



# Banco Montepio

## CAIXA ECONÓMICA MONTEPIO GERAL CAIXA ECONÓMICA BANCÁRIA, S.A.

*(a Savings Bank (caixa económica bancária) incorporated as a public limited liability company under the laws of the Portuguese Republic)*

Registered Office: Rua Castilho, 5, 1250-066 Lisbon

Share Capital: €1,210,000,000

Registered with the Lisbon Commercial Registry Office under the sole commercial registration and taxpayer number 500 792 615

## €5,000,000,000 CONDITIONAL PASS-THROUGH COVERED BONDS PROGRAMME BASE PROSPECTUS

Caixa Económica Montepio Geral, caixa económica bancária, S.A. (the “**Issuer**” or “**Banco Montepio**”) is an authorised credit institution, a savings bank (*caixa económica bancária*), under Portuguese Law, for the purposes of Decree-Law 31/2022, of 6 May 2022 (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.

Under this €5,000,000,000 conditional pass-through covered bonds programme (the “**Programme**”), described in this Base Prospectus (the “**Base Prospectus**”), as further supplemented, the Issuer may from time to time issue conditional pass-through covered bonds (the “**Covered Bonds**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

**“Covered Bond” means any conditional pass-through covered bond issued by the Issuer in the form specified in the applicable Final Terms and “Covered Bonds” shall be construed accordingly.**

The Conditional Pass-Through structure will become relevant after an Issuer Event, upon which the maturity date of the affected outstanding Series is extended, as defined in the relevant Final Terms, and any Available Fund shall be applied on each Interest Payment Date in making the payments in the order of priority set forth in Condition 6.8 (*Pass-through Provision*) of the Terms and Conditions, on a *pro rata* basis in the same priority line, and the Hedging Counterparty shall be notified by the Cover Pool Monitor of the Available Funds ahead of such Interest Payment Date.

The circumstances that may or will trigger the Pass-Through mechanism (Issuer Event) are a License Revocation Event or a Default of Payment Event.

**See General Description of the Covered Bonds Programme and Final Terms of the Covered Bonds for further information to be considered in connection with an investment in the Covered Bonds.**

The Programme was approved by the Issuer on 26 June 2008, in accordance with the *Regime Jurídico das Obrigações Hipotecárias*, approved by Decree-Law 59/2006, of 20 March, and as amended from time to time. Following the approval of the amended Programme in Noteholder meetings held on 1 July 2016 and subsequent signature of the relevant updated Programme Documents, the Programme became a conditional pass-through programme. In compliance with article 7, no. 5, of Decree-Law 31/2022, of 6 May 2022, approving the new Legal Regime of Covered Bonds, the Issuer submitted its application to the *Comissão do Mercado de Valores Mobiliários* (the “**CMVM**”) for

the conversion of its existing covered bonds programme, under the Covered Bonds Law, to a covered bonds programme compliant with the Legal Regime of Covered Bonds. The CMVM authorised such conversion, and thus this Base Prospectus is compliant with the Legal Regime of Covered Bonds, and, as such, all outstanding covered bonds of Banco Montepio issued under the Covered Bonds Law are now subject to the Legal Regime of Covered Bonds.

Covered Bonds will be represented in book-entry form (*escriturais*) with Interbolsa and in registered (*nominativas*) form. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed €5,000,000,000 (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 *General Description 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 on-going 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 document comprises a base prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”).

This Base Prospectus has been approved by the CMVM, as competent authority under the Prospectus Regulation. The CMVM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Covered Bonds that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. Application will be made to Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. for the admission of Covered Bonds issued under the Programme to be admitted to trading on the regulated market of managed by Euronext (“**Euronext Lisbon**”). Such approval relates only to the Covered Bonds which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU, as amended (“**MiFID II**”) and/or which are to be offered to the public in any Member State of the European Economic Area (“**EEA**”).

**This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for a period of twelve months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which may affect 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.** The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. References in this Base Prospectus to Covered Bonds being “listed” (and all related references) shall mean that such Covered Bonds have been admitted to trading on the regulated market of Euronext Lisbon or other regulated market. The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer after notification by CMVM to the supervision authority of the relevant Member State(s) of the EU in accordance with Article 25 of the Prospectus Regulation, with a certificate of approval attesting that the prospectus has been drawn up in accordance with the provisions of the Prospectus Regulation. The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any market.

As at the date of this Base Prospectus the Programme is rated “Aa2” by Moody’s and “AA+, Outlook Stable” by Fitch. Series of Covered Bonds to be issued under the Programme will be rated or unrated. Where a Series of Covered Bonds is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Where a Series of Covered Bonds is rated, the applicable rating(s) will be specified in the applicable Final Terms. Confirmation on whether or not each credit rating applied for in relation to or assigned to a relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) 1060/2009, as amended (the “**EU CRA Regulation**”), will be given in the Final Terms. Each of Moody’s and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”).

ESMA is obliged to maintain on its website, at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

The ratings which Moody's and/or Fitch may give to the Series of Covered Bonds to be issued under the Programme may be endorsed by Moody's Investors Service Limited and/or Fitch Ratings Ltd (as applicable), which are established in the United Kingdom ("**UK**") and registered under Regulation (EC) 1060/2009 on credit rating agencies as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). The UK Financial Conduct Authority ("**FCA**")'s Financial Services Register, available at <https://register.fca.org.uk/s/>, includes credit rating agencies registered and certified in accordance with the UK CRA Regulation. Similar to the ESMA list of credit rating agencies registered and certified in accordance with the CRA Regulation, there may be some delays between certain supervisory measures being taken against a relevant rating agency and updates to the Financial Services Register.

Whether or not a rating in relation to any Series of Covered Bonds will be treated as having been issued or endorsed by a credit rating agency established in the EU or in the UK and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable) will be disclosed in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be lowered, withdrawn or qualified by the rating agency at any time.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

As such, ratings issued by Moody's and Fitch may also be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

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 be set out in a final terms document (the "**Final Terms**") which will be delivered to the CMVM and, if admitted to trading, on the relevant regulated market.

**Arranger**

**NatWest Markets**

**Dealers**

<b>BofA Securities</b>	<b>Citigroup</b>	<b>Commerzbank</b>
<b>Crédit Agricole CIB</b>	<b>Deutsche Bank</b>	<b>DZ BANK AG</b>
<b>J.P. Morgan</b>	<b>Landesbank Baden-Württemberg</b>	<b>Natixis</b>
<b>NatWest Markets</b>	<b>Société Générale Corporate &amp; Investment Banking</b>	<b>UniCredit</b>

**The date of this Base Prospectus is 20 July 2023.**

## **IMPORTANT NOTICE**

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.**

**IMPORTANT:** You must read the following before continuing. The following applies to the Base Prospectus following this page, and you are therefore required to read this carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

**THE FOLLOWING BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**Confirmation of the Representation:** In order to be eligible to view this Base Prospectus or make an investment decision with respect to the securities, you must not be a U.S. Person (within the meaning of Regulation S under the Securities Act) and must be outside the United States. This Base Prospectus is being sent at your request and by accepting the e-mail and accessing this Base Prospectus, you will be deemed to have represented to us that you are not a U.S. Person, that you are outside the United States, the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions, and that you consent to delivery of this Base Prospectus by electronic transmission.

**You are reminded that this Base Prospectus has been delivered to you on the basis that you are a person into whose possession this Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Base Prospectus to any other person.**

**The materials relating to the potential offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter**

is a licensed broker or dealer in that jurisdiction, the potential offering will be deemed to be made by such underwriter or such affiliate on behalf of Caixa Económica Montepio Geral, caixa económica bancária, S.A. (the "Issuer") in such jurisdiction.

Under no circumstances will this Base Prospectus constitute an offer or invitation to sell or the solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this Base Prospectus who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the final prospectus. This Base Prospectus may only be communicated to persons in the UK in circumstances where section 21 (1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

This Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers, any person who controls any of the Dealers, any director, officer, employee or agent of any of the Dealers or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version (if any) available to you on request from any of the Dealers.

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## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND THE OFFER OF COVERED BONDS GENERALLY**

*This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).*

*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 other than those contained in this Base Prospectus 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 or any of the Dealers, the Arranger or the Common Representative (as defined in “*General Description of the Covered Bonds Programme*”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since 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 at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### **PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS**

If the relevant Final Terms in respect of any Covered Bonds includes a legend entitled “Prohibition of Sales to European Economic Area 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 EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive on insurance distribution (recast), 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 the PRIIPs Regulation for offering or selling the Covered Bonds in the EEA has been prepared and therefore offering or selling or otherwise making them available to retail investors in the EEA may be unlawful under the PRIIPs Regulation.

### **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

If the relevant Final Terms in respect of any 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 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 no. (EU) 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) no. 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by 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 relevant Final Terms in respect of any Covered Bonds may include a legend entitled “**MiFID II product governance/Professional investors and Eligible Counterparties only target market**” 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 the MiFID II 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 II Product Governance Rules.

#### **UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET**

The relevant Final Terms in respect of any Covered Bonds may 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 “**UK distributor**”) should take into consideration the target market assessment; however, a UK distributor subject to 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.



## **EU BENCHMARKS REGULATION**

Amounts payable on Floating Rate Covered Bonds may be calculated by reference to the EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrator of EURIBOR is the European Money Markets Institute (EMMI), which appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the EU Benchmarks Regulation.

## **NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SFA**

Unless otherwise stated in the Final Terms in respect of any Covered Bonds, all Covered Bonds issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore 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).

## **NOTICE TO CANADIAN INVESTORS**

The Covered Bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Covered Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF COVERED BONDS GENERALLY**

The distribution of this Base Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restrictions. The Covered Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. Persons (as defined in Regulation S). If TEFRA C is specified as "Applicable" in the relevant Final Terms, then the Covered Bonds are subject to U.S. tax law requirements and

may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of this Base Prospectus, see *"Subscription and Sale"*.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Covered Bonds.

Save for Banco Montepio, no other person has separately verified the information contained herein. To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Covered Bonds. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement.

Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Covered Bonds of any information coming to the attention of any of the Dealers or the Arranger.

An investment in the Covered Bonds involves a reliance on the creditworthiness of the Issuer, which 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. The Covered Bonds are not guaranteed by any person. In addition, an investment in Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Covered Bonds. See *"Risk Factors"*.

The Covered Bonds will not represent an obligation or be the responsibility of the Arranger or the Dealers or any person other than the Issuer.

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 Covered Bonds where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Covered Bonds and be 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 legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors 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 advisors or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

Investors generally purchase financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of such Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

An investment in Covered Bonds is not equivalent to an investment in a bank deposit. Although an investment in Covered Bonds may give rise to higher yields than a bank deposit placed with the Issuer or with any other investment firm in the Banco Montepio Group, an investment in Covered Bonds carries risks which are very different from the risk profile of such a deposit. Covered Bonds are expected to have greater liquidity than a bank deposit since bank deposits are generally not transferable. However, Covered Bonds may have no established trading market when issued, and one may never develop.

Investments in Covered Bonds do not benefit from any protection provided pursuant to Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes or any national implementing measures

implementing this Directive in any jurisdiction. Therefore, if the Issuer becomes insolvent or defaults on its obligations, investors investing in Covered Bonds in a worst-case scenario could lose their entire investment. As at the date of this Base Prospectus the Programme is rated “Aa2” by Moody’s and “AA+, Outlook Stable” by Fitch. 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. The rating of Covered Bonds may not be the same as the rating applicable to the Issuer.

## **STABILISATION**

In connection with the issue of any Tranche (as defined in “*Definitions*”), the “Stabilisation Manager(s)” (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms 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 final 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.

## **PRESENTATION OF INFORMATION**

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€” and “euro” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time. Certain amounts that appear in this Base Prospectus have been subject to rounding adjustments. Accordingly, the figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them, and amounts expressed as percentages may not total 100 per cent. when aggregated. Financial information for the years ended as of 31 December 2021 and 31 December 2022 contained in this Base Prospectus has been extracted from its respective audited consolidated financial statements for 2021 and 2022. Following the signing of the agreement for the sale of the participation held by Banco Montepio Group in the share capital of Finibanco Angola, the consolidated financial statements reported as at 31 December 2022 consider the financial statements of this subsidiary in accordance with IFRS 5, being the assets and liabilities included in the consolidated balance sheet in the caption “Non-current assets held for sale - discontinued operations” and “Non-current liabilities held for sale - discontinued operations”, respectively, and in the consolidated income statement, the results generated by Finibanco Angola are included in the caption “Profit/(loss) from discontinued operations”. As disclosed in the section “1. Accounting policies - a) Bases of presentation” of the Annual Report 2022, the 2021 income statement has been restated and the results of

Finibanco Angola have been presented under the caption “Profit/(loss) from discontinued operations”, for comparative purposes.

#### **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

This Base Prospectus may contain forward-looking statements. Banco Montepio may also make written forward-looking statements in their audited annual financial statements, in their interim financial statements, in their offering circulars, in press releases and other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about Banco Montepio’s beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections and such statements reflect Banco Montepio’s judgement at the date of this document and are not intended to give any assurances as to future results. Forward-looking statements speak only as at the date they are made, and Banco Montepio undertakes no obligation to update publicly any of them in light of new information or future events. Banco Montepio will comply with their obligations to publish updated information as required by law or by any regulatory authority but assume no further obligation to publish additional information.

#### **ALTERNATIVE PERFORMANCE MEASURES**

This Base Prospectus and the documents incorporated by reference in this Base Prospectus contain certain management measures of performance or APMs, which are used by management to evaluate the Issuer’s overall performance. These APMs are not audited, reviewed or subject to review by the Issuer’s auditors and are not measurements required by, or presented in accordance with, IFRS. **Accordingly, these APMs should not be considered as alternatives to any performance measures prepared in accordance with IFRS.**

Many of these APMs are based on the Issuer’s internal estimates, assumptions, calculations, and expectations of future results and there can be no guarantee that these results will actually be achieved. **Accordingly, investors are cautioned not to place undue reliance on these APMs.**

Furthermore, these APMs, as used by the Issuer, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such APMs in isolation, as alternatives to the information calculated in accordance with IFRS, as indications of operating performance or as measures of the Issuer’s profitability or liquidity. These APMs are not audited, reviewed or subject to review by Issuer’s auditors and are not measurements required by, or presented in accordance with, IFRS and must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS and investors are advised to review these APMs in conjunction with the audited consolidated annual financial statements incorporated by reference in this Base Prospectus.

The descriptions (including definitions, explanations and reconciliations) of all APMs are incorporated by reference into this Base Prospectus.

The Issuer believes that the description of these management measures of performance that are incorporated by reference in this Base Prospectus follows and complies with the ESMA Guidelines introduced on 3 July 2016 on Alternative Performance Measures.

#### **SUPPLEMENT TO THE BASE PROSPECTUS**

The Issuer has given an undertaking to the Arranger, the Dealers and to Euronext Lisbon that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, notably in light of Article 23 of the Prospectus Regulation, whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Covered Bonds and the reasons for the issuance and its impact on the Issuer, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Covered Bonds and shall supply to each Dealer and Euronext Lisbon such number of copies of such supplement hereto as such Dealer and Euronext Lisbon may reasonably request.

## GENERAL DESCRIPTION OF THE COVERED BONDS PROGRAMME

*This overview is qualified in its entirety by the rest of this Base Prospectus.*

*This description constitutes a general description of the Programme for the purposes of the Prospectus Delegated Regulations, notably Article 25 (1) (b) of Commission Delegated Regulation (EU) 2019/980, as amended from time to time.*

*Subject to the application of the domestic laws of each member state of the EEA in accordance with Article 11 (2) of the Prospectus Regulation, no civil liability will attach to the persons who have responsibility for this overview in any such member state solely on the basis of this overview, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a member state of the EEA, the plaintiff may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

***The following description 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. The Issuer and any relevant Dealer may agree that Covered Bonds shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Covered Bonds, a new Base Prospectus will be published.***

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

<b>DESCRIPTION:</b>	Conditional Pass-through Covered Bonds Programme.
<b>PROGRAMME SIZE:</b>	Up to €5,000,000,000 (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.
<b>MAXIMUM PERIOD FOR WHICH COVERED BONDS MAY BE ISSUED UNDER THE PROGRAMME:</b>	Until 31 December 2033.

**ISSUER:** Caixa Económica Montepio Geral, caixa económica bancária, S.A. (see *Description of the Issuer*).

**ISSUER LEGAL ENTITY IDENTIFIER (LEI):** 2138004FIUXU3B2MR537

**AUDITOR:** The Issuer's auditor is PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda., registered at CMVM with the number 20161485, with Head Office at Palácio Sottomayor, Rua Sousa Martins, number 1 – 3<sup>rd</sup>, 1069-316 Lisbon, represented by Aurélio Adriano Rangel Amado (member of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) under number 1074 and with the CMVM under number 20160686). PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. is a member of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. has no material interest in the Issuer.

**ARRANGER:** NatWest Markets N.V., in its capacity as Arranger acting through its office at Claude Debussylaan 94, Amsterdam 1082 MD, The Netherlands.

**DEALERS:** 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, J.P. Morgan SE., Landesbank Baden-Württemberg, Natixis, NatWest Markets N.V., Société Générale 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:** Citicorp Trustee Company Limited acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5 LB, United Kingdom, 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.

**AGENT:** Banco Montepio, in its capacity as Agent, with head office at Rua Castilho, 5, 1250-066 Lisbon.



**PAYING AGENT:** Banco Montepio, in its capacity as Paying Agent, with head office at Rua Castilho, 5, 1250-066 Lisbon, and any other Paying Agent appointed from time to time by the Issuer in accordance with the Programme Documents.

**COVER POOL MONITOR:** Ernst & Young Audit & Associados, SROC, S.A., a company incorporated under the laws of Portugal, member of the Portuguese Institute of Statutory Auditors (“*Ordem dos Revisores Oficiais de Contas*”), registered with the CMVM with registration number 20161480, with its registered office at Avenida da República, no. 90, 6th, 1600-206, in Lisbon, Portugal. See *Cover Pool Monitor*.

**RESERVE ACCOUNT BANK:** Elavon Financial Services DAC, a designated activity company registered in Ireland with the Companies Registration Office (registered number 418442), with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, Ireland, D18 W2X7, acting through its UK Branch (registered number BR020005) from its offices at 125 Old Broad Street, London, Fifth Floor, London EC2N 1AR under the trade name U.S. Bank Global Corporate Trust Services, acting in its capacity as bank at which the Reserve Account is held. Under a Deed of Novation dated on or about 7 September 2020, from 25 September 2020 the Reserve Account Bank contractual position was novated to Elavon Financial Services DAC (described above), acting through its office in Ireland. See *Reserve Account Bank*.

**ACCOUNTS BANK:** Banco Montepio, in its capacity as Accounts Bank, with head office at Rua Castilho, 5, 1250-066 Lisbon.

**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. These are set out under *Risk Factors* and include, *inter alia*, exposure to adverse changes in the Portuguese and in the global economy, the credit risk of borrowers and clients of the Issuer, the risk of increased competition in the Portuguese market, risks related to the legal and regulatory framework and other market risks to which the Issuer is or may become exposed. 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* and include, *inter alia*,

the dynamics of the legal and regulatory requirements, the fact that the Covered Bonds may not be suitable investments for all investors, the risks related to the structure of a particular issue of Covered Bonds, among others.

Where Covered Bonds are denominated in a currency other than the reference currency used by the investor, changes in currency exchange rates may have an adverse effect on the value, price or income of the 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. See *Subscription and Sale 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 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).

**REDENOMINATION:** The applicable Final Terms may provide that certain Covered Bonds not denominated in euro on issue may be redenominated in euro.

**RATINGS:** Covered Bonds issued under the Programme are expected on issue to be rated at least by one rating agency which has applied to be registered with ESMA under the CRA Regulation.

A rating addresses the likelihood that the holders of Covered Bonds will receive ultimate repayment of principal and interest.

The rating of Covered Bonds will not necessarily be the same as the rating applicable to the Issuer or the rating of the Programme. 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 any of the assigning rating organizations.

European regulated investors should be aware that in general they are restricted from

using a rating for regulatory purposes if such rating is not issued by a credit rating agency compliant with the relevant regulations in force in the investor's home jurisdiction, including in the European Union and the UK, which require the endorsement of credit rating agencies registered under the CRA Regulation or the UK CRA Regulation, as applicable, and such registration not to have been withdrawn or suspended.

**LISTING AND  
ADMISSION TO  
TRADING:**

This document dated 20 July 2023 has been approved by the CMVM as a base prospectus. Application will be made to Euronext Lisbon for the Covered Bonds issued during the period of twelve months after the date of this Base Prospectus to be admitted to trading on the regulated market of Euronext Lisbon. Covered Bonds may, after notification by the CMVM to the supervision authority of the Member State(s) of the EU, in accordance with Article 25 of the Prospectus Regulation, be admitted to trading on the regulated market(s) of and/or be admitted to listing on stock exchange(s) of any other member states of the EEA.

Covered Bonds which are neither listed nor admitted to trading on any market may also be issued under the Programme. The relevant Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or regulated market(s).

**SELLING RESTRICTIONS:**

There are restrictions on the offer, sale and transfer of the Covered Bonds in the United States, Japan, the EEA (including Italy) and the UK as set out in *Subscription and Sale and Secondary Market Arrangements* and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds in a particular jurisdiction, which will be set out in the relevant Final Terms.

**UNITED STATES SELLING  
RESTRICTION:**

The Covered Bonds have not been and will not be registered under the US Securities Act 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 US Securities Act. Accordingly, the Covered Bonds are being offered and sold only outside the United States in reliance upon Regulation S under the Securities Act. See *Subscription and Sale 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.

<b>STATUS OF THE COVERED BONDS:</b>	The Covered Bonds will constitute direct, unconditional and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> among themselves. The Covered Bonds will be covered bonds (“ <i>obrigações hipotecárias</i> ”) 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 <i>pari passu</i> with all other obligations of the Issuer under covered bonds issued (including, for the avoidance of doubt, those issued pursuant to and in accordance with Decree-Law 59/2006, of 20 March) or to be issued by the Issuer pursuant to the Legal Regime of Covered Bonds. See <i>Characteristics of the Cover Pool</i> .
<b>TERMS AND CONDITIONS OF THE COVERED BONDS:</b>	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 <i>Terms and Conditions of the Covered Bonds</i> .
<b>CLEARING SYSTEMS:</b>	The clearing systems in which Interbolsa participates in order to ensure the clearing of the securities settled through it (together the “ <b>Clearing Systems</b> ” and, each, a “ <b>Clearing System</b> ”). See <i>Form of the Covered Bonds and Settlement</i> .
<b>FORM OF THE COVERED BONDS:</b>	The Covered Bonds held through Interbolsa will be in book-entry form and in registered ( <i>nominativas</i> ) form 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 Covered Bonds held through Interbolsa. See <i>Form of the Covered Bonds and Settlement</i> .
<b>TRANSFER OF COVERED BONDS:</b>	The Covered Bonds may be transferred in accordance with the provisions of Interbolsa and the Portuguese legislation. The transferability of the Covered Bonds is not restricted.
<b>MATURITIES:</b>	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 <i>Extended Maturity Date</i> .

**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.

**INSOLVENCY EVENT:** License Revocation Event or any other winding-up and dissolution of the Issuer under any applicable laws and regulations. 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 as follows:

- on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by ISDA) or 2021 ISDA Definitions (as published by ISDA), as amended and updated as at the Issue Date of the first Tranche of Covered Bonds of the relevant Series); or
- on the basis of a Reference Rate appearing on the agreed screen page of a commercial quotation service; or
- on such other basis as may be agreed between the Issuer and the relevant Dealer(s), as set out in the applicable Final Terms.

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 and specified in the applicable Final Terms. 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.

**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 (other than in specified instalments, if applicable – 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, respectively 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). The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as are specified in the applicable Final Terms. See also *Extended Maturity Date*.

**EXTENDED MATURITY  
DATE:**

The applicable Final Terms may provide that an Extended Maturity Date applies to each 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) in respect of a Series of Covered Bonds, the Issuer fails to repay such Series in full on its Maturity Date or on the following two Business Days, or if interest due under that Series has not been paid on any Interest Payment Date or on the following five Business Days 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 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions. If within 10 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 the absence of any decision by CMVM to oppose such extension within 10 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.

In respect of any Series of Covered Bonds, in case of liquidation or resolution of the Issuer, no extension to an Extended Maturity Date will (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 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions.

**PASS-THROUGH  
COVERED BONDS**

Upon an Issuer Event (as defined in Condition 6.7(C)) occurring, the maturity of all outstanding Series of Covered Bonds issued under the Programme is deferred until the Extended Maturity Date, as defined in the relevant Final Terms, and any Available Fund shall be applied on each Interest Payment Date in making the payments in the order of priority as set on Condition 6.8 (*Pass-through Provision*) of the Terms and Conditions, on a pro rata basis in the same priority line.

**PASS-THROUGH  
REDEMPTION  
UNDERTAKINGS:**

In order to redeem, to the extent possible and at *pari passu*, the Covered Bonds that have been extended to their Extended Maturity Date to such date, the Issuer and/or the Special Administrator shall use and employ its best efforts to sell an amount sufficient to redeem, in whole or in part, all outstanding Covered Bonds that have been extended to their respective Extended Maturity Date, on each sixth Interest Payment Date following an Issuer Event, the assets comprised in the Cover Pool along commercial acceptable terms, provided that such sale and subsequent redemption of the respective Covered Bonds will not result in a breach of the Overcollateralisation Percentage, outlined in Condition 14.1 (*Overcollateralisation*), on and between any Interest Payment Dates. Failure by the Issuer and/or any entity managing the Cover Pool to sell or refinance the assets comprised in the Cover Pool will not constitute an event of default. Moreover, provided that (if required) relevant procedures are put in place (including Chinese walls and appropriate disclosures) to properly manage any potential conflict of interest and/or asymmetries of information, the Issuer may participate as purchaser in a sale of Cover Pool assets as outlined above. The disposals of Cover Pool assets after an Issuer Event shall be disclosed by the Issuer or on its behalf as part of the regular reporting on the Covered Bonds.

**PRIORITY OF PAYMENTS:**

Following any Covered Bonds becoming Pass-Through, the available funds shall be applied on each payment date in the following order of priority:

1. Expenses, Common Representative's fees and expenses and any hedging payments;
2. Interest due;

3. Replenish Reserve Amount up to the Total Target Reserve Amount;
4. Principal due to the extent that the Issuer or the Special Administrator will not breach the Overcollateralisation Percentage;
5. Remaining amounts to be retained as part of the Cover Pool until all series of Covered Bonds have been repaid in full, should there be any excess cash; and
6. Any remainder to the Issuer.

**COVERED BONDS WITH  
A REPURCHASE  
COMMITMENT:**

If a Repurchase Commitment is specified in the applicable Final Terms for a particular Series of Covered Bonds, the Issuer will irrevocably and unconditionally undertake to repurchase such Series of Covered Bonds on the Repurchase Date at par plus accrued interest (or any other repurchase amount as specified in, or determined in the manner specified in, the applicable Final Terms for such Series of Covered Bonds), if so requested by the holders of such Series of Covered Bonds and subject to such Series of Covered Bonds not being redeemed up to 10 Business Days after the Maturity Date. This undertaking does not form part of the Terms and Conditions of the Covered Bonds and, accordingly, non-compliance by the Issuer with such undertaking will not constitute an event of default under such Terms and Conditions. See “*Repurchase Commitment*”.

**DENOMINATION OF THE  
COVERED BONDS:**

Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s), as specified in the applicable Final Terms, subject to compliance with the applicable legal and/or regulatory and/or central bank requirements and provided that each Series will have Covered Bonds of one denomination only. See *Certain Restrictions* above.

**MINIMUM  
DENOMINATION:**

The Covered Bonds to be issued on or after the date hereof will be issued in denomination per unit not lower than €100,000 (or its equivalent in another currency, all calculated as described under *General Description of the Programme*) as specified in the relevant Final Terms, unless the Covered Bonds will not be distributed to the public or admitted to trading on a regulated market, in which case lower denominations per unit may apply.

**BENCHMARK  
DISCONTINUATION:**

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.



**RESERVE ACCOUNT:**

While Covered Bonds are outstanding, the Covered Bonds will have the benefit of a Reserve Account held by the Issuer with the Reserve Account Bank in respect of the Programme and the Reserve Account and any balances standing to the credit thereof will form part of the Cover Pool and be subject to the same legal regime as any Primary Assets, Substitution Assets or Liquidity Assets which are part of the Cover Pool. The Issuer shall ensure that the legal requirements as required by the Legal Regime of Covered Bonds for the Reserve Account to qualify as an eligible asset of the Cover Pool are met at all times. The Issuer will be required to maintain at all times in the Reserve Account funds in an amount equal to or in excess of the Total Target Reserve Amount. As long as the funds in the Reserve Account equal or exceed the Total Target Reserve Amount, the Issuer will not be required to transfer any additional amounts to the Reserve Account. If the amounts standing in the Reserve Account exceed the Total Target Reserve Amount, the Issuer may, in case no Issuer Event has occurred, release the excess amounts, without prejudice to the obligation of compliance with the maintenance of the Overcollateralisation Percentage. Upon (i) the occurrence of a License Revocation Event, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve Account to be made available and applied pursuant to Condition 6.8 (*Pass-through Provision*) on the Business Day following the extension to the Covered Bonds to their respective Extended Maturity Date following the occurrence of such License Revocation Event, subject to Condition 6.7(C); (ii) a Series not having been repaid in full on its Maturity Date, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve Account to be made available and applied pursuant to Condition 6.8 (*Pass-through Provision*) on the Business Day following the extension of the relevant Covered Bonds to their respective Extended Maturity Date following the occurrence of the related Default of Payment Event, subject to Condition 6.7(C); (iii) interest due under a Series not having been paid in full on any Interest Payment Date, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve Account to be made available and applied pursuant to Condition 6.8 (*Pass-through Provision*) on the Business Day following the extension of the relevant Covered Bonds to their respective Extended Maturity Date following the occurrence of the related Default of Payment Event, subject to Condition 6.7(C).

Without prejudice to the foregoing, if none of (i), (ii) or (iii) of the last paragraph have occurred but funds standing to the credit of the Reserve Account are necessary, as determined by the Issuer or the Special Administrator (if applicable), for the payment on an Interest Payment Date of any Expenses, Owed Hedging Payments, interest or principal (if applicable, as it will only be considered due for this purpose on the relevant Extended Maturity Date) due on the Covered Bonds, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve Account to be made available and applied as needed.

The funds available in the Reserve Account and the Total Target Reserve Amount shall be monitored by the Cover Pool Monitor on a monthly basis. If the Cover Pool Monitor identifies that the funds available in the Reserve Account do not meet the Total Target Reserve Amount, it shall report that fact in the next quarterly report to be delivered to the Issuer, in accordance with agreed upon procedures as foreseen in the Cover Pool Monitor Agreement.

Funds held in the Reserve Account, given their nature of Cover Pool assets, are available to meet amounts due in relation to the Covered Bonds and shall not be applied towards a partial principal redemption of the Covered Bonds prior to their Extended Maturity Date, subject to Conditions 6.8 (*Extension of Maturity up to Extended Maturity Date*) and 6.8 (*Pass-through Provision*). See *Terms and Conditions of the Covered Bonds*.

Upon redemption of all Series of Covered Bonds, any funds remaining to the credit of the Reserve Account will be paid to the Issuer.

At the Issuer's option, the Reserve Account may be replaced by other instruments or arrangements that qualify as Liquidity Buffer comprised by Liquidity Assets to cover the Net Liquidity Outflows accumulated over the next 180 days. This replacement will be subject to obtaining the Hedging Counterparty's consent and one of the following: (i) prior confirmation from the Rating Agencies that such replacement would not result in the reduction, removal, suspension or placement on credit watch of the credit ratings assigned to each such Covered Bonds; or (ii) a written indication by the Rating Agencies that it does not have any comments to said replacement; or (iii) a written communication by the Rating Agencies that, having concluded the review of said replacement, it does not consider a confirmation to be due; or (iv) within 30 days after each of the Rating Agencies has been notified, no additional information or additional

period to analyse have been requested, nor has the Issuer received any other written communication from the Rating Agencies.

**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*. In order for withholding tax not to apply the holders of the Covered Bonds must, *inter alia*, deliver certain tax certifications as required by applicable law from time to time.

**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 RGICSF. 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 (*privilégio creditório especial*).

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 shall apply in the event of insolvency of the Issuer. The Legal Regime of Covered Bonds further provide for (i) the supervision and regulation of issuers of covered bonds by the 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, Issuer Events, Cover Pool Monitor, 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 issued (including, for the avoidance of doubt, those issued pursuant to and in accordance with Decree-Law 59/2006, of 20 March), or 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 – Insolvency of the Issuer*.

**GOVERNING LAW:**

Except for the Hedging Contracts, which are governed by, and will be construed in accordance with, English 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

*Investing in financial instruments, including securities, involves risk. Before making any investment decision, a prospective investor must take into consideration all the information described in this Base Prospectus and, in particular, the risks mentioned herein.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Covered Bonds issued under the Programme. All these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Prospective investors in the Covered Bonds should carefully read and consider all the information contained in this Base Prospectus, including the risk factors set out in this section, prior to making any investment decision. The Issuer believes that the factors described below identify the risks that are considered more relevant prior to the issuance of the Covered Bonds, based on the probability of their occurrence and on the expected extent of their negative impact, should they occur. Although these are the specific risks which are considered to be more significant and capable of affecting the Issuer's ability to meet its obligations in relation to the Covered Bonds, they may not be the only risks to which the Issuer is exposed, and the Issuer may be unable to make payments on or in connection with any Covered Bonds for other reasons or for the identified risks having materialised differently.*

*The Issuer does not represent that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Additional risks or uncertainties not presently known to the Issuer based on information currently available or which the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to make payments on or in respect of the Covered Bonds.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus or incorporated by reference herein and make their own assessments prior to making any investment decision.*

*In particular, potential holders of Covered Bonds are alerted to the statements under "Taxation" regarding the tax treatment in Portugal of income in respect of the Covered Bonds. Prospective investors must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Covered Bonds.*

*Words and expressions defined in the Definitions section shall have the same meaning in this section.*

*Where information has been sourced from a third party, the Issuer confirms that, as far as the Issuer is aware, it has accurately reproduced such information. The Issuer accepts responsibility to the extent that no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer calculates its market share data using official sources of information, governmental or otherwise (as applicable).*

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 the obligations under the Covered Bonds. The risk factors have been

organised into the following categories and sub-categories:

- **Risk factors related to the Issuer**
  - Risk factors relating to Banco Montepio's legal status as a savings bank (*caixa económica bancária*);
  - Risk factors relating to Banco Montepio's business;
  - Risks related to the legal and regulatory framework;
- **Risk factors specific to the Covered Bonds; and**
- **Risk factors specific to the Cover Pool.**

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.

## **RISK FACTORS RELATED TO THE ISSUER**

### **Risk factors relating to Banco Montepio's legal status as a savings bank (*caixa económica bancária*)**

#### ***Legal framework of the Issuer***

On 14 September 2017, the Issuer completed a change in its legal status from a savings bank affiliated (*caixa económica anexa*) to MGAM into a full-service savings bank (*caixa económica bancária*) incorporated as a public limited liability company (*sociedade anónima*), under the supervision of the Banco de Portugal. The nature of the Issuer as a full-service savings bank (*caixa económica bancária*) limits the types of entities that can hold the majority of the capital or the voting rights in the Issuer, in particular, these are mutual associations, charities and charitable institutions. This legal limitation may have a material adverse effect on the Issuer's ability to meet its capital requirements and a failure to meet such requirements may have a material adverse effect on the Issuer's condition, the ability to pursue its business and results of its operations.

#### ***Reliance on Montepio Geral Associação Mutualista as an equity provider***

Banco Montepio was established by MGAM in 1844, as an affiliated entity (*caixa económica anexa*) of MGAM, to support MGAM in the pursuit of its goals. MGAM is a private institution of social support (i.e., a mutual benefits association) whose principal purposes are to promote and develop initiatives designed to ensure the social protection and welfare of its members, their families and other beneficiaries nominated by them.

MGAM is a mutual benefits association and is the major shareholder (owner institution (*instituição titular*), as per the Savings Banks Act) of Banco Montepio with 99.99 per cent. of Banco Montepio's share capital (€2,420 million as of 31 December 2022 and €1,210 million as of the date of the Base Prospectus), pursuant to Article 6 (2) of the Savings Banks Act.

If MGAM is not able to capitalise Banco Montepio and/or the contribution of other shareholders in Banco Montepio's capital is not sufficient to allow it to meet its capital requirements, this may have a material adverse effect on the Issuer's condition, the ability to pursue its business and results of its operations.

Moreover, MGAM's main source of funds is membership revenues (*quotas*) and the subscribed members' savings plans (*modalidades mutualistas*). These funds are invested by MGAM in a diversified set of financial and non-financial assets, including different types of securities and equity participations (including its interest in Banco Montepio) and real estate. Among these investments, and as of 31 December 2022, MGAM held €201.1 million of debt securities issued and other subordinated debt issued by Banco Montepio, which represents approximately 1.1 per cent. of Banco Montepio's total liabilities.

If MGAM's performance, either financial or reputational, deteriorates and MGAM is not able to provide additional share capital or funding to Banco Montepio, it may have a material adverse impact on Banco Montepio's ability to meet its capital requirements and the cost of its funding, which may in turn have an impact on its prospective financial performance and condition.

***A deterioration in investor confidence in MGAM as a result of a disposal of any shares or voting rights in the Issuer may have a material adverse effect on the Issuer***

Being a full-service savings bank, the Savings Banks Act limits the types of entities that can hold the majority of the capital or the voting rights in the Issuer, in particular, these are mutual associations, charities and charitable institutions.

