.A., in its capacity as Agent, with head office at Praça Dom João I, 28, 4000-295 Oporto, Portugal.

"**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 Covered Bonds, 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.

"**Arranger**" means each of Barclays Bank Ireland PLC, the Co-Arranger and any other entity appointed as an arranger for the Programme and references in this Base Prospectus to the Arranger shall be references to the relevant Arranger.

"**BANIF**" means Banco Internacional do Funchal, S.A.

"**Bank**" means Banco Comercial Português, S.A.

"**Bank Millennium**" means Bank Millennium S.A.

"**Banking Act**" means Legislative Decree-Law No. 385, of 1 September 1993, as amended or superseded from time to time.

"**Banking Law**" means Decree-Law No. 298/92, of 31 December 1992, as amended or superseded from time to time.

"**Base Prospectus**" means this base prospectus dated 13 November 2023 prepared in connection with the Programme.

"**Basel III**" means the Basel III framework released by the Basel Committee on Banking Supervision relating to banking capital and liquidity minimum requirements.

"**Basel IV**" means the additional material elements of the Basel III framework which were finalised by the Basel Committee on Banking Supervision on 7 December 2017.

"**BCP**" means Banco Comercial Português, S.A.

"**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) 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 Covered Bonds 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).

"**Benchmarks Regulation**" means Regulation (EU) No. 2016/1011 (as amended or superseded from time to time).

“**BES**” Banco Espírito Santo, S.A.

“**BII**” Banco de Investimento Imobiliário, S.A.

“**BMA**” means Banco Millennium Angola, S.A.

“**BPA**” means Banco Privado Atlântico, S.A.

“**BRRD**” means Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014, as amended or superseded from time to time.

“**BRRD II**” means the amendments to the BRRD which entered into force in 27 June 2019.

“**Business Day**” means a day which is both: (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 London and Lisbon and any Additional Business Centre(s) specified in the applicable Final Terms; (ii) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the T2 is open; and (iii) either (1) 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 (if other than London and Lisbon and any Additional Business Centre(s)) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively or (2) in relation to any sum payable in euro, a day on which the T2 is open.

“**Capital Requirements Directive**” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended or superseded from time to time.

“**Central Bank**” means the Central Bank of Ireland.

“**Central de Valores Mobiliários**” means the Portuguese Centralised System of Registration of Securities.

“**CET1**” Common Equity Tier 1 capital.

“**CJEU**” means the Court of Justice of the European Union.

“**Clearing System**” means Interbolsa.

“**Clearstream, Luxembourg**” means Clearstream Banking *société anonyme*, Luxembourg.

“**CMVM**” means the Comissão do Mercado de Valores Mobiliários, the Portuguese Securities Market Commission.

“**CMVM Regulation**” means CMVM’s Regulation no. 2/2023 regarding covered bonds.

“**Co-Arranger**” means Banco Comercial Português S.A. and, together with the Arranger, the “**Arrangers**”.

“**Common Representative**” means Bondholders, S. L., in its capacity as representative of the holders of the Covered Bonds pursuant to Article 28 of the Legal Regime of Covered Bonds in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement, having its registered office at Avenida de Francia 17, A, 1, 46023 Valencia (Spain).

"**Common Representative Appointment Agreement**" means the agreement (as amended and/or supplemented and/or restated from time to time) dated 13 November 2023 entered into between the Issuer and the Common Representative and which sets out the terms and conditions upon and subject to which the Common Representative has agreed to act as Common Representative.

"**Cover Pool**" means the pool of assets maintained by the Issuer and allocated to the issue of Covered Bonds under the Programme, held to the benefit of the holders of Covered Bonds and the Other Preferred Creditors, and comprises the Primary Assets, the Substitution Assets and the Liquidity Assets, as specified in the Register.

"**Cover Pool Monitor**" means the entity from time to time appointed as cover pool monitor under the Cover Pool Monitor Agreement (being, as at 13 November 2023, KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A. (which is a member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), registered with the CMVM with registration number 20161489, with registered office at Avenida Fontes Pereira de Melo, Building FPM41, n.º 41 - 15.º, 1069-006, Lisbon, Portugal).

"**Cover Pool Monitor Agreement**" means the agreement (as amended and/or supplemented and/or restated from time to time or superseded) dated 13 November 2023 entered into by and between the Issuer and the Cover Pool Monitor.

"**Covered Bond**" means any covered bond issued by the Issuer and subject to the Legal Regime of Covered Bonds in the form specified in the applicable Final Terms and "**Covered Bonds**" shall be construed accordingly.

"**Covered Bonds Law**" means the Portuguese legal framework applicable to the issuance of covered bonds, enacted by Decree-Law No. 59/2006, of 20 March 2006, as amended or superseded from time to time, which has been revoked by Decree-Law No. 31/2022 of 6 May 2022.