MGAM may elect to offer Banco Montepio's shares to investors generally, without prejudice to its capacity as Banco Montepio's owner institution (*instituição titular*).

The participation of these investors in Banco Montepio's share capital may be perceived by its stakeholders as a sign of MGAM's inability to provide additional share capital to the Issuer. This could have a material adverse effect on investor confidence in MGAM and, as a result, a material adverse effect on the Issuer's business, reputation, financial condition and results of operations or prospects.

***Changes to the financial regime and regulation applicable to MGAM may impact its ability to provide share capital to the Issuer and its relationship with the Issuer***

MGAM is currently supervised (*sob tutela*) by the Portuguese Ministry of Solidarity, Employment and Social Security in accordance with the provisions set forth in the previous Mutual Associations Code (*Código das Associações Mutualistas*).

Following the amendments to the Mutual Associations Code (*Código das Associações Mutualistas*), enacted by Decree-Law 59/2018, of 2 August, as amended by Decree-Law 37/2019, of 15 March, MGAM became subject to a special supervisory regime and, as a result, it is subject to certain provisions of the RJASR and the financial supervision of the ASF.

A 12-year transitional period for adaptation to the specific supervisory regime was initiated on 27 November 2018, during which the relevant mutual associations (including MGAM) must take the necessary steps with a view to ensuring a gradual adaptation to the new regulatory framework. Only at the end of that transitional period, and provided that the legal requirements for that purpose are met, will the relevant mutual associations become fully subject to the specific financial supervision regime, subject to the RJASR.

During this transitional period and without prejudice to the powers of the member of the Government responsible for the area of Social Security, the ASF has powers to monitor the actions and diligences adopted by the relevant mutual associations with a view to progressively adapting to the new regulatory and supervisory framework.

Only at the end of the 12-year transitional period for the adaptation of mutual associations to the RJASR will the ASF have full supervisory powers. Until then, the member of Government responsible for the social security area will be responsible for the effective supervision of MGAM.

The ASF is responsible for assessing whether the mutual associations covered by the transitional period comply with the acts necessary for the gradual adaptation of these institutions to the future regulatory framework, and it is up to the competent social security department to determine the application of the measures provided for by law in the event of non-compliance. New rules that restrict MGAM from providing additional share capital to the Issuer may be introduced. Furthermore, the Issuer cannot predict other rules which the authorities may introduce and the effects such rules may have on MGAM's organisation and performance and, in particular, its relationship with the Issuer.

Please refer to the section "*Legal framework of the Issuer*" for a description of the possible consequences arising from Banco Montepio being a full-service savings bank (*caixa económica bancária*) incorporated as a public limited liability company (*sociedade anónima*), under the supervision of Banco de Portugal.

#### **Risk factors relating to Banco Montepio's business**

As a result of its business activities, Banco Montepio is exposed to a variety of risks, the most significant of which are macroeconomic risk, exchange rate risk, credit risk, market risk, operational risk and liquidity risk. Failure to control these risks may result in a material adverse effect on Banco Montepio's financial condition and results of operations or prospects.

#### ***Risks arising from the changes in the Portuguese economy and to current uncertainties in the macro-economic context***

As the Issuer currently conducts the majority of its business in Portugal, its performance is influenced by the volume and cyclical nature of business activity in Portugal, which is in turn affected by both domestic and international economic and political events. Thus, a decline in Portuguese economic activity may have a material effect on the Issuer's financial condition and on the results of its operations. A deterioration in Portugal's international economic performance and/or uncertainty regarding the implementation of political measures may also have a material effect on the Issuer's financial condition and on the results of its operations.



A weaker international economic outlook, together with high geopolitical uncertainty and trade tensions, and the premature withdrawal of economic stimuli (both on the monetary and fiscal field) and/or the de-anchoring of long-term inflation expectations pose additional challenges to the stability of the global financial system and to the Portuguese economy.

The risks identified may interact together and, should they materialise, mutually enhance one another, having a negative impact, namely, on (i) the Issuer's cost of funding and its ability to issue Covered Bonds under the Programme; and (ii) the Portuguese economy, which, in turn, would have a negative impact on the business of the Issuer.

The Issuer's business activities (including mortgage lending activities) are dependent on the level of banking and financial services required by its customers and borrowers in Portugal which are, in turn, influenced by the evolution of economic activity, saving levels, investment and employment. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, and the condition of the Portuguese economy and market interest rates.

The current economic environment is still a source of challenge for the Issuer, which may be adversely affected in its business, reputation, financial condition and results of operations or prospects. The adverse macroeconomic conditions in Portugal have significantly affected, and may continue to adversely affect, the behaviour and the financial situation of the Issuer's clients, and consequently, the supply and demand of the products and services that the Issuer has to offer.

The Banco de Portugal projects that the Portuguese economy will grow by 2.7 per cent. in 2023, and 2.4 per cent. in 2024 and 2.3 per cent. in 2025, after the increase of 6.7 per cent. registered in 2022. The negative effects of the Russian military aggression against Ukraine have intensified throughout 2022, implying a relative destabilization of economic activity from the second quarter of 2022 onwards. Since the end of 2022, energy costs have been falling, contributing to an improvement in the terms-of-trade of the economy and a reduction in external pressures on consumer prices. According to the Banco de Portugal, GDP growth is expected to increase in the course of 2023 and inflation is expected to decline from 5.2 per cent. in 2023 to 3.3 per cent. in 2024 and to 2.1 per cent. in 2025. In 2024–2025, the unwinding of supply bottlenecks, lower uncertainty, the recovery in real household income and the inflow of European funds are expected to contribute to the acceleration of GDP, partly hindered by tighter financial conditions. The deceleration in external prices is expected to pass through to consumer prices across the board, leading to a decline in inflation in 2024 and 2025. (*Source: Banco de Portugal, Economic Bulletin, June 2023*).

Over the last couple of years, the coronavirus (“**COVID-19**”) outbreak has had a severe impact on the global economy which was acutely felt in Portugal, seeing as it was already facing internal challenges linked to the continuing weak situation of the Portuguese banking system and the lack of availability of credit.

The external and financial environment has deteriorated due to higher inflation and interest rates, with adverse effects on real disposable income. These effects have been mitigated in 2022 by the strong performance of the labour

market — reflected in buoyant employment and nominal wages as well as an increase in the participation rate to historically high levels. The resilience of private consumption also stems from households channelling part of the savings accumulated during the COVID-19 pandemic crisis into expenditure and from the support measures introduced. In contrast, investment is expected to grow only slightly, against a background of heightened uncertainty, supply constraints and higher financing costs. Exports, led by the services component, continue to recover significantly, albeit decelerating in quarter-on-quarter terms.

According to the ECB, the Euro area economic activity slightly declined at the turn of the year, but has remained relatively resilient to the large negative supply shocks that have been hitting the economy. The economy is expected to return to growth in the coming quarters as energy prices moderate, foreign demand strengthens and supply bottlenecks are resolved, allowing firms to continue to work through their significant order backlogs, and as uncertainty – including that related to the recent banking sector stress – continues to recede. Overall, annual average real GDP growth is expected to slow down to 0.9 per cent. in 2023 (from 3.5 per cent. in 2022), before rebounding to 1.5 per cent. in 2024 and 1.6 per cent. in 2025. In addition, with energy inflation set to become increasingly negative throughout 2023 and food inflation moderating sharply, headline inflation is expected to continue its decline to stand at around 3 per cent. in the last quarter of the year. Wage growth is expected to remain over double its historical average for most of the projection horizon, driven by inflation compensation and the tight labour market, as well as increases in minimum wages. Nevertheless, profit margins, which expanded notably in 2022, are expected to act as a buffer against some of the pass-through of these costs in the medium term. In addition, monetary policy should further dampen underlying inflation in the coming years. Overall, headline inflation is expected to decrease from 8.4 per cent. in 2022 to an average of 5.4 per cent. in 2023, 3.0 per cent. in 2024 and 2.2 per cent. in 2025 (*Source: ECB, staff macroeconomic projections for the euro area, June 2023*).

Factors such as interest rates, security prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate values and private equity valuations, government spending, inflation or deflation, the volatility and strength of the capital markets, political events and trends, war, terrorism, pandemics and epidemics or other widespread health emergencies (such as COVID-19) all impact the economy and financial markets, whether directly or indirectly, including by increasing the sovereign debt of certain countries, intensifying volatility and widening credit spreads, which could in turn have a material adverse effect on the Issuer's business, results and financial condition and its ability to access capital and liquidity on acceptable financial terms.

These factors, among other things, may restrict the European economic recovery and the global economy, with a corresponding effect on the Issuer's business, results of operations and financial condition and a negative development of any of the above factors may adversely affect the business and performance of the Issuer.

***Risks arising from the recent and ongoing developments between Russia and Ukraine may have a corresponding effect on the Issuer's business, results of operations and financial condition***

Rising commodity prices, sweeping financial sanctions and the ban on energy imports from Russia following its invasion of Ukraine are threatening to hobble the global economy after the damage already inflicted by COVID-19 pandemic, with severe impacts on any subsequent trade barriers, exchange controls or financial market restrictions and macroeconomic effects, including supply disruptions, pushing up prices for Europe's export-focused manufacturing companies. In addition, sanctions on Russian businesses, decision of several companies to sever ties with Russia and the deep recession in the country have severely reduced eurozone exports to Russia.

The consequences of the invasion of Ukraine have direct and indirect implications on the banking system. At a high-level, the direct effects include the deterioration of the quality of direct exposures to these geographies or to others interconnected with them, reinforced by international sanctions, which will also increase operational risk.

In relation to the Banco Montepio Group more specifically, the potential direct impact of the war, in terms of credit exposure to Ukraine and Russia is not significant, such exposure in relation to individuals with residence in either of the two countries amount to around €589 thousand as of 31 December 2022 (€47 thousand as of 31 December 2021). Although the credit exposure directly impacted by the conflict is not significant, there are sectors of activity that are more exposed to the indirect impact of the war, namely through the marked increases in energy and commodity prices, as well as the disruptions in various supply chains. The Banco Montepio Group carried out an analysis which allowed the identification of the sectors of activity where it expects the indirect impact of the war to be more significant. The customers' exposure in the identified sectors of activity amounted to €3,798 million).

The war has weighed on household spending through higher prices and greater uncertainty. Although difficult to predict as at the date of this Base Prospectus, the tensions caused by Russia's invasion and any further escalation of this conflict may increasingly affect policies on trade, production, duties and taxation globally, and further disrupt supply chains across Europe. The Russia-Ukraine conflict has already had a direct impact on the global economy and financial markets, causing commodity price volatility, increased inflation, problems related to the massive inflow of Ukrainian refugees, increased funding costs and execution risks related to debt issuance in the capital markets and the valuation of bonds in bank portfolios. The uncertainty caused by these and other events and trends has resulted in, and may continue to result in, increased volatility in the financial markets and a deterioration of the economic capacity of the Issuer's counterparties, which could ultimately reduce the availability of funds. Any consequent losses experienced by the Issuer could adversely affect its business activities, financial condition and results of operations. With regards to the indirect implications, a conflict such as this will tend to have an adverse impact on the Banco Montepio Group's income statement due to lower activity resulting from increased uncertainty and higher credit risk, with potential consequences on impairment.

***The Issuer is exposed to credit risk of its customers and counterparties***

The Issuer is exposed to the credit risk of its customers and counterparties, as well as to concentration risk in its credit exposure. Risks arising from changes in credit quality and the repayment of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Issuer's businesses.

The Issuer has credit exposure to certain groups of clients. As of 31 December 2022, the Issuer's top 10 client group credit exposures represented 5.6 per cent. of the Issuer's total credit exposure (which includes the Gross loans and advances to customers in the aggregate amount of €12,068 million, the guarantees and sureties provided in the aggregate amount of €462 million and the irrevocable credit facilities amounting to €721 million).

The Issuer must comply with limitations on credit risk concentration. An exposure is classified as a large exposure when the liabilities of a counterparty (or such counterparty's group) represent 10 per cent. or more of Banco Montepio's tier 1 capital. As of 31 December 2022, none of Banco Montepio's exposures exceeded such level. The total exposure of Banco Montepio to a counterparty (or such counterparty's group) cannot exceed 25 per cent. of Banco Montepio's tier 1 capital. As of 31 December 2022, none of Banco Montepio's exposures exceeded such level.

The Issuer must comply with limitations on credit to qualified shareholders. The total exposure of Banco Montepio to a qualified shareholder cannot exceed 10 per cent. of Banco Montepio's own funds and the global value of exposures to qualified shareholders cannot be greater than 30 per cent. of such own funds. As of 31 December 2022, Banco Montepio did not have any exposure to a qualified shareholder exceeding such limit.

Adverse changes in the credit quality of the Issuer's borrowers and counterparties or a general deterioration in Portuguese or global economic conditions, or arising from systemic risks in financial systems, could affect recovery and, accordingly, the value of the Issuer's assets and require an increase in the Issuer's provision for credit impairment and other related provisions, which would have a material adverse effect on the financial condition and capital position of the Issuer and/or the Banco Montepio Group and on the results of the Issuer and/or the Banco Montepio Group's operations.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. Deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity. Any of these developments or losses could materially and adversely affect the Issuer's business and results.

As of 31 December 2022, Banco Montepio's total credit risk exposure was €18,271 million (€17,188 million as of 31 December 2021). Its balance of NPEs amounted to €631 million as of 31 December 2022 (€951 million (restated) as of 31 December 2021), representing 5.2 per cent. (7.8 per cent. (restated) as of 31 December 2021) of the Issuer's gross loans and advances to customers.

An increase in NPEs would result in a deterioration of the Issuer's asset quality metrics and adversely impact the Issuer's ability to reduce the level of NPEs.

***The Issuer's activity is subject to market risk***

Market risk reflects the potential loss that can be registered in a given asset portfolio as a result of changes in market interest and exchange rates and/or in the market prices of the various financial instruments which comprise that asset portfolio, taking into account the correlation and volatilities between those assets.

The Issuer's net income arising from its assets and liabilities may be adversely impacted by market risks. It is difficult to accurately predict changes in economic or market conditions and to anticipate the effect that such changes could have on the Issuer's financial condition and on the results of its operations.

The most significant market risks faced by the Issuer are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin between lending and borrowing costs. Changes in exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios.

For interest rate risk measurement purposes, assets and liabilities' sensitivity to interest rate changes are aggregated by time bands according to their respective repricing dates, and the balance-sheet interest rate mismatch is calculated. Based on the financial characteristics of each contract, a projection of the expected cash flows is made, according to the rate reset dates and eventual behavioural assumptions. The aggregation, for each currency analysed, of the expected cash flows in each of the time intervals allows one to determine the interest rate gaps by repricing period. As of 31 December 2022, the interest rate gap was €7,327 million, compared to €3,836 million as of 31 December 2021.

For currency risk, the measurement procedure is the application of funds raised in various currencies through active money markets and for periods not exceeding those of the funds raised. Thus, existing exchange rate gaps are essentially due to possible mismatches between the periods of application of funds and of the resources.

The Issuer must comply with limitations on equity participations in relation to own funds. Direct and indirect participating interests held by Banco Montepio in the share capital of entities not subject to Banco de Portugal's supervision cannot exceed 15 per cent. (individually) and 60 per cent. (in aggregate) of Banco Montepio's own funds. Participating interests and non-participating interests are, for the purposes of Banco de Portugal's regulations, distinguished essentially by determining the period of time over which the interest is to be held or is intended to be held. An interest will be defined as "participating" if there is a sufficient degree of permanence in such holding. As of 31 December 2022, Banco Montepio did not hold any participating interest, directly or indirectly, in the share capital of any such entities which exceeded such limits.

The Issuer must comply with limitations on participating interests in relation to the share capital of certain companies. The direct and indirect participating interests to be held for three years or more by Banco Montepio in non-financial entities are limited to 25 per cent. of the voting rights in the share capital of such non-financial entities. As of 31 December 2022, Banco Montepio did not hold any participating interest, directly or indirectly, exceeding such limit.

A significant downward movement in global capital markets could have an adverse impact on activity, results and on the value of the assets comprising the Issuer's investment portfolio, as well as on the value of the assets that comprise its pension fund portfolio. If the value of the assets in the Issuer's pension fund deteriorates, the Issuer may be required to make additional contributions to the fund and this may consequently have a negative impact on the Issuer's ability to allocate its net profit to the development of its business activity.

The most relevant exposure of the Issuer is in relation to Italian, Spanish and Portuguese sovereign debt.

Please refer to the risk factor headed "*Sovereign Debt and Sovereign Risk*" for additional information.

***The Issuer is exposed to volatility in interest rates which may have an impact on loan growth and on the net interest income***

Interest rates are sensitive to many factors beyond the Issuer's control, including monetary policies implemented by the ECB, as well as domestic and international economic and political conditions. Overall, Central banks' interest rate cuts could lead to a compression of net interest margin and significant drops in interest rates can be expected to have an adverse effect on the Issuer's net interest income, with a low interest rate environment making it more difficult to achieve growth. On the other hand, higher interest rates could lead to certain borrowers becoming unable to service their debts, resulting in a higher proportion of non-performing loans.

Inflationary pressures have significantly increased since 2021 and especially in 2022 because of the Russia-Ukraine conflict. In this context, several central banks, including the ECB, signalled the need to accelerate the removal of monetary policy stimuli. In addition to the high volatility seen in the interest rate markets and in financial markets globally, with a general rise in risk premia, the perspective of a sharp increase in interest rates has generated fears of deceleration or even contraction in global economic activity.

A rise in interest rates could reduce customer demand for credit, which could in turn reduce the Issuer's ability to originate credit for its customers, as well as contribute to an increase in the default rate of its customers.

After almost 7 years of negative Euribor rates, on 21 July 2022 the ECB decided to raise euro area interest rates by 50 basis points, i.e. 0.5 percentage points, in an effort to curb the record inflation prevailing in the eurozone. However, Euribor rates were already in positive territory before the ECB's decision. The 12-month rate turned positive in April 2022, with the 6-month and 3-month rates reaching that threshold in June and mid-July 2022, respectively. On 8 September 2022 and 27 October 2022, the ECB decided to further raise euro area interest rates by 75 basis points in each meeting, totalling a 150 basis points increase. Recently, on 15 December 2022, 2 February 2023 and

16 March 2023, the ECB decided to again raise the euro area interest rates by 50 basis points in each meeting, having increased 25 basis points more on 4 May 2023 and in the last meeting on 15 June 2023, totalling a 400 basis points aggregated increase since July 2022. The ECB is expected to further raise interest rates since inflation remains high.

The impact of a change in interest rates could have an adverse effect on the Issuer's profit and loss and/or net interest income. As of 31 December 2022, an increase in interest rates by 1 percentage point would have led to an increase in the expected economic value of the bank portfolio of approximately €44.2 million, compared with a reduction of €88.2 million as of 31 December 2021. As of 31 December 2022, a decrease in interest rates by 1 percentage point would have led to a decrease in the expected economic value of the bank portfolio of approximately €91 million, compared with an increase of €112 million as of 31 December 2021.

If the Issuer is unable, for any reason, to re-price or adjust the rates on its interest earning assets, in response to changes in rates on its interest bearing liabilities, in an expedited or effective manner, as a result of economic or other reasons, the Issuer's interest income margins would be adversely affected, which may in turn negatively affect its business, financial condition and results of operation or prospects.

***The Issuer operates in highly competitive markets, including its home market, and it may not be able to increase or maintain its market share, which may have an adverse effect on its results***

As of 30 June 2022, the Issuer was the seventh largest bank in Portugal on the basis of total net assets (source: *Associação Portuguesa de Bancos*). The Issuer has been able to sustain its position in the market and to preserve its market share in banking activity, with an overall market share (deposits and loans) of 5.1 per cent. as of 31 December 2022 (source: Banco de Portugal Financial and Monetary Statistics (individual basis)). Furthermore, as of 31 December 2022, the Issuer had a market share of 5.4 per cent. in mortgage loans and 5.5 per cent. in loans to non-financial corporations (source: Banco de Portugal, Financial and Monetary Statistics (individual basis)). As of 31 December 2022, the Issuer's market share in total deposits was 5.1 per cent., reaching 5.3 per cent. in the household deposits segment (source: Banco de Portugal, Financial and Monetary Statistics (individual basis)). The Issuer considers that its primary competitive advantage is its differentiated customer service, as it is majority owned by a mutual benefits association, its product offering including private pension schemes provided by MGAM and its reputation as a stable and ancient financial institution. The Issuer operates in highly competitive markets, that uses new technologies, advanced data and analytic tools, and which have a noticeable regulatory burden, and it may not be able to increase or maintain its market share due to a decline in its competitive position when challenged by more efficient competitors, which would adversely affect its results.

***Liquidity risk faced by the Issuer which may depend on the ECB for funding***

Liquidity risk reflects the risk of the Issuer's inability to fulfil its payment obligations upon maturity without significant losses arising from a deterioration of the financing conditions (financing risk) and/or from the sale of its assets for a value below market values (market liquidity risk).

The Issuer's practices reflect the utilisation of diversified financing sources, focusing on stable sources, in particular deposits, as well as the maintenance of high-quality liquid assets, which comply with the ECB's eligibility criteria.

The ECB makes funding available to European banks that satisfy certain conditions, including pledging eligible collateral. As of 31 December 2022, the Issuer had a €5,931 million portfolio of assets eligible for Eurosystem monetary policy operations, of which €3,376 million were encumbered (€2,999 million related to ECB funding and the remaining €376 million to other funding sources). The total funding obtained by the Issuer from the ECB amounted to €2,890 million at the end of December 2022, corresponding entirely to funds raised under the TLTRO.

Although the monetary policy followed by the ECB in past years has contributed to improving the liquidity conditions of European banks (namely (i) the interest rate reduction on the TLTRO III; (ii) improved financing and liquidity packages; and (iii) the package of collateral easing measures to respond to the Covid-19 pandemic), the ECB is starting to remove the monetary stimulus given the rise in inflation. This will require the Issuer to find alternative funding sources, some of which may be more costly or may not be available at all, or to dispose of assets at a potentially significant discount in relation to their respective book values, with a corresponding negative impact on the Issuer's capital position and results of operations. Additionally, any sudden change could also have a material effect on the financial markets and the valuation of the Issuer's assets, including its public debt portfolio.

The inability of the Issuer, to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on the Issuer's ability to meet its obligations when they fall due.

#### ***Litigation and conduct risks***

Banco Montepio faces various issues that may give rise to the risk of loss from legal and regulatory proceedings. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, and conduct by companies in which Banco Montepio holds strategic investments or joint venture partnerships, which could increase the number of litigation claims and the amount of damages asserted against Banco Montepio, or subject Banco Montepio to regulatory enforcement actions, fines and penalties. Banco Montepio is currently subject to ongoing litigation, in particular:

- (i) on 9 September 2019, Banco Montepio was notified of the decision by the Competition Authority (*Autoridade da Concorrência*) on the administrative process PRC-2012/9, in which it was held that Banco Montepio (and other Portuguese banks) were engaged in anti-competitive practices and the exchange of sensitive commercial information, in breach of Article 9 of Law 19/2012, of 8 May 2012 and Article 101 of the Treaty on the Functioning of the European Union, and imposed on Banco Montepio a fine of €13 million; and
- (ii) the Banco de Portugal has instituted various administrative proceedings against Banco Montepio for alleged breaches of regulatory requirements. The Banco de Portugal has issued summary decisions against Banco Montepio in some of these proceedings, whereas others are in a preliminary phase. Where defendants have not provided evidence to support their claims, it is difficult to assess the risk of a finding against Banco



Montepio. The Issuer has assessed an aggregate level of potential fines in respect of these proceedings to be approximately €1.6 million.

As at the date of this Base Prospectus, Banco Montepio cannot predict the outcome of the above-described proceedings. For more information on Banco Montepio's ongoing litigation, see "*General Information – Legal and arbitration proceedings*". Any material legal proceedings, publicity surrounding such legal or regulatory proceedings or an unfavourable decision from these legal proceedings may adversely impact on Banco Montepio's business, reputation, and operating results.

***The Issuer's activity is subject to reputational risk***

The Issuer is exposed to reputational risk, which is the probability of the occurrence of negative impacts resulting from an unfavourable perception of its public image, whether proven or not, among customers, suppliers, analysts, employees, investors, media, and any other bodies with which the Issuer may be related, or even public opinion in general.

The Issuer may not be able to foresee and mitigate the impacts of this risk and if this risk occurs it could materially adversely affect the Issuer's business, reputation, financial condition and operating results or prospects.

***Risks related to Banco Montepio's International Activity***

The international activity of the Banco Montepio Group is carried out by the subsidiaries Finibanco Angola and Banco MG Cabo Verde (the latter until 30 September 2022, when the process of dissolution and voluntary liquidation was completed), and through the representative offices.

On 4 October 2022, Montepio Holding agreed the sale of its stake in the share capital of Finibanco Angola to Access Bank Plc, a Nigerian commercial bank, and on 30 June 2023 it was completed the sale of a stake representing 51 per cent. of its share capital and its voting rights. In accordance with the international accounting standards, the sale of the 51 per cent. stake implies the loss of control over the subsidiary, leading to the total deconsolidation of the participation held on FNBA in the consolidated financial statements as of 30 June 2023. Banco Montepio Group maintains a participation of 29.2 per cent. of its share capital, whose sale process is being completed as of the date of this Base Prospectus, subject on the approval of the supervisory and regulatory entities, and is expected to be settled during the second half of 2023.

The Issuer believes its operation in Angola, through Finibanco Angola, is exposed to the risk of adverse political, governmental or economic developments in Angola.

In addition, the Issuer's operations are subject to regulation in each jurisdiction in which it operates. These regulations are often complex and costly to comply with in terms of time and other resources. Breach of applicable regulations may lead to penalties, fines, compliance costs, reputational harm and even loss of licences to operate.

These factors could have a material adverse effect on the Issuer's financial condition, business, and its operating results.

### ***Risks related to the credit ratings of the Issuer***

Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

The Issuer's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Issuer's cost of borrowing funds. As at the date of this Base Prospectus, the Issuer had been assigned: Long Term Issuer Default Rating of "B+" with positive outlook and Short-Term Issuer Default Rating of "B" by Fitch; Baseline Credit Assessment of "b1" by Moody's; and Long-Term Issuer Rating of "B (high)" with stable trend and Short-Term Issuer Rating of "R-4" with stable trend by DBRS. The ratings assigned to the Issuer by Fitch indicate that material default risk is present, but a limited margin of safety remains, that financial commitments are currently being met, however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. The rating assigned to the Issuer by Moody's indicates that the Issuer is judged to be speculative and is subject to high credit risk absent any possibility of extraordinary support from an affiliate or a government. The rating assigned to the Issuer by DBRS indicates that the Issuer is of speculative credit quality and there is a level of uncertainty as to the capacity to meet financial obligations. A downgrade of the Issuer's credit ratings, or the Issuer being placed on a negative rating watch, may increase its cost of borrowing and have a material adverse effect on its business, reputation, financial condition and results of operations or prospects.

A downgrade of the Issuer's credit ratings (or announcement of a negative ratings watch) may also limit its ability to raise funding or capital. Moreover, actual, or anticipated changes in the Issuer's credit ratings or the credit ratings of the Covered Bonds (if applicable) generally may affect the market value of the Covered Bonds. In addition, ratings assigned to the Covered Bonds (if applicable) may not reflect the potential impact of all risks related to the transaction, the market or any additional factors discussed in this Base Prospectus and other factors may affect the value of the Covered Bonds.

Information on the ratings assigned to the Issuer (including any changes to the ratings as described in the preceding paragraphs), as well as on any update to the Issuer's rating, is available on CMVM's website ([www.cmvm.pt](http://www.cmvm.pt)) and on the Issuer's website (<https://www.bancomontepio.pt/institucional/investor-relations/ratings>).

In addition, a downgrade or potential downgrade of Portugal's sovereign rating or a change in rating agency methodologies relating to systemic support provided by Portugal could negatively affect the perception by ratings agencies of the Issuer's rating. There can also be no assurance that the rating agencies will maintain the Issuer's current ratings or outlooks or those of Portugal.

Furthermore, the negative economic impact which may be caused by events such as certain meteorological conditions, natural disasters, fires, war and/or military conflicts, or widespread health crises (such as pandemics) or the fear of such crises may result in downgrades to the ratings assigned to the Issuer. A downgrade in the Issuer's credit ratings would increase its costs of funding and could have a materially adverse effect on the Issuer and/or the Banco Montepio Group's business, reputation, financial condition and results, operations, or prospects.

### ***Sovereign Debt and Sovereign Risk***

The high level of indebtedness of the Portuguese Republic, the perception that Portugal may fail to meet its fiscal targets, combined with uncertainty regarding the long-term growth potential of the domestic economy, may result in an increase in the sovereign risk premium for Portuguese public debt securities in secondary debt markets and restrict access of the Portuguese Republic to primary debt markets. Such risk could be exacerbated by reduced confidence in international financial markets or be triggered by weak performance in the domestic economy or adverse developments in the local political environment.

Should the foregoing occur, a deterioration of Portuguese sovereign debt risk could negatively impact the Issuer's liquidity position, both through funding difficulties and the reduction of the Issuer's pool of assets eligible for discount at the ECB, in addition to increased funding costs and the Issuer's capacity to increase its loan and asset portfolio. This could have a negative impact on the financial condition, credit quality and operating results of the Issuer. This scenario could be further aggravated by persistent volatility in the financial sector and capital markets or by financial difficulties, including the possible default of one or more financial institutions or sovereigns, which could lead to significant liquidity problems in the market in general, and to losses and defaults by other institutions.

The Issuer maintains trading and investment positions in debt securities, foreign exchange, equity and other markets. The most significant exposure of the Issuer is in relation to sovereign debt, namely Italian followed by Spanish and Portuguese, as comprised in its own securities portfolio. As of 31 December 2022, the exposure of the Issuer to foreign sovereign debt was €3,078 million, with €40.1 million in the FVOCI portfolio and €3,038 million in other financial assets at amortised cost portfolio (bonds issued by foreign public entities). As of 31 December 2022, the exposure of the Issuer to Portuguese sovereign debt was €1,100 million, with €18.4 million in FVOCI portfolio and €1,081 million in other financial assets at amortised cost portfolio (bonds issued by domestic public entities). These positions could be adversely affected by volatility in relevant sovereign debt, creating a risk of substantial losses.

As of 31 December 2022, the net capital gains obtained on the sale of Portuguese sovereign bonds amounted to -€1 million compared to +€15.9 million as of 31 December 2021. As of 31 December 2022, there were no net capital gains obtained on the sale of foreign sovereign bonds compared to +€0.9 million as of 31 December 2021. There is a risk that the Issuer may not receive these capital gains in the future or even that losses may be recognised in the future if market appetite for Portuguese securities turns subdued compared to other peripheral economies.

### ***The Issuer is exposed to the depreciation of real estate assets***

The Issuer is exposed to a contraction of the real estate market in Portugal given its exposure through mortgage loans, representing around 46 per cent. of the Issuer's gross loans and advances to customers at the end of December 2022 (compared with 47 per cent. at the end of December 2021), loans granted to companies in the Construction and Real Estate activities representing around 8 per cent. of the Issuer's gross loans and advances to customers at the end of December 2022 (compared with 9 per cent. at the end of December 2021), assets obtained in lieu of payment (disclosed as "Non-current Assets Held for Sale" and "Other assets" in its balance sheet), properties

securing loans or related to its operations, funding of real estate development projects and through the exposure to real estate funds which are majority owned by the Issuer (disclosed in the Issuer's balance sheet as "Investment Properties"), as well as real estate fund units (*unidades de participação*) held in its own portfolio. The total value of Investment Properties (*propriedades de investimento*) held by the Issuer as of 31 December 2022 amounted to €72.7 million (€102.9 million as of 31 December 2021) being comprised of real estate properties held by various funds which are consolidated into the results of the Banco Montepio Group and properties held by SSAGIncentive – Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A.

The Issuer's Assets received in recovery of credit (including Impairment of assets received in recovery of credit) amounted to €324 million as at 31 December 2022 (€465 million as at 31 December 2021) and included buildings and other assets resulting from the foreclosure of loans to customers, originated by (i) delivery of the assets, with option to repurchase or leasing, accounted with the entering into of the contract or the promise to deliver the asset and the respective irrevocable power of attorney issued by the customer in the name of the Issuer; or (ii) the adjudication of the assets as a result of a judicial process of guarantees execution, accounted with the title of adjudication or following the adjudication request after the record of the first (*payment pro solvendo*). According to the Issuer's expectation, these assets are expected to be sold in a period of less than one year and the Issuer has a strategy for its sale. Nevertheless, given prevailing market conditions, and although those assets are intended to be sold as soon as possible, in some situations the Issuer's expectations may not be fulfilled.

The participation units (*unidades de participação*) of real estate investment funds held in the Issuer's variable-income securities – investment units amounted to €58.3 million as of 31 December 2022 (€111.3 million as of 31 December 2021).

Given that current real estate prices are relatively high compared to historical levels and the cyclical nature of the Portuguese real estate market, there is a risk that Portuguese real estate prices will decrease from current levels.

Changes in the Portuguese real estate market regulations, adverse geopolitical events, and a general slowdown in global economic activity, may lead to a decline in demand for real estate and, consequently, a downward adjustment in prices. In addition, events such as certain meteorological conditions, natural disasters, fires, war and/or military conflicts, or widespread health crises (such as pandemics) or the fear of such crises in a particular region may weaken economic conditions and could lead to a decline in the real estate values of the real estate properties located in the regions affected by such events.

A significant devaluation of prices in the Portuguese real estate market may lead to impairment losses in the assets held directly by Banco Montepio and increased exposure in counterparty risk for loans secured on real estate collateral. Accordingly, the Issuer is vulnerable to a contraction in the real estate market and any of the foregoing could have a materially adverse effect on the Issuer's business, financial condition and results of operations or prospects.

***Banco Montepio is exposed to pension fund risk***

Pension fund risk arises from the potential devaluation of Banco Montepio's pension fund portfolio of assets or from a decrease in the income derived from those assets.

The Pension Fund Monitoring Commission is responsible for the regular analysis and monitoring of the management of Banco Montepio's pension fund. In addition, the Risk Division produces monthly reports on the evolution of the market value of the pension fund portfolio and associated risk indicators.

As of 31 December 2022, the accumulated actuarial remeasurements of the pension fund recognised in the other comprehensive income stood at €135.3 million (€273.8 million as of 31 December 2021).

In the event of a shortfall in its pension liabilities, Banco Montepio may be required or may choose to make additional payments to its pension schemes, as foreseen in Banco Montepio's pension fund constitutional documents, which, depending on the amount, could have a material adverse effect on Banco Montepio's business, reputation, financial condition and operating results or prospects.

***Banco Montepio is exposed to the risks associated with the value of certain financial instruments being determined using financial models that incorporate assumptions, judgments and estimates that may change over time***

Banco Montepio uses internally developed models to support some of its activities, including, but not limited to, scoring models used to assess clients' (individuals and corporates) capacity to repay loans granted by the Banco Montepio Group. Even though Banco Montepio works continually to upgrade its internal models and to adapt them to constantly changing market conditions, these models do not exclude the possibility of Banco Montepio incurring losses associated with factors not foreseen or contemplated in the model's respective parameters or methodology. This could have an adverse effect on Banco Montepio's business, reputation, financial condition and results of operation or prospects.

***Deferred Tax Assets Regime***

As of 31 December 2022, the Issuer had registered DTAs of €413.6 million (as of 31 December 2021: €459.9 million), of which €58.7 million were not dependent on future profitability (as of 31 December 2021: €61.1 million).

The Issuer may not generate enough future profits to allow for the deduction of the DTAs and hence the DTA could have a material adverse effect on the Issuer's business, reputation, financial condition and results of operation or prospects.

Pursuant to current legislation (Law 61/2014, of 26 August (as amended)), if the Issuer incurs losses on an individual basis, there is the risk that the Portuguese State will become a shareholder of Banco Montepio by virtue of the conversion of some DTA into ordinary shares. Taking into consideration that Banco Montepio registered a negative net income on an individual basis in 2020, following the approval of the annual accounts by the governing bodies and in accordance with the provisions of Law 61/2014, of 26 August (as amended), in 2021 a partial portion of the DTAs resulting from non-deduction of expenses and deductions of assets value resulting from loan impairment losses

and post-employment or long-term employee benefits was converted into tax credits, for which purpose a special reserve corresponding to 110 per cent. of its amount was set up.

Accordingly, in accordance with Article 8 of the annex to Law 61/2014, of 26 August (as amended), in 2022 Banco Montepio created a special reserve in the amount of €5.1 million, corresponding to a tax credit of €4.6 million, which on 31 December 2022 was included in the calculation of the total current tax assets.

These amounts may be changed in the context of the certification to be carried out by the Tax and Customs Authority (*Autoridade Tributária e Aduaneira*).

***Operational risks, such as breaches of security, changes in operational practices, inadequate controls, including in respect of third parties with which the Issuer does business, IT and telecommunications systems disruptions or failures, risk of human error or internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties, may adversely impact the Issuer's reputation, business, and results***

The Issuer faces the risk that the design and operating effectiveness of its controls and procedures may prove to be inadequate. Operational risks are inherent to the Issuer's business. The Issuer's business is dependent on its ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and breaches of conduct of business rules, equipment failures, natural disasters or the failure of external systems such as those of the Issuer's suppliers or counterparties. The occurrence of any of these operational risks may adversely impact the Issuer's business, reputation, financial condition and results of operation or prospects.

The Issuer and its activities are increasingly dependent on highly sophisticated IT systems. As such, the failure of computer or telecommunications systems could have an adverse effect on the Issuer. Given the high volume of transactions the Issuer processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures of the Issuer's internal processes, employees, or systems, including any of the Issuer's financial, accounting or other data processing systems, could lead to financial loss and damage to the Issuer's reputation. In addition, despite the contingency plans the Issuer has in place, the Issuer's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its operations and the communities in which it does business.

IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, computer viruses, hacking and physical damage to vital IT centres. IT systems need regular upgrading and banks, including the Issuer, may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned. Furthermore, failure to protect financial industry operations from cyberattacks could result in the loss or compromise of customer data or other sensitive information. A breach of sensitive customer data, such as account numbers, could have a significant reputational impact and significant legal and/or regulatory costs for the Issuer.

The Issuer's risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers.

Failure of the Issuer's IT systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Issuer's business, reputation, financial condition and results of operation or prospects.

The Issuer 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.

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 Issuer (including with respect to clients' and the Issuer's information held on those systems and transactions processed through these systems) are a growing threat to the Issuer. 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 Issuer 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 may not be adequately managed or, even if adequately managed, a cyber-attack may 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 Issuer's business, reputation, financial condition, results of operation or prospects and its position in legal proceedings.

The Issuer 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, especially considering the entry into force on 25 May 2018 of the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the council, of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC). Thus, 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 Issuer).

If any of these circumstances occur, there could be a material adverse effect on the Issuer's business, reputation, financial condition and results of operation or prospects.

## **Risks related to the legal and regulatory framework**

### *Legislation on bank recovery and resolution*

On 10 February 2012, the Decree-Law 31-A/2012 introduced the legal framework for the adoption of resolution measures into the RGICSF.

Such resolution framework has been further amended by Decree Law 114-A/2014, of 1 August, Decree Law 114-B/2014, of 4 August, and Law 23-A/2015, of 26 March, which have transposed the Directive 2014/49/EU, of 16 April on deposit guarantee schemes and the BRRD.

A SRM has been introduced including a single resolution board and a single fund for the resolution of banks. The requirements of the SRM are set out in the SRM Regulation (as defined below) and the BRRD.

The Banco de Portugal may require the Issuer to make changes to its legal structure pursuant to its implementation of requirements under the SRM Regulation, the BRRD or other applicable law or regulation. Therefore, the Issuer cannot anticipate if additional costs might be due and for which proportion, as well as if there could be an impact on the Issuer's results and financial position.

The MREL, became effective during 2016, and requires the issue of new senior debt with a subordination structure or strengthening of Tier 2 capital. The implementation of the MREL regime is subject to a transition period and will have implications on the issue of debt by bank institutions, which will lead to changes in the liability structure.

On 17 August 2021, Banco Montepio was notified by the Banco de Portugal regarding the MREL requirements to be met which are as follows:

- a) MREL requirement to be met permanently by Banco Montepio from 1 January 2022 onwards, based on its consolidated financial position, of 5.33 per cent. of total LRE;
- b) MREL requirement as a percentage of total RWA shall be met during a transition period ending on 1 January 2025;
- c) Determination of an intermediate target, that expired on 1 January 2022, in which Banco Montepio, based on its consolidated financial position, had to comply with a MREL requirement set at 13.67 per cent. of RWA;
- d) From 1 January 2022 to 1 January 2025, there is an indicative MREL level, based on the consolidated financial position of Banco Montepio, which increases on the first day of each year, starting on 1 January 2022 with a mandatory requirement of 13.67 per cent. until it reaches 20.77 per cent., plus the combined buffer requirements (2.76 per cent. as of the date of this Base Prospectus), which must be met from 1 January 2025; and
- e) No minimum subordination requirement has been applied.

The MREL requirement determined by the Banco de Portugal is based on the applicable legislation and is therefore subject to being updated from time to time.



As of 1 January 2022, Banco Montepio complied with the intermediate MREL requirement set for that date, both as a percentage of the RWA (with a ratio of 14.7 per cent.) and as a percentage of the LRE (with a ratio of 6.4 per cent.).

In order to meet MREL requirements, the Issuer 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 Issuer's strategy, could increase the average cost of the Issuer's liabilities, in particular, without limitation, the cost of additional Tier 1 and Tier 2 instruments and thus negatively affect the Issuer's earnings. Tier 1 instruments may also result in a potential dilution of the percentage of ownership of existing shareholders, if they include convertibility features.

Accordingly, the Issuer may not be able to issue the necessary MREL-eligible instruments, due to adverse market conditions or to investors' negative perception of the Issuer, which could lead to a failure to comply with the regulatory requirements, or, alternatively, if the Issuer is able to issue the above mentioned instruments, there is a risk that market conditions will be such that the Issuer will need to issue those instruments at a higher premium. The non-compliance with MREL requirements or the issue of MREL instruments at a higher premium could have an adverse effect on the business, reputation, financial condition and results of operation or prospects of Banco Montepio.

***The Issuer is subject to substantial regulation, as well as regulatory and governmental oversight. Adverse regulatory developments or changes could have a material adverse effect on the Issuer***

The Issuer operates in a highly regulated industry. The Issuer's banking activities are subject to extensive regulation by, among other entities, the ECB, the Banco de Portugal, the EBA, the ESMA and the CMVM, as well as other supervisory authorities from the EU and the countries in which the Issuer conducts its activities. These regulations relate to liquidity, capital adequacy and permitted investments, ethical issues, money laundering, bribery and terrorism financing, privacy, know your customer, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices.

Those regulations are complex and its fulfilment entails high costs in respect of both money and employee time. Additionally, non-compliance with the applicable regulations may cause damages to the Issuer's reputation, application of penalties and even loss of authorization to carry out its activities.

The implementation in the EU of Basel III has led to the approval of the package comprised of the CRD IV, implemented in Portugal by Decree-Law 157/2014, of 24 October, and Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms, amending the CRR. The CRD IV/CRR reinforced the capital requirements of banks, imposing different minimum capital ratios (e.g., CET1 ratio, Tier 1 ratio and total ratio), and changed the definition of regulatory capital. The CRD IV includes general rules, supervision powers, and requirements relating to wages, governance and disclosure, having also introduced the following additional capital buffers, to be met with CET1:

- (a) capital conservation buffer of 2.5 per cent. of RWA;

- (b) countercyclical capital buffer rate of between 0 and 2.5 per cent. of the TREA, pursuant to the conditions to be established by the competent authorities; and
- (c) systemic risk buffer: (i) applicable to institutions of global systemic importance: between 1 and 3.5 per cent. of RWA; (ii) applicable to other institutions of systemic importance: between 0 and 3 per cent. of RWA; and (iii) if determined, macroprudential systemic risk: between 1 and 3 per cent. or between 3 and 5 per cent. of RWA, depending on the economic situation.

While the final Basel III standards were set to be implemented starting from January 2022 with the output capital floor being phased-in, in light of the COVID-19 pandemic, implementation has been deferred by one-year to increase the operational capacity of banks and supervisors to respond to the COVID-19 pandemic. These reforms started from 1 January 2023 and will be phased in over five years. Regarding the lower limit on the capital requirements (i.e., the “output floor”), it will be gradually introduced from 1 January 2025 over a period of 5 years.

In the exercise of its powers as national macro-prudential authority, the Banco de Portugal decided to set the countercyclical buffer rate at 0 per cent. of the TREA, with effect from 1 January 2016. This buffer applies to all credit exposures to the domestic private non-financial sector of credit institutions and investments firms in Portugal subject to the supervision of the Banco de Portugal or the ECB (Single Supervisory Mechanism), as applicable. The Banco de Portugal’s last review of the countercyclical buffer was on 30 June 2023, having confirmed the 0 per cent. rate of the TREA for the third quarter of 2023. This decision is reviewed on a quarterly basis.

The Issuer is required to comply with the capital ratio requirements (on a consolidated basis) of 9.085 per cent. for CET1, 11.194 per cent. for Tier 1 and 14.006 per cent. for Total capital. As of 31 December 2022, the Total Capital ratio of the Issuer, on a consolidated and fully implemented basis was 15.7 per cent. (14.2 per cent. as of 31 December 2021), the Tier 1 ratio was 13.2 per cent. and the CET1 ratio was 13.2 per cent.

The CRD IV and CRR were further strengthened by the CRR II, and by the CRD V. The CRR II and CRD V introduced a new market risk framework, revisions to the large exposures’ regime and NSFR. The NSFR is intended to ensure that institutions are not overly reliant on short-term funding. The CRR II’s application is staggered, in accordance with Article 3 of the CRR II, from 27 June 2019 to 28 June 2023. The CRD V amends the CRD IV and was transposed into Portuguese law on 9 December 2022 by Law no. 23-A/2022, of 9 December.

Recent developments in the banking market suggest that even stricter rules may be applied by Basel IV, which would require more stringent capital requirements and greater financial disclosure. Basel IV is likely to introduce higher leverage ratios, more detailed disclosure of reserves and the use of standardised models, rather than banks’ internal models, for the calculation of capital requirements. Following the publication of the BRRD2, credit institutions have also been subject to more burdensome capital and other legal requirements, as these become applicable. On 9 December 2022, Law no. 23-A/2022, of 9 December, transposing the BRRD2 was promulgated and entered into force. Certain of the BRRD2’s requirements relate to the implementation of the TLAC standard, applicable from January

2022. The TLAC standard requires global systemically important banks to hold certain ratios of instruments and liabilities (as a percentage of their respective RWA), which should be available during resolution to absorb losses.

Implementation of the TLAC/MREL Requirements was phased-in from 1 January 2019 (a 16 per cent. minimum TLAC requirement) to 1 January 2022 (an 18 per cent. minimum TLAC requirement).

In addition to the above, on 26 January 2021, the European Commission launched a targeted public consultation on technical aspects of a new review of BRRD, the SRM Regulation, and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (as amended). This public consultation was open until 20 April 2021 and split into two main sections: a section covering the general objectives of the review, and a section seeking technical feedback on stakeholders' experience with the current COVID-19 crisis and framework and the need for changes in the future framework, notably regarding (i) resolution, liquidation and other available measures to handle banking crises, (ii) level of harmonisation of creditor hierarchy in the EU and impact on the 'no creditor worse off' principle, and (iii) depositor insurance. Further work will be needed and legislative proposals on this topic are still expected. Under the new legal framework, there is the risk that the Issuer is not able to comply with stricter and more demanding regulatory requirements regarding capital, liquidity, leverage, and others in a timely manner. A failure to comply with the applicable regulations could have a material adverse effect on the Issuer as it could result in damages to the Issuer's reputation, administrative action, application of penalties or regulatory sanctions, and even loss of authorisation to carry out its activities.

In this context, the Banking Activity Code, which aims to replace the RGICSF has been subject to public consultation. The proposed Banking Activity Code introduces changes and/or updates on matters of, among others, internal governance, conflicts of interest and related parties, non-cooperative offshore tax jurisdictions, duties of information and administrative procedures and supervisor enforcement. As of the date of this Base Prospectus, no further legislative procedures have been developed.

Changes to supervisory rules and regulations in respect of the Issuer's activities, in particular in Portugal, may have a negative impact on the Issuer's business, the products and services it offers and/or the value of its assets. Future regulatory changes, changes in tax laws or other alterations may be unpredictable and are outside the Issuer's control.

In addition, compliance with anti-money laundering, anti-bribery and counter-terrorist financing rules entails significant costs and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the Issuer 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 Issuer cannot guarantee that it 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 Issuer, are applied by its employees under all circumstances. This may lead to material adverse effects on the Issuer's business, reputation, financial condition and results, operations or prospects.

All the above regulations are complex and their fulfilment implies high costs in terms of time and other resources. Additionally, non-compliance with the applicable regulations may result in damage to the Issuer's reputation, the application of penalties and even the loss of authorisation to carry out its activities.

***Legislation changes regarding banking commissions***

The current legislation in Portugal, namely Decree-Law 3/2010, of 5 January 2010, prohibits charges for the provision of payment services and for operations at ATMs. The law prohibits the collection of charges by credit institutions for cash withdrawals, deposits or service payments at ATMs, as well as the collection of charges by beneficiaries of payment services for payment transactions via automatic payment terminals. Law 53/2020, of 26 August, extended this legislation on 26 August 2020, and came into effect on 1 January 2021, to impose limits on the collection of commissions by payment service providers for withdrawals of funds, payments of services or transfers, in or through payment applications operated by third parties (e.g., MBWay or PayPal), websites or in a merchant shop and for issuing virtual cards for secure purchases on websites and codes for cash withdrawals at ATMs. Additionally, Law 57/2020, of 28 August, which came into effect on 1 January 2021 introduced further rules for the protection of consumers of financial services in banking commissioning, housing credit and consumer credit, which prohibits imposing additional commission for certain activities. Law 44/2020, of 19 August, amended the basic bank account commissioning terms and conditions in order to offer to these current account holders' low-cost access to a set of banking services considered essential.

Other similar or broader initiatives may arise in the future, the content and range of which is still unknown, that may impose more limits to commissions charged by banks, including the Issuer, which may adversely affect the business and performance of the Issuer.

***Borrower's protection laws may limit the Issuer's actions and have a material adverse effect on the Issuer's business, reputation, financial condition and results of operations or prospects***

Existing legal and regulatory frameworks impose obligations for credit institutions to ensure protection for borrowers, including, implementing procedures for gathering information, contacting borrowers, monitoring the execution of loan agreements and managing default risk situations; the duty to assess the financial capacity of borrowers and present default correction proposals adapted to the borrower'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 Issuer's options to (i) terminate the relevant agreements; (ii) initiate judicial proceedings against the borrower; (iii) assign its credits over the borrower; or (iv) transfer its contractual position to a third party. These legal and regulatory frameworks for borrower's protection are expected to continue in the future.

Any existing or future legislation and regulation for the protection of borrowers limits the Issuer's rights to deal with defaulting clients and, as a result, may have a material adverse effect on the Issuer's business, reputation, financial condition and results of operations or prospects.

***The impact on the Issuer of the resolution measures in Portugal cannot be anticipated and funding of possible future resolutions cannot be anticipated***

Following the decision of the Banco de Portugal on 3 August 2014 to apply a resolution measure to BES, most of its business was transferred to a bridge bank, Novobanco, specifically set up for that purpose and capitalised by the resolution fund – as created by Decree-Law 31- A/2012, of 10 February 2012 (the “**Resolution Fund**”). The Resolution Fund is funded by contributions from the institutions participating in the Resolution Fund and contributions from the Portuguese banking sector – with an initial share capital of €4.9 billion. Of this amount, €300 million corresponded to the Resolution Fund's own financial resources, €3.9 billion resulted from a loan granted by the Portuguese State, €700 million from a loan granted by a group of credit institutions that are members of the Resolution Fund including the Issuer (the **Participants’ Loan**). As of 31 December 2022, the Issuer's share of the Participants' Loan was €70 million.

On 20 December 2015, the Banco de Portugal applied a resolution measure to Banif which resulted in the sale of the business of Banif and of most of its assets and liabilities to Banco Santander Totta for €150 million. This transaction involved an estimated public support of €2,255 million to cover future contingencies, of which €489 million was provided by the Resolution Fund (which was financed by a loan in the same amount granted by the Portuguese State) and €1,766 million directly by the Portuguese State, as a result of the determination of the assets and liabilities to be sold as agreed between the Portuguese authorities, European bodies and Banco Santander Totta.

The Portuguese Resolution Fund is funded by contributions from its participating institutions (including the Issuer).

The Issuer's pro rata share in the Resolution Fund will vary from time to time according to the Issuer's liabilities and own funds, when compared to the other institutions participating in the Resolution Fund. Contributions to the Resolution Fund are adjusted to reflect the risk profile, the systemic relevance and the solvency position of each participating institution. This number varies over time and it is very difficult to determine the Issuer's exact participation at any given point in time. The periodic contributions to the Portuguese Resolution Fund are determined by the application of a contributory rate to the end of month outstanding balance of liabilities, deducted by own funds and deposits already included in the deposit guarantee scheme. Pursuant to Banco de Portugal's Instruction (*Instrução*) 19/2022 for 2023, the rate has been set at 0.029 per cent.

In 2022, and in accordance with Decree-Law no. 24/2013, of 19 February, Issuer's national Resolution Fund periodic contribution amount totalled €5.1 million.

In relation to the contribution on the banking sector, as of 31 December 2022, the Issuer paid €12.3 million which were transferred by the Portuguese State to the Resolution Fund.

The periodic contribution paid by the Issuer under the combined terms of the scheme transposing BRRD and the SRM Regulation from the institutions covered by the SRM, as of 31 December 2022, was €8.4 million.

The negative impact on the Issuer of the resolutions of BES and Banif cannot be anticipated, as there is the risk that the Resolution Fund may need further recapitalisation while both resolutions are not totally settled.

Furthermore, there is the risk that the resolution measures applied to BES and Banif may prejudice investors and economic agents' positive perception of the Portuguese financial system and the Issuer as a participant thereto.

#### ***Requirements related to liquidity ratios which may affect profitability***

The Basel III recommendations endorse the implementation of liquidity coverage ratios for short and medium/long-term liabilities, known as the LCR and NSFR. The LCR addresses the sufficiency of high-quality liquid assets to meet short-term liquidity needs under a severe stress scenario and is calculated in accordance with Delegated Regulation (EU) 2015/61 of the European Commission, of 10 October 2014. Since 2018, financial institutions have been required to maintain, in their own portfolio, high quality liquid assets corresponding to 100 per cent. of the net cash outflows in the following 30 days.

The LCR and NSFR of the Issuer, computed in line with the CRD IV standards and EBA guidelines, was 249.6 per cent. and 125.0 per cent. as of 31 December 2022 (compared to 264.1 per cent. and 125.3 per cent. as of 31 December 2021).

The fulfilment of these ratios by the Issuer may lead to the constitution of portfolios with highly liquid assets but low profitability. Additionally, it may lead to an increase in the financing costs since the ratios increase the long-term financing over the short-term. Such changes may have a negative impact on the Issuer's results.

### **RISK FACTORS SPECIFIC TO THE COVERED BONDS**

#### ***Legal Risk***

The CBD and Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 were published in the Official Journal on 18 December 2019 and came into effect on 7 January 2020 with applicability from 8 July 2022.

The CBD replaces the current Article 52(4) of Directive 2009/65/EC on undertakings for collective investment in transferable securities (as amended) and establishes a revised common basis for the issuance of covered bonds for EU regulatory purposes (subject to various options that Member States may choose to exercise when transposing the new directive into their national legal orders).

The CBD was transposed into Portuguese national law by Decree-Law 31/2022, of 6 May 2022, and entered into force on 1 July 2022, approving the Legal Regime of Covered Bonds (as defined herein).

In accordance with the transitional provisions of Decree-Law 31/2022, of 6 May 2022, an issuer of covered bonds under the Covered Bonds Law may apply to the CMVM, in its capacity as supervisory authority, to convert its existing covered bonds programme, approved and authorised under the Covered Bonds Law, into a covered bonds programme compliant with the Legal Regime of Covered Bonds. The Issuer has submitted the application to the

CMVM. The CMVM authorised such conversion, and thus this Base Prospectus is compliant with the Legal Regime of Covered Bonds. The new legislative framework has not yet been tested and, thus possible uncertainties of interpretation may arise.

Prospective investors should therefore inform themselves of the above legal changes, including, inter alia, the differences between the Legal Regime of Covered Bonds and the Covered Bonds Law, in addition to any other regulatory requirements applicable to their investment in the Covered Bonds.

***Benefit of special creditor privilege (“*privilégio creditório especial*”)***

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 especial*”) 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 also benefit from the above-mentioned special creditor privilege (“*privilégio creditório especial*”).

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.

***Covered Bonds are obligations of the Issuer only***

The Covered Bonds will constitute unsubordinated obligations of the Issuer secured by a special creditor privilege (*privilégio creditório especial*) (as defined in Terms and Conditions of the Covered Bonds) maintained by the Issuer. Although primarily based and secured by the credits comprised in the Cover Pool, an investment in the Covered Bonds involves a reliance on the creditworthiness of the Issuer, which 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. In case of insufficiency of the assets constituting the Cover Pool, the holders of the Covered Bonds will be treated as common creditors of the Issuer and will have to rely, for the performance by the Issuer of its obligations under the Covered Bonds, on the sufficiency of the assets of the Issuer available to common creditors. Accordingly, the holders of Covered Bonds will become exposed to the credit risk of the Issuer, in case of insufficiency of the assets constituting the Cover Pool to meet the obligations of the Issuer under the Covered Bonds. In addition, an investment in Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Covered Bonds.

The Covered Bonds will not represent an obligation or be the responsibility of the Arrangers, the Dealers or the Common Representative or any person other than the Issuer.

***Covered Bonds may be subject to an Extended Maturity Date***

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 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) in respect of a Series of Covered Bonds, the Issuer fails to repay such Series in full on its Maturity Date or on the following two Business Days, or if interest due under that Series has not been paid on any Interest Payment Date or on the following five Business Days 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(E) (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions. The Issuer shall, at least 10 calendar days in advance of a possible extension of maturity (or, if such 10 calendar days' term cannot be met, in light of the time of occurrence or knowledge of the grounds determining the extension, as soon as possible), give notice to CMVM of such extension and the respective grounds for such extension. If within 10 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.

In the event of any extension of maturity of a Series of Covered Bonds pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) 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. 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 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions (and provided CMVM has not objected to any such extension) will change as provided in the applicable Final Terms and such interest may apply on a fixed or floating basis. Neither (i) the extension of 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(E) (*Extension of Maturity up to Extended Maturity Date*) 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 (see Terms and Conditions) as amended by the applicable Final Terms. In respect of any Series of Covered Bonds, in case of liquidation or resolution of the Issuer, no extension to an Extended Maturity Date will (i) affect the ranking between any holders of Covered Bonds or (ii) invert the sequencing of the original maturity schedule of Covered Bonds.



Although the CMVM has approved the conversion of the Programme, 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.

***There may not be a secondary market for Covered Bonds***

Covered Bonds may have no established trading market when issued and one may never develop. If a market does develop, it may not be liquid. 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. This is particularly the case for Covered Bonds that are especially sensitive to interest rates, currency or market risks and those that are designed for specific investment objectives or strategies or that have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds would generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. Additionally, since the withdrawal process of the UK from the European Union, there has been increased volatility in the capital, currency, and credit markets, which has recently been further enhanced by the disruption caused by the COVID-19 pandemic and the ongoing turbulent developments involving Russia and Ukraine.

***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 are Covered Bonds which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Covered Bonds as the change of interest basis may result in a lower interest return for Noteholders. Where the Covered Bonds convert from a fixed rate to a floating rate, the spread on such Covered Bonds may 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.

***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.

***Risks relating to all outstanding Covered Bonds of the Programme upon occurrence of an Insolvency Event in respect of the Issuer***

If an Insolvency Event has occurred in respect of the Issuer, all outstanding Covered Bonds of the Programme will assume the form of pass-through covered bonds. If, as a result of the occurrence of such event triggering the pass-through condition, all covered bonds become pass-through Covered Bonds, there is a risk that holders of Covered Bonds of the Programme with a Maturity Date after such date receive principal repayments prior to the Maturity Date and therefore earlier than expected, which may result in a lower yield than expected on such holder of Covered Bonds' investment.

***Risks relating to some but not all Covered Bonds of the Programme upon occurrence of an Issuer Default of Payment***

In the case of an Issuer Default of Payment Event on one Series of Covered Bonds of the Programme, such Covered Bonds of that Series shall be considered and will assume the form of pass-through covered bonds and will be due on their Extended Maturity Date, which may result in a lower yield than expected for such holder of Covered Bonds' investment.

***Risks relating to any termination payments due to the relevant Hedge Counterparty as a result of early termination***

If an Issuer Event has occurred and any Covered Bonds are redeemed early on an Interest Payment Date following that Issuer Event, then the Hedging Contracts relating to such Covered Bonds (if any) will terminate early (in whole or in part) on such Interest Payment Date. In the event of an early termination of the Hedging Contracts, a termination payment may be due from the Hedge Counterparty to the Issuer or from the Issuer to the Hedge Counterparty. Any termination payments due to the Issuer as a result of any such early termination will result in greater amounts being available to the holders of such Covered Bonds; however, any termination payments due to the relevant Hedge Counterparty as a result of any such early termination will be paid ahead of any amounts due to the holders of such Covered Bonds and, accordingly, less funds will be available for distribution to those holders on such Interest Payment Date.

***Risks relating to the increase in the margin payable by the Issuer to the Hedge Counterparty in any relevant Hedging Contract so as to account for any extension in the Maturity Date of any Covered Bonds***

If an Issuer Event has occurred, then the margin payable by the Issuer to the Hedge Counterparty in any relevant Hedging Contract may be increased so as to account for any extension in its term and, as a consequence, greater amounts may become due from the Issuer to Hedge Counterparties on subsequent Interest Payment Dates. Payments to the Hedge Counterparties rank ahead of payments to holders and, accordingly, any increase in payments to the Hedge Counterparties will result in less funds being available for distribution to holders on

subsequent Interest Payment Dates.

***Mismatch risk and Market risk - distinction between standard and conditional pass-through covered bonds***

Under a pass-through structure, the mismatch risk between the maturity of the underlying assets and the maturity of the covered bonds is transferred to the investor, as the repayment of the covered bonds, in case the pass-through mechanism is triggered, will rely primarily on the collections of the Cover Pool (without prejudice to claim over the Issuer or its insolvency estate, as applicable, held by the holders of the Covered Bonds), up until the extended maturity date, as opposed to what happens prior to pass-through being triggered, in which circumstance the Issuer is primarily bearing this mismatch risk, irrespective of the cover pool cashflows. At the same time, market risk may be increased, not directly due to the pass-through structure itself, but due to potential expedited sales of the underlying assets (losses resulting from the rapid sale of the mortgage loans at a higher discount) to realise cash, notably if the holders of the Covered Bonds decide to accelerate payments under the Covered Bonds, after they have become pass-through, in accordance with the Conditions.

Additionally, there is a risk that, particularly if all Covered Bonds become Pass-Through Covered Bonds, the speed of repayment of such Pass-Through Covered Bonds will be reduced, because the available funds for repayment will be divided pro rata with respect to all Covered Bonds and not only those that have matured. In such case, it is likely that the repayment of such Covered Bonds will take longer and not at the moment holders of Covered Bonds anticipated to receive payments.

***Risks related to Covered Bonds which are linked to “benchmarks”***

Interest rates and indices which are deemed to be “benchmarks” (including EURIBOR) have been the subject of recent national and international regulatory guidance and proposals for reform. Some reforms are already effective whilst others are still to be implemented, with further changes being anticipated. 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 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 EU. It (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks provided by administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). 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, particularly if the methodology or other terms of the benchmark are changed to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could reduce or increase the rate or level, or affect the volatility of the published rate or level of the relevant benchmark (including EURIBOR).

More broadly, any of the international or national reforms or proposals for reform, 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 the associated regulations or requirements. Such factors may (i) discourage market participants from continuing to administer or to contribute to benchmarks; (ii) trigger changes in the rules or methodologies used in benchmarks; (iii) lead to the disappearance of certain benchmarks.

The working group on euro risk-free rates published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, amongst 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 and states that, inter alia, contracts and financial instruments referencing EURIBOR should include provision covering trigger events related to permanent cessation, temporary non-availability and non-representativeness and that trigger events should be objectively drafted in precise terms and refer to events made publicly available by the regulatory supervisor of the EURIBOR administrator. Finally, the final recommendations further state that market participants should seek consistency and use the same trigger events for all assets classes when developing and introducing fallback provisions in different financial instruments and contracts referencing EURIBOR, to the extent possible and appropriate and the replacement date should occur on the date on which the benchmark has effectively ceased to be provided or is no longer representative.

Furthermore, to address systemic risk, on 2 February 2021 the Council of the European Union approved the final text of Regulation (EU) 2021/168 amending the EU Benchmarks Regulation as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No. 648/2012. The new framework delegates the Commission to designate a replacement for benchmarks qualified as critical under the EU Benchmarks Regulation, where the cessation or wind-down of such benchmarks might significantly disrupt the functioning of financial markets within the EU. In particular, the designation of a replacement for a benchmark should apply to any contract and financial instrument, as defined in MiFID II, that is subject to the law of a Member State. In addition, with respect to supervised entities, Regulation (EU) 2021/168 extends the transitional period for the use of third-country benchmarks until 2023 and the Commission may further extend this period until 2025 by a delegated act to be passed before 15 June 2023. On 10 February 2021, the Council of the European Union adopted Regulation (EU) 2021/168, which was published in the Official Journal on 12 February 2021 and entered into force the following day.

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forward. This may cause EURIBOR to perform differently than it has done in the past and may have other

consequences which cannot be predicted. The potential elimination of benchmarks, such as EURIBOR, the establishment of alternative reference rates or changes in how a benchmark is administered could also require adjustments to the terms of benchmark-linked securities and may result in other consequences, such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was still available in its current form.

Based on the foregoing, prospective investors should be aware that:

- (a) any of the reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR) could affect the level and volatility of the published rate;
- (b) the elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the interest calculation provisions of the Terms and Conditions (and if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, 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), or result in adverse consequences to holders of any Covered Bonds linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and the potential effects of such changes may adversely affect such benchmarks during the term of the relevant Covered Bonds, the return on the Covered Bonds and the trading market for securities (including the Covered Bonds) based on those benchmarks; and
- (c) if EURIBOR or any other relevant interest rate benchmark is discontinued or is otherwise unavailable, then the rate of interest on the Covered Bonds will be determined for a period by the relevant fallback provisions, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks (in the Euro-zone interbank market, in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time).

Moreover, any of the above or any other significant change to EURIBOR or any other interest rate benchmark could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds linked to, referencing or otherwise dependent (in whole or in part) upon a benchmark. No assurance may be provided that relevant changes will not occur with respect to EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters, consult their own independent advisers and make their own assessment about the potential risks when making any investment decision with respect to the Covered Bonds. Investors in Floating Rate Covered Bonds which reference EURIBOR or any other relevant interest rate benchmark should be mindful of the interest rate fallback provisions applicable to such Floating Rate Covered Bonds and the adverse effect this may have on the value or liquidity of, and return on, any Floating Rate Covered Bonds linked to EURIBOR or any other relevant interest rate benchmark.

### ***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") is other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (3) 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.

### ***Ratings of the Covered Bonds are not recommendations and ratings may be lowered, withdrawn or qualified***

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. The Issuer is under no obligation to maintain any rating for itself or for the Covered Bonds. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and any other factors that may affect the value of the Covered Bonds.

A securities 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 securities rating should be evaluated independently of any other securities rating. In the event that any rating initially assigned to the Covered Bonds is subsequently lowered, withdrawn or qualified for any reason, the Issuer will not be obliged to provide any credit facilities or credit enhancement to restore the original rating. Any such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Covered Bonds.

Ratings assigned to the Covered Bonds assess the likelihood of full and timely payment of interest due on each Interest Payment Date to holders of the Covered Bonds, and the likelihood of ultimate payment of principal in relation to Covered Bonds either on their Final Maturity Date or on the Extended Maturity Date, as applicable. Ratings only address the credit risks associated with the transaction. Other non-credit risks are not addressed but may have a significant effect on yield for investors. Due to the methodology used by the main rating agencies, the Issuer's credit rating may be affected by the rating of Portugal's sovereign debt. If Portugal's sovereign debt is downgraded, the Issuer's credit rating is also likely to be downgraded by an equivalent amount.

In addition, the negative economic impact which may be caused by events such as certain meteorological conditions, natural disasters, fires, war or military conflicts or widespread health crises (such as pandemics) or the fear of such crises may result in downgrades to the ratings assigned to the Covered Bonds.

If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

***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 (1a) to (3) 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)”).

**RISK FACTORS SPECIFIC TO THE COVER POOL**

***Dynamic Nature of the Cover Pool***

The Cover Pool is expected to comprise only assets listed in Article 129(1) of the CRR. The Cover Pool shall comprise Primary Assets, Substitution Assets or Liquidity Assets.

At the date of this Base Prospectus, the Issuer intends to include the Cover Pool mortgage credits which are located in Portugal as Primary Assets.

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. For further information in respect of the Cover Pool, see Characteristics of the Cover Pool.

***Risks relating to the effects of depreciation in the value of the relevant property on the Cover Pool***

In the event of insolvency, winding-up and dissolution of the Issuer, the Cover Pool over which the holders of Covered Bonds have a special creditor privilege in relation to payment of the principal and any due and future interest will be segregated from the insolvent estate of the Issuer and will form an autonomous estate not being liable for any of its debts until any outstanding amounts payable to the holders of Covered Bonds and counterparties of derivative contracts are fully paid, even in the event of liquidation of the Issuer. 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.

The security for a mortgage credit 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. Regarding NPEs, where a mortgage has to be enforced to pay the holders of Covered Bonds is, however, highly unlikely because the Legal Regime of Covered Bonds establishes that any mortgage credits which are delinquent for over 90 days must be immediately substituted. Notwithstanding, the variation of the value of mortgaged properties that are securing mortgage credits that are part of the Cover Pool, can impact the performance of the Cover Pool, and the value of and amounts ultimately payable under the Covered Bonds.

### ***Hedging Contracts***

Hedging contracts can be entered into exclusively to hedge risks such as interest rate risk, exchange rate risk and liquidity risk. The Issuer is entitled but not required to enter into hedging contracts under the Legal Regime of Covered Bonds, except if the Covered Bonds and the Cover Pool are denominated in different currencies, in which case the Issuer shall hedge any exchange rate risk. At the date of this Base Prospectus, it is intended that the Hedging Contracts will hedge the interest rate exposure with respect to the Mortgage Credits comprised in the Cover Pool, as well as the interest rate exposure with respect to the Covered Bonds. See *Characteristics of the Cover Pool – Hedging Contracts*. The entering into of hedging contracts, or the absence of entering into of hedging contracts, where the Issuer is entitled to enter into the same, can impact the performance of the Cover Pool and the value of, and amounts ultimately payable under, the Covered Bonds, as compared to a situation where the opposite decision has been taken by the Issuer.

### ***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 mortgage credits and/or substitute assets in the Cover Pool in order for the Issuer to comply with the financial matching requirements under the Legal Regime of Covered Bonds. If the Issuer is not able to properly include or substitute assets as aforesaid, this may cause the Issuer to not comply with the financial matching requirements under the Legal Regime of Covered Bonds and can impact the performance of the Cover Pool, and the value of and amounts ultimately payable under the Covered Bonds.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CMVM or are published simultaneously with this Base Prospectus, shall be incorporated in, and form part of, this Base Prospectus:

- a) the earnings release of the Issuer for the first three months of 2023 (available at [https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en\\_GB/banco-montepio-consolidated-results-1-quarter-2023.pdf](https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en_GB/banco-montepio-consolidated-results-1-quarter-2023.pdf)) including the information set out at the following pages in particular:

### 1Q2023 EARNINGS RELEASE

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- b) the annual report and audited consolidated annual financial statements of Banco Montepio as at and for the financial year ended on 31 December 2022, together with the notes and the audit report thereon (the “**Annual Report 2022**”) (available at [https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en\\_GB/banco-montepio-annual-report-2022.pdf](https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en_GB/banco-montepio-annual-report-2022.pdf)), including the information set out at the following pages in particular:

### 2022 CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT

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- c) the annual report and audited consolidated annual financial statements of Banco Montepio as at and for the financial year ended 31 December 2021, together with the notes and the audit report thereon (the “**Annual Report 2021**”) (available at [https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en\\_GB/banco-montepio-annual-report-2021.pdf](https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en_GB/banco-montepio-annual-report-2021.pdf))

[report-2021.pdf](#)), including the information set out at the following pages in particular:

**2021 CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT**

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d) the bylaws of the Issuer which can be viewed online at [https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en\\_GB/savings-bank-articles-association-cemg.pdf](https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en_GB/savings-bank-articles-association-cemg.pdf)

The financial statements of the Issuer incorporated by reference have been prepared in accordance with IFRS.

Any information contained in any of the documents specified above which is not specifically listed is incorporated by reference in this Base Prospectus for information purposes only. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the CMVM in accordance with Articles 3 and 23, respectively, of the Prospectus Regulation.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly, by implication or otherwise), 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.

## RESPONSIBILITY STATEMENTS

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation, providing information on the Issuer and the Covered Bonds which, according to their respective nature, is necessary to enable investors to make an informed assessment of the Issuer's assets and liabilities, financial position, profit and losses, and prospects, as well as of the features and characteristics of the Covered Bonds. This Base Prospectus is not a prospectus for the purposes of section 12(a)(2) or any other provision of the US Securities Act.

The format and contents of this Base Prospectus comply with the relevant provisions of the Prospectus Regulation, the Prospectus Delegated Regulations, the Portuguese Securities Code and all laws and regulations applicable thereto.

Third party information has been included in this Base Prospectus. Where such third-party information has been used, the source of such information has been specified. The Issuer confirms that such information has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In accordance with, and for the purposes of, Articles 149, 150 and 238(1) and 3(a) of the Portuguese Securities Code, the Issuer, the members of its Board of Directors (which includes the Audit Committee), and PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*") with number 183, registered with the CMVM under number 20161485, with registered office at Palácio Sottomayor, Rua Sousa Martins, 1 – 3<sup>rd</sup> floor, 1050-217 Lisbon, Portugal (see *Board of Directors and Other Corporate and Governing Bodies of the Issuer*), as the Statutory Auditor of the Issuer, are responsible for the information contained in this Base Prospectus and each of them declares that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus for which it is responsible pursuant to the aforementioned Articles is in accordance with the facts and contains no omissions likely to affect the import of such information.

The Issuer further confirms that (i) this Base Prospectus is true, accurate and complete in all material respects and is not misleading; (ii) the opinions and intentions expressed herein are honestly held by it and based on reasonable assumptions; (iii) that there are no other facts relating to the information contained or incorporated by reference in this Base Prospectus the omission of which would make any statement herein or opinions or intentions expressed herein misleading in any material respect; and (iv) that all reasonable enquiries have been made to verify the foregoing.

In accordance with Article 149(3) (directly and ex vi Article 238(1)) of the Portuguese Securities Code, liability of the abovementioned entities is excluded if any such entity proves that the addressee knew or should have been aware of the inaccuracies in the contents of this Base Prospectus on the date of issue of the contractual declaration or when the respective revocation was still possible. Pursuant to Article 150 of the Portuguese Securities Code, the

Issuer is strictly liable (i.e., independently of fault) if any of the members of its Board of Directors, its Audit Committee or PwC is held responsible for such information. Further to Article 238(3)(b) of the Portuguese Securities Code, the right to compensation based on the aforementioned responsibility statements is to be exercised within 6 months of the party seeking compensation becoming aware of an inaccuracy in the contents of this Base Prospectus or the amendment thereto, and ceases, in any case, 2 years following disclosure of (i) this Base Prospectus for the admission to trading on a regulated market or (ii) the amendment thereto that contains the defective information or forecast.

This Base Prospectus is to be read in conjunction with all documents deemed to be incorporated herein by reference (see *Documents Incorporated by Reference*). This Base Prospectus shall be read and construed, and any decision to invest in the Covered Bonds should be made, on the basis that such documents are so incorporated and form part of this Base Prospectus as a whole.

Other than in relation to the documents deemed to be incorporated by reference (see *Documents Incorporated by Reference*), the information found on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CMVM.

No person is or has been authorised by the Issuer 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 Arranger (as defined in *Definitions*), the Common Representative (as defined under *General Description of the Programme*) 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 after the date hereof or after the date on which this Base Prospectus has been most recently supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date on which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of or as at any time subsequent to the date indicated in the document containing such information.

If, between the date of this Base Prospectus and the closing date of any offer or the date of any admission to trading made thereunder, any new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus occurs, or if the Issuer becomes aware of a previously existing fact not disclosed in this Base Prospectus, any of which may affect the assessment of any Covered Bonds, the Issuer will prepare a supplement to this Base Prospectus.

The Arranger, the Common Representative and the Dealers expressly refrain from undertaking any review of the financial condition or affairs of the Issuer during the life of the Programme and from advising 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.

***Important information relating to the use of this Base Prospectus and the sale or offer of the Covered Bonds generally***

This Base Prospectus or any Final Terms do 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 such 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 Arranger 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, unless specifically indicated to the contrary, no action has been taken by the Issuer, the Arranger or the Dealers (save for application by the Issuer for the CMVM's approval 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 country or 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. 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 UK, the EEA (including, among other countries, Belgium and the Republic of Italy), the UK, Switzerland, Singapore and Japan. See *Subscription and Sale and Secondary Market Arrangements*.

None of the Arranger, the Common Representative and the Dealers or any of their affiliates has 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 Bonds or any other agreement or document relating to any Covered Bonds or made in connection with the Programme, or any other agreement or document relating to the Programme. Accordingly, none of the Arranger, 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 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. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the Covered Bonds is intended to provide the basis for any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, 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.

No Dealer accepts any liability in relation to the information contained in or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. 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 Covered Bonds issued under the Programme of any information coming to their attention. Each investor contemplating purchasing any Covered Bonds should: (i) determine for itself the relevance of the information contained in (including incorporated by reference into) this Base Prospectus, (ii) make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and (iii) make its own determination of the suitability of any such investment in light of its own circumstances, with particular reference to its own investment objectives and experience, and any other factors that are relevant to it in connection with such investment, in each case, based upon such investigation as it deems necessary.

None of the Arranger, the Common Representative or the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in Covered Bonds of any information coming to the attention of the Arranger, the Common Representative or any of the Dealers.

Neither the Dealers nor the Issuer make any representation to any investor in the Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Covered Bonds should be able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time.

## FORM OF THE COVERED BONDS AND SETTLEMENT

The Covered Bonds will be held through a CSD which will be the Portuguese domestic CSD, 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's settlement systems has been obtained from sources that the Issuer believes to be reliable, but none of the Arranger 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. None of the Issuer, the Arranger 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 their respective participants. Interbolsa also provides various other financial 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 Porto, Portugal.

The Covered Bonds have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, US persons unless an exemption from the registration requirements of the US Securities Act is available or in a transaction not subject to the registration requirements of the US Securities Act (see *Subscription and Sale* and *Secondary Market Arrangements*). Accordingly, the Covered Bonds will be offered and sold only outside the United States in reliance upon Regulation S under the US Securities Act.

### **General**

Interbolsa manages a centralised system ("*sistema centralizado*") composed of 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.

Covered Bonds will be attributed an ISIN code through the codification system of Interbolsa and will be accepted for clearing through LCH.Clearnet, S.A., the clearing system operated at Interbolsa as well as through the clearing systems operated by Euroclear and Clearstream, Luxembourg and settled by Interbolsa's settlement system. Under the procedures of Interbolsa's settlement system, settlement of stock exchange transactions takes place on the second Business Day after the trade date and is provisional until the financial settlement that takes place on the settlement date. Covered Bonds may be attributed FISN, CFI code and/or other securities identifiers, 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 Covered Bonds held through Interbolsa. The Covered Bonds will be nominative form Covered Bonds ("*nominativas*").

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

Each person shown in the records of an Interbolsa Participant as having an interest in Covered Bonds shall be treated as the holder of the Covered Bonds recorded therein, and accordingly the rights and obligations attached thereto.

Registering the Covered Bonds with Interbolsa 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 held through Interbolsa***

Payment in respect of the Covered Bonds of principal and interest (i) in Euros will be (a) credited, according to the procedures and regulations of Interbolsa, to T2 payment current accounts held in the payment system of T2 according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Covered Bonds 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) in currencies other than Euro will be (a)



transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (“*Sistema de Liquidação em Moeda Estrangeira*”) 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 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.

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 Interbolsa Participant must, at the request of Interbolsa, inform the Paying Agent of the bank accounts to which the relevant payments shall be made. Interbolsa must notify the Paying Agent of the amounts to be settled, which Interbolsa calculates on the basis of the balances and on the tax rules governing the accounts of the Interbolsa Participants.

In the case of a partial payment, the amount held in the T2 current account of the Paying Agent 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.

#### ***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 OF THE 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:*

Final Terms dated [•]

### **[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 (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4 (1) of Directive 2014/65/EU (as amended, “**MiFID II**”), (b) a customer within the meaning of the Insurance Distribution Directive, 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 Regulation (EU) 2017/1129, (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) no. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds (and beneficial interests therein) 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 might be unlawful under the PRIIPs Regulation.]<sup>1</sup>

### **[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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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) no. 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) no. 1286/2014 as it forms part of UK 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

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<sup>1</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute “packaged” products and no key information document will be prepared in the EEA or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]<sup>2</sup>

**[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, "MiFID II"/MiFID II)]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. 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.]<sup>3</sup>

**[UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET**

Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the 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 UK domestic law by virtue of the [European Union (Withdrawal) Act 2018/EUWA] ("UK MiFIR"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "UK distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a UK 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.]<sup>4</sup>

**[NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE** (as amended or modified from time to time, the "SFA") - *[Insert notice if classification of the Covered Bonds is not "prescribed capital markets products", pursuant to Section 309B of the SFA or 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*

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<sup>2</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute "packaged" products and no key information document will be prepared in the UK or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>3</sup> Legend to be included on front of the Final Terms, to outline the product approval process of any applicable EU MiFID manufacturer.

<sup>4</sup> Legend to be included on front of the Final Terms, to outline the product approval process of any applicable UK MiFIR manufacturer.

*Recommendations on Investment Products*].<sup>5</sup>

**Caixa Económica Montepio Geral, caixa económica bancária, S.A.**

Issue of **[Aggregate Nominal Amount of Tranche of Covered Bonds]** **[●]** per cent. /Floating Rate] Covered Bonds  
due **[●]**

under the €5,000,000,000 Conditional Pass-through Covered Bonds Programme

**THE COVERED BONDS (AS DESCRIBED HEREIN) ARE COVERED BONDS ISSUED IN ACCORDANCE WITH DECREE-LAW 31/2022, OF 6 MAY 2022 (THE “LEGAL REGIME OF COVERED BONDS”). 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 BY THE COVER POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE LEGAL REGIME OF COVERED BONDS.**

This document constitutes the Final Terms relating to the issue of Covered Bonds described herein.

**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 20 July 2023, [as supplemented on **[●]**] (the “**Base Prospectus**”) which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017 (the “**Prospectus Regulation**”).<sup>6</sup> [This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 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.]<sup>7</sup>

Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms, the Terms and Conditions and the Base Prospectus dated 20 July 2023 [as supplemented on **[●]**]. The Base Prospectus and the supplements to the Base Prospectus are available for viewing at Caixa Económica Montepio Geral, caixa económica bancária, S.A., Rua Castilho, 5, 1250-066 Lisbon, Portugal, at [www.bancomontepio.pt](http://www.bancomontepio.pt) and at [www.cmvm.pt](http://www.cmvm.pt). and copies may be obtained from the same address.]

*[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 sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a*

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<sup>5</sup> Relevant Manager(s)/Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

<sup>6</sup> References to the Prospectus Regulation shall be removed when the Final Terms are used as a pricing supplement, in the scope of exempt offers.

<sup>7</sup> Include for listed Covered Bonds only.

*supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.]*

- |   |   |   |
|---|---|---|
| 1 | Issuer:   | Caixa Económica Montepio Geral, caixa económica bancária, S.A.  |
| 2 | (i) Series Number:  | [•]   |
|   | (ii) [Tranche Number:   | [•]   |
|   | [(iii) Date on which the Covered Bonds will be consolidated and form a single Series: | [Not Applicable]/[•]<br><i>[(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible.)]</i>            |
| 3 | Specified Currency or Currencies:   | [•]   |
| 4 | (i) Aggregate Nominal Amount of Covered Bonds:  |   |
|   | A. Series:  | [•]   |
|   | B. Tranche:   | [•]   |
|   | (ii) Specify whether Covered Bonds are to be admitted to trading                      | [Yes (if so, specify each Series/Tranche)/No]   |
| 5 | (i) Issue Price:  | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> <i>[in the case of fungible issues only, if applicable]</i> ]              |
|   | (ii) [Net Proceeds<br>[(Required only for listed issues)]                             | [•]   |
| 6 | Specified Denominations:  | [•] [any Covered Bonds, distributed to the public or admitted to trading on a regulated market, will always be issued in a denomination per unit not lower than €100,000] |
| 7 | (i) Issue Date:   | [•]   |
|   | (ii) [Interest Commencement Date]:  | <i>[specify if different from the Issue Date/Issue Date/Not Applicable]</i>   |

- 8 Maturity Date: *[specify date (for Fixed Rate Covered Bonds) or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year]*
- [(NB: Maturity Date should not be less than 2 years from the Issue Date.)]*
- [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 maturity schedule of outstanding Covered Bonds in case of resolution or liquidation.]*
- 9 Extended Maturity Date: [Applicable / Not Applicable]
- [insert date] [The date shall be at least one year after the Maturity Date, provided that in case the Issuer may not specify an Extended Maturity Date that is earlier than the applicable 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.]*
- 10 Interest Basis:
- (i) Period to (and including) Maturity Date (or the Extension Cessation Date, if applicable):
- [[●] per cent. / [Fixed Rate]
- [[Euribor] +/- Margin
- [Margin = [●] per cent.]
- [[further particulars specified in below]]
- (ii) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date (subject to Condition 6.7(E):
- [[●] per cent. Fixed Rate]
- [Euribor] +/- Margin
- [Margin = [●] per cent.]
- [[further particulars specified below]]

11	Redemption/Payment Basis:	<p>[Redemption at par]</p> <p>[Instalment]</p> <p><i>[NB: If the maturity of the Covered Bonds is extended pursuant to Condition 6.7, redemption will be made in accordance with Condition 6.8.]</i></p>
12	Change of Interest or Redemption/Payment Basis	<p><i>[Specify details of any provision for change of Covered Bonds into another Interest or Redemption/Payment Basis]</i></p>
13	Put/Call Options:	<p>[Investor Put] / [Issuer Call] / [Not Applicable]</p> <p>[further particulars specified below]]</p>
15	Status of the Covered Bonds:	<p>The Covered Bonds will be direct, unconditional and senior obligations of the Issuer and rank <i>pari passu</i> with all other covered bonds issued or to be issued by the Issuer. The Covered Bonds will qualify as covered bonds for the purposes of the Legal Regime of Covered Bonds.</p>
16	[Date [Board] approval for issuance of Covered Bonds obtained]:	<p>[●]</p> <p><i>[NB: Only relevant where Board (or similar) authorisations is required for the particular tranche of Covered Bonds]</i></p>
17	Method of distribution:	<p>[Syndicated/Non-syndicated]</p>
18	Listing/Admission to Market	<p>[Euronext Lisbon / Other (<i>specify</i>) / None]</p>

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

19	<b>Fixed Rate Covered Bonds Provisions</b>	
	<ul style="list-style-type: none"> <li>• To Maturity Date (or the Extension Cessation Date, if applicable):</li> </ul>	<p>[Applicable/Not Applicable] <i>[(If not applicable, delete the remaining subparagraphs of this paragraph)]</i></p>
	<ul style="list-style-type: none"> <li>• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)):</li> </ul>	<p>[Applicable/Not Applicable] <i>[(If subparagraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)]</i></p> <p><i>[(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(E)))]</i></p>

(i) Rate [(s)] of Interest:

- To Maturity Date (or the Extension Cessation Date, if applicable): [●] per cent. *per annum* [payable [annually/semi-annually/quarterly/other (*specify*)] in arrears], or following an Issuer Event payable monthly in arrears
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)): [Not Applicable]/ [●] per cent *per annum* payable monthly in arrears  
[[*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(E))*]]

(ii) Interest Payment Date(s):

- To Maturity Date (or any other date in which an Issuer Event has occurred): [[●] in each year up to and including the Maturity Date / [other (*specify*)]]
- From Maturity Date (or any other date in which an Issuer Event has occurred) up to Extended Maturity Date: [Not Applicable] [The first Business Day in each month up to and including the Extended Maturity Date/[other (*specify*)]]  
[[*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(E).)*]]

(iii) Fixed Coupon Amount [(s)]:

- To Maturity Date: [[●] per [●] in nominal amount, except if an Issuer Event has occurred, in which case it shall be [[●] per [●] in nominal amount]
- From Maturity Date up to Extended Maturity Date: [Not Applicable] [[●] per [●] in nominal amount]  
[[*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(E).)*]]

(iv) Broken Amount:

- To Maturity Date: [Insert *particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate*]
- From Maturity Date up to Extended Maturity Date: [Not Applicable] [Insert *particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate*]  
[[*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(E).)*]]



- (v) Day Count Fraction
- To Maturity Date: [30/360 or Actual/Actual (ICMA)/Other (specify)]
  - From Maturity Date up to Extended Maturity Date: [Not Applicable] [30/360 or Actual/Actual (ICMA) /Other (specify)]  
*[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(E).)]*

- (vi) Determination Date(s):
- To Maturity Date (or any other date in which the Issuer Event has occurred): *[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 (or any other date in which the Issuer Event has occurred) up to Extended Maturity Date: [Not Applicable] [The first Business Day in each month up to and including the Extended Maturity Date]  
*[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(E).)]*

20 **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(E)): [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(E).)]*

- (i) Specified Period(s)/Specified Interest Payment Dates:
- To Maturity Date (or any other date in which the Issuer Event has occurred): [•]
  - From Maturity Date (or any other date in which the Issuer Event has occurred) up to Extended Maturity Date: [Not Applicable]/[The first Business Day in each month up to and including the Extended Maturity Date]  
*[State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.]*

(ii) Business Day Convention:

- To Maturity Date:

[Floating Rate Convention/ Following Business Day Convention/ Modified Following (Adjusted)] Business Day Convention/Other (*give details*)

- From Maturity Date up to Extended Maturity Date:

[Not Applicable]/[Floating Rate Convention/ Following Business Day Convention/ Modified Following (Adjusted) Business Day Convention] /Other (*give details*) [*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*]

(iii) Additional Business Centre(s):

- To Maturity Date (or the Extension Cessation Date, if applicable):

[●]

- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)):

[Not Applicable]/ [●]

[*State "Not Applicable" unless Extended Maturity Date applies, and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*]

(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):

[Screen Rate Determination/ISDA Determination]

- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)):

[Not Applicable]/ [Screen Rate Determination/ISDA Determination]

[*State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*]

(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Calculation Agent):

- To Maturity Date (or the Extension Cessation Date, if applicable):

[●]

- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)): [Not Applicable]/ [●]  
[State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.]

(vi) Screen Rate Determination:

A. To Maturity Date:

- Reference Rate: [Euribor]
- Interest Determination Date: [●] [(Second day of on which the T2 System is open prior to the start of each Interest Period)]
- Relevant Screen Page: [●] [(in the case of Euribor, if not “Reuters EURIBOR01” ensure it is a page which shows a composite rate or amend the fallback provisions accordingly)]

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

- Reference Rate: [Euribor]
- Interest Determination Date: [●] [(Second day of on which the T2 System is open prior to the start of each Interest Period)]
- Relevant Screen Page: [●] [(in the case of Euribor, if not “Reuters EURIBOR01” ensure it is a page which shows a composite rate or amend the fallback provisions accordingly)]

(vii) ISDA Determination:

[Applicable/Not Applicable]

[(If not applicable, delete the remaining subparagraphs of this paragraph.)]

[(If applicable, and “2021 ISDA Definitions” is selected below, note that “Administrator/Benchmark Event”, “Generic Fallbacks” and “Calculation Agent Alternative Rate Determination” are not workable in a notes context. Amendments will therefore need to be made to the Terms and Conditions which will require a Prospectus Regulation drawdown prospectus for the issue.)]

A. To Maturity Date (or the Extension Cessation Date, if applicable):

- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
  - Floating Rate Option: [●]  
 [(If “2021 ISDA Definitions” is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions).)]
  - Designated Maturity: [●]/[Not Applicable]  
 [(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)]
  - Reset Date: [●]  
 [(In the case of a EURIBOR based option, the first day of the Interest Period.)]
- B. From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)): [Not Applicable]  
 [State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.]
- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
  - Floating Rate Option: [●]  
 [(If “2021 ISDA Definitions” is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions).)]
  - Designated Maturity: [●]/[Not Applicable]  
 [(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate.)]
  - Reset Date: [●]  
 [(In the case of a EURIBOR based option, the first day of the Interest Period.)]

(viii) Margin(s):

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

(ix) Minimum Rate of Interest:

- To Maturity Date (or the Extension Cessation Date, if applicable): [Not Applicable] / [●] per cent. per annum

- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)): [Not Applicable]/ [●] per cent. per annum [*State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*]
  
- (x) Maximum Rate of Interest:
  - To Maturity Date (or the Extension Cessation Date, if applicable): [Not Applicable] / [●] per cent. per annum
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)): [Not Applicable]/ [●] per cent. per annum [*State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*]
  
- (xi) Day Count Fraction:
  - To Maturity Date (or the Extension Cessation Date, if applicable):
    - [Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360
    - 30/360
    - 30E/360
    - Other]
    - (see Condition 4 (*Interest*) for alternatives)
  
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)):
    - [Not Applicable]/ [Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360
    - 30/360
    - 30E/360
    - Other] (see Condition 4 (*Interest*) for alternatives)
    - [*State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*]
  
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions:
  - To Maturity Date (or the Extension Cessation Date, if applicable): [●]

- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(E)): [Not Applicable]/ [●]  
*[State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.]*

**PROVISIONS RELATING TO REDEMPTION**

- 21 Call Option: [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 (if other than as set out in the Terms and Conditions): [●] *[(NB: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]*
- 22 Put Option: [Applicable/Not Applicable]  
*[(If not applicable, delete the remaining subparagraphs of this paragraph)]*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s): [●] per Covered Bond of [●] Specified
  - (iii) Notice period: [●] *[(NB: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]*
- 23 Final Redemption Amount of each Covered Bond: [[●] per Covered Bond of [●] Specified Denomination/Other] *[(NB: It shall correspond to the nominal amount)]*

- 24 Early Redemption Amount of each Covered Bond payable on an event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6 (*Redemption and Purchase*)) [Applicable]/[Not Applicable]  
 [(each Covered Bond shall be redeemed at its principal amount outstanding upon the serving of an Acceleration Notice in accordance with Condition 9.1)]

#### GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- 25 Form of Covered Bonds: Book-entry (*escriturais*) with Interbolsa settlement system.  
 Registered (*nominativas*) covered bonds
- 26 Additional Financial Centre(s): [Not Applicable/[•]]  
 [(Note that this item relates to the place of payment and not Interest Period end dates to which item 17 (iii) relates)]
- 27 Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price: [Not Applicable/[•]]
- 28 Details relating to Instalment Covered Bonds:  
 (i) Instalment Amount(s):  
 (ii) Instalment Date(s): [Not Applicable/give details]  
 [Not Applicable/give details]
- 29 Redenomination applicable: [Applicable/Not Applicable] [(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]

#### DISTRIBUTION

- 30 (i) If syndicated, names of Dealers: [Not Applicable/give names and date of relevant agreement]  
 (ii) Date of [Subscription] Agreement: [•]  
 (iii) Stabilisation Manager (if any): [Not Applicable/give names]  
 (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/give name and date of relevant agreement]





## PART B – OTHER INFORMATION

### 1. Listing

- (i) Listing and admission to trading: [Application [has been made/ is expected to be made] for the Covered Bonds to be admitted to trading on [Euronext Lisbon /Other (*specify*)/None] with effect from [●].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (ii) Estimate of total expenses related to admission to trading [●]

### 2. Ratings

Ratings: 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) and associated defined terms]. Each of [defined terms] is established in the [European Economic Area (“EEA”) / United Kingdom (“UK”)] and is registered under [Regulation (EC) no. 1060/2009, as amended (the “CRA Regulation”) / Regulation (EC) no. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK CRA Regulation”)]:

[Moody’s: [●]] and/or

[Fitch: [●]] and/or

[[Other]: [●]]

*(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*[[Insert credit rating agency] is established in the [EEA / UK] and is registered under the [CRA Regulation / UK CRA Regulation.]*

*However, the ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EEA / UK entity] in accordance with the [CRA Regulation / UK CRA Regulation]. [Insert the name of the relevant EEA / UK entity] is established in the [EEA / UK] and registered under the [CRA Regulation / UK CRA Regulation].*

*[Insert 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/Offer]**

*[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

*“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business “ – amend as appropriate if there are other interests]*

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

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

- [(i) Reasons for the offer [●]/[see “Use of Proceeds” in the Base Prospectus/Give Details ]
  
- [(ii) Estimated Net Proceeds [●]]
  
- [(iii) Total Expenses [●]]

**5. Yield**

Indication of yield: [●] per cent.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

*[The yield for Floating Rate Covered Bonds is an estimation only and calculated with reference to the Rate of Interest that would be payable if the Issue Date would be an Interest Payment Date and on the assumption that such Rate of Interest (comprising the relevant rate + margin) would not change in the future. Investors should be aware that the Rate of Interest payable on each Interest Payment Date will be subject to the variation of the relevant Reference Rate. The index used to calculate the yield was [●]]*

**6. Operational Information**

- (i) ISIN Code: [●]
  
- (ii) Common Code: [●]
  
- (iii) CFI: [Not Applicable/Not Available/[●]]
  
- (iv) FISN: [Not Applicable/Not Available/[●]]

*(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”)*

Delivery: Delivery [against/free of] payment

Names and addresses of additional    
Paying Agent(s) (if any):

Intended to be labelled as “European [Yes] / [No]   
Covered Bond (Premium)”:

## **7. Repurchase Commitment**

(i) Applicability of the Repurchase  [Yes] [No]   
Commitment:

(ii) Repurchase Amount:  per cent. of the Aggregate Nominal Amount [plus accrued   
interest from [insert date]]

[Other]

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the Terms and Conditions of the Covered Bonds which will be incorporated by reference into the Covered Bonds. The applicable Final Terms in relation to any Tranche of 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 to each Covered Bond. Reference should be made to "Final Terms of the 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 SAVINGS BANK (CAIXA ECONÓMICA BANCÁRIA) 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 Caixa Económica Montepio Geral, caixa económica bancária, S.A. (the "**Issuer**") in accordance with the procedures set out in the Agency and Payments 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 lowest Specified Denomination in the Specified Currency (as specified in the applicable Final Terms).

The Covered Bonds have the benefit of a set of agency and payments procedures (such agency and payments procedures as amended and/or supplemented and/or restated from time to time, the "**Agency and Payments Procedures**") dated 27 April 2017 and made and agreed by Caixa Económica Montepio Geral, caixa económica bancária, S.A. (acting in its capacity as Agent, which expression shall include any successor) and by any subsequent agent, paying agent, transfer agent and agent bank appointed by the Issuer.

Any reference to "**Holders of Covered Bonds**" shall mean the person or entity registered as such in the relevant securities' account opened with a direct or indirect Interbolsa Participant.

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 Agency and Payments Procedures are available for inspection during normal business hours at the specified office of each of the Paying Agents (such Paying Agents referred to as the “**Agents**”). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents and at the website of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) – [www.cmvm.pt](http://www.cmvm.pt), save that, if these Covered Bonds are unlisted, the applicable Final Terms will only be obtainable by a holder holding one or more unlisted Covered Bonds and such holder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Covered Bonds and identity. The Holders of Covered Bonds are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency and Payments 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 Agency and Payments Procedures.

Words and expressions defined in the Agency and Payments 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 Agency and Payments 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 Agency and Payments Procedures (and, where appropriate, notice to that effect has been given to the Holders of Covered Bonds in accordance with these Terms and Conditions) and remain available for payment against presentation of the relevant Covered Bonds;
- c) those Covered Bonds which have been purchased and cancelled under these Terms and Conditions;
- d) those Covered Bonds which have become prescribed under these Terms and Conditions.

## **1. FORM, DENOMINATION AND TITLE**

The Covered Bonds are in registered form (*nominativas*). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

The Covered Bonds will be in book-entry form (*escriturais*) in Interbolsa’s systems and title to the Covered Bonds

will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code (*Código dos Valores Mobiliários*) 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 Interbolsa Participant as having an interest in Covered Bonds shall be treated as the holder of the Covered Bonds recorded therein as well as its attached obligations and liabilities.

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

Terms applicable to other types and structures of Covered Bonds, that the Issuer and any Dealer(s) may agree to issue under the Programme, will be set out in the applicable Final Terms.

The applicable Final Terms will specify that an Extended Maturity Date applies to a Series of Covered Bonds, and 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.

Without prejudice to the foregoing, a Covered Bond may also be an Instalment Covered Bond depending upon the Redemption/Payment Basis shown in the applicable Final Terms, in which case, for the avoidance of doubt, the relevant Extended Maturity Date will apply (under a Default of Payment Event) if the Issuer fails to pay any applicable instalment, irrespectively of such failure applying on the Covered Bond's Maturity Date or on a prior Interest Payment Date.

The Covered Bonds to be issued on or after the date hereof will be issued in denomination per unit not lower than €100,000 (or its equivalent in another currency) as specified in the relevant Final Terms, unless the Covered Bonds will not be distributed to the public or admitted to trading on a regulated market, in which case lower denominations per unit may apply.

## **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, in accordance with Portuguese Law and with the applicable procedures of Interbolsa, which requires that the transfers are *prima facie* made via the global accounts held by the participants in such system.

Covered Bonds may be held through Euroclear and/or Clearstream, as long as these entities become indirect participants in Interbolsa. In such scenario, indirect holders of the Covered Bond will be able to transfer such interest in accordance with the applicable procedures set forth in Portuguese Law and the Interbolsa's regulations (as applicable to Euroclear and/or Clearstream as indirect participants of this system) and the applicable procedures of

Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

### 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 Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*), interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date (as specified in the relevant Final Terms).

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, “**Fixed Interest Period**” means 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 interest is required to be calculated for a period other than a Fixed Interest Period, such interest 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 in accordance with this Condition 4.1 (*Interest on Fixed Rate Covered Bonds*):

- (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 arrears on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or



- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls on the number of months or other period specified as the 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:

- (i) in any case where Specified Periods are specified in accordance with Condition 4.2.(A)(ii) 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
- (ii) the Following Business Day Convention (as specified in the applicable Final Terms), such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following (Adjusted) Business Day Convention (as specified in the applicable Final Terms), 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.

In these Terms and Conditions, “**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; and
- (ii) 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 System is open, provided that such a day is a business day for the purposes of the centralised system operated by Interbolsa (as defined by a notice of Interbolsa, according to which such a business day corresponds to a day on which the T2 System 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.

(i) *ISDA Determination for Floating Rate Covered Bonds:* Where ISDA 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 be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph, “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (i) if “2006 ISDA Definitions” is specified in the applicable Final Terms, the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds; or (ii) if “2021 ISDA Definitions” is specified in the applicable Final Terms, the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA at the Issue Date of the first Tranche of the Covered Bonds (together, the “**ISDA Definitions**”) and under which:

1. the Floating Rate Option is as specified in the applicable Final Terms;
2. the Designated Maturity is the period specified in the applicable Final Terms; and
3. the relevant Reset Date is either (A) if the applicable Floating Rate Option is based on the Euro-zone inter-bank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period, or (B) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-condition 4.2.(B), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(ii) *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 which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time, in the case of EURIBOR) 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.

The Agency and Payments Procedures contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the applicable Final Terms.

*(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(B) (*Interest on Floating Rate Covered Bonds*) 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 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(B) (*Interest on Floating Rate Covered Bonds*) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

For the avoidance of doubt, if no Minimum Rate of Interest is specified in the applicable Final Terms, then the minimum rate of interest due under the relevant Covered Bonds shall be zero.

*(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/365**” 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

*(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 the Special Administrator, when appointed) 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 (*Interest on Floating Rate Covered Bonds*), whether by the Agent or the Calculation Agent (if applicable) shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer (and the Special Administrator, when appointed), 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 Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*), 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(E), 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) An Extended Maturity Date will be specified in the applicable Final Terms for the relevant Series of Covered Bonds, and if the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with

Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), 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 Condition 4.3 (*Accrual of Interest*), 4.4(B) and 6.8(E). 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 arrears 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) An Extended Maturity Date will be specified in the applicable Final Terms for the relevant Series of Covered Bonds, and if the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), and subject to Condition 6.7(E) 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 where an extension of maturity ceases to apply after the Maturity Date pursuant to Condition 6.7(E), 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) This Condition 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*) shall only apply if the maturity of the Covered Bonds is extended up to the Extended Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*).

#### **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 any Rate of Interest is to be determined. If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the 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), no later than 10 days prior to the Interest Determination Date relating to the next Interest Period for which the Rate of Interest (or the relevant component part thereof) is otherwise to be determined by reference to the Original Reference Rate (the “**IA Determination Cut-Off Date**”), (A) a Successor Rate or, failing which, an

Alternative Reference Rate, for the purposes of determining each relevant 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 (i) is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Reference Rate in accordance with this Condition 4.5, in either case prior to the relevant IA Determination Cut-Off 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 (without any requirement for the consent or approval of the holders of the Covered Bonds), no later than the Interest Determination Date relating to the next Interest Period for which the Rate of Interest (or the relevant component part thereof) is otherwise to be determined by reference to the Original Reference Rate, (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 by an Independent Adviser or the Issuer, as applicable, in accordance with paragraphs (A) or (B) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall (subject to adjustment as provided in paragraph (D) below) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the subsequent operation of, and to further 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 (in accordance with paragraphs (A) or (B) above) 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) for each determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or, as the case may be, the Issuer (in accordance with paragraphs (A) or (B) above) 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 as described in paragraph (C) above 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 (in accordance with paragraphs (A) or (B) above) 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 and/or any Adjustment Spread (as applicable), including, but not limited to, (A) the Day Count Fraction, Relevant Screen Page, Business Day Convention, Interest Determination Date, time at which the Relevant Screen Page is observed and/or the definition of Reference Rate and (B) the method for determining the fall-back rate in relation to the Covered Bonds (such amendments, together, the “**Benchmark Amendments**”). 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 any Benchmark Amendments, including for the execution of any documents or other steps to be taken by the Issuer or the Agent (if required or useful);

(F) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate, Adjustment Spread and/or Benchmark Amendments (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 be irrevocable and shall specify the relevant Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and the specific terms of any other Benchmark Amendments, and their effective date;

(G) 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 or in connection with any determination made by the Independent Adviser or the Issuer, as applicable, pursuant to this Condition 4.5; and

(H) 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 will continue to apply for the purpose of determining the Rate of Interest (or the relevant component part thereof) on the relevant Interest Determination Date (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) if the Independent Adviser or, as the case may be, the Issuer does determine a Successor Rate or Alternative Reference Rate in accordance with this Condition 4.5, but the Agent (if different from the Issuer) and has not been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any Benchmark



Amendments in accordance with Condition 4.5(F) prior to the relevant Interest Determination Date. For the avoidance of doubt, this Condition 4.5(H) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.5.

## **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 (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, 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 or, at the option of the payee, by a euro cheque; 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 State, and 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 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 in relation to Covered Bonds**

Payments of principal and interest in respect of Covered Bonds held through Interbolsa may only be made in euro or in such other currencies accepted by Interbolsa for registration and clearing.

Whilst the Covered Bonds are held through Interbolsa, payment of principal and interest in respect of the Covered Bonds will be (i) 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 held in T2 by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Covered Bonds and thereafter (ii) credited by such Interbolsa Participants 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.

### **5.3 Payment Day**

If the date for payment of any amount in respect of any Covered Bond or Coupon 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:
  - (A) the relevant place of presentation; or
  - (B) any Additional Business Centre specified in the applicable Final Terms; and
- (ii) 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 System is open,  
  
provided that such a day is a business day for the purposes of the centralised system operated by Interbolsa (as defined by a notice of Interbolsa, according to which such a business day corresponds to a day on which the T2 System is open).

### **5.4 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;
- (iii) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts (as specified in the applicable Final Terms); and
- (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds.

## 5.5 Reserve Account

- (i) For so long as the Covered Bonds are outstanding, the Cover Pool shall include a Liquidity Buffer comprised of Liquidity Assets to cover the Net Liquidity Outflows accumulated over the next 180 days. As of the date hereof, the Issuer elected to comply with the Liquidity Buffer requirement by means of the Reserve Account described below, provided that if the Reserve Account is no longer eligible as Liquidity Buffer the Issuer shall implement any other eligible Liquidity Buffer arrangement.

While Covered Bonds are outstanding, the Covered Bonds will have the benefit of a Reserve Account held by the Issuer with the Reserve Account Bank in respect of the Programme and the Reserve Account and any balances standing to the credit thereof will form part of the Cover Pool and be subject to the same legal regime as any other assets which are part of the Cover Pool. The Issuer shall ensure that the legal requirements as required by the Legal Regime of Covered Bonds for the balances owed to the Issuer under the Reserve Account to qualify as Liquidity Assets are met at all times.

- (ii) The Issuer will be required to maintain at all times in the Reserve Account funds in an amount equal to or in excess of the higher of (i) the Net Liquidity Outflows accumulated over the next 180 days and (ii) Expenses, Owed Hedging Payments and interest on the Covered Bonds (i.e. items (i) and (ii) of the payments priority provided for in Condition 6.8 (*Pass-through Provision*)), due and payable in the following 3 (three) months, including Expenses, Owed Hedging Payments and interest due assuming that, for each Covered Bond series, either (a) it is already pass-through if there are no scheduled payments in the next 3 (three) months, or (b) otherwise it becomes pass-through immediately after its next scheduled interest payment ("**Total Target Reserve Amount**"). The Total Target Reserve Amount shall be available on any Interest Payment Date towards the payment of any Expenses, Owed Hedging Payments and interest due on the Covered Bonds. In case the Interest Payment Date is an Extended Maturity Date or, after the Reserve Account has been replenished up to the Total Target reserve Amount, all Series of Covered Bonds can be fully redeemed on such payment date if the Reserve Account funds are made available. As long as the funds in the Reserve Account equal or exceed the Total Target Reserve Amount, the Issuer will not be required to transfer any additional amounts to the Reserve Account. If the amounts standing in the Reserve Account exceed the Total Target Reserve Amount, the Issuer may, in case no Issuer Event has occurred, release the excess amounts, without prejudice to the obligation of compliance with the maintenance of the Overcollateralisation Percentage.

Upon (i) the occurrence of a License Revocation Event, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve Account to be made available and applied pursuant to Condition 6.8 (*Pass-through Provision*) on the Business Day following the extension to the Covered Bonds to their respective Extended Maturity Date following the occurrence of such License Revocation Event, subject to Condition 6.7(C); (ii) a Series not having been repaid in full on its Maturity Date, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve

Account to be made available and applied pursuant to Condition 6.8 (*Pass-through Provision*) on the Business Day following the extension of the relevant Covered Bonds to their respective Extended Maturity Date following the occurrence of the related Default of Payment Event, subject to Condition 6.7(C); (iii) interest due under a Series not having been paid in full on any Interest Payment Date, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve Account to be made available and applied pursuant to Condition 6.8 (*Pass-through Provision*) on the Business Day following the extension of the relevant Covered Bonds to their respective Extended Maturity Date following the occurrence of the related Default of Payment Event, subject to Condition 6.7(C).

Without prejudice to the foregoing, if none of (i), (ii) or (iii) of the last paragraph have occurred but funds standing to the credit of the Reserve Account are necessary, as determined by the Issuer or the Special Administrator (if applicable), for the payment on an Interest Payment Date of any Expenses, Owed Hedging Payments, interest or principal (if applicable, as it will only be considered due for this purpose following the extension of the maturity date) due on the Covered Bonds, the Issuer or the Special Administrator (if applicable) shall no later than the next Business Day notify the Reserve Account Bank for the relevant funds deposited in the Reserve Account to be made available and applied as needed.

- (iii) The funds available in the Reserve Account and the Total Target Reserve Amount shall be monitored by the Cover Pool Monitor on a monthly basis. If the Cover Pool Monitor identifies that the funds available in the Reserve Account do not meet the Total Target Reserve Amount, it shall report that fact in the next quarterly report to be delivered to the Issuer, in accordance with agreed upon procedures as foreseen in the Cover Pool Monitor Agreement.
- (iv) Upon redemption of all Series of Covered Bonds, any funds remaining to the credit of the Reserve Account will be paid to the Issuer.
- (v) At the Issuer's option, the Reserve Account may be replaced by other instruments or arrangements that qualify as Liquidity Buffer comprised of Liquidity Assets to cover the requirements set out in Condition 5.5(ii). This replacement will be subject to obtaining the Hedging Counterparty's consent and one of the following:
  - (i) prior confirmation from the Rating Agencies that such replacement would not result in the reduction, removal, suspension or placement on credit watch of the credit ratings assigned to each such Covered Bonds;
  - or (ii) a written indication by the Rating Agencies that it does not have any comments to said replacement;
  - or (iii) a written communication by the Rating Agencies that, having concluded the review of said replacement, it does not consider a confirmation to be due; or (iv) within 30 days after each of the Rating Agencies has been notified, no additional information or additional period to analyse have been requested, nor has the Issuer received any other written communication from the Rating Agencies.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Final redemption**

Subject to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), 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, or determined in the manner specified in, the applicable Final Terms, in the relevant Specified Currency on the Maturity Date.

### **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 (unless otherwise specified, in the applicable Final Terms) not less than 30 nor more than 60 days' notice 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, or determined in the manner 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. In the case of a partial redemption of Covered Bonds, the nominal amount of all outstanding Covered Bonds will be redeemed proportionally. For the avoidance of doubt, the exercise and/or settlement of any such call option right is subject to no Issuer Event (other than a Default of Payment Event not affecting the relevant Series) having occurred prior to such exercise or settlement, and in case such event has occurred prior to the settlement date that exercise shall be of no effect. For the purpose of verifying the occurrence of a Default of Payment Event in respect of the relevant Series of Covered Bonds, failure by the Issuer to repay principal on the relevant Issuer Call Option settlement date will be regarded as a failure to pay on the respective Maturity Date. For the sake of clarity, no principal may be repaid following the redemption resulting from the exercise of the Issuer Call Option established in this Condition until Series governed by Conditions 6.8 (*Pass-through Provision*) have been fully redeemed.

### **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 30 nor more than 60 days' notice 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, or determined in the manner 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, 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 (or, if payment is required to be made by cheque, an address) 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. For the avoidance of doubt, the exercise and settlement of any Investor Put Option is subject to no Issuer Event (other than a Default of Payment Event not affecting the relevant Series) having occurred prior to such exercise or settlement, and in case such event has occurred prior to the settlement date that exercise shall be of no effect. For the purpose of verifying the occurrence of a Default of Payment Event in respect of the relevant Series of Covered Bonds, failure by the Issuer to repay principal on the relevant Investor Put Option settlement date will be regarded as a failure to pay on the respective Maturity Date. For the sake of clarity, no principal may be repaid following the redemption resulting from the exercise of the Put Option established in this Condition, until Series governed by Conditions 6.8 (*Pass-through Provision*) have been fully redeemed.

#### **6.4 Instalments**

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates, provided that a failure by the Issuer to pay an Instalment Amount on an Instalment Date other than the Maturity Date will be regarded as a failure to pay on the relevant Maturity Date for the purposes of verifying a Default of Payment Event in respect of the relevant Series of Instalment Covered Bonds, thereby having as its consequence the application of Condition 6.7 (*Extended of Maturity Date up to Extended Maturity Date*) to the entire relevant Series and to all future Instalments Amounts due under such Series.

#### **6.5 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 any Paying Agent for cancellation.

#### **6.6 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 6.5 (*Purchases*) above shall be cancelled by Interbolsa and cannot be held, reissued or resold.

#### **6.7 Extension of Maturity up to Extended Maturity Date**

(A) An Extended Maturity Date shall be specified in the applicable Final Terms as applying to each Series of Covered Bonds, provided that 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.

(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 will (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 (i) above.

(C) Such Extended Maturity Date, defined in the applicable Final Terms as applying to each Series of Covered Bonds, will apply if any of the following events (each, an “**Issuer Event**”) takes place:

- (i) License Revocation Event, in result of which all Series (which would otherwise be due on their respective Maturity Date) become due on their respective Extended Maturity Date, without prejudice to Condition 9 (*Events of Default and Enforcement*); and
- (ii) Default of Payment Event, in result of which the Series where such default in payment occurred become due on its respective Extended Maturity Date,

provided in each case that the Issuer has given notice to CMVM in the manner described in Condition 6.7(E) below, and subject in each case to the terms of such Condition 6.7(E).

Upon the occurrence of any of the above Issuer Events, the Issuer shall forthwith notify the Common Representative and the Programme Account shall be set up by the Issuer (or the Special Administrator), as soon as reasonably practicable, within 30 calendar days of that event. Without prejudice to the foregoing, the Common Representative shall be notified in case of an Issuer Event occurring as a result of a Default of Payment Event, by the Agent upon so becoming aware.

Without prejudice to the foregoing, once the Programme Account has been set up, all cash proceeds arising under, or otherwise existing in, the Cover Pool shall be transferred, on each Business Day, by the Issuer (or the Special Administrator) to the Programme Account. For the sake of clarity, in case the relevant Issuer Event was a Default of Payment Event, then, when all the Covered Bonds which have been extended to their respective Extended Maturity Date thereunder have been fully reimbursed and no other Issuer Event has taken place, this proceeds transfer obligation will no longer apply and any balance then existing in the Programme Account shall be released to the Issuer.

Upon a License Revocation Event, the Issuer (or the Special Administrator) shall, as soon as reasonably practicable, within 45 calendar days of that event notify the borrowers under any Mortgage Credits to make any due payments directly into the Programme Account.

(D) 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 (and which Maturity Date for such other Series is later than the corresponding Maturity Date of such extended Series of Covered Bonds) 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) The Issuer shall, at least 10 calendar days in advance of a possible extension of maturity (or, if such calendar day's term cannot be met, in light of the time of occurrence or knowledge of the grounds determining the extensions, 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 result of a Default of Payment Event) the Covered Bonds will not be redeemed on the Maturity Date or on the following two Business Days, or if interest due under that Series will not be paid on any Interest Payment Date or on the following five Business Days or (ii) (in the case of any extension of maturity in result of a License Revocation Event) the Issuer's authorisation as credit institution will be (or has been) revoked. CMVM may oppose any such extension within 10 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 10 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 10 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 10 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 each Covered Bond which had been extended shall, as at the date of such cessation (the "**Extension Cessation Date**") then become immediately due and payable at its Final Redemption Amount together with any accrued interest determined pursuant to Condition 4.4(B).

(F) 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 (*Extension of Maturity up to Extended Maturity Date*).

(G) After an Issuer Event leading to an extension of the Covered Bonds to the respective Extended Maturity Date which was not subject to timely opposition by CMVM in accordance with Condition 6.7(E), the Issuer may redeem all or any part of the principal amount outstanding of all or (in case of a Default of Payment Event) the relevant Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including



the Extended Maturity Date, subject to and in accordance with Condition 6.8 (*Pass-through provision*) below. The Issuer, or if applicable the Special Administrator, 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 5 Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer, or the Special Administrator, to notify such persons shall not affect the validity or effectiveness of any redemption of the Covered Bonds on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.

(H) Any extension of the maturity of Covered Bonds under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) shall be irrevocable, subject to Condition 6.7(E). Where this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) 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 (*Extension of Maturity up to Extended Maturity Date*) 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.

(I) In the event of the extension of the maturity of Covered Bonds under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), 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 (*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*).

(J) 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 that were extended to the Extended Maturity Date and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption subject to and in accordance with Condition 6.8 (*Pass-through provision*) below.

(K) If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), for so long as any of those Covered Bonds remains outstanding, the Issuer shall not issue any further covered bonds.

## **6.8 Pass-through Provision**

Upon an Issuer Event occurring and all or some Series of Covered Bonds having been extended (and subject to Condition 6.7(E)), any Available Funds shall be applied on each Interest Payment Date in making the following payments in the following order of priority, on a *pro rata* basis in the same priority line, and the Hedging Counterparty shall be notified by the Cover Pool Monitor of the Available Funds ahead of such Interest Payment Date:

(i) Expenses and Owed Hedging Payments due on such date;

- (ii) Amounts of Interest due on such date;
- (iii) Where the Issuer has been subject to liquidation or resolution, redemption of principal of such Series which have reached its Extended Maturity Date on the relevant Interest Payment Date;
- (iv) Replenishment of the Reserve Account up to the Total Target Reserve Amount;
- (v) Redemption of principal across all Series that have been subject to an Extended Maturity Date, if applicable, or, redemption of all Series that have not been subject to an Extended Maturity Date in the relevant Interest Payment Date, if principal is due on this Interest Payment Date;
- (vi) Crediting the Programme Account or, if this has not yet been set-up, otherwise retained in the Cover Pool, provided that:
  - (a) Any payments under item (v) above, while some but not all Covered Bonds have been extended to their respective Extended Maturity Date, may only be made to the extent that, once made, the Issuer or the Special Administrator will not breach the Overcollateralisation Percentage;
  - (b) No funds debited from the Reserve Account may be used to make payments of interest due on such date, under (ii) above, in respect of Covered Bonds that have not been extended to their respective Extended Maturity Date, unless the Issuer or the Special Administrator (as applicable) has determined that such funds are necessary to make such payment;
  - (c) Funds may in any case be debited from the Reserve Account immediately following the occurrence of a Default of Payment Event (leading to the extension of one or more Series of Covered Bonds, subject to Condition 6.7(E)) resulting from non-payment of interest;
  - (d) While any Covered Bonds have been extended to their respective Extended Maturity Date, any Cover Pool monies or assets may only be used in making payments in accordance with the above payments priority (without prejudice to the best-efforts sale obligation below and the accumulation of any such sale proceeds in the Programme Account or, if this has not yet been set-up, otherwise accumulated in the Cover Pool);
  - (e) In case the relevant Issuer Event was a Default of Payment Event, then, when all the Covered Bonds which have been extended to their respective Extended Maturity Date thereunder have been fully reimbursed and no other Issuer Event has taken place, this Condition 6.8 (*Pass-through Provision*) will no longer apply.
  - (f) Once all Series of Covered Bonds have been redeemed in full, any remaining funds shall be paid to the Issuer.
  - (g) For the sake of clarity, upon the application of this Condition 6.8 (*Pass-through Provision*) following the occurrence of a Default of Payment Event, payment by the Issuer of the defaulted payment does

not grant the Issuer the possibility of, nor has as its consequence the, reversion of the application of Condition 6.8 (*Pass-through Provision*) as regards the Series where such default occurred and the pass-through provision set forth therein.

In order to redeem, to the extent possible and at *pari passu*, the Covered Bonds that have been extended to their Extended Maturity Date prior to such date, the Issuer and/or the Special Administrator shall use and employ its best efforts to sell an amount sufficient to redeem, in whole or in part, all outstanding Covered Bonds that have been extended to their respective Extended Maturity Date, on each sixth Interest Payment Date following an Issuer Event, the assets comprised in the Cover Pool along commercial acceptable terms, provided that such sale and subsequent redemption of the respective Covered Bonds will not result in a breach of the Overcollateralisation Percentage on and between any Interest Payment Dates.

For the avoidance of doubt, (i) failure by the Issuer and/or the Special Administrator to sell or refinance the assets comprised in the Cover Pool will not constitute an event of default; and (ii) subject to the above terms and provided that (if required) relevant procedures are put in place (including Chinese walls and appropriate disclosures) to properly manage any potential conflict of interest and/or asymmetries of information, the Issuer may participate as purchaser in a sale of Cover Pool assets as outlined above.

The disposals of Cover Pool assets after an Issuer Event shall be disclosed by the Issuer or on its behalf as part of the regular reporting on the Covered Bonds, or by the Special Administrator.

## **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 (for which purpose investors are required in any case to comply with their obligations detailed under the *Taxation* section) 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 (*Payments free of taxes*) above.

### **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 (*Payments free of taxes*) above, this shall not constitute an event of default.

#### **8. PRESCRIPTION**

The Covered Bonds will become void unless presented for payment within 20 (twenty) years (in the case of principal) and 5 (five) years (in the case of interest) in each case from the Relevant Date therefore, 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*). Also, following the occurrence of the above mentioned prescription terms (20 (twenty) years in the case of principal and 5 (five) years in the case of interest), such principal and interest, as applicable, will be considered abandoned in favour of the Portuguese State and will be handed over to the Portuguese State, in accordance with Decree-Law 187/70, of 30 April, as amended.

#### **9. EVENTS OF DEFAULT AND ENFORCEMENT**

##### **9.1 Insolvency Event**

Pursuant to the Legal Regime of Covered Bonds, if a License Revocation Event in respect of the Issuer occurs, Conditions 6.8 (*Extension of Maturity up to Extended Maturity Date*) and 6.8 (*Pass-through Provision*) will apply. Notwithstanding the foregoing, pursuant to the Legal Regime of Covered Bonds, the holders of Covered Bonds may, in case of a License Revocation Event or other Insolvency Event, approve a Resolution, by a majority of 2/3 (two thirds) 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 at their Early Redemption Amount together with accrued interest. For the sake of clarity, the serving of an Acceleration Notice will supersede the provisions of Conditions 6.8 (*Extension of Maturity up to Extended Maturity Date*) and 6.8 (*Pass-through Provision*), the Covered Bonds becoming immediately due and payable as aforementioned.

If an Insolvency Event in respect of the Issuer occurs, the Holders of Covered Bonds enjoy, under the Legal Regime of Covered Bonds, a special creditor privilege (*privilégio creditório especial*) over the Cover Pool (including the Primary Assets, the Substitution Assets and the Liquidity Assets) with preference over any other general creditor, in relation to the repayment of principal and payment of interest due under the Covered Bonds. Pursuant to the Legal Regime of Covered Bonds, the Hedge Counterparties also benefit from this special creditor privilege (*privilégio creditório especial*), which is not subject to registration.

For the purposes of these Terms and Conditions: “**Insolvency Event**” means a License Revocation Event or the

winding-up and dissolution of the Issuer under any applicable laws and regulations (including under Decree-Law 199/2006, of 25 October, the Credit Institutions General Regime and/or (if applicable) under the Code for the Insolvency and Recovery of Companies approved by Decree-Law 53/2004, of 18 March 2004), all as amended. Investors should see the *Insolvency of the Issuer* section.

## **9.2 Enforcement**

(A) Following the approval of a Resolution as described in Condition 9.1 (*Insolvency Event*), 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 AGENTS**

(A) The names of the Agent, the Paying Agent and their initial specified offices are set out below. 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:

- (i) there will at all times be an Agent;
- (ii) the Issuer will, so long as any of the Covered Bonds is outstanding, maintain a Paying Agent (which may be the Agent) having a specified office in a city approved by the Common Representative in an European Union Member State;
- (iii) 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;

- (iv) the Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to Council Directive (EU) 2015/2060, of 10 November 2015, as amended, on the taxation and savings income or any other Directive or any law implementing or complying with, or introduced in order to conform to such Directive.

## 11. NOTICES

All notices regarding the Covered Bonds shall be published in a manner which complies with the applicable listing rules of Euronext Dublin (to the extent there are Covered Bonds originally issued under the Covered Bonds Law outstanding), of the CMVM and also with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Covered Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

All notices regarding the Covered Bonds shall comply with the applicable Portuguese law requirements, namely CMVM Regulation 1/2023.

## 12. MEETINGS OF HOLDERS OF COVERED BONDS

(A) The Portuguese Companies Code expressly applicable to Covered Bonds, pursuant to 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 part of 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 (fifty) per cent. 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.

(C) The majorities required to approve a Resolution at any meeting convened in accordance with the applicable rules shall be: (i) if in respect to a Resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; or (ii) if in respect to a Resolution regarding a Reserved Matter, at least 50 (fifty) per cent. of the Principal Amount Outstanding of the Covered Bonds then outstanding or, at any adjourned meeting, 2/3 (two thirds) of the votes cast at the relevant meeting.

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, or the conversion of such Covered Bonds into bonds or other obligations or securities of the Issuer or shares, bonds or other obligations or securities of 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; or (vii) any other matter required by law to be approved by the majorities set out in Condition 12(C)(ii).

(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*. A Written Resolution shall take effect as if it were a Resolution.

(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 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 Issuer or the Common Representative or by Holders of Covered Bonds of any Series.

(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 AND ISSUER COVENANTS**

### **14.1 Overcollateralisation**

For so long as the Covered Bonds are outstanding, and regardless of the time of issue of the Covered Bonds, the value (determined in accordance with the Legal Regime of Covered Bonds, the CRR and the CMVM Regulation) of the Cover Pool maintained by the Issuer (the “**Overcollateralisation Percentage**”) shall at all times be a minimum of the higher of (i) 110.0 per cent. of the aggregate value of all outstanding Covered Bonds issued under the Programme and (ii) 1 divided by the Asset Percentage.

The 110.0 per cent. referred to in (i) above is higher than the statutory limit of 105 per cent. set forth in the CRR (see *Legal Regime of Covered Bonds*).

Assets contributing to the Overcollateralisation Percentage in excess of 100 per cent. of the aggregate value 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 14.2 (*Issuer Covenants*), paragraph (A) (*Eligible Assets*), subparagraph (b) and shall not count towards those limits.

For the purposes above, the “**Asset Percentage**” means the lower of 100 per cent. and any other percentage determined by the Issuer from time to time.

As of 31 May 2023, the Asset Percentage was 82.79 per cent. The Issuer may at any time reduce the Asset Percentage, but it may only increase the Asset Percentage above 84.75 per cent. subject to obtaining the Hedging Counterparty’s consent and one of the following: (i) prior confirmation from the Rating Agencies that such increase would not result in the reduction, removal, suspension or placement on credit watch of the credit ratings assigned to each such Covered Bonds; or (ii) a written indication by the Rating Agencies that it does not have any comments to said increase; or (iii) a written communication by the Rating Agencies that, having concluded the review of said increase, it does not consider a confirmation to be due; or (iv) within 30 days after each of the Rating Agencies has



been notified, no additional information or additional period to analyse have been requested, nor has the Issuer received any other written communication from the Rating Agencies. Without prejudice to the above, and for the avoidance of doubt, the Asset Percentage increase will always require Moody's prior confirmation, whilst the alternatives indicated above in items (ii) to (iv) will only be available regarding the remaining Rating Agencies. Any increase to the Asset Percentage above 84.75 per cent. shall be disclosed by the Issuer on the website of Euronext Dublin (to the extent there are Covered Bonds originally issued under the Covered Bonds Law outstanding) and of the CMVM and the Asset Percentage shall be disclosed by the Issuer or on its behalf as part of the regular reporting on the Covered Bonds.

Should a breach of the Overcollateralisation Percentage occur for 2 consecutive monthly reporting dates, the Issuer shall forthwith notify the Common Representative and the Programme Account shall be set up by the Issuer, as soon as reasonably practicable, within 30 calendar days of such breach. Once the Programme Account has been set up, all cash proceeds arising under, or otherwise existing in, the Cover Pool shall be transferred, on each Business Day, by the Issuer to the Programme Account.

Any such Cover Pool cash proceeds shall only be used by the Issuer in making payments owed by it in its capacity as Issuer of Covered Bonds (including any interest or redemption amounts due under the Covered Bonds, any Expenses and any Owed Hedging Payments). For the sake of clarity, in case an Issuer Event has occurred, the terms of Condition 6.8 (*Pass-through Provision*) prevail over the foregoing terms in this paragraph.

While the breach of the Overcollateralisation Percentage persists, the Issuer shall not issue further Covered Bonds.

Upon remedy and compliance of the obligation to maintain the Overcollateralisation Percentage, and provided that no Issuer Event has occurred (which would require the Programme Account to remain open pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), the Issuer shall notify the Common Representative and its obligation to keep the Programme Account open and to transfer any Cover Pool proceeds to the Programme Account will no longer apply and any balance then existing in the Programme Account shall be released to the Issuer.

#### **14.2 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 (1a) 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 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; and

(b) (i) 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 sub-paragraphs (1)(c) and (1a)(c) of Article 129 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;

(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 Cover Pool assets 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 (*Overcollateralisation, and Issuer Covenants*) in accordance with the Legal Regime of Covered Bonds, as well as with all necessary elements and information relating to any other matters which the Cover Pool Monitor shall monitor in accordance with these Terms and Conditions;

(E) *Mortgage Credits*: the Mortgage Credits as of the date when they are included in the Cover Pool are not Non-Performing Mortgage Credits; and

## **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 AND JURISDICTION**

Except for the Hedging Contracts and the Reserve Account Agreement, which are governed by, and will be construed in accordance with, English Law, the Common Representative Appointment Agreement, the Agency and Payments Procedures, the Covered Bonds and the other Programme Documents (including any non-contractual obligations arising out of, or in connection with said documents) are governed by, and shall be construed in accordance with, Portuguese Law unless specifically stated to the contrary.

The courts of Lisbon (or of England in case of the Hedging Contracts and of the Reserve Account Agreement) shall

have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Common Representative Appointment Agreement, the Agency and Payments Procedures, the Covered Bonds and the other Programme Documents (including any non-contractual obligations arising out of, or in connection with said documents).

## 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 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) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the 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 (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 neither (a) nor (b) applies, 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.

**“Agency and Payments Procedures”** means the set of agency and payments procedures (such agency and payments procedures as amended and/or supplemented and/or restated from time to time) dated 27 April 2017 and made and agreed by Caixa Económica Montepio Geral, caixa económica bancária, S.A. (acting in its capacity as Agent, which expression shall include any successor) and by any subsequent agent, paying agent, transfer agent and agent bank appointed by the Issuer.

**“Agent”** means Caixa Económica Montepio Geral, caixa económica bancária, S.A., with head office at Rua Castilho,

5, 1250-066 Lisbon, or any successor Agent(s), in each case together with any additional Agent(s) appointed from time to time by the Issuer in connection with the Covered Bonds and under the Agency and Payments Procedures.

**“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) in respect of bonds denominated in the same Specified Currency as the Covered Bonds and with an interest period of a comparable duration to the relevant Interest Period, 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.

**“Amount of Interest”** means, following an Issuer Event, and in respect of an Interest Payment Date, the interest amount payable in respect of each Series of Covered Bonds.

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

**“Available Funds”** means any funds arising under the Cover Pool, including in result of any interest and principal payments under Mortgage Credits or any other assets that are part of the Cover Pool, any sale proceeds of any Mortgage Credits or other assets that are part of the Cover Pool, any hedging payment amounts paid by the hedging counterparty under the Hedging Contracts (for the avoidance of doubt, such amounts do not include any collateral that may transferred under the Hedging Contracts), any balances standing to the credit of the Reserve Account and the Programme Account, in all cases which are received by the Issuer or the Special Administrator or transferred to the Programme Account between, and including, the sixth Business Day prior to the Interest Payment Date immediately preceding the relevant Interest Payment Date up to, but excluding, the sixth Business Day prior to the relevant Interest Payment Date, as calculated by the Agent pursuant to the Agency and Payment Procedures.

**“Benchmark Event”** means, in respect of an Original Reference Rate:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or be administered; or
- (b) the later of (I) 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 (II) the date falling 6 months before the specified date referred to in (b)(I); or
- (c) 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 (I) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, on or prior to a specified date, be permanently or indefinitely discontinued and (II) the date falling 6 months before the specified date referred to in (d)(I); or

- (e) the later of (I) 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 prior to a specified date and (II) the date falling 6 months before the specified date referred to in (e)(I); or
- (f) it has, or will on or prior to the next Interest Determination Date, become unlawful for the Issuer, the Agent or any Calculation Agent specified in the applicable Final Terms, 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 making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used.

**“Clearstream, Luxembourg”** means Clearstream Banking S.A.

**“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 Citicorp Trustee Company Limited acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5 LB, United Kingdom 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 or any successor common representative appointed by a Meeting of the Holders of Covered Bonds.

**“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 Ernst & Young Audit & Associados, SROC, S.A., a company incorporated under the laws of Portugal, member of the Portuguese Institute of Statutory Auditors (*“Ordem dos Revisores Oficiais de Contas”*), registered with the CMVM with registration number 20161480, with its registered office at Avenida da República, no. 90, 6<sup>th</sup>, 1600-206, in Lisbon, Portugal.

**“Cover Pool Monitor Agreement”** means the agreement dated 20 July 2023 entered into by and between the Issuer and the Cover Pool Monitor, as amended and restated.

**“Covered Bond”** means any conditional pass-through covered bond 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) 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 59/2006, of 20 March 2006, as amended, which has been revoked by Decree-Law 31/2022, of 6 May.

“**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 (as described in subsection “*Valuation of Properties*” under chapter *Characteristics of the Cover Pool*).

“**DBRS**” means DBRS Ratings GmbH, which is established in the European Union and is registered under Regulation (EC) 1060/2009 (as amended). As such, DBRS Ratings GmbH is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such Regulation.

“**Default of Payment Event**” means, in respect a Series of Covered Bonds, if such Series has not been repaid in full on its Maturity Date or on the following two Business Days, or if interest due under that Series has not been paid on any Interest Payment Date or on the following five Business Days. For the sake of clarity, a Default of Payment Event will only occur if the relevant repayment (or interest payment, as applicable) is not done by the end of the following two (or five, as applicable) Business Days mentioned above.

“**Euroclear**” means Euroclear Bank SA/N.V.

“**Expenses**” means the fees of and expenses due to the Common Representative, the fees of and expenses due to the Special Administrator, including any expenses incurred by the Special Administrator in connection with any actual or prospective disposals of Cover Pool assets, the fees of and expenses to cover for the maintenance and operating of the Reserve Account and the Programme Account, the fees and expenses of the Cover Pool Monitor, Covered Bonds listing costs and other costs that may be agreed and defined as “**Expenses**” for this purpose in the agreements entered into in connection with the Programme.

“**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.

“**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 set out in Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) are met.

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

“**Extension Legal Requirements**” means the legal requirements applicable to an extension of maturity of covered bonds, as set out 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, or endorsed on, such Covered Bonds.

**“Fitch”** means Fitch Ratings Ireland Limited, which is established in the European Union and is registered under Regulation (EC) 1060/2009 (as amended). As such Fitch Ratings Ireland Limited is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such Regulation.

**“Fixed Interest Period”** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

**“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).

**“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.

**“Insolvency Event”** has the meaning given to it under Condition 9.1 (*Insolvency Event*).

**“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.

**“Interbolsa Participant”** 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.

**“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*).

**“Interest Payment Date”** means the date specified as interest payment date in the Final Terms of a Series of Covered Bonds and, upon the occurrence of an Issuer Event, the first Business Day of each month, following such occurrence, for all the outstanding Series or for all the applicable Series in case of a Default of Payment Event.

**“Issuer Event”** means a License Revocation Event or a Default of Payment Event.

**“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.

**“License Revocation Event”** means the revocation of the Issuer’s authorisation as a credit institution by its

competent banking supervisory authority (being the European Central Bank and/or the Banco de Portugal, acting individually or jointly, and including any successor) and leading to the mandatory liquidation of the Issuer;

**“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 issuing credit institution 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 credit institution 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 paragraph (A) (*Eligible Assets*) of Condition 14.2 (*Issuer Covenants*), subject to Condition 14(1)(iii).

For the avoidance of doubt: (i) on the date hereof the Reserve Account Bank is an eligible credit institution pursuant to b) above; (ii) provided that the requirements under b) above are met, the assets under b) above can include short term deposits held with the Issuer and/or with the Banco de Portugal, in each case segregated and allocated to the Cover Pool as part of the Liquidity Assets; and (iii) uncollateralised claims from exposures considered in default pursuant to article 178 of the CRR cannot be considered as 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.

**“Maturity”** means the final legal maturity of any outstanding Covered Bonds, Primary Assets, Substitution Assets and Liquidity Assets, as applicable;

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

**“Moody's”** means Moody's Investors Service España, S.A., which is established in the European Union and is registered under Regulation (EC) 1060/2009 (as amended). As such, Moody's Investors Service España, S.A. is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such Regulation.

**“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 the pecuniary credit receivables 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 (A) (Eligible Assets) of Condition 14.2 (Issuer Covenants).

**“Net Liquidity Outflows”** means, in respect of any given day, all payments outflows falling due on that day, including principal (if applicable, as it will only be considered due for this purpose on the relevant Extended Maturity Date) and interest payments under the Covered Bonds, any Owed Hedging Payments and any Expenses, net of all payments 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 payable on the related credit in arrears and those payments relate to a period of 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 in respect of any Interest Period(s).

**“Other Preferred Creditors”** means the Hedge Counterparties (who benefit of a special creditor privilege (*privilégio creditório especial*) and of an interest in the autonomous estate (*património autónomo*) relating to the Cover Pool).

**“Overcollateralisation Percentage”** has the meaning given in Condition 14.1 (*Maintenance of overcollateralisation*).

**“Owed Hedging Payments”** means any payments owed by the Issuer due to the relevant hedge counterparties under the Hedging Contracts.

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

**“Portuguese Companies Code”** means the commercial companies code approved by Decree-Law 262/86, of 2 September 1986, as amended.

**“Portuguese Securities Code”** means Decree-Law 486/99, of 13 November 1999, as amended.

**“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 set out in article 129(1), paragraphs (d) and (f) of the CRR.

**“Programme”** means the €5,000,000,000 Conditional Pass-through Covered Bonds programme of the Issuer established on 14 July 2016 in accordance with the Covered Bonds Law for the issuance of Covered Bonds by the Issuer and as converted on 20 July 2023 for the issuance of “European Covered Bond (Premium)” in compliance with the Legal Regime of Covered Bonds, and as updated from time to time.

**“Programme Account”** means the cash account to be held with a counterparty with credit ratings sufficiently high to satisfy the criteria of the Rating Agencies, and in any case not lower than the minimum rating and any criteria required by the Legal Regime of Covered Bonds and article 129 of the CRR. The Programme Account, and any balance to the credit thereof, will form part of the Cover Pool and be subject to the same legal requirements and legal regime as any Primary Assets, Substitution Assets or Liquidity Assets which are part of the Cover Pool.

**“Programme Resolution”** means any Resolution directing the Common Representative to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default 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 article 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 Agencies”** means Moody’s and Fitch.

**“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 CMVM’s Regulation no. 2/2023.

**“Regulation S”** means Regulation S under the US Securities Act.

**“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 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 an Original Reference Rate:

- (a) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate;  
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 Original Reference Rate relates, (B) any central bank or other

supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

**“Relevant Screen Page”** has the meaning ascribed to it in the Final Terms.

**“Reserve Account”** means the cash account held with a counterparty with credit ratings sufficiently high to satisfy the criteria of the Rating Agencies, and in any case not lower than the minimum rating and any criteria required by the Legal Regime of Covered Bonds and Article 129 of the CRR, being the Accounts Bank, and the operation of which shall be governed by Conditions 5.5 (*Reserve Account*) and 6.8 (*Pass-through Provision*) and the Reserve Account Agreement. The Reserve Account, and any balance to the credit thereof, will form part of the Cover Pool and be subject to the same legal requirements and legal regime as any Primary Assets, Substitution Assets or Liquidity Assets.

**“Reserve Account Agreement”** means the agreement so designated entered into between the Issuer and the Reserve Account Bank in relation to the creation, operation and maintenance of the Reserve Account, on or about 7 July 2016, as amended and/or supplemented and/or restated from time to time (including a Deed of Novation dated on or about 7 September 2020, and the amendment and restatement dated 20 July 2023).

**“Reserve Account Bank”** means Elavon Financial Services DAC, a Designated Activity Company registered in Ireland with the Companies Registration Office, registered number 418442, with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, Ireland, D18 W2X7, acting through its UK Branch (registered number BR020005) from its offices at 125 Old Broad Street, London, Fifth Floor, London EC2N 1AR under the trade name U.S. Bank Global Corporate Trust Services, acting in its capacity as bank at which the Reserve Account is held. Under a Deed of Novation dated on or about 7 September 2020, from 25 September 2020 the Reserve Account Bank contractual position was novated to Elavon Financial Services DAC (described above), acting through its office in Ireland, and the definition of Reserve Account Bank shall be interpreted accordingly.

**“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, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or shares, bonds or other obligations or securities of 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; or (vi) to amend this definition.

**“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.

**“Special Administrator”** means such entity as appointed by the CMVM, in case of a License Revocation Event, pursuant to the Legal Regime of Covered Bonds to manage in the place of the Issuer the Cover Pool, which shall be separated from the Issuer’s insolvency estate, all in accordance with the Legal Regime of Covered Bonds.

**“Stock Exchange”** means Euronext Lisbon or any other stock exchange where Covered Bonds may be listed as per the relevant Final Terms.

**“Substitution Assets”** means the cover assets that contribute to the coverage requirements in relation to the 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.

**“TARGET Day”** means any day on which the T2 System is open.

**“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 System”** 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 Portuguese Tax Authorities.

**“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.

**“Total Target Reserve Amount”** has the meaning given in Condition 5.5 (*Reserve Account*).

## CHARACTERISTICS OF THE COVER POOL

### INTRODUCTION – CAPACITY TO ISSUE COVERED BONDS

In general, covered bonds may only be issued by duly licensed credit institutions. The Issuer complies with this requirement and is thus qualified 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 (each as defined in *Definitions*), 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 (as defined in *Definitions*).

To enable it to issue Covered Bonds, the Issuer has established and will maintain a permanently identifiable register in its own segregated accounts (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 further Covered Bonds and will include in the relevant Cover Pool, additional mortgage credit assets or substitution assets (and other permitted assets) as security for those Covered Bonds in accordance with relevant provisions of the Legal Regime of Covered Bonds, as further detailed below.

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, the Issuer is required, immediately after becoming aware thereof, to take all possible steps to remedy such breach.

### ELIGIBILITY CRITERIA FOR ASSETS FORMING THE COVER POOL

Only mortgage credits or receivables, including, but not limited to, interest revenue and repayments, which comply with the legal eligibility criteria described below may be included in the Cover Pool:

#### *Mortgage Credits Eligibility Criteria*

The Covered Bonds to be issued under this Base Prospectus are intended 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 compliant with the Legal Regime of Covered Bonds and the CRR.

As such, the Cover Pool is intended to only comprise assets listed in Article 129(1) of the CRR (and provided that the requirements under paragraphs 1a to 3 of Article 129 of the CRR are met). Each Cover Pool shall comprise of Primary Assets, Substitution Assets or Liquidity Assets, provided that:

- the value of a Mortgage Credit may not exceed either 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; and

- (i) 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 sub-paragraphs (1)(c) and (1a)(c) of Article 129 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 the section “Mortgage Credits Eligibility Criteria” 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 (which is the monetary authority of the euro area which comprises the ECB and the national central banks of the EU member states whose currency is the euro);
- (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) any other assets located in the EEA complying simultaneously with the low risk and high liquidity requirements,

provided that, for the Covered Bonds to be issued under this Base Prospectus to be labelled as “*European Covered Bond (Premium)*”, as intended by the Issuer, any such assets shall comply with the requirements set out for such purpose in article 129 of the CRR.

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) from Moody's and/or Fitch a confirmation 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, foreign 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 and as described in this section. The evaluation rules of the Hedging Contracts are determined by the CMVM.

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) are terminated 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 European economic area 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 CMVM may further develop the eligibility criteria for hedging contracts included in 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 must enter into Hedging Contracts for the purpose of hedging the currency exchange risk.

Interest rate exposure of the Issuer relating to Mortgage Credits comprised in the Cover Pool may be managed through the Hedging Contracts. Interest rate swaps may be entered into with a Hedge Counterparty relating to both the Cover Pool and the Covered Bonds issued by the Issuer.

Under the terms of the Hedging Contracts entered into with the Hedge Counterparty, if the rating of the Hedge Counterparty falls below the relevant applicable ratings as set out in such Hedging Contracts, the Hedge Counterparty will be required to take certain remedial measures which may include: (i) providing collateral for its obligations under the Hedging Contract; (ii) arranging for its obligations under the Hedging Contracts to be transferred to an entity with the ratings required by the relevant rating agency; (iii) procuring another entity with

the ratings required by the relevant rating agency to become co-obligor in respect of its obligations under the Hedging Contracts; or (iv) taking such other action so that, in respect of the relevant rating agency, the then ratings of the Covered Bonds following such action are not lower than the ratings immediately prior to the downgrade of the Hedge Counterparty. A failure to take such steps will allow the Issuer to terminate the Hedging Contracts.

In addition, certain other termination events and/or events of default may apply under the terms of the proposed Hedging Contracts, which may entitle the Hedge Counterparty and/or the Issuer to terminate the Hedging Contracts.

Upon any termination in whole or in part of the Hedging Contracts, the Issuer may be required to make (or be entitled to receive) a termination payment to (or from) the Hedge Counterparty.

The Hedging Contracts will be governed by English law.

### **LOAN-TO-VALUE RESTRICTIONS**

Pursuant to the Legal Regime of Covered Bonds and Articles 129(1)(d) and (f) of the CRR, the amount of a Mortgage Credit granted by the Issuer and registered as being comprised in the Cover Pool may not exceed the lesser of (i) the principal amount of the corresponding Mortgage (combined with any prior mortgages, if they exist), and (ii) 80 per cent. of the value of the Property, if it is residential property, or 60 per cent. of the value of the Property, if it is commercial property (which, in the case of commercial property, may be increased to 70 per cent., subject to certain conditions). 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 Bonds; and (iii) apply throughout the entire maturity of the loan. For further details, see section *Valuation of Cover Pool* below.

### **OVERCOLLATERALISATION**

Pursuant to the Legal Regime of Covered Bonds and the CRR, all liabilities of the Covered Bonds shall be fully secured by the cover assets.

In compliance with the above legal requirement, in particular with Article 129(3a) of the CRR, Condition 14 (*Overcollateralisation and Issuer Covenants*) requires the Issuer to guarantee that the value of the Cover Pool maintained by the Issuer shall at all times be a minimum of the higher of (i) 110.0 per cent. of the aggregate value of all outstanding Covered Bonds issued under the Programme and (ii) 1 divided by the Asset Percentage.

Assets contributing to the Overcollateralisation Percentage in excess of 100 per cent. of the aggregate value 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 14.2 (*Issuer Covenants*), paragraph (A) (*Eligible Assets*), subparagraph (b) and shall not count towards those limits.

For the purposes above, the “**Asset Percentage**” means the lower of 100 per cent. and any other percentage determined by the Issuer from time to time. As of 31 May 2023, the Asset Percentage was 82.79 per cent.. The Issuer may at any time reduce the Asset Percentage, but it may only increase the Asset Percentage above 84.75 per cent. subject to obtaining the Hedge Counterparty’s consent and one of the following: (i) prior confirmation from the



Rating Agencies that such increase would not result in the reduction, removal, suspension or placement on credit watch of the credit ratings assigned to each such Covered Bonds; or (ii) a written indication by the Rating Agencies that it does not have any comments to said increase; or (iii) a written communication by the Rating Agencies that, having concluded the review of said increase, it does not consider a confirmation to be due; or (iv) within 30 days after each of the Rating Agencies has been notified, no additional information or additional period to analyse have been requested, nor has the Issuer received any other written communication from the Rating Agencies. Any change to the Asset Percentage shall be disclosed by the Issuer on the website of Euronext Dublin (to the extent there are Covered Bonds originally issued under the Covered Bonds Law outstanding) and the CMVM and the Asset Percentage shall be disclosed by the Issuer or on its behalf as part of the regular reporting on the Covered Bonds.

The 110.0 per cent. referred to in (i) above is higher than the statutory limit of 105 per cent. set forth in the CRR (see *Legal Regime of Covered Bonds*).

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 above:

- (a) Mortgage Credits shall be accounted according to an amount equal to the nominal value of such Mortgage Credits entered on the Register (together with any matured and accrued interest, if the requirements of the Legal Regime of Covered Bonds are met);
- (b) the Covered Bonds shall be accounted according to the nominal value of outstanding principal, together with accrued interest; and
- (c) in relation to any other assets in the Cover Pool:
  - (i) deposits shall be accounted for according to their amount together with any accrued interest (*juros corridos*); 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, including accrued interest (*juros corridos*).

Also, for the purpose of these calculations, the Issuer and the Cover Pool Monitor shall use the foreign exchange rates published by the ECB as a reference.

#### **COMPLIANCE WITH FINANCIAL REQUIREMENTS**

The Cover Pool Monitor, pursuant to the Legal Regime of Covered Bonds and 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 described in this section. 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, the

Issuer is required, immediately after becoming aware thereof, to take all possible steps to remedy such, by undertaking one or more of the following procedures:

- (a) allocating new Primary or Substitution Assets, with or without substitution of those already allocated to the Covered Bonds; and/or
- (b) amortising Covered Bonds in a sufficient amount to remedy the breach; and/or
- (c) allocating new liquid assets to the Liquidity Buffer.

## **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. In this regard, CMVM Regulation does not specifically include any provisions regarding the methodologies and frequency of valuation of the cover assets, their risk management, and the registration and archiving of all this information, establishing a material reference, under the terms of Article 11 of CMVM Regulation, to national and EU banking prudential legislation and regulations (namely Article 208 of the CRR).

### ***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, at the time or after the relevant Mortgage Credit was originated, under the Legal Regime of Covered Bonds and Article 208 of the CRR.

The market value, in accordance with point (76) of Article 4(1) 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.

The property valuations are carried out by independent expert appraisers, and the management of the valuations and inspections is centralised in a unit that is independent of the commercial units.

#### *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 real estate valuation experts appointed from time to time by the Issuer comply with the criteria set forth in Article 208(3)(b) of the CRR.

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.

The selection of real estate valuation experts by the Issuer must ensure adequate diversification and rotation, and the Issuer shall maintain a permanent and updated list of selected valuation experts, setting out the criteria which have led to the respective selection, as well as the Properties valued by each valuation expert. This list shall be sent to CMVM by the end of January in each year, with reference to 31 December of the previous year, indicating, if applicable, any changes made to such list from the list submitted the previous year.

Valuation experts are required to comply with the terms and conditions set forth in Law 153/2015, of 14 September.

Regarding the monitoring of Property Valuation, the Issuer shall monitor the value of the Property frequently and at least annually.

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 (i) the information available to the Issuer indicates that there may have been a substantial decrease in the value of the Property or (ii) the value of the Property may have materially decreased in relation to general market prices.

#### *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: In this method, the estimated value of a property corresponds to the cost of constructing a property that fulfils the same functions and with the same material and technology characteristics, at current market prices. The value assessed includes the value of the land, construction costs and the investment promotion profit

margin, as well as a deduction corresponding to the depreciation, or loss of property value, resulting from physical, functional, economic or environmental obsolescence or a combination of these. For all valuations not based on all 3 valuation methods, the expert appraiser should consider the local market characteristics and the specific characteristics of the property under valuation. The valuation adopted shall be the lower of the values determined because it is the most prudent in terms of guarantee;

(b) Income method: In this method, the market value of a property corresponds to the present value of all the rights to future benefits arising from its ownership. This method assumes that property management and operation is based on the principles of legality, rationality and competence. The purpose of the analysis is to determine its respective ability to generate revenue flows, as well as the frequency of their occurrence, as well as to infer all the inherent expenses; or

(c) Comparison method: This method provides an estimate of the amount by which it is understood that a particular property may be traded, after an appropriate period of trading, between an interested seller and buyer, in which both parties act in an informed, prudent and unconditional or non-coerced manner. The value of the property is determined after analysis of comparable transaction and property offer values, obtained through knowledge of the local market and the exhaustive collection of real estate market data that provides knowledge of the supply and demand situation for similar properties, and which constitute a decisive factor in determining the Market Value of the property under valuation.

The Issuer's specialised unit that manages the valuations process, through an IT control system, carries out a periodic review of the complete inventory of properties in the portfolio, ensuring that outdated valuations are flagged and alerts are sent to the property management units to trigger valuation requests.

#### *Valuation report*

Each real estate valuation expert appointed by the Issuer shall prepare a 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 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 Mortgage Credit and the market value of the Property;
- (e) a statement of the valuation expert that he has performed 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.

The Issuer's centralized unit is responsible for validating the valuation reports prepared by the valuation experts, including the adequacy of the valuation method used and the existence of any limitations to the valuation carried out. The process is registered a dedicated portal.

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

In respect of Mortgage Credits that exceed (i) 5 per cent. of the own funds of the Issuer or (ii) €500,000, in the case of residential Properties, or €1,000,000, in the case of commercial Properties, the valuation of the relevant Property shall be reviewed by a real estate valuation expert at least every three years.

The Issuer shall also perform an internal check of the value of each of the Properties once every three years, for residential Properties, and at least once a year for commercial Properties.

The Issuer may be required to conduct Property valuations whenever there is relevant information that indicates that a substantial decrease of the Property value has taken place or that the Property value may have suffered a material decline in relation to standard market prices.

For the purpose of conducting an update of the valuation of the Properties, the Issuer may resort to recognised indexes or statistical methods. In this case, the Issuer shall send CMVM a report with the detailed description of such indexes and statistical methods, as well as the grounds for their use, together with an opinion on the adequacy of such indexes and statistical methods produced by a reputable independent valuation expert. All subsequent updates of the value of the Properties shall be documented by the Issuer, setting out the description of the relevant criteria and the frequency of the review.

The Issuer shall provide the Cover Pool Monitor with all information necessary for the Cover Pool Monitor to supervise, pursuant to the Legal Regime of Covered Bonds and in accordance with the terms set forth in the Cover Pool Monitor Agreement, 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 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 according to the value resulting from the rules regarding evaluation and 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:

- (i) borrower identification;
- (ii) the outstanding amount;
- (iii) the interest rate;
- (iv) the amortisation date(s);
- (v) 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
- (vi) proof of final 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 terms to be defined by regulation from CMVM.

### *Special creditor privilege*

Under the Legal Regime of Covered Bonds, the holders of Covered Bonds enjoy a special creditor privilege over the Cover Pool with preference over any other general creditors, in relation to the repayment of principal and payment of interest due under the Covered Bonds even in case of liquidation of the Issuer. For further information, please refer to the chapter entitled “*Legal Regime of Covered Bonds*”.

## **INFORMATION ON THE COVER POOL**

The Issuer publishes quarterly investor reports on the outstanding Covered Bonds, including key information regarding characteristics of the Cover Pool, outstanding Covered Bonds and other assets (including the Reserve Account), as at the last business day of each calendar quarter and the applicable Overcollateralisation. The Investor Report is produced and distributed by the end of the calendar month following each calendar quarter, and distributed to the Rating Agencies and Cover Pool Monitor via electronic mail. Such reports are available at: [.bancomontepio.pt/institucional/investor-relations/funding-programmes](http://.bancomontepio.pt/institucional/investor-relations/funding-programmes).

## ISSUER EVENTS

### INSOLVENCY EVENT

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.

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

In the event of dissolution and/or liquidation of the Issuer (including on grounds of insolvency), 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 insolvency estate of the Issuer and will be managed autonomously by a third party, and will not form part thereof until full payment of any 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 requires 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.

The Cover Pool will, in such an event, be separated from the Issuer's insolvency estate so as to be autonomously managed until full payment of the amounts due to the holders of Covered Bonds and any other preferred creditors benefiting from the creditor privilege and/or the autonomous estate constituted by the Cover Pool. 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 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) ensuring 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 set 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 actions 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.

#### **DEFAULT OF PAYMENT EVENT**

The Default of Payment Event shall occur if i) a Series of Covered Bonds has not been repaid in full on its Maturity

Date or on the following two Business Days, or ii) if interest due under that Series has not been paid on any Interest Payment Date (subject to any applicable grace period or the availability of any Reserve Amount) or on the following five Business Days, and therefore, the affected Covered Bonds shall be treated and will assume the form of pass-through covered bonds. For the sake of clarity, a Default of Payment Event will only occur if the relevant repayment (or interest payment, as applicable) is not done by the end of the following two (or five, as applicable) Business Days mentioned above.

## COMMON REPRESENTATIVE OF THE HOLDERS OF COVERED BONDS

**Citicorp Trustee Company Limited**, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5 LB, United Kingdom, has been appointed by the Issuer as representative of the holders of the Covered Bonds, pursuant to Article 14 of the Covered Bonds Law and in accordance with the Terms and Conditions of the Covered Bonds and the terms of the Common Representative Appointment Agreement.

According to the Legal Regime of Covered Bonds and to the relevant provisions of the Portuguese Companies Code (*Código das Sociedades Comerciais*), the Common Representative is entitled to perform all the necessary acts and actions in order to ensure protection of the holders of Covered Bonds, notably: (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 Common Representative should be independent and may not be associated with a group of specific interests in the company nor in any circumstance which is likely to affect their impartiality when analysing or making decisions, including by virtue of: (a) it being the holder or acting on behalf of the holder of holdings equal to or greater than 2 per cent. of the share capital of the Issuer; (b) being in a controlling or group relationship with the Issuer; (c) providing services of financial or legal nature to the Issuer, for the issue of securities, or to other financial intermediaries or promoters related with the issue; (d) benefiting from any advantages from the company; (e) serving as directors in the Issuer and in any entity controlling or having a group relation with the Issuer; (f) rendering services or having a significant commercial relationship with the Issuer; (g) exercising functions in competing entities, or that act on their behalf or represent any interests of such entities; (h) being relative to a person prevented from exercising these functions or with a person with a significant commercial relationship with the company.

The holders of the Covered Bonds may at any time, by means of resolutions passed in accordance with the Terms and Conditions of the Covered Bonds 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 new Common Representative is appointed and takes office.

## **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 issuing entity and is not in a position that hinders its independent analysis and decision-making process. In particular, such independent auditor shall not (i) be the statutory auditor responsible for the statutory audit of Banco Montepio's annual report in the two years prior to the time of its appointment and is not 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; or (ii) be associated with any special interest group in Banco Montepio nor is 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 Banco Montepio's share capital nor has performed the duties set out in subsection "*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 20 July 2023, the Issuer appointed Ernst & Young Audit & Associados, SROC, S.A., a company incorporated under the laws of Portugal, member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), registered with the CMVM with registration number 20161480, with its registered office at Avenida da República, no. 90, 6<sup>th</sup>, 1600-206, in Lisbon, Portugal

The Cover Pool Monitor Agreement reflects the requirements of the Legal Regime of Covered Bonds in relation to the appointment of a monitor in respect of the requirements (namely, financial requirements and the requirements set forth in Condition 14 (*Overcollateralisation and Issuer Covenants*)) concerning the Cover Pool and the Covered Bonds. The Cover Pool Monitor Agreement provides for certain matters such as overcollateralisation (see *Characteristics of the Cover Pool*), valuation of assets comprised in the Cover Pool, the payment of fees and expenses by the Issuer to the Cover Pool Monitor, the resignation of the Cover Pool Monitor and the replacement by the Issuer of the Cover Pool Monitor.

## **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 and Issuer Covenant*), including in respect of the operation of the Reserve Account. The Cover Pool Monitor is also required to monitor the Reserve Account required level, on a monthly basis. If the Cover Pool Monitor identifies that the funds available in the Reserve Account do not meet the Total Target Reserve Amount, it shall report that fact in the next quarterly report to be delivered to the Issuer, in accordance with agreed upon procedures as foreseen in the Cover Pool Monitor Agreement.

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. In addition, if the Cover Pool Monitor, while performing its duties, detects any irregularity it shall communicate it immediately and simultaneously to the Issuer and CMVM.

Finally, in accordance with Article 17 of the Legal Regime of Covered Bonds, the Cover Pool Monitor must produce an annual report, in respect of the year ending 31 December, with an assessment of the Issuer's compliance with the requirements established in the Legal Regime of Covered Bonds, in particular 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 information provided to investors.

If, during the carrying out of any work for the preparation of the above quarterly reports, the Cover Pool Monitor becomes aware that the Issuer has not complied with any of the provisions of the Covered Bonds Law and/or of any of the Requirements of the Cover Pool, including in respect of the operation of the Reserve Account, it must notify the Issuer, as soon as reasonably practicable, 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 their 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.

## **RESERVE ACCOUNT BANK**

### **APPOINTMENT OF A RESERVE ACCOUNT BANK**

The Programme requires that the Issuer appoints a counterparty with a minimum credit rating to satisfy the criteria of the Rating Agencies.

### **ROLE OF THE RESERVE ACCOUNT BANK**

Pursuant to the Reserve Account Agreement, dated 7 July 2016 the Issuer appointed Elavon Financial Services Limited, a limited liability company registered in Ireland with the Companies Registration Office (registered number 418442) (on 14 July 2016, this company was renamed Elavon Financial Services DAC, a Designated Activity Company, under the same registration number), with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, Ireland, D18 W2X7, acting through its UK Branch (registered number BR020005 from its offices at 125 Old Broad Street, London, EC2N 1AR under the trade name U.S. Bank Global Corporate Trust Services.

The Reserve Account Agreement rules the creation, operation and maintenance of the Reserve Account, on or about 7 July 2016, as amended and/or supplemented and/or restated from time to time.

Pursuant to the Deed of Novation, dated on or about 7 September 2020, from 25 September 2020 the Reserve Account Bank contractual position was novated to Elavon Financial Services DAC (described above), acting through its office in Ireland.

### **DUTIES OF THE RESERVE ACCOUNT BANK AND RESERVE ACCOUNT**

The Reserve Account Bank will at all times, provided that there are any Covered Bonds outstanding, have the minimum rating and comply with other requirements as required by the Rating Agencies. The Reserve Account and any balances standing to the credit thereof will form part of the Cover Pool associated with the Programme and be subject to the same legal regime as any other assets which are part of the Cover Pool. The Issuer shall ensure that the legal requirements as required by the Legal Regime of Covered Bonds for the balances owed to the Issuer under the Reserve Account to qualify as Liquidity Assets are always met.

The amount deposited in the Reserve Account shall be available on any interest payment date towards the payment of interest due on the Pass-Through bonds to the extent that there are insufficient available funds.

### **REMUNERATION AND RESERVE ACCOUNT REPLACEMENT**

In accordance with the Reserve Account Agreement, the Reserve Account Bank shall be remunerated by the Issuer for its services as Reserve Account Bank, in terms of fees and commissions, separately agreed between the Issuer and the Reserve Account Bank.

The Issuer may replace the Reserve Account by other instruments or arrangements that qualify as Liquidity Buffer comprised of Liquidity Assets to cover the requirements set out in Condition 5.5(ii). This replacement will be subject to obtaining the Hedging Counterparty's consent and one of the requirements set out in Condition 5.5(v) of the Terms and Conditions.



## REPURCHASE COMMITMENT

If the repurchase commitment is specified as applicable in the Final Terms relating to a particular Series of Covered Bonds, the Issuer will irrevocably and unconditionally undertake to repurchase such Series of Covered Bonds on its Repurchase Date at par plus accrued interest, or at such other repurchase amount as specified in, or determined in the manner specified in, the relevant Final Terms of such particular Series of Covered Bonds (the “**Repurchase Price**”), if so requested by any holders of such Series and subject to such Series of Covered Bonds not being redeemed up to ten Business Days after the Maturity Date (the “**Repurchase Commitment**”).

The Repurchase Commitment shall be provided at the Issue Date in a letter issued to the benefit of the holders of certain Series of Covered Bonds, which will be acknowledged on behalf of all such holders by the Common Representative, in the form attached hereto. For the sake of clarity, this acknowledgment creates only obligations on the Issuer and no liability whatsoever shall attach to the Common Representative as a result of having acknowledged this document.

The Repurchase Commitment does not form part of the Terms and Conditions of the Covered Bonds and, accordingly, non-compliance by the Issuer with the Repurchase Commitment will not constitute an event of default under the Terms and Conditions. The Repurchase Commitment is a senior unsecured obligation of the Issuer and noncompliance by the Issuer with this undertaking will, nonetheless, constitute a default in respect of the Issuer’s senior unsecured obligations *vis-à-vis* the holders of the Covered Bonds of the relevant Series of Covered Bonds who have exercised their right to request the Issuer to buy the relevant Covered Bonds. Such holders of the Covered Bonds of the relevant Series of Covered Bonds will have recourse to the general legal remedies applicable to breach of obligations under Portuguese Law. For the avoidance of doubt, a breach of the Repurchase Commitment will not in itself result in an acceleration of the Covered Bonds or a realisation of the Cover Pool assets.

The right of the holders of the Covered Bonds of the relevant Series of Covered Bonds to request the Issuer to buy the Covered Bonds they hold pursuant to the Repurchase Commitment shall be exercised individually by each holder of the Covered Bonds of the relevant Series of Covered Bonds, by delivering to the Affiliate Member of Interbolsa through which it holds the Covered Bonds a written notice, in the form available from any specified office of any Paying Agent or in another form accepted by such Affiliate Member of Interbolsa for such purpose (a “**Repurchase Notice**”), no less than 10 and no more than 60 days after the Maturity Date. Each such holder of the Covered Bonds of the relevant Series of the Covered Bonds shall so submit irrevocable sale instructions to the relevant Affiliate Member of Interbolsa for the transfer of its Covered Bonds to the Issuer against payment of the applicable Repurchase Price (in the form and according to the procedures of Interbolsa). If any holder of the Covered Bonds holds the Covered Bonds through Euroclear and Clearstream, Luxembourg (or otherwise indirectly), they shall comply with the applicable Clearing System procedures.

For purposes of this commitment, Repurchase Date will be the date which falls on the 90th (ninetieth) day after the Maturity Date of the relevant Series of Covered Bonds.

The Repurchase Commitment and any non-contractual obligation in connection therewith, shall be governed by and shall be construed in accordance with, Portuguese Law. The courts of Lisbon shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Repurchase Commitment (including any non-contractual obligations arising out of, or in connection with said document).

From:

To:

**Caixa Económica Montepio Geral,**

**Citicorp Trustee Company Limited**

caixa económica bancária, S.A.

*[Address]*

*[Address]*

(the “**Issuer**”)

(the “**Common Representative**”)

[Lisbon], [Date]<sup>8</sup>

**Ref.: €5,000,000,000 Conditional Pass-Through Covered Bonds Programme – Repurchase Commitment – Series with ISIN no. [●]**

Dear Sirs,

We make reference to our €5,000,000,000 Conditional Pass-Through Covered Bonds Programme and the Covered Bonds issued thereunder with ISIN no. [●] (hereinafter, the “**Series**”) and hereby commit to repurchase the Covered Bonds of the Series in accordance with the terms and conditions set forth in the Base Prospectus dated 20 July 2023 approved in connection with this Programme and the Final Terms of the Series.

Accordingly, we irrevocably and unconditionally undertake to repurchase the Covered Bonds of the Series on its Repurchase Date [at par plus accrued interest, or at such other repurchase amount as specified in, or determined in the manner specified in, the relevant Final Terms] (the “**Repurchase Price**”), if so requested by any holders of the Series and subject to this Series of Covered Bonds not being redeemed up to 10 Business Days after the Maturity Date (the “**Repurchase Commitment**”).

The right of the holders of Covered Bonds of the Series to request the Issuer to buy the Covered Bonds they hold pursuant to this Issuer’s undertaking shall be exercised individually by each of the holders of the Covered Bonds, by

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<sup>8</sup> Note: to be dated the same date as the relevant Final Terms.

delivering to the Affiliate Member of Interbolsa through which it holds the Covered Bonds a written notice, in the form available from any specified office of any Paying Agent or in another form accepted by such Affiliate Member of Interbolsa for such purpose (a “**Repurchase Notice**”), no less than 10 and no more than 60 days after the Maturity Date. Each such holder of Covered Bonds of the Series shall submit irrevocable sale instructions to the relevant Affiliate Member of Interbolsa for the transfer of its Covered Bonds to the Issuer against payment of the applicable Repurchase Price (in the form and according to the procedures of Interbolsa). If any holder of the Covered Bonds holds the Covered Bonds through Euroclear and Clearstream, Luxembourg (or otherwise indirectly), they shall comply with the applicable Clearing System procedures.

For purposes of this the Repurchase Commitment, Repurchase Date shall be the date which falls on the 90th (ninetieth) day after the Maturity Date of the relevant Series of Covered Bonds.

The Repurchase Commitment does not form part of the Terms and Conditions of the Covered Bonds. It will be an unsecured obligation of the Issuer only and, for the avoidance of doubt, it will not be secured by the Assets comprised in the Cover Pool. Failure by the Issuer to comply with the Repurchase Commitment will not constitute an event of default under the Terms and Conditions and will not in itself result in an acceleration of the Covered Bonds or a realisation of the Cover Pool assets.

This Repurchase Commitment and any non-contractual obligation in connection therewith, shall be governed by and shall be construed in accordance with, Portuguese Law. The courts of Lisbon shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Repurchase Commitment (including any non-contractual obligations arising out of, or in connection with said document).

Terms and expressions used in this document and not otherwise defined shall have the meaning ascribed to them, directly or by reference, in the Base Prospectus referred to above.

Best Regards,

For and on behalf of Caixa Económica Montepio Geral, caixa económica bancária, S.A.

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*Name:*

*Duly Authorised*

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*Name:*

*Duly Authorised*

***We hereby acknowledge receipt of this document.***

For and on behalf of Citicorp Trustee Company Limited

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\_\_\_\_\_

*Name:*

*Duly Authorised*

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\_\_\_\_\_

*Name:*

*Duly Authorised*

For the sake of clarity, this acknowledgment creates only obligations on the Issuer and no liability whatsoever shall attach to the Common Representative as a result of having acknowledged this document.

## DESCRIPTION OF THE ISSUER

### Legal and Commercial name of the Issuer

The legal name of the Issuer is Caixa Económica Montepio Geral, caixa económica bancária, S.A. and its most frequent commercial name is Banco Montepio.

### Incorporation, registration, legal form, head office and contacts of the Issuer, legislation that governs the Issuer's activity and website of the Issuer

Caixa Económica Montepio Geral, caixa económica bancária, S.A. is a limited liability company (*sociedade anónima*) incorporated under the laws of Portugal with a registered and fully paid-up share capital, as of the date of this Base Prospectus of €1,210,000,000, represented by 2,420,000,000 ordinary shares with a nominal value of €0.50 each, and registered in the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 500 792 615. Banco Montepio's registered address is at Rua Castilho, 5, 1250-066, in Lisbon, Portugal, and the telephone number of its registered office is +351 213 248 000.

The Issuer was registered by deed on 24 March 1844 for an indefinite period. The Issuer is a credit institution, a full service savings bank (*caixa económica bancária*), whose activities are regulated by the RGICSF, the Savings Bank Act (*regime jurídico das caixas económicas*), approved by Decree-Law no. 190/2015, of 10 September, and is subject to the Portuguese Companies Code (approved by Decree-Law 262/86, of 2 September 1986, as amended).

The Legal Entity Identifier (LEI) code of the Issuer is 2138004FIUXU3B2MR537.

The Issuer's website is <https://www.bancomontepio.pt>. The information on the website does not form part of this Base Prospectus unless that information is expressly incorporated by reference into this Base Prospectus.

### Introduction to Banco Montepio

Banco Montepio's share capital is €1,210,000,000, the majority of which (99.99 per cent.) is owned by its founder MGAM. Banco Montepio, together with its subsidiaries, are referred to in this Base Prospectus as Banco Montepio Group. MGAM and its subsidiaries are together referred to in this Base Prospectus as MGAM Group.

On 14 September 2017, the Issuer completed a change in its legal status from a savings bank affiliated (*caixa económica anexa*) to MGAM into a full-service savings bank (*caixa económica bancária*) incorporated as a public limited liability company (*sociedade anónima*), under the supervision of the Banco de Portugal.

MGAM is a private institution of social support (i.e., a mutual benefits association) whose principal purposes are to promote and develop initiatives designed to ensure the social protection and welfare of its 606,483 mutual members (as of 31 December 2022), their families and other beneficiaries nominated by them. The welfare schemes MGAM offers include pensions and other retirement benefits, disability benefits, death grants, guarantees of the payment of housing charges, life annuities, study schemes and other schemes for young people and a wide variety of collective schemes. It also has co-operation agreements with a variety of organisations in the health and welfare sectors. Other activities include the organisation of members' social functions, publication of a members' magazine, sponsorship of cultural, artistic and

social events and the awarding of prizes and scholarships.

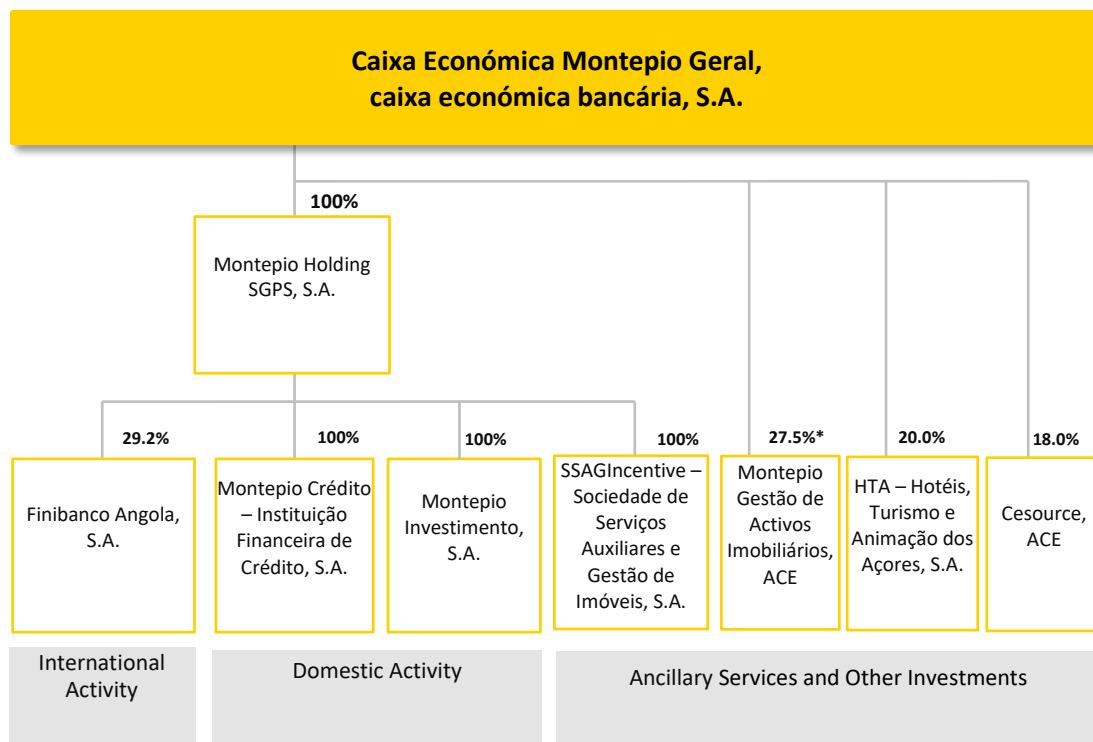
Banco Montepio, in its capacity as a full-service savings bank (*caixa económica bancária*), is authorised to pursue all the businesses permitted to banks in Portugal. As of 30 June 2022, it ranked seventh in the Portuguese banking system on the basis of total net assets (source: *Associação Portuguesa de Bancos*).

On 20 February 2019, the Issuer changed its brand name to Banco Montepio but its legal name remains the same (Caixa Económica Montepio Geral, caixa económica bancária, S.A.). The Banco Montepio brand represents an evolution in the identity of the Issuer and reflects its new vision: that of an independent Portuguese bank focused on Portuguese families, corporates and social institutions (such as cooperatives, mutual societies, associations and foundations carrying out a set of business and economic activities, within the private sphere, in order to promote general economic and/or social interests). By changing its brand name, the Issuer has sought to clarify to both the general public and its clients the distinction between Banco Montepio and MGAM, its main shareholder. In addition to the change of the brand name, Banco Montepio also changed its commercial logo and brand colours.

The Issuer is managed in accordance with its Articles of Association and with the provisions of the Portuguese Companies Code (*Código das Sociedades Comerciais*). MGAM, as the majority holder of the Issuer's share capital (99.99 per cent.) is the majority holder of voting rights in Banco Montepio and its rights are governed by and subject to Banco Montepio's Articles of Association and Portuguese Law.

Banco Montepio is integrated in the Banco Montepio Group, of which MGAM has a 99.99 per cent. holding. Banco Montepio holds shares in a series of institutions, as shown in the Banco Montepio Group structure chart below. These entities complement Banco Montepio's financial products and services and contribute via their earnings to the creation of value for its shareholders (primarily MGAM) and, as well as promoting high ethical standards and principles of social sustainability. Collectively, these entities not only offer a broad and diversified range of banking and financial products and services, but also contribute with their earnings to the shareholders' social and welfare-related goals.

Banco Montepio Group structure as at the date of this Base Prospectus:



(% of capital held)

\*Banco Montepio 26.0%, Montepio Investimento 1.0% e SSAGIncentive 0.5%.

\*\*Banco Montepio Groups participation was 80.2% as of 31 December 2022. On 30 June 2023 Banco Montepio Group completed the sale of a stake representing 51% of the share capital and voting rights on Finibanco Angola to Access Bank. As of the date of the Base

In addition to Banco Montepio, the Banco Montepio Group comprises the following two domestic entities: Montepio Crédito, Instituição Financeira de Crédito, S.A. and Montepio Investimento, S.A.. Each of these companies are wholly owned by Montepio Holding (previously Finibanco Holding, SGPS, S.A.) which itself is fully owned by Banco Montepio. For further information, please refer to the section “*Description of the Issuer - Outline of the performance of the Banco Montepio Group's domestic companies*”.

In addition, within the domestic market, Banco Montepio also has a small qualified holding in HTA-Hotéis, Turismo e Animação dos Açores, S.A. (Tourism sector), in Montepio Gestão de Ativos Imobiliários, ACE (a complementary company group (*Agrupamento Complementar de Empresas*) created to manage MGAM Group’s real estate more efficiently), and in Cesource, ACE (a complementary company group (*Agrupamento Complementar de Empresas*) created to provide specialised services in the area of IT technologies to improve the conditions and the management of the resources and the results of the economic activities of the members of this complementary company group), whose accounts are consolidated by the equity method, as well as a 100 per cent. capital participation in SSAGIncentive - Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A. (Real Estate sector) fully owned by Montepio Holding. At an international level, within the scope of the strategic redefinition of international holdings, on 4 October 2022, Banco Montepio announced that its subsidiary Montepio Holding, SGPS, S.A. agreed to the sale of the stake held in the share capital of Finibanco Angola S.A. (in which the Banco Montepio Group had control with an effective participation of 80.2 per cent. as of 31 December 2022) to Access Bank Plc, and on 30 June 2023 it was

completed the sale of a stake representing 51 per cent. of its share capital and its voting rights, while maintaining a participation of 29.2 per cent. of its share capital, whose sale process is being completed as of the date of this Base Prospectus, subject on the approval of the supervisory and regulatory entities and is expected to be settled during the second half of 2023. Furthermore, due to the new legal framework in Cape Verde and taking into consideration all the relevant strategic options, Banco Montepio's Board of Directors chose not to promote the changes required to adapt its subsidiary Banco MG Cabo Verde as a bank with generic authorisation, having approved the implementation of the procedural initiatives envisaged in the law with a view to its voluntary winding up and liquidation, which was completed in 2022. For further information, please refer to the section “- *International Activity*”.

In order to simplify the corporate structure and improve the Banco Montepio Group's operating model, in August 2022 it was decided to integrate Banco BEM, 100 per cent. owned by the subsidiary Montepio Holding, SGPS, S.A., into Banco Montepio, by transferring all its assets, liabilities and operations, with the possibility of a merger by incorporation. Subsequently, in December 2022, Banco Montepio's Board of Directors approved the operational integration model and analysed other alternatives, namely the possibility of selling Banco BEM's banking licence, after carve-out of all activity.

Following the aim of the Board of Directors to simplify the corporate structure of the Banco Montepio Group and the provisions of IFRS 5, the operations of Banco Montepio's subsidiary – Finibanco Angola, were deemed discontinued operations for the purposes of its financial accounts as at and for the year ended 31 December 2022, and was accounted in the Issuer's consolidated balance sheet as “Non-current assets held for sale - discontinued operations” or “Non-current liabilities held for sale - discontinued operations”, as applicable, and in its income statement as “Profit/(loss) from discontinued operations”.

The Banco Montepio Group also includes the real estate properties held by the following special purpose entities and investment funds:

- Valor Arrendamento – Fundo de Investimento Imobiliário Fechado (Closed-end Real Estate Investment Fund) 100 per cent. held by Banco Montepio;
- Polaris – Fundo de Investimento Imobiliário Fechado (Closed-end Real Estate Investment Fund) 100 per cent. held by Banco Montepio;
- Portugal Estates Fund (PEF) - Fundo de Investimento Imobiliário Fechado (Closed-end Real Estate Investment Fund) 100 per cent. held by Banco Montepio; and
- Carteira Imobiliária – Fundo Especial de Investimento Imobiliário Aberto (Open-end Special Real Estate Investment Fund) owned by 82.9 per cent. by Banco Montepio and 17.1 per cent. by Montepio Investimento, S.A.

For more information, please see note 57 (*Subsidiary and associates*) to the Annual Report 2022.

The Issuer undertakes a major role in the implementation of Banco Montepio Group's business strategy, as it uses



its nationwide branch network comprising 246 branches in Portugal as of 31 December 2022 (261 branches in Portugal as of 31 December 2021). Banco Montepio's commercial network is further complemented by a network of electronic channels, together with its presence in various overseas Portuguese communities (including five representative offices outside of Portugal). Banco Montepio is also present in Angola, through Finibanco Angola with a retail network of 20 branches as of 31 December 2022 (20 branches as of 31 December 2021). For further information, please refer to the section “- *International Activity*”.

Banco Montepio is a full-service savings bank (*caixa económica bancária*) incorporated as a public limited liability company (*sociedade anónima*) under the laws of the Portuguese Republic and is registered at the Lisbon Commercial Registry Office (1st Section) under the single registration and tax identification number 500 792 615 and is domiciled in Portugal, having its registered office at Rua Castilho, 5, 1250-066 Lisbon, Portugal, with telephone number +351 213 248 000.

## **History**

Banco Montepio is a unique institution in the national financial panorama, due to its origin and mutual basis, and consequently its vocation of saving and providing universal financial services to individuals at all stages of their lives, as well as to clients from the business sector, social economy institutions and social entrepreneurs.

In its more than 178 years of existence, Banco Montepio has always supported families, entrepreneurs, companies and the community. It has actively supported successive generations of Portuguese people at many critical moments, through wars, crises and revolutions.

In 1844, MGAM created Caixa Económica de Lisboa, (which was renamed Caixa Económica Montepio Geral on 23 April 1991) with the aim of attracting small-scale savings and providing credit facilities. MGAM and its subsidiaries and affiliates offer a wide variety of banking, insurance and fund management products from Banco Montepio's branches throughout Portugal. Originally, Banco Montepio was run as a division of MGAM but, by the late 1930s, the two organisations had become separate legal entities. In accordance with Decree-Law 460/77, of 7 November 1977 (as last amended by Decree-Law 391/2007, of 13 December 2007), MGAM is a collective person of public interest.

On 31 March 2011, Banco Montepio acquired from MGAM, through a share purchase agreement, 100 per cent. of the share capital and of the voting rights of Finibanco-Holding, SGPS, S.A. (now Montepio Holding, SGPS, S.A.) and, indirectly, all of the share capital and the voting rights of Finibanco (now Banco BEM), as well as those of Finicrédito – Instituição Financeira de Crédito, S.A. (now Montepio Crédito, Instituição Financeira de Crédito, S.A.) and those of Finivalor – Sociedade Gestora de Fundos Mobiliários, S.A. (now Montepio Valor – SGOIC, S.A.).

Finibanco Holding, SGPS, S.A., the holding company of the Finibanco Group, comprised a number of subsidiaries which included, among others, a bank (Finibanco), an Angolan bank (Finibanco Angola), a credit financial institution (Finicrédito, Instituição Financeira de Crédito, S.A.) and an asset management company (Finivalor – Sociedade Gestora de Fundos Mobiliários, S.A.).

Under the share purchase agreement, Banco Montepio indirectly acquired 81.6 per cent. of the share capital and the voting rights of Finibanco Angola.

In 2013, some of Banco Montepio's capital became open to public investment for the first time. On 25 November 2013, Banco Montepio launched an initial public offer of €200 million participation units (*unidades de participação*) representative of its Participation Fund. On 17 December 2013, the securities were admitted to listing on Euronext Lisbon after the Regulated Market Special Session.

In 2016, the Issuer was characterised as a full service savings bank (*caixa económica bancária*) following the enforcement of the Savings Bank Act and the resolution of the Banco de Portugal pursuant to paragraph 2 of the Savings Bank Act (which provides that, unless otherwise determined at any time by the Banco de Portugal, full service savings banks already in existence upon the entry into force of the new legislation shall not be automatically required to arrange for their conversion into public limited liability companies).

On 22 November 2016 it was convened an Extraordinary General Meeting of Banco Montepio to deliberate on the transformation of Banco Montepio into a public limited liability company and the consequent amendment of its Articles of Association.

The participants in the Extraordinary General Meeting approved by majority to transform Banco Montepio into a public limited liability company (*sociedade anónima*) and to amend the Articles of Association. The project for the amended Articles of Association was approved in its entirety, without prejudice to the reconsideration of some matters depending on the recommendations or decisions conveyed by the supervising authorities.

Following the fulfilment of the relevant requirements, the transformation into a public limited liability company (*sociedade anónima*) and the amendment of the Articles of Association took place, and since September 2017, Banco Montepio's share capital is fully represented by ordinary shares.

In May 2019, Montepio Investimento S.A. was relaunched with a new brand, called Banco Empresas Montepio. This new project aims to bring together Banco Empresas Montepio's corporate banking and investment banking in one entity, presenting an integrated offering in the areas of corporate finance, debt and equity capital markets, advisory, structured finance, equity and debt distribution along with lending services.

On 30 November 2021, Banco Montepio, as sole shareholder, approved the procedural initiatives established by law relating to the voluntary dissolution and liquidation of Banco MG Cabo Verde, which was completed in 2022. For further information, please refer to the section "International Activity".

In December 2021, Banco Montepio sold 100 per cent. of its capital and voting rights in Montepio Valor - SGOIC, S.A. to Montepio Geral Associação Mutualista, which simplified the corporate structure of Banco Montepio Group in line with its strategy.

On 4 October 2022, Banco Montepio announced that its subsidiary Montepio Holding, SGPS, S.A. agreed to the sale of its stake held in the share capital of Finibanco Angola S.A. to Access Bank Plc, a commercial bank based in Lagos, Nigeria, with a significant presence on the African continent, and on 30 June 2023 it was completed the sale of a

stake representing 51 per cent. of its share capital and its voting rights, while maintaining a participation of 29.2 per cent. of its share capital, whose sale process is being completed as of the date of this Base Prospectus, subject on the approval of the supervisory and regulatory entities and is expected to be settled during the second half of 2023. For further information, please refer to the section “International Activity”.

An extraordinary general meeting of shareholders was held on 10 February 2023, at which it was unanimously decided to restructure the equity items, with the specific purpose of strengthening the funds that may be classified as distributable by the regulatory authorities, in order to cover the negative retained earnings, by reducing the share capital by 1,210,000,000.00 euros, without changing the number of existing shares and without altering the total equity value. As of the date of this Base Prospectus, Banco Montepio’s share capital, in the amount of €1,210,000,000, was fully represented by ordinary shares.

### **Strategy**

In 2019, the Board of Directors launched a transformation plan to analyse Banco Montepio's existing position and establish a vision for Banco Montepio with clear options and specific business goals for the medium and long term (“**Transformation Plan**”).

The Transformation Plan had a 5-year timeline with an intention to establish new ways of working that would create positive results, making the Issuer more competitive, efficient and digital, with a focus on the quality of service provided to the customer.

In view of the changing circumstances challenges facing Banco Montepio, the banking sector and the Portuguese economy, the Board of Directors of the Issuer reassessed the objectives and measures set out in the Transformation Plan and adopted a multi-dimensional, multi-year adjustment programme in 2020, through four main strategic pillars: (i) business model enhancement, (ii) operational adjustment, (iii) capital preservation, and (iv) Group simplification.

- (a) The business model enhancement focuses on strengthening customer-oriented banking services and improving proximity relationships in a more comprehensive channel mix, on strengthening financing to the economy by supporting the financial needs of households and SMEs, and on developing distribution capacity and complementary margin in order to reinforce the profitability of Banco Montepio's domestic operation.
- (b) The operational adjustment focuses on accelerating Banco Montepio's digital transition, through the adoption of best market practices, both in terms of customer experience and operational efficiency. In line with the simplification of Banco Montepio Group's activity, the operating and customer service model is being adjusted, namely aiming to:
  - (i) Strengthen the business model, reinforcing the focus on products with greater added value for the customer;
  - (ii) Accelerate the digital transition, both in internal processes and in customer relationship platforms;

- (iii) Increase efficiency, namely by reviewing internal processes and regulations;
- (iv) Adjust the distribution model by merging geographically redundant branches; and
- (v) Implement new concepts and new ways of working, valuing collaboration and flexibility and promoting a better balance between personal and professional life.

As part of the optimisation of distribution channels, Banco Montepio pursued the resizing of its branch network according to geographical coverage, profitability and market size, without prejudice to the adequate coverage of the customer base and business stability – since the end of 2019, Banco Montepio closed 91 branches (39 in 2020, 37 in 2021 and 15 in 2022), materialising savings in operating costs.

At the same time, Banco Montepio approved the resizing of the workforce through a number of measures, including early retirement, mutual agreement terminations and labour flexibility measures to accommodate new forms of work, such as part-time and remote work. In order to provide the best conditions and support to employees who wish to join the voluntary programme, the Ministry of Labour, Solidarity and Social Security authorised the extension of the quota for eligibility for social protection in unemployment to 400 employees. The measures implemented contributed to a net reduction in the Banco Montepio Group's workforce by 556 employees compared to the end of 2019.

- (c) Regarding capital preservation, Banco Montepio improved its capital ratios by adopting several measures aimed at reducing Risk Weighted Assets (RWA) through efficient management of the loan and securities portfolio and divestment in non-performing assets.

2022 was a year of consolidation of the growing capital trajectory, with the total capital ratio reaching 16.2 per cent., above the overall capital requirement (OCR) and the Pillar 2 Guidance (P2G), benefiting from the conclusion of the first synthetic securitisation of mortgage loans made in Portugal with a positive impact of 0.36 percentage points of the capital ratio.

Also worthy of note was the preservation of profitability, with net income reaching €33.8 million in 2022, maintaining the growth trajectory that began in 2021.

Additionally, there was a favourable evolution of the NPE ratio which set at 5.2 per cent. in 2022, through the reduction trend of the NPE stock, driven by the outcome of the recovery of important loans, but without conditioning the favourable evolution of capital ratios, and which supported the upgrade of the risk ratings assigned in 2022.

Banco Montepio also met the objectives outlined in the real estate risk reduction plan for 2022, having recorded a net deleveraging of the real estate portfolio of €181.4 million in 2022, and with the ratio of real estate to net assets reaching 2.1 per cent., bringing forward the commitment assumed for the end of 2024.

- (d) Regarding the simplification of the Banco Montepio Group's structure, the adjustment measures are aimed at disposing of shareholdings in the domestic and international markets, as well as modernising and streamlining the Banco Montepio Group's internal procedures.

In the international markets, Banco Montepio concluded the liquidation of Banco MG Cabo Verde on 30 September 2022 and estimates the closing of the sale of its 29.2 per cent. participation in Finibanco Angola S.A. during 2023.

In the domestic market, the Banco Montepio Group's Board of Directors approved the integration of the activity of Banco Empresas Montepio into Banco Montepio, which should occur during 2023.

In 2022, Banco Montepio materialised the benefits from the restructuring efforts, with a structural impact on the organisation, which allows to proceed with the execution of the strategic initiatives in the 2023-2025 period and ensure the business sustainability, notwithstanding the challenging macroeconomic and financial context, marked by geopolitical tensions and the change in the economic and financial context.

The measures included in the action plan reinforce the four strategic objectives that support Banco Montepio's action, in line with the mission statement approved by the General Meeting of Shareholders – (i) maximization of operating income, (ii) digital transformation, (iii) operational adjustment, (iv) capital preservation and (v) simplification of governance – and consider 5 vectors of analysis identified in view of the challenges of the current context, within the preparation of the multi-year budget – retail, companies, organization, processes and IT, talent and social economy.

#### **Banco Montepio accelerates Digital Transformation with Artificial Intelligence solutions**

In 2019 Banco Montepio established a partnership with IBM to introduce artificial intelligence and cognitive technology tools as part of its programme to introduce digital transformation and to optimise customer experience and business processes.

To accelerate Banco Montepio's innovation and automation strategy, in 2022 the Issuer reinforced the automation and reengineering of processes, progressed in data collection and processing models, adjusted its service model, optimised customer journeys and improved cybersecurity mechanisms.

M.A.R.I.A. (Montepio's Automated Real-time Interaction Assistant), the voice-answering virtual agent which operates using artificial intelligence and that is able to carry out virtual conversations with customers to resolve calls without the need to resort to a human operator, continued to progressively expand its customer service capacity and its ability to understand Customers' intentions, improving contact execution and providing Customers with a more empathetic and personalised experience, contributing to a gradual increase in trust in Banco Montepio.

M.A.R.I.A. began by activating debit and credit cards, rapidly moving on to receiving orders for balance and movement enquiries (accounts and cards), transfers between Banco Montepio's accounts, interbank transfers and immediate transfers. At the end of 2022, M.A.R.I.A. recorded a customer service satisfaction score of 83 per cent., which was slightly higher than at the end of 2021.

## **Current Activities**

The Banco Montepio Group is one of the main Portuguese financial groups in retail banking, with its core business focused on the domestic market, while also developing activities abroad.

The Issuer operates as a universal bank offering a wide range of banking and financial products and services, such as mutual, real estate and pension funds, insurance (life and non-life), investment management services and the provision of credit cards, aimed at catering to all its customers' financial needs. As a comprehensive and diversified group, it provides its retail and corporate customers (the latter of which mainly consists of SMEs and middle market companies) with a universal offer of complementary products and services through its domestic distribution network.

The Issuer has also been offering international transactions to its Portuguese customers, particularly by way of the provision of foreign currency, documentary credits and payment orders, focusing mainly on attracting deposits from non-resident Portuguese nationals. To this end, Banco Montepio Group currently has five representative offices in Paris, Toronto, Geneva, Frankfurt and Newark.

## **Analysis of Issuer's financial performance**

### **2022 consolidated activity and results (audited)**

Banco Montepio has been carrying out several initiatives aimed at the development and implementation of an economically sustainable business model to provide stable profitability, reduce NPEs and enable the organic growth of capital levels and liquidity buffers. Accordingly, the Issuer continues to deleverage its balance sheet, which resulted in reductions in its non-performing loan portfolio and real estate exposures. In addition, the Issuer's liquidity position was strengthened by attracting and retaining customer deposits and actively managing its securities portfolio to meet regulatory capital and liquidity requirements.

The table below sets out the Issuer's consolidated balance sheet as of 31 December 2021 and 31 December 2022.

## CONSOLIDATED BALANCE SHEET

	31 December 2021	31 December 2022	Change 31 December 2022 / 31 December 2021	
			Amount (€ million)	%
Cash and deposits at central banks, Loans and deposits to credit institutions payable on demand and Other loans and advances to credit institutions .....	3,264	1,542	-1,722	-52.7%
Loans and advances to customers.....	11,668	11,713	45	0.4%
Securities portfolio and other financial assets* ..	3,339	4,387	1,049	31.4%
Non current assets held for sale and Investment Properties.....	142	73	-69	-48.7%
Non current assets held for sale - Discontinued operations .....	0	200	199	46,411.8%
Current tax assets and Deferred tax assets .....	467	420	-47	-10.1%
Other .....	834	771	-62	-7.5%
<b>Total assets</b> .....	<b>19,713</b>	<b>19,106</b>	<b>-607</b>	<b>-3.1%</b>
Deposits from central banks and Deposits from other credit institutions .....	3,457	3,232	-226	-6.5%
Deposits from customers .....	12,787	13,115	328	2.6%
Debt securities issued and Other subordinated debt....	1,834	824	-1,011	-55.1%
Non current liabilities held for sale - Discontinued operations .....	0	102	101	30,817.0%
Other .....	271	314	43	16.0%
<b>Total liabilities</b> .....	<b>18,350</b>	<b>17,587</b>	<b>-763</b>	<b>-4.2%</b>
Share capital.....	2,420	2,420	0	0.0%
Legal reserve, Fair value reserves, Other reserves and Retained earnings and Non-controlling Interests	-1,063	-934	129	-12.1%
Consolidated net income for the period attributable to the Shareholders .....	7	34	27	414.4%
<b>Total Shareholder's equity</b> .....	<b>1,363</b>	<b>1,519</b>	<b>156</b>	<b>11.5%</b>
<b>Total liabilities and Shareholder's equity</b> .....	<b>19,713</b>	<b>19,106</b>	<b>-607</b>	<b>-3.1%</b>

\* Includes instruments at fair value through profit or loss, namely credits that do not meet the SPPI tests (Solely Payments of Principal and Interest).

### Capital

In 2022, Banco Montepio implemented a set of measures aimed at improving capital ratios, namely through the reduction of RWA, focusing on the deleveraging of its balance sheet through divestment in non-performing or non-strategic assets, and on the growth of its core business of lending in segments with lower risk, with the objective of maximising the return on equity.

RWA maintained its downward trajectory, recording a decrease of €524 million compared to the end of 2021, despite the business growth, mainly due to the reduction of non-core assets as well as the completion of a new securitisation transaction, under the synthetic format, which focused on a mortgage loan portfolio, completed on 21 December 2022. The reduction of the stock of Non-Performing Loans, of real estate and of investment units, contributed notably to the reduction of RWA, together with a recomposition of the balance sheet, which benefited from an efficient

management of risk allocation in the credit portfolios, with a different credit risk profile and lower consumption of underlying capital.

Total own funds increased to €1,343 million as of 31 December 2022, compare to €1,328 million as of 31 December 2021, reflecting the favourable evolution of net income for the year, with an impact on the reduction of deferred tax assets, as well as the exchange rate reserve due to the appreciation of the Kwanza against the Euro and the U.S. Dollar, which more than offset the unfavourable impacts of the phasing-in of IFRS 9.

As of 31 December 2022, the Common Equity Tier 1 (CET1) and Total Capital ratios of Banco Montepio, pursuant to the phasing-in rules, reached 13.7 per cent. and 16.2 per cent., respectively, compared to 12.7 per cent. and 15.1 per cent., respectively, as of 31 December 2021.

On a fully implemented basis, as of 31 December 2022, the CET1 ratio was 13.2 per cent. and the Total Capital ratio was 15.7 per cent. The difference between the fully implemented capital ratios and the phasing-in capital ratios was mainly due to IFRS 9 phasing-in. As of 31 December 2019, the Issuer had completed the implementation of the deferred tax regime and is only subject to completing the transition to IFRS 9. Furthermore, Banco Montepio has endorsed the prudential filter relating to the fair-value reserves of public debt, the impact of which is negligible.

The leverage ratio, pursuant to the phasing-in rules, amounted to 5.9 per cent. as of 31 December 2022, compared to 5.6 per cent. as of 31 December 2021, which is above the minimum benchmark defined by the Basel Committee on Banking Supervision (3 per cent.).

In accordance with the provisions in force on 31 December 2022, the Overall Capital Requirements (OCR), which include the combined buffer requirements, were 9.08 per cent, 11.19 per cent. and 14.01 per cent for Common Equity tier 1, Tier 1 and Total Capital, respectively. As of 31 December 2022, the capital ratios reported by Banco Montepio were above the required prudential levels, with significant buffers in relation to the OCR, including the combined buffer requirements, not only under the phasing in criteria, but also on a fully implemented basis. Notwithstanding, the Board of Directors remains committed to the reinforcement of capital ratios and will maintain a set of initiatives to this end (such as the continuous reduction of the NPE and real estate assets exposure).

The table below sets out the Issuer's own funds and capital ratios as of 31 December 2021 and 31 December 2022.

### OWN FUNDS AND CAPITAL RATIOS

	31 December 2021	31 December 2022	Change 31 December 2022 / 31 December 2021	
			Amount (€ million)	%
<b>Total own funds (€ millions)</b>				
Common Equity Tier 1 .....	1,122	1,135	13	1.2%
Tier 1 .....	1,122	1,136	14	1.3%
Total Capital .....	1,328	1,343	15	1.1%
<b>Risk-weighted assets .....</b>	<b>8,800</b>	<b>8,276</b>	<b>(524)</b>	<b>(5.9%)</b>
<b>Phasing-in ratios .....</b>				
Common Equity Tier 1 .....	12.7%	13.7%		1.0 p.p.
Tier 1 .....	12.7%	13.7%		1.0 p.p.



	31 December 2021	31 December 2022	Change 31 December 2022 / 31 December 2021	
			Amount (€ million)	%
<b>Total Capital</b> .....	<b>15.1%</b>	<b>16.2%</b>		1.1 p.p.
<b>Fully implemented ratios</b> .....				
Common Equity Tier 1.....	11.8%	13.2%		1.4 p.p.
Tier 1 .....	11.8%	13.2%		1.4 p.p.
Total Capital .....	14.2%	15.7%		1.5 p.p.
<b>Leverage ratios</b> .....				
Phasing-In.....	5.6%	5.9%		0.3 p.p.
Fully implemented .....	5.1%	5.6%		0.5 p.p.

The table below sets out a summary of the Issuer's capital requirements as of 31 December 2021 and 31 December 2022, under phasing-in:

	31 December 2021	31 December 2022
	<i>(€ thousand)</i>	
<b>Common Equity Tier 1 Capital</b>		
Share capital	2,420,000	2,420,000
Consolidated net income for the period attributable to the Shareholders, legal reserve, fair value reserves and other reserves and retained earnings	(1,069,770)	(911,956)
Non-controlling interests eligible for CET1	4,007	3,496
Other regulatory adjustments	(232,716)	(376,156)
	<b>1,121,521</b>	<b>1,135,384</b>
<b>Tier 1 Capital</b>		
Non-controlling interests eligible for Tier 1	199	763
	<b>1,121,720</b>	<b>1,136,147</b>
<b>Tier 2 Capital</b>		
Subordinated debt	206,323	206,323
Non-controlling interests eligible for Tier 2	199	420
	<b>206,522</b>	<b>206,743</b>
<b>Total own funds</b>	<b>1,328,242</b>	<b>1,342,890</b>
<b>Own funds' requirements</b>		
Credit risk	606,992	563,133
Market risk	0	14,375
Operational risk	50,841	49,752
Other requirements	46,165	34,851
	<b>703,998</b>	<b>662,111</b>
<b>Prudential ratios</b>		
Common Equity Tier 1 ratio	12.7%	13.7%
Tier 1 ratio	12.7%	13.7%
Total Capital ratio	15.1%	16.2%

A General Meeting was held on 10 February 2023 and an unanimous decision was taken on the reformulation of the equity items with the special purpose of reinforcing the funds susceptible of regulatory qualification as distributable, with a view to covering negative retained earnings, by reducing share capital by €1,210,000,000.00, without changing the number of existing shares and without altering the total equity value.

This change will not have any impact on the amount of own funds of the Issuer since it does not imply any changes in the total equity, as demonstrated in the below calculations of capital requirements considering this change:

	<b>31 December 2022</b>
	<i>(€ thousand)</i>
<b>Common Equity Tier 1 Capital</b>	
Share capital	1,210,000
Consolidated net income for the period attributable to the Shareholders, legal reserve, fair value reserves and other reserves and retained earnings	298,044
Non-controlling interests eligible for CET1	4,007
Other regulatory adjustments	(376,156)
	<b>1,135,895</b>
<b>Tier 1 Capital</b>	
Non-controlling interests eligible for Tier 1	763
	<b>1,136,658</b>
<b>Tier 2 Capital</b>	
Subordinated debt	206,323
Non-controlling interests eligible for Tier 2	420
	206,743
<b>Total own funds</b>	<b>1,343,401</b>
<b>Own funds' requirements</b>	
Credit risk	563,133
Market risk	14,375
Operational risk	49,752
Other requirements	34,851
	<b>662,111</b>
<b>Prudential ratios</b>	
Common Equity Tier 1 ratio	13.7%
Tier 1 ratio	13.7%
Total Capital ratio	16.2%

### *Customers' resources*

Since 2019, Banco Montepio has developed a series of initiatives aimed at targeting new and retaining current, customer resources, under its liquidity risk management strategy.

Total customers' resources amounted to €14,477 million as of 31 December 2022, of which €13,319 million correspond to total on-balance customers' resources, with 98.5 per cent. referring to deposits from customers.

As of 31 December 2022, Deposits from customers amounted to €13,115 million, predominantly made up of individual customers deposits representing 73.4 per cent. of total deposits.

In 2022, deposits from customers increased €405 million in comparison with 2021 (restated), with term deposits increasing by €135 million and sight deposits increasing by €271 million. The deposits from customers maintained the trend in sight deposits/term deposits mix, which was 51 per cent. / 49 per cent. as of 31 December 2022 (compare to 50 per cent./50 per cent. as of 31 December 2021 (restated)).

As of 31 December 2022, securities placed with customers amounted to €204 million, compared to €209 million as of 31 December 2021 (restated).

Off-balance sheet resources reached €1,158 million as of 31 December 2022, compared to €1,045 million recorded as of 31 December 2021 (restated) (an increase of 10.8 per cent.). The positive difference was due to the increases recorded in the Real Estate Investment Funds (€118 million increase) and in the securities investment funds (€5 million increase), which more than offset the reduction recorded in the pension funds (€8 million reduction) and in the Capitalisation insurance (€2 million reduction).

The table below sets out the Issuer's customers' resources as of 31 December 2021 and 31 December 2022.

### CUSTOMERS' RESOURCES

	31 December 2021	31 December 2021	31 December 2022	Change 31 December 2022 / 31 December 2021	
		(restated)*		Amount (€ million)	%
<b>Deposits from customers</b> .....	<b>12,787</b>	<b>12,710</b>	<b>13,115</b>	<b>328</b>	<b>2.6</b>
Sight Deposits <sup>(1)</sup> .....	6,428	6,366	6,637	209	3.3
Term Deposits <sup>(2)</sup> .....	6,359	6,343	6,478	119	1.9
Securities placed with Customers .....	209	209	204	(5)	(2.1)
<b>Total On-Balance sheet resources</b> .....	<b>12,996</b>	<b>12,919</b>	<b>13,319</b>	<b>323</b>	<b>2.5</b>
Off-Balance sheet resources .....	1,045	1,045	1,158	113	10.8
	<b>14,041</b>	<b>13,964</b>	<b>14,477</b>	<b>436</b>	<b>3.1</b>
<b>Total Customers' resources</b> .....					

<sup>(1)</sup> corresponds to Deposits repayable on demand, Other deposits and Adjustments from operations at fair value option

<sup>(2)</sup> corresponds to Term deposits and Saving accounts

\* Customers' resources as of 31 December 2021 (restated for comparative purposes) have not been audited

### Issued Debt

As of 31 December 2022, the value of Debt securities issued and Other subordinated debt decreased by €1,011 million (55.1 per cent. reduction) to stand at €824 million, compared to €1,834 million recorded as of 31 December 2021, as a result of the decrease in covered bonds (€888 million reduction) which includes the maturity of series 10 (€750 million) and the repurchases occurred in 2022 (€134 million), and in securitisations (€123 million reduction).

### Liquidity

In 2022, Banco Montepio continued to promote management measures aimed at upholding the robust liquidity position, with levels greatly above the regulatory limits in force. The management of Banco Montepio's balance sheet led to the LCR reaching 249.6 per cent. as of 31 December 2022, compared to a ratio of 264.1 per cent. recorded as of 31 December 2021, thus standing 149.6 p.p. above the minimum regulatory requirement of 100 per cent.

Additionally, the Issuer maintained a comfortable stable funding base, determined by the outlined funding structure, namely through recourse to medium and long-term instruments, which enabled the NSFR to stand at 125.0 per cent., in line with the value of 125.3 per cent. recorded on 31 December 2021.

The performance of Deposits from customers and the growth of Loans and advances to customers led to a loan-to-deposit ratio (Loans and advances to customers / Deposits from customers), calculated in accordance with the Banco

de Portugal Instruction no. 16/2004, of 89.3 per cent. as of 31 December 2022, compared to 91.5 (restated) per cent. as of 31 December 2021. The table below sets out the Issuer's liquidity ratios as of 31 December 2021 and 31 December 2022.

### LOAN TO DEPOSITS RATIOS

	31 December 2021	31 December 2021*	31 December 2022	Change 31 December 2022 / 31 December 2021
		(restated)		
Loans and advances to customers / Deposits from customers <sup>(a)</sup> .....	91.2	91.5	89.3	(1.9) p.p.
Loans and advances to customers / Total on-balance sheet customers' resources <sup>(b)</sup> .....	81.0	81.2	85.4	4.4 p.p.

<sup>(a)</sup> In compliance with Instruction of the Banco de Portugal 16/2004, as amended.

<sup>(b)</sup> Total on-balance sheet customers' resources = Deposits from customers and Debt securities issued, as published in the Financial Statements.

\* Loan to deposit ratios as of 31 December 2021 (restated for comparative purposes) have not been audited.

The total value of the pool of eligible assets as of 31 December 2022 increased by €1,747 million as compared to 31 December 2021. As of 31 December 2022, the value of the pool of collateral for Eurosystem operations amounted to €5,555 million, compared to €3,808 million as of 31 December 2021. At the end of 2022, this pool included marketable assets, namely eligible debt instruments, amounting to €5,030 million, and non-marketable assets, such as eligible credit rights granted to Non-Financial Corporations and Public Sector Entities, namely bank loans and drawn credit lines, amounting to €525 million. Additionally, there was a decrease of €1,555 million in the deposits with the Banco de Portugal for the year ended 31 December 2022 (amounting to €1,234 million) when compared with the year ended 31 December 2021, to the detriment of the investment in eligible assets.

The use of ECB resources as of 31 December 2022 increased by €26 million to €2,984 million compared to the amount as of 31 December 2021, within an efficient funding management, with a view to reinforcing stable funding, with a positive impact on the NSFR ratio. The use of Eurosystem monetary policy operations falls under the support given to the economy, with a view to optimising the long-term funding, namely through participation in Targeted Longer-term Refinancing Operations, in the context of the non-conventional expansionary monetary policy measures implemented by the ECB. In terms of available collateral for obtaining liquidity, the value of the eligible assets increased by €1,721 million to an amount of €2,571 million as of 31 December 2022. The liquidity buffer, derived from the sum of the Cash and deposits in central banks and the available liquidity resulting from the pool of ECB eligible assets, exceeded the €3.9 billion threshold at the end of 2022, therefore, contributing to the strengthening of the liquidity ratios and to the liquidity of the Issuer.

The table below sets out the Issuer's pool of eligible assets for refinancing operations with the ECB as of 31 December 2021 and 31 December 2022.

## POOL OF ELIGIBLE ASSETS FOR REFINANCING OPERATIONS WITH THE ECB

	31 December	31 December	Change 31 December 2022 / 31	
	2021	2022	December 2021	
			Amount	%
			<i>(€ million)</i>	
Pool of eligible assets <sup>(a)</sup> .....	3,808	5,555	1,747	45.9
Use of the pool <sup>(b)</sup> .....	2,958	2,984	26	0.9
<b>Pool of available assets</b> .....	<b>850</b>	<b>2,571</b>	<b>1,721</b>	<b>&gt;100</b>

<sup>(a)</sup> Includes eligible assets, free of onus, for operations in the Collateralised Interbank Market.

<sup>(b)</sup> Includes monetary policy operations and SICOL. These figures include also off-balance sheet items.

### Asset Quality

As of 31 December 2022, Gross loans and advances to customers amounted to €12,068 million, representing a decrease of 0.6 per cent. compared to €12,141 million as of 31 December 2021 (restated). The decrease in Gross loans and advances compared to 31 December 2021 was due to the €320 million reduction of non-performing loans within the deleverage strategy, notwithstanding Banco Montepio's commitment to supporting families, companies and social economy entities. Thus, excluding the NPL component, gross performing loans grew by €246 million compared to the end of 2021 (2.2 per cent. increase).

The decrease in the loan portfolio was recorded at the same time as the improvement in credit quality indicators, which benefited from a rigorous credit risk policy, as well as from the measures that were approved and adopted in the credit monitoring and recovery areas. Thus, as a result of the actions that have been implemented, and notwithstanding the increase at the end of 2022, both in the number of new contracts that went into default (67 per cent. increase) and the amount in default (93 per cent. increase), compare to 2021, the values remained below those recorded in the pre-moratorium period, -25 per cent. and -61 per cent., respectively, compared to the end of 2019.

The decrease in Gross loans and advances to customers was driven by a decrease in loans to individuals of €126 million (2.0 per cent. reduction), of which €99 million in mortgage loans (1.7 per cent. reduction) and €27 million in other loans (3.6 per cent. reduction). Banco Montepio's Gross loans' performance was also impacted by the €5 million increase in the corporate segment (0.1 per cent. increase).

Noteworthy was the positive business performance in Corporate loans, with a weight of 47.6 per cent. of the total gross loan portfolio (47.1 per cent. in 2021), as a result of internal measures adopted, revealing initiative capacity and business recovery potential, in a context of economic slowdown and increase in reference interest rates. On the other hand, there was a lower performance in the Individuals segment, with mortgage loans representing 88.2 per cent. of this segment and showing a higher level of repayment compared to the new operations raised.

It should be noted, however, that Banco Montepio's volume of corporate loans was influenced by the reduction in the amounts lent to the construction and real estate activities sector, thus reducing the heavy weight of this sector (from 25.5 per cent. in 2019 to 17.2 per cent. in 2022) and conferring greater balance to the sectoral distribution of credit (the weight of loans to manufacturing industries changed from approximately 16 per cent. in 2019 to 20.6 per cent. in 2022).

Within the scope of Banco Montepio's adjustment programme, the improvement of credit quality is also based on a more effective and integrated management of non-performing exposures, by maximising recoveries and by corporate finance solutions, benefiting from the strategic focus on the segments of individuals, companies (especially small and medium-sized enterprises (SMEs)) and Social Economy entities.

The table below sets out the Issuer's loan portfolio as of 31 December 2021 and 31 December 2022.

## LOANS AND ADVANCES TO CUSTOMERS

(By sector of activity)

	31 December	31 December	Change 31 December 2022 / 31	
	2021	2022	December 2021	
			Amount	%
			(€ million)	
<b>Individuals</b> .....	<b>6,453</b>	<b>6,327</b>	<b>(126)</b>	<b>(2.0)</b>
Housing loans .....	5,680	5,581	(99)	(1.7)
Others .....	773	746	(27)	(3.6)
<b>Corporate</b> .....	<b>5,736</b>	<b>5,741</b>	<b>5</b>	<b>0.1</b>
Manufacturing industries .....	1,031	1,185	154	15.0
Wholesale and retail trade .....	860	886	26	3.1
Construction and Real estate activities .....	1,065	990	(75)	(7.0)
Accommodation and catering activities .....	596	569	(27)	(4.5)
Financial and insurance activities .....	493	372	(121)	(24.6)
Transportation and storage.....	393	385	(8)	(2.0)
Business Services.....	367	406	39	10.3
Other collective service activities.....	340	379	39	11.6
Others .....	592	569	(23)	(3.9)
<b>Gross loans and advances to customers</b> .....	<b>12,189</b>	<b>12,068</b>	<b>(122)</b>	<b>(1.0)</b>
<b>Impairment for credit risks</b> .....	<b>522</b>	<b>355</b>	<b>(167)</b>	<b>(32.1)</b>
<b>Loans and advances to customers</b> .....	<b>11,668</b>	<b>11,713</b>	<b>45</b>	<b>0.4</b>

As of 31 December 2022, the Loans and advances to customers included receivables assigned to the cover pool relating to Banco Montepio's covered bond programme, which amount to €2,753 million. This represented an increase from the €2,747 million registered as of 31 December 2021. Loans that were subject to securitisation and not derecognised on the balance sheet amount €776 million, compared to €994 million as of 31 December 2021.

On 31 December 2022, the credit granted by the Banco Montepio Group to its shareholders and related parties amounted to €25,375 thousand (€12,214 thousand as of 31 December 2021). The execution of transactions between the Banco Montepio Group and its shareholders or related natural or legal persons is always subject to deliberation and appreciation by the Board of Directors and the Audit Committee, under the terms of Article 20 of the Portuguese Securities Code (*Código dos Valores Mobiliários*), at the proposal of the commercial network and supported by an analysis and opinion, issued by the Risk Division, on compliance with the limit established in Article 109 of the Credit Institutions General Regime. The impairment for credit risk for these contracts amounts to €62 thousand on 31 December 2022 (€362 thousand as of 31 December 2021).

The COVID-19 pandemic and the Russia's invasion of Ukraine on 24 February 2022 made it more difficult to reduce non-performing loans by tightening market conditions for selling NPLs and reducing the ability of the non-financial private sector to service debt, making it more difficult to clear NPLs through cures. Despite these challenges, Banco Montepio reduced the weight of NPE to total gross loans and advances to customers to 5.2 per cent. as of 31 December 2022 (compared to 7.8 per cent. as of 31 December 2021). This was due to the decrease in NPEs to €631 million as of 31 December 2022 compared to 31 December 2021. The NPE ratio net of loan impairment stood at 2.3 per cent. on 31 December 2022, evolving favourably compared to the 3.6 per cent. recorded at the end of 2021.

In 2022, Banco Montepio reinforced the coverage of NPEs by impairment for credit risk and associated collateral and financial guarantees to 100.8 per cent. as of 31 December 2022, compared to 95.9 per cent. as of 31 December 2021, while the coverage by impairments for credit risks amounted to 56.1 per cent., compared to 53.8 per cent. as of 31 December 2021.

The table below sets out the Issuer's loan quality indicators as of 31 December 2021 and 31 December 2022.

	31 December	31 December	31 December	Change 31 December 2022 / 31	
	2021	2021 (restated)*	2022	December 2022 / 31 December 2021	%
				Amount (€ million)	
Gross loans and advances to customers.....	12,189	12,141	12,068	(122)	(1.0)
Past due loans and advances and interest - more than 90 days <sup>(a)</sup> .....	361	358	270	(91)	(25.2)
Impairment for credit risks .....	522	512	355	(167)	(32.1)
<b>Ratios (%)</b>					
Cost of credit risk.....	0.4	0.4	0.1	(0.3)	p.p.
Loans and interest overdue by more than 90 days.	3.0	2.9	2.2	(0.8)	p.p.
Non-performing exposures (NPE) <sup>(a)</sup> / Gross loans and advances to customers .....	8.0	7.8	5.2	(2.8)	p.p.
Forborne exposures <sup>(a)</sup> / Gross loans and advances to customers.....	5.1	5.0	4.3	(0.8)	p.p.
<b>Coverage by Impairments for credit risks (%)</b>					
Loans and interest overdue by more than 90 days.	144.4	143.0	131.2	(13.2)	p.p.
Non-performing exposures (NPE) <sup>(a)</sup> .....	53.5	53.8	56.1	2.6	p.p.
Non-performing exposures (NPE), also including associated collaterals and financial guarantees <sup>(a)</sup> ..	96.0	95.9	100.8	4.8	p.p.

<sup>(a)</sup> EBA definition.

\* Loan quality figures as of 31 December 2021 (restated for comparative purposes) have not been audited.

As of 31 December 2022, the Issuer's past due loans and advances and interest amount stood at €278.6 million or 2.3 per cent. of the Issuer's gross loans and advances to customers, compared with €402.9 million or 3.3 per cent. as of 31 December 2021.