"**CRA Regulation**" means Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended or superseded from time to time.

"**CRD IV**" means Directive 2013/36/EU.

"**CRD V**" means the amendments to CRD IV that were approved by the Council in May 2019.

"**CRR**" means the Regulation EU 575/2013.

"**CRR II**" means the amendments to the CRR that were approved by the Council in May 2019.

"**CSD**" means a central securities depositary.

"**Current Property Value**" means, in relation to a Property securing a Mortgage Credit, the updated Property Valuation of such Property.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(a) 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 (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(b) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(c) 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;

(d) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(e) if "**30/360**", "**360/360**" 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 set out in Condition 4.2(D)(v);

(f) 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 set out in Condition 4.2(D)(vi); and

(g) 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 set out in Condition 4.2(D)(vii).

"**DBRS**" means DBRS Ratings GmbH, or any of its affiliates or successor.

"**Dealers**" means 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, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, HSBC Continental Europe, J.P. Morgan SE, Morgan Stanley Europe SE, Natixis, NatWest Markets N.V., Nomura Financial Products Europe GmbH, Société Générale, UBS Europe SE and UniCredit Bank AG.

"**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of each Tranche of Covered Bonds.

"**DGF**" means the Deposit Guarantee Fund, as introduced by Decree-Law No. 31-A/2012, of 10 February, which amended the Banking Law.

"**DGS**" means the European Union national Deposit Guarantee Schemes.

"**DGS Directive**" means Directive 2014/49/EU.

"**DTAs**" means deferred tax assets.

"**EBA**" means the European Banking Authority.

"**ECB**" means the European Central Bank.

"**EDIS**" means the European Deposits Insurance Scheme.

"**EEA**" means the European Economic Area.

"**EFWP-B**" means the Europejska Fundacja Współpracy Polsko - Belgijskiej / European Foundation for Polish-Belgian Cooperation.

"**ESMA**" means the European Securities and Markets Authority.

"**EU**" means the European Union.

"**Euro**", "**€**" or "**euro**" means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty.

"**Eurobank**" means Euro Bank S.A.

"**Euroclear**" means Euroclear Bank S.A./N.V.

"**Euronext Dublin**" means the Irish Stock Exchange plc trading as Euronext Dublin.

"**Eurosystem**" means the central banking system for the Euro.

"**Extension Cessation Date**" has the meaning given in Condition 6.7(F).

"**FIEA**" means the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended or superseded from time to time.

"**Final Terms**" means, in relation to each Tranche, the applicable final terms attached to such Covered Bonds.

"**Financial Services Act**" means the Legislative Decree-Law No. 58 of 24 February 1998, as amended or superseded from time to time.

"**Fitch**" or "**Fitch Ratings**" means any entity that is part of Fitch Group and any successor to the relevant rating agency.

"**FSMA**" means the Financial Services and Markets Act 2000, as amended or superseded from time to time.

"**FX**" means foreign exchange.

"**FX-indexed**" means foreign exchange indexed.

"**G-SII**" means global systemically important institution.

"**GBP**", "**£**"or "**pounds sterling**" means pounds sterling, the lawful currency of the United Kingdom.

"**GDPR**" means 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 or superseded from time to time.

"**Group**" means the Issuer and its subsidiaries.

"**Hedge Counterparties**" means the party or parties that, from time to time, will enter into Hedging Contracts with the Issuer in accordance with the Legal Regime of Covered Bonds (and the relevant terms of article 129 of the CRR).

"**Hedging Contracts**" means the hedging contracts entered into by the Issuer in accordance with the Legal Regime of Covered Bonds for the purpose of hedging interest rate, exchange or liquidity risks in relation to the Cover Pool.

"**HQLA**" means high-quality liquid assets.

"**IDR**" means Issuer Default Rating.

"**IGA**" means an intergovernmental agreement with the United States.

"**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.

"**IMF**" means the International Monetary Fund.

"**Insolvency Event**" means the winding-up and dissolution of the Issuer under any applicable laws and regulations (including under Decree-Law No. 199/2006, of 25 October 2006, Decree-Law No. 298/92, of 31 December 1992 and/or (if applicable) under the Code for the Insolvency and Recovery of Companies introduced by Decree-Law No. 53/2004, of 18 March 2004).

"**Interbolsa**" means Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as operator of the Central de Valores Mobiliários.

"**Interest Amount**" means, as applicable, the amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination, calculated by the Calculation Agent pursuant to Condition 4 (*Interest*).

"**ISDA**" means the International Swaps and Derivatives Association Inc.

"**Issue Date**" means the date so specified in the applicable Final Terms being, in respect of any Covered Bond, the date of issue and purchase of such Covered Bond pursuant to and in accordance with the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s).

"**Issuer**" means Banco Comercial Português, S.A.

"**KPIs**" means key performance indicators.

"**LCR**" means liquidity coverage ratio.

"**Legal Regime of Covered Bonds**" means the Portuguese legal regime applicable to the issuance of covered bonds, annexed to Decree-Law 31/2022, of 6 May 2022 (transposing Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU), as amended from time to time.

"**LTV**" means loan-to-value.

"**Maturity Date**" means the maturity date of a Series of Covered Bonds, as specified in the applicable Final Terms.

"**MDA**" means minimum distributable amount.

"**Millennium bcp Ageas**" means Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.

"**Millennium bim**" means BIM - Banco Internacional de Moçambique, S.A.

"**MiFID II**" means the Directive 2014/65/UE of the European Parliament and of the Council, of 15 May 2014, as amended or superseded from time to time.

"**MiFIR**" means the Regulation 600/2014 of the European Parliament and of the Council, of 15 May 2014, as amended or superseded from time to time.

"**Moody's**" means any entity that is part of Moody's Group and any successor to the relevant Rating Agency.

"**Mortgage**" means, in respect of any Mortgage Credit, the charge by way of legal mortgage over the relevant Property together with all other encumbrances or guarantees the benefit of which is vested in the Issuer as security for the repayment of that Mortgage Credit.

"**Mortgage Credit**" means a loan receivable granted by the Issuer secured by a Mortgage which is registered as being comprised in the Cover Pool for the amount and with the characteristics required to be met pursuant to the Legal Regime of Covered Bonds, provided that it complies with any applicable requirements under paragraph Condition 14.3(A).

"**MREL**" means minimum requirement for own funds and eligible liabilities.

"**Non-Performing Mortgage Credits**" means, with respect to a Mortgage Credit, that such Mortgage Credit:

(a) is in the course of being foreclosed or otherwise enforced; or

(b) has one or more payments of principal or interest past due for 90 days or more.

"**Novo Banco**" means Novo Banco, S.A.

"**NPEs**" means non-performing exposures.

"**NPLs**" means non-performing loans.

"**NSFR**" means net stability funding ratio.

"**O-SII**" means other systemically important institution.

"**Ocidental Vida**" means Ocidental-Companhia Portuguesa de Seguros de Vida, S.A.

"**OCR**" means overall capital requirement.

"**Official List**" means the Official List of the Euronext Dublin.

"**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 Covered Bonds.

"**OTC"** means over-the-counter.

"**Other Preferred Creditors**" means the Hedge Counterparties.

"**Overcollateralisation Percentage**" means 105.0% or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor, provided that: (i) the Overcollateralisation Percentage shall not, for so long as there are Covered Bonds outstanding, be reduced by the Issuer below 105.0%; (ii) without prejudice to (i) above, the Issuer shall not at any time reduce the Overcollateralisation Percentage which applies for the purposes of Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) if this could result in any credit rating then assigned to the Covered Bonds by any Rating Agency, being reduced, removed, suspended or placed on credit watch; and (iii) assets contributing to the Overcollateralisation Percentage in excess of 100 per cent. of the aggregate value nominal amount of all outstanding Covered Bonds issued under the Programme shall not be subject to the limits on exposure size set out in accordance with Condition 14.3 (A) (b) and shall not count towards those limits.

"**P2G**" means Pillar 2 capital guidance.

"**P2R**" means Pillar 2 capital requirements.

"**Paying Agents**" means the paying agents named in the Set of Agency Procedures together with any successor or additional paying agents appointed from time to time in connection with the Covered Bonds under the Set of Agency Procedures.

"**Portuguese Companies Code**" means the commercial companies code approved by Decree-Law No. 262/86, of 2 September 1986 (as amended or superseded from time to time).

"**Portuguese Securities Code**" means Decree-Law No. 486/99, of 13 November 1999 (as amended or superseded from time to time).

"**PRIIPs Regulation**" means Regulation (EU) No. 1286/2014 (as amended or superseded from time to time).

"**Principal Amount Outstanding**" means, in respect of a Covered Bond, the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of Covered Bonds in respect thereof.

"**Programme**" means the Euro 12,500,000,000 covered bonds programme established on 5 June 2007 and updated on 4 August 2008, on 23 July 2009, on 6 May 2010, on 29 June 2012, on 10 July 2013, on 14 August 2014, on 23 October 2015, 20 December 2016, 15 May 2019, 26 May 2020, 21 May 2021, 20 May 2022 and 13 November 2023 for the issuance of Covered Bonds by the Issuer as described in this Base Prospectus.

"**Programme Agreement**" means the agreement dated 13 November 2023 entered into between the Issuer and the Dealers.