The analysis of past due loans and advances and interest as of 31 December 2021 and 31 December 2022, by type of customer and purpose, is as follows:

	31 December 2021	31 December 2022
	<i>(€ thousand)</i>	
<b>Corporate</b>		
Construction/Production.....	55,818	33,270
Investment.....	190,187	141,395
Working capital <sup>(1)</sup> .....	88,822	56,017
Other.....	17,667	11,009
<b>Retail</b>		
Mortgage loans.....	27,587	15,809
Consumer credit.....	16,366	17,767
Other.....	6,475	3,358
	<b>402,922</b>	<b>278,625</b>

<sup>(1)</sup> corresponds to "Treasury"

The following table sets forth the default period of time for past due loans and advances and interest as of 31 December 2021 and the year ended 31 December 2022:

	31 December 2021	31 December 2022
	<i>(€ thousand)</i>	
<b>Past due loans and advances and interest</b>		
Less than 90 days.....	41,504	8,415
More than 90 days.....	361,418	270,210
	<b>402,922</b>	<b>278,625</b>

In the context of Banco Montepio's strategy of rebalancing its asset structure, Banco Montepio proceeded with the identification and implementation of measures aimed at improving the liquidity levels and active management of the Portfolio of securities and other instruments.

As of 31 December 2022, the securities portfolio and other financial assets amounted to €4,387 million, compared to €3,302 million as of 31 December 2021 (restated).

In analysing the securities portfolio by type of instrument, there was a year-on-year increase of €1,128 million in bonds and other debt instruments, which includes Portuguese, Spanish, Italian and Greek public debt, that led to an increase of 32.9 per cent. in the portfolio of securities and other instruments as compared to 31 December 2021.

As was the case at year-end 2021, the portfolio of securities and other instruments as of 31 December 2022 was mostly comprised of bonds and other debt instruments, whose weight in the total portfolio increased to 95.6 per cent. In turn, the proportion of participation units and commercial paper decreased to 3.1 per cent. and equities decreased to 0.6 per cent. of the portfolio.

The following table sets out the Banco Montepio Group's credit risk exposure as of 31 December 2021 and 31 December 2022:

	31 December 2021	31 December 2022
	<i>(€ thousand)</i>	
Loans and payables at credit institutions payable on demand.....	67,360	52,287
Other loans and advances to credit institutions.....	229,065	106,376
Loans and advances to customers.....	11,667,688	11,713,097
Financial assets held for trading.....	7,582	21,697
Financial assets at fair value through profit or loss.....	9,768	8,970



	31 December 2021	31 December 2022
	<i>(€ thousand)</i>	
Financial assets at fair value through other comprehensive income .....	101,128	76,252
Hedging derivatives.....	5,411	-
Other financial assets at amortised cost .....	3,004,196	4,119,387
Other assets .....	76,406	81,939
Guarantees.....	479,831	462,194
Irrevocable credit lines.....	694,072	720,589
Revocable credit lines .....	845,581	908,210
	<b>17,188,088</b>	<b>18,270,998</b>

## Earnings

In 2022, Banco Montepio recorded a positive consolidated Net income for the period attributable to the shareholders of €33.8 million compared to €6.6 million in the year ended 31 December 2021, achieving six consecutive quarters with positive net results, supported by business growth, improved operational efficiency and a reduction in the cost of risk.

In 2022, Net income benefited from the positive contribution of Operating income, particularly Net interest income and Net commissions, from the reduction of Operating costs and from lower Impairment charges and provisions, particularly those related to credit risk.

The benefits of the operational adjustment programme are particularly visible in the favourable evolution of staff costs, even excluding the impact of the restructuring costs recorded in 2021 and 2022.

In turn, the improvement in the cost of risk, evidencing the quality of credit origination in recent years, resulted in lower allocations to impairments and provisions.

On the other hand, there was an increase in regulatory contributions, namely on the banking sector and to the resolution funds, which totalled €25.9 million in 2022 (€22.7 million in 2021), representing an expressive burden on income before tax.

The table below sets out certain the Issuer's income statement for the year ended 31 December 2021 and 31 December 2022.

	31 December 2021	31 December 2021 (restated)	31 December 2022	Change 31 December 2022 / 31 December 2021 (restated)	
				<i>Amount</i>	%
				<i>(€ million)</i>	
<b>Net interest income (1)</b> .....	<b>243.5</b>	<b>232.6</b>	<b>251.5</b>	<b>18.9</b>	<b>8.1</b>
Net fee and commission income (2).....	116.3	114.7	120.5	5.8	5.1
<b>Core total operating income ((1)+(2))</b> .....	<b>359.8</b>	<b>347.3</b>	<b>372.0</b>	<b>24.7</b>	<b>7.1</b>
Dividends from equity instruments.....	1.8	1.8	1.0	(0.8)	(45.8)
Results from financial operations.....	10.8	10.8	12.0	1.2	11.0
Other results <sup>(a)</sup> .....	6.6	7.8	(14.9)	(22.7)	(292.0)
<b>Total operating income (3)</b> .....	<b>379.0</b>	<b>367.7</b>	<b>370.1</b>	<b>2.4</b>	<b>0.6</b>
Staff Costs .....	164.2	159.1	152.6	(6.5)	(4.1)
General and administrative expenses .....	64.7	61.3	59.7	(1.5)	(2.5)
Depreciation and amortization .....	35.3	34.1	34.0	(0.1)	(0.1)
<b>Operating costs (4)</b> .....	<b>264.1</b>	<b>254.4</b>	<b>246.4</b>	<b>(8.0)</b>	<b>(3.2)</b>
<b>Operating costs, excluding specific impacts<sup>(b)</sup></b> .....	<b>249.4</b>	<b>239.8</b>	<b>235.8</b>	<b>(4.0)</b>	<b>(1.7)</b>

	31 December	31 December	31 December	Change 31 December 2022 / 31	
	2021	2021 (restated)	2022	December 2021 (restated)	
				Amount	%
				(€ million)	
<b>Net operating income before provisions and impairments ((3)-(4))</b> .....	<b>114.9</b>	<b>113.3</b>	<b>123.7</b>	<b>10.4</b>	<b>9.2</b>
Net provisions and impairments .....	80.5	82.9	44.5	(38.4)	(46.3)
Share of profits/(losses) booked under the equity method .....	0.0	0.0	0.5	0.5	17,875.2
<b>Profit/(loss) before income tax</b> .....	<b>34.4</b>	<b>30.4</b>	<b>79.7</b>	<b>49.3</b>	<b>162.4</b>
Income tax .....	25.3	24.9	35.6	10.7	42.7
<b>Profit / (loss) after income tax from continuing operations...</b>	<b>9.2</b>	<b>5.4</b>	<b>44.1</b>	<b>38.7</b>	<b>710.0</b>
Profit/(loss) from discontinued operations .....	(1.5)	2.3	(13.0)	(15.2)	(674.1)
Non-controlling interests .....	1.1	1.1	(2.7)	(3.8)	(337.0)
<b>Consolidated net income for the period attributable for the shareholder</b> .....	<b>6.6</b>	<b>6.6</b>	<b>33.8</b>	<b>27.2</b>	<b>414.4</b>

<sup>(a)</sup> Other results is comprised by “Net gains/ (losses) arising from sale of other financial assets” and “Other operating income / (expense)”

<sup>(b)</sup> Excluding the amount related to the increase in staff costs and general administrative expenses arising from the operational adjustment measures (€14.7 million in 2021 and €10.5 million in 2022).

Total operating income increased to €370.1 million in 2022, compared to €367.7 million recorded in 2021 (restated). This represented an increase of 0.6 per cent. benefitting from the increases in Net interest income (€18.9 million increase), Net fee and commission income (€5.8 million increase) and Results from financial operations (€1.2 million increase), despite the unfavourable evolution of Other results (€22.7 million reduction), penalised by the significant weight of regulatory contributions and the costs of revaluation of liability items.

Net interest income reached €251.5 million, compared to €232.6 million in 2021, essentially reflecting the increases in Commercial net interest income, which benefited from the increase in market interest rates, favouring the operating profitability and the repricing of the loan portfolio, and the increase in the securities portfolio, reflecting the impact of the investment strategy, namely the acquisition of foreign and domestic public debt.

In 2022, there was an increase of the interest on the loans to customers portfolio by €8.5 million in comparison with 2021 (restated), due to the price effect, and there was a decrease of the interest from the customers’ deposits portfolio by €2.6 million, as a result of the price management of new deposits and of the renewal of existing deposits, and of the increase in the proportion of sight deposits. Net interest income in 2022 was also positively impacted by the increase of €8.1 million observed in interest in the securities portfolio in comparison with 2021 (restated), which reflected the increase of the average interest rate from 0.2 per cent. in 2021 to 0.4 per cent. in 2022, and the increase of the volume of the securities portfolio.

The funding strategy and the investment of liquidity was decisive in compensating for the unfavourable effects on net interest income, benefitting from the minimum interest rate on the TLTRO on compliance with the net lending benchmark. In addition, there was an active management of the pricing of new deposits, as well as the renewal of existing deposits, and an increase in the proportion of demand deposits.

The table below sets out the Issuer’s net interest income for the year ended 31 December 2021 and 31 December 2022.

	31 December 2021 (restated)	31 December 2022
	(€ thousand)	
<b>Interest and similar income</b>		
Loans and advances to customers.....	250,095	258,588
Deposits from central banks and other loans and advances to credit institutions	23,810	22,572
Other financial assets at amortised cost .....	5,247	13,161
Financial assets held for trading.....	8,112	127
Hedging derivatives.....	6,580	5,210
Financial assets at fair value through other comprehensive income .....	896	1,057
Financial assets at fair value through profit or loss.....	96	135
Other interest and similar income.....	10	2
	294,846	300,852
<b>Interest and similar expense</b>		
Other subordinated debt .....	19,939	19,334
Deposits from customers .....	9,608	7,045
Debt securities issued .....	8,761	6,841
Financial liabilities held for trading .....	7,764	
Deposits from central banks and other credit institutions.....	7,753	8,579
Hedging derivatives.....	2,050	2,781
Lease liabilities .....	466	592
Other interest and similar expense .....	5,922	4,190
	62,263	49,362
<b>Net interest income</b> .....	<b>232,583</b>	<b>251,490</b>

In the year ended 31 December 2022, the Net interest margin arose to 1.37 per cent., compared to 1.29 per cent. in 2021, benefitting from the context of rising market interest rates, notwithstanding the highly competitive environment in the granting of loans, as well as the change in the portfolio structure to lower risk, which continued to affect the performance of this indicator, but with the counterweight of the optimisation of capital consumption, both through the cost of credit risk and through the Risk Weighted Assets.

The table below sets out a breakdown of the Issuer's net interest margin for the year ended 31 December 2021 and 31 December 2022.

### BREAKDOWN OF NET INTEREST MARGIN

	31 December 2021 (restated)			31 December 2022		
	Avg. amount (€ million)	Avg. rate (%)	Interest (€ million)	Avg. amount (€ million)	Avg. rate (%)	Interest (€ million)
<b>Interest – generating assets</b>						
Deposits at central banks and other credit institutions .....	2,185	(0.3)	(7.3)	1,631	1.1	18.5
Other loans and advances to other credit institutions .....	296	0.0	0.1	387	1.0	4.1
Loans and advances to customers.....	12,329	2.0	250.1	12,215	2.1	258.6
Securities portfolio.....	2,934	0.2	6.3	3,877	0.4	14.3
Other assets at fair value <sup>(1)</sup> .....	10	1.0	0.1	9	1.4	0.1
Other (includes derivatives) .....	0	0.0	14.6	0	0.0	5.2
Interest and similar income.....	17,753	1.5	263.8	18,120	1.6	300.9
<b>Interest – generating liabilities</b>						
Deposits from ECB.....	2,532	(0.9)	(23.6)	2,899	0.3	8.0
Deposits from other credit institutions .....	814	0.0	0.3	373	0.1	0.6
Deposits from customers .....	12,461	0.1	9.6	12,879	0.1	7.0

	31 December 2021 (restated)			31 December 2022		
	Avg. amount (€ million)	Avg. rate (%)	Interest (€ million)	Avg. amount (€ million)	Avg. rate (%)	Interest (€ million)
Senior debt.....	1,307	0.7	8.8	1,305	0.5	6.8
Subordinated debt .....	216	9.1	19.9	216	8.8	19.3
Other (includes derivatives) <sup>(2)</sup> .....	0	0.0	16.2	0	0.0	7.6
Interest and similar expense .....	17,331	0.2	31.2	17,673	0.3	49.4
<b>Net interest income.....</b>		<b>1.29</b>	<b>232.6</b>		<b>1.37</b>	<b>251.5</b>

<sup>(1)</sup> Other assets at fair value corresponds to the sum of Financial assets at fair value through profit or loss and Other interest and similar income.

<sup>(2)</sup> Other (includes derivatives) corresponds to the sum of Financial liabilities held for trading, Hedging derivatives, Lease liabilities and other interest and similar expense.

Within the scope of the adjustment programme, the strategy outlined to increase commissions is supported by an adequate pricing policy adjusted to the service provided, as well as a broad offer of financial solutions to meet the needs of clients taking into account their age and financial profile, making Banco Montepio the client's first or main bank, thereby increasing the client base and the level of client loyalty to Banco Montepio. The aim of this strategy is to increase the number of transactions and in turn the ability to charge commissions. The Net fee and commission income increased from €114.7 million in 2021 (restated) to €120.5 million in 2022, representing an increase of 5.1 per cent., notwithstanding the effect of moratoria and applicable legislation regarding the charging of credit commissions, and the customer support measures implemented by Banco Montepio such as the suspension of commissions associated with some payment services. This evolution was due to the higher income related to credit operations (€2.1 million increase), to account maintenance and management (€1.6 million increase) and to payment services (€1.3 million increase), reflecting the implementation of a set of initiatives aimed at adapting the Banco Montepio's value proposition to the service provided to customers.

#### *Results from financial operations*

The Results from financial operations reached €12.0 million in 2022, reflecting an increase of €1.2 million compared to the €10.8 million accounted in 2021 (restated), due to the higher results from foreign exchange revaluation of €1.7 million, the net increase of derivative instruments and the fair value of financial assets and liabilities of €4.1 million, partially offset by the decrease in income from the securities portfolio of €3.9 million.

It should be noted that in 2022, income from financial assets and liabilities valued at fair value through profit or loss reflects the impacts of the revaluation of covered bond hedging, both of the instrument and the derivative, and incorporates the change in the value of credit operations that do not comply with the Solely Payment of Principal and Interest ("SPPI") criteria.

## RESULTS FROM FINANCIAL OPERATIONS

	31 December 2021	31 December 2021 (restated)	31 December 2022	Change 31 December 2022 / 31 December 2021 (restated)	
				Amount (€ million)	%
Net gains / (losses) arising from financial assets and liabilities at fair value through profit or loss.....	(0.3)	(0.3)	(0.2)	0.0	17.5
Net gains / (losses) arising from financial assets at fair value through other comprehensive income .....	2.0	2.0	1.4	(0.6)	(28.9)
Net gains / (losses) arising from exchange differences .....	9.0	9.1	10.8	1.7	19.2
<b>Results from financial operations</b> .....	<b>10.8</b>	<b>10.8</b>	<b>12.0</b>	<b>1.2</b>	<b>11.0</b>
<i>of which: net capital gains obtained on the results from sales of Portuguese sovereign bonds .....</i>	1.5	1.5	(1.0)	(2.5)	(168.0)

Operating costs for 2022 amount to €246.4 million, representing a reduction of €8.0 million (3.2 per cent. reduction) compared to 2021 (restated), capturing the synergies resulting from the implementation of the staff adjustment plan measures (early retirements and mutual agreement terminations) and the reduction of non-strategic assets (in this case only in 2021). Excluding this effect, operating costs decreased by €4.0 million (1.7 per cent. reduction) compared to 2021.

Staff costs in 2022 reached €152.6 million, reflecting a decrease of €6.5 million (4.1 per cent. reduction) compared to the amount of €159.1 million accounted in 2021 (restated). These costs incorporate the charges assumed with the early retirement and mutually agreed termination programme, including Pension Fund components, compensation payments and health care costs. Excluding these impacts, staff costs decreased by €3.2 million compared to 2021 (2.2 per cent. reduction).

General and administrative expenses stood at €59.7 million in 2022, reflecting a decrease of €1.5 million compared to 2021 (restated) (2.5 per cent. reduction), supported by lower spending on Communication costs (€1.9 million reduction), on Other specialised services (€1.0 million reduction), on Independent work (€0.6 million reduction) and on Water, energy and fuel (€0.5 million reduction), which offset the increases in the items IT services (€1.0 million increase), Advertising costs (€0.8 million increase), Maintenance and repairs (€0.5 million increase) and Transportation and Travel, accommodation and entertainment expenses (€0.7 million increase). Excluding the non-recurring costs incurred with the write-down of non-strategic assets recorded in 2021 (€0.9 million), General and administrative expenses decreased by €0.7 million in 2022 (1.0 per cent. reduction).

Depreciation and amortisation amount to €34.0 million in 2022 (€34.1 million in 2021 (restated)), materialising the investments made under the global IT and digitalisation strategy.

The cost-to-income ratio, excluding the non-recurring costs related to the staff adjustment measures and the costs incurred with the reduction of non-core assets, in this case only in 2021, as well as the more volatile components of results, such as the Results from financial operations and Other results (Results from the sale of other assets and Other operating income), stood at 63.2 per cent. compared to 68.7 per cent. in 2021, reflecting the combined effect of the increase in Core Operating Income and the reduction in Operating Costs.

The table below sets out the Issuer's operating costs for the year ended 31 December 2021 and 31 December 2022.

## OPERATING COSTS

	31 December 2021	31 December 2021 (restated)	31 December 2022	Change 31 December 2022 / 31 December 2021 (restated)	
				Amount (€ million)	%
Staff Costs .....	164.2	159.1	152.6	(6.5)	(4.1)
General and administrative expenses .....	64.7	61.3	59.7	(1.5)	(2.5)
Depreciation and amortisation .....	35.3	34.1	34.0	(0.0)	(0.1)
<b>Operating costs</b> .....	<b>264.1</b>	<b>254.4</b>	<b>246.4</b>	<b>(8.0)</b>	<b>(3.2)</b>
<b>Operating costs (comparable)<sup>(a)</sup></b> .....	<b>249.4</b>	<b>239.8</b>	<b>235.8</b>	<b>(4.0)</b>	<b>(1.7)</b>
Efficiency ratios					
Cost-to-income (Operating costs (comparable) / Total operating income) <sup>(a)</sup> .....	65.8%	65.2%	63.7%	(1.5)	p.p.
Cost-to-income (Operating costs / Total operating income) <sup>(b)</sup> .....	69.7%	69.2%	66.6%	(2.6)	p.p.
Cost-to-income, excluding specific impacts <sup>(c)</sup> .....	73.0%	72.9%	66.1%	(6.8)	p.p.
Cost-to-income, excluding specific impacts and adjustment costs <sup>(d)</sup> .....	69.0%	68.7%	63.2%	(5.5)	p.p.

(a) Excludes the increase in staff costs and general administrative expenses of €14.7 million in 2021 and of €10.5 million in 2022, driven by the adjustment programme.

(b) Pursuant to the Banco de Portugal Instruction 16/2004, in its current version.

(c) Excludes Results from financial operations and Other income (proceeds from the sale of other assets and other operating income).

(d) Excludes Results from financial operations and Other income (proceeds from the sale of other assets and other operating income) and the increase in staff costs and general administrative expenses of €14.7 million in 2021 and of €10.5 million in 2022, driven by the adjustment programme.

### *Impairments and provisions*

The Impairment and provisions charges continued their downward trend, totalling €44.5 million in 2022, representing a decrease of €38.4 million (46.3 per cent. reduction) compared to 2021 (restated), a year in which, as in 2020, there was still the impact of the COVID-19 pandemic. The decrease observed in 2022 is supported mainly by the reduction of Impairment of loans and advances to customers and credit institutions by €38.0 million, and to a lesser extent, by the decrease in Impairment of other financial assets by €2.1 million and in Impairment of other assets by €6.1 million, along with the increase in Other provisions by €7.8 million.

In 2022, Impairment of loans and advances to customers and credit institutions (net of reversals) stood at €13.4 million, compared to €51.4 million in 2021 (restated) (€38.0 million reduction), determined fundamentally by the lower allocation of impairment for risk of loans and advances to customers (charge for the year net of reversals),

€22.0 million in 2022, compared to €52.6 million in 2021 (restated) (€30.6 million reduction), a year still impacted by the effects of the COVID-19 pandemic, both in the forward looking component and through moratoria and stage transitions. The evolution of Impairment of loans in 2022 also benefited from the higher level of loan recovery and interest on loans already written off from the assets, which reached the value of €8.5 million compared to €4.8 million in 2021 (restated). The favourable evolution of Impairment of loans determined a reduction in the cost of credit risk to 0.1 per cent., compared to 0.4 per cent. at the end of 2021. The Impairment allocation for loans to credit institutions also decreased from €7.4 million in 2021 (restated) to €1.5 million in 2022.

The aggregate of Other impairments and provisions, related to other financial assets, other assets and provisions, amount to €31.1 million in 2022 and compares with €31.5 million recorded in 2021 (restated), essentially reflecting the reinforcement of impairments for real estate properties for trading and the provisions charges for the off-balance exposures.

Impairment of other financial assets amount to €2.3 million as a result of the reinforcement associated to the acquisition of public debt (essentially Italian and Spanish) for the portfolio of other financial assets at amortised cost.

Regarding Impairment of other assets, the amount disclosed in 2022 reached €24.9 million (€31.0 million in 2021 (restated)), because of the allocations made for the properties for trading (€22.5 million) and the provisioning related to the process of branches' closure (€1.4 million).

The Other provisions amount to €3.9 million in 2022 (-€3.9 million in 2021 (restated)), and result from the provisions charges net of reversals for guarantees and commitments exposures by €3.2 million and for other risks and charges, namely legal proceedings by €0.7 million.

## IMPAIRMENT AND PROVISIONS

	31 December	31 December	31 December	Change 31 December	
	2021	2021 (restated)	2022	2022 / 31 December 2021 (restated)	
				Amount	%
				(€ million)	
Impairment of loans and advances to customers and to credit institutions .....	54.3	51.4	13.4	(38.0)	(74.0)
Impairment of other financial assets .....	(0.2)	4.4	2.3	(2.1)	(47.0)
Impairment of other assets.....	31.0	31.0	24.9	(6.1)	(19.8)
Other provisions.....	(4.6)	(3.9)	3.9	7.8	(200.6)
<b>Net provisions and impairment .....</b>	<b>80.5</b>	<b>82.9</b>	<b>44.5</b>	<b>(38.4)</b>	<b>(46.3)</b>

### *International activity*

The international activity of the Banco Montepio Group has been conducted by the subsidiaries Finibanco Angola, S.A. and Banco MG Cabo Verde (the latter, until 30 September 2022).

Finibanco Angola is a universal bank supporting small and medium-sized enterprises, individuals and Angolan foreign trade with special focus on transactions between Portugal and Angola, which seeks to leverage its competitive advantage on the quality of its service. Under its strategy, Finibanco Angola seeks to advise and finance individual customers and micro-enterprises, promoting viable business initiatives. It was incorporated on 4 September 2007 and started its activity in the city of Luanda on 9 June 2008. The expansion of the distribution network, levered on experience and the favourable evolution of its activity, has been accomplished through own funding, in the perspective of proximity to its customers, which include a total of 20 branches and corporate centres as of 31 December 2022, having closed four branches at the beginning of 2021 with a view to optimising its distribution channels.

In 2015, following a strategic review of its international business and its determination to increase its focus on domestic operations, Banco Montepio entered into an agreement to sell shares representing 30.6 per cent. of the share capital of Finibanco Angola. The agreement was executed and the respective payments will be settled over the time. Under this agreement, Banco Montepio sold shareholdings of 0.20 per cent. and 1.15 per cent. of the share capital of this subsidiary in 2017 and 2018, respectively and, as of 31 December 2022, Banco Montepio held 80.2 per cent. of its share capital.

In a public announcement on 4 October 2022, Banco Montepio stated that its subsidiary Montepio Holding, SGPS, S.A. agreed to the sale of the stake held in the share capital of Finibanco Angola to Access Bank Plc, a commercial bank based in Lagos, Nigeria, with a significant presence on the African continent, and on 30 June 2023 it was completed the sale of a stake representing 51 per cent. of its share capital and its voting rights, while maintaining a participation of 29.2 per cent. of its share capital, whose sale process is being completed as of the date of this Base Prospectus, subject on the approval of the supervisory and regulatory entities and is expected to be settled during the second half of 2023.

The sale value of the 51 per cent. stake was 15,790,115 thousand kwanzas. The sale of this participation has an estimated positive impact of 16 b.p. on capital ratios. In accordance with the international accounting standards, the sale of the 51 per cent. stake triggers the loss of control over the subsidiary and allows the deconsolidation of the whole participation held on FNBA in the consolidated financial statements with reference to 30 June 2023. In accordance with the provisions of IAS 21, this deconsolidation entails the recycling of the estimated negative foreign exchange reserve of 116 million euros to the caption "Profit/(loss) from discontinued operations" (with an estimated negative global impact of 105 million euros in the consolidated income statement compared to the figures disclosed with reference to 31 March 2023), but does not entail any change in the Banco Montepio Group's equity.

Banco MG Cabo Verde was 100 per cent. held by Banco Montepio. Considering the new legal framework of Cape Verde and having considered all relevant strategic options, Banco Montepio's Board of Directors concluded that it



would not promote the necessary changes to adapt its subsidiary Banco MG Cabo Verde, as a bank with generic authorisation.

Therefore, through an unanimous written resolution dated 30 November 2021, Banco Montepio, as sole shareholder, approved the procedural initiatives established by law relating to the voluntary dissolution and liquidation of Banco MG Cabo Verde, having also approved the respective dissolution plan and appointed the liquidators. Under the terms of the dissolution plan, the liquidators prepared the final accounts accompanied by the complete liquidation report and the project for the distribution of the remaining assets, having the process of dissolution and voluntary liquidation been completed on 30 September 2022.

As of 31 December 2022, foreign operations represented 1.0 per cent. of total assets, 0.3 per cent. of total loans and advances to customers and 0.7 per cent. of total customer resources. Additionally, as of 31 December 2022 Banco Montepio maintained its five representative offices (Frankfurt, Geneva, Paris, Newark and Toronto) which seek to ensure the Issuer's continued presence in Portuguese communities living abroad.

The table below presents key indicators on the activity and results of the Banco Montepio Group's international business.

#### ACTIVITY AND RESULTS

	31 December 2021	31 December 2022	31 December 2022 / 31 December 2021 Change	
			Amount (€ million)	%
Total assets .....	265.5	267.5	2.0	0.7
Loans and advances to customers (net) .....	49.0	42.8	(6.2)	(12.6)
Deposits from customers .....	164.7	177.2	12.6	7.6
Total operating income .....	14.3	23.1	8.8	61.9
Operating costs .....	13.7	12.8	(0.9)	(6.5)
Cost-to-Income .....	96.1%	55.5%		(40.6 p.p.)
Net income.....	8.8	8.9	0.1	1.1

Notes:

For comparative purposes: the financial statements of Dec-2021 and Dec-2022 of Finibanco Angola were converted using the same exchange rate: EUR/AOA 537.438.

Since 30 November 2021, Banco MG Cabo Verde has been in the process of voluntary dissolution and liquidation, completed on 30 September 2022.

The Total assets of the international activity of Banco Montepio Group reached €267.5 million on 31 December 2022, compared to €265.5 million at the end of 2021 (€2.0 million reduction). This evolution reflects the liquidation of Banco MG Cabo Verde, which produced a reduction of €9.5 million, and the €11.4 million increase in Total assets of Finibanco Angola, influenced by the increase in the heading Other tangible assets (€14.9 million increase), which more than offset the reduction observed in Loans and advances to customers (€6.2 million reduction).

On 31 December 2022, Banco Montepio Group's net income from international activity reached €8.9 million (€8.8 million on 31 December 2021), without considering non-controlling interests and exchange rate effects.

Loans and advances to customers (net) of the international activity as of 31 December 2022 showed a decrease of 12.6 per cent. compared to 31 December 2021, decreasing from €49.0 million as of 31 December 2021 to €42.8 million as of 31 December 2022.

Deposits from customers of the international activity of the Banco Montepio Group amounted to €177.2 million as of 31 December 2022, an increase of 7.6 per cent. compare to €164.7 million as of 31 December 2021.

The Total operating income of the international activity in the year ended 31 December 2022 amounted to €23.1 million, compared to €14.3 million in 2021. This represents an increase of 61.9 per cent.

The Operating costs of the international activity amounted to €12.8 million in the year ended 31 December 2022, a 6.5 per cent. decrease compared to the €13.7 million in the year ended 31 December 2021.

As a result of the operating performance, the Cost-to-income ratio of the international activity was 55.5 per cent. in the year ended 31 December 2022, compared to 96.1 per cent. in the year ended 31 December 2021.

#### **Finibanco Angola, S.A.**

The total Assets of Finibanco Angola as of 31 December 2022, totalled €267.5 million, compared to €256.0 million recorded at the end of 2021 (4.5 per cent. increase). This evolution was mainly influenced by the increase in Other assets, which more than offset the decrease noted in Loans and advances to customers.

Loans and advances to customers (net) decreased to €42.8 million as of 31 December 2022, representing a decrease of 12.6 per cent., from €49.0 million as of 31 December 2021. Customer deposits, as of 31 December 2022, stood at €177.2 million, compared to €164.7 million as of 31 December 2021, representing an increase of 7.6 per cent.

As of 31 December 2022, Operating income reached €23.1 million, representing an increase of €9.3 million (67.6 per cent. increase) compared to the amount recorded in 2021, driven by the increases recorded in Net interest income (€4.3 million increase), in Net commissions (€0.6 million increase) and in Foreign exchange revaluation results (€4.8 million increase).

Operating costs stood at €12.8 million in 2022 decreasing €0.4 million (3.2 per cent. reduction) when compared to the amount recorded in 2021. The reduction in Operating costs in 2022 was due to the decrease in Staff costs (1.7 per cent. reduction) and in General administrative costs (14.9 per cent. reduction), which more than offset the increase in Depreciation and amortisation (23.5 per cent. increase), when compared to 2021.

As a result of operating performance, Finibanco Angola's cost-to-income ratio stood at 55.5 per cent. in 2022, compared to 96.1 per cent. in 2021.

In 2022, the net income of Finibanco Angola increased to €8.9 million (€7.5 million in 2021), without considering non-controlling interests and exchange rate effects.

#### ***Key indicators***

The table below sets out the Issuer's key indicators for 2021 and 2022.

	31 December 2021	31 December 2021 restated <sup>(1)</sup>	31 December 2022	Change 31 December 2022 / 31 December 2021 (restated) <sup>(1)</sup>
<b>ACTIVITY AND RESULTS (€ million)</b>				
Total assets	19,713	19,713	19,106	(3.1%)
Gross loans and advances to customers (a)	12,189	12,141	12,068	(0.6%)
Deposits from customers	12,787	12,710	13,115	3.2%
Consolidated net income	7	7	34	414.4%
<b>SOLVENCY (b)</b>				
Common Equity Tier 1 ratio	12.7%	12.7%	13.7%	1.0 p.p.
Tier 1 ratio	12.7%	12.7%	13.7%	1.0 p.p.
Total Capital ratio	15.1%	15.1%	16.2%	1.1 p.p.
Leverage ratio	5.6%	5.6%	5.9%	0.3 p.p.
Risk weighted assets (€ million)	8,800	8,800	8,276	(5.9%)
<b>LIQUIDITY RATIOS</b>				
Liquidity coverage ratio (LCR)	264.1%	264.1%	249.6%	(14.5 p.p.)
Net stable funding ratio (NSFR)	125.3%	125.3%	125.0%	(0.3 p.p.)
<b>LOAN TO DEPOSIT RATIOS</b>				
Loans and advances to customers / Deposits from customers (c)	91.2%	91.5%	89.3%	(2.2 p.p.)
Loans and advances to customers / On-balance sheet customer resources (d)	81.0%	81.2%	85.4%	4.2 p.p.
<b>CREDIT QUALITY</b>				
Cost of credit risk	0.4%	0.4%	0.1%	(0.3 p.p.)
Ratio of loans and interest overdue by more than 90 days	3.0%	2.9%	2.2%	(0.7 p.p.)
Coverage of loans and interest - overdue by more than 90 days by Impairment for Credit Risks	144.4%	143.0%	131.2%	(11.8 p.p.)
Non-performing exposures (NPE) (e) / Gross loans and advances to customers	8.0%	7.8%	5.2%	(2.6 p.p.)
Coverage of Non-performing exposures (NPE) (e) by Impairment for credit risks	53.5%	53.8%	56.1%	2.3 p.p.
Coverage of Non-performing exposures (NPE) (e) by Impairment for credit risks and associated collaterals and financial guarantees	96.0%	95.9%	100.8%	4.9 p.p.
Forborne exposures (d) / Gross loans and advances to customers	5.1%	5.0%	4.3%	(0.7 p.p.)
<b>PROFITABILITY AND EFFICIENCY</b>				
Total operating income / Average total assets (c)	2.0%	1.9%	1.9%	0.0 p.p.
Profit before income tax / Average total assets (c)	0.2%	0.2%	0.4%	0.2 p.p.
Profit before income tax / Average total equity (c)	2.4%	2.4%	4.7%	2.3 p.p.
Cost-to-income (Operating costs / Total operating income) (c)	69.7%	69.2%	66.6%	(2.6 p.p.)
Cost-to-Income, excluding specific impacts and adjustment costs (f)	69.0%	68.7%	63.2%	(5.5 p.p.)
Staff costs / Total operating income (c)	43.3%	43.3%	41.2%	(2.1 p.p.)
<b>EMPLOYEES AND DISTRIBUTION NETWORK (Number)</b>				
Employees				
Group Banco Montepio	3,478	3,478	3,406	(72)
Banco Montepio	3,121	3,121	3,043	(78)
Branches	261	261	246	(15)
Domestic network - Banco Montepio				
Of which: BEM Corporate Centres	7	7	7	0
International Network	20	20	20	0
Finibanco Angola (g)	20	20	20	0

- 1) Balance sheet figures as of 31 December 2021 (restated for comparative purposes) have not been audited.
- (a) Gross loans and advances to customers corresponds to Loans and advances to customers excluding Impairment for credit risks.
  - (b) Pursuant to CRD IV / CRR (phasing-in). The ratios include the accumulated net income for the year.
  - (c) Pursuant to the Banco de Portugal Instruction 16/2004, in its current version.
  - (d) Total on-balance sheet customer resources = Deposits from customers and debt securities issued. Computed in accordance with the Financial Statements annexed to this report.
  - (e) EBA definition; with reference to 2022 and 2021 restated for comparative purposes, the indicators do not include Finibanco Angola (entity subject to the application of IFRS 5). Considering Finibanco Angola, the NPE ratios, NPE coverage for loan impairment and NPE coverage for loan impairment, associated collateral and financial guarantees and forborne exposures, with reference to 2022, would stand at 5.3 per cent., 56.5 per cent., 103.9 per cent. and 4.4 per cent. respectively.
  - (f) Excludes results from financial operations and other operating results (net gains arising from the sale of other financial assets and other operating income), and the amount related to staff costs and general administrative expenses generated by the operational adjustment measures of +€14.7 million in 2021 and +€10.5 million in 2022.
  - (g) Includes corporate centres.

*1Q 2023 consolidated activity and results (unaudited and not reviewed)*

Banco Montepio presented a positive consolidated net income of €35.3 million in the first quarter of 2023, an increase of €23.9 million compared with €11.4 million in the same period of 2022, in a context of greater operational efficiency with cost-to-income ratio standing at 50.2 per cent., and of significant improvement of balance sheet risk with NPE ratio breaching the 5 per cent. threshold by standing at a low 4.8 per cent.

This favourable performance was determined by the increase in operating income, particularly net interest income and commissions and the greater reversal of the cost of impairments and provisions, particularly those related to credit risk – notwithstanding the weight of regulatory mandatory contributions to the banking sector which amounted to €11.3 million.

The results achieved in the first quarter of 2023 allowed capital ratios to be strengthened to levels comfortably above regulatory requirements, with a significant increase in profitability embodied in a ROE (Return on Equity) of 9.3 per cent.

Core operating income reached €122.9 million, an increase of €39.9 million year-on-year, with net interest income growing 70.4 per cent. and commissions 8.7 per cent.

Customer deposits amount to €12.7 billion, with the Individuals segment representing 73 per cent. of the total.

Cost of credit risk of -0.5 per cent., which compares to 0.1 per cent. recorded in 2022, supported by the increase in the quality of the loan portfolio.

Reduction of NPE by €74 million (11 per cent. reduction) compared to 31 December 2022, with a NPE ratio decrease to 4.8 per cent., comparing favourably with the 7.8 per cent. recorded on 31 March 2022, representing a decrease of 0.5 percentage points in the quarter and the largest annual decrease in the ratio (3.0 percentage points reduction) of the last 7 years. The NPE ratio, net of impairments for credit risks, stood at 2.0 per cent. The NPE coverage by impairments was reinforced to 58.6 per cent. (56.5 per cent. on 31 December 2022) and to 106.5 per cent. (103.9 per cent. at the end of 2022) if collaterals and financial guarantees are considered.

Reduction in exposure to real estate to €363 million (8.8 per cent. year-on-year reduction), weighing less than 2.0 per cent. of total assets (2.1 per cent. at the end of 2022), thereby achieving one of the goals outlined in the strategic plan.

Common Equity Tier 1 (CET1) ratio (including the accumulated net income for the period<sup>9</sup>) at 13.6 per cent