"**Programme Documents**" means the Base Prospectus, the Programme Agreement, the Set of Agency Procedures, the Common Representative Appointment Agreement, the Cover Pool Monitor Agreement and any other agreement or document entered into from time to time by the Issuer pursuant thereto and in relation to the Programme.

"**Property**" means, in relation to any Mortgage Credit, the property upon which the repayment of such Mortgage Credit is secured by the corresponding Mortgage and "**Properties**" means all of them.

"**Property Valuation**" means, in relation to any Property, the amount determined as such Property's market value (which means, in accordance with point (76) of article 4(1) of the CRR, the estimated amount for which the Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion), in accordance with the most recent independent valuation of such Property, at the time or after the relevant Mortgage Credit was originated, in accordance with the Legal Regime of Covered Bonds and articles 129 and 208 of the CRR, provided that, in accordance with the foregoing, the Issuer may use statistical methods to monitor the value of the Property and identify if it needs revaluation.

"**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended or superseded from time to time.

"**PSD2**" means Payment Services Directive 2.

"**RAS**" means Risk Appetite Statement.

"**Rating**" means the then current rating of rated Covered Bonds given by the relevant Rating Agency and "Ratings" means all of such Ratings.

“**Rating Agencies**” means Moody’s, Fitch, Standard & Poor’s and DBRS as applicable.

“**Register**” means the register of the Cover Pool and associated collateral maintained by the Issuer in accordance with the Legal Regime of Covered Bonds and the CMVM Regulation.

“**Regulation S**” means Regulation S under the Securities Act.

“**Relevant State**” means a Member State of the European Economic Area.

“**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.

“**Resolution**” means a resolution adopted at a duly convened meeting of holders of Covered Bonds and approved in accordance with the applicable provisions.

“**Resolution Fund**” means the Portuguese Resolution Fund (*Fundo de Resolução*).

“**Resolution Group**” means the resolution group headed by the Bank, at a sub-consolidated level, which includes the operations based in Portugal, Switzerland and Cayman, and excludes the operations based in Mozambique and Poland.

“**RWA**” means risk weighted assets.

“**Securities Act**” means the United States Securities Act of 1933, as amended or superseded from time to time.

“**Series**” means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, interest rates and/or Issue Prices.

“**Set of Agency Procedures**” means the set of agency procedures (such set of agency procedures as amended and/or supplemented and/or restated from time to time) dated 13 November 2023 and made and agreed by Banco Comercial Português, S.A. (acting in its capacity as Agent and Paying Agent, which expressions shall include any successors, and as Issuer) and by any subsequent agent, paying agent, and/or agent bank appointed by the Issuer.

“**SKOK Piast**” means Spółdzielcza Kasa Oszczędnościowo-Kredytowa Piast.

“**SME**” means small and medium enterprises.

“**SRB**” means the Single Resolution Board.

“**SREP**” means the Supervisory Review and Evaluation Process.

“**SRF**” means the Single Resolution Fund.

"**SRM**" means the Single Resolution Mechanism.

"**SRM Regulation**" means Regulation No. 806/2014/EU of the European Parliament and of the Council, of 15 July 2014.

"**SSM**" means the Single Supervisory Mechanism.

"**Stabilisation Manager**" means the Dealer or Dealers (if any) named as the stabilisation manager(s) for a particular Tranche of Covered Bonds.

"**Standard & Poor's**" means any entity that is part of Standard & Poor's Group and any successor to the relevant rating agency.

"**Statutory Auditor**" means Deloitte & Associados, SROC, S.A., member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), registered with the CMVM with registration number 20161389, with registered office at Av. Eng. Duarte Pacheco, 7, 1070-100 Lisbon.

"**Stock Exchange**" means Euronext Dublin or any other stock exchange where Covered Bonds may be listed as per the relevant Final Terms or Pricing Supplement.

"**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, one cent.

"**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.

"**T2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer system or any successor or replacement for that system.

"**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Authority and "Taxes", "taxation", "taxable" and comparable expressions shall be construed accordingly.

"**Tax Authority**" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function including the Irish Revenue Commissioners and H.M. Revenue and Customs.

"**Terms and Conditions**" means in relation to the Covered Bonds, the terms and conditions to be endorsed on the Covered Bonds and any reference to a particular numbered Condition shall be construed in relation to the Covered Bonds accordingly.

"**Tranche**" means Covered Bonds which are identical in all respects (including as to listing).

"**TREA**" means Total Risk Exposure Amount.

"**Treaty**" means the treaty establishing the European Communities, as amended by the Treaty on European Union.

"**U.S.$**", "**USD**" or "**U.S. dollars**" means United States dollars, the lawful currency of the United States of America.

"**VR**" means Viability Rating.

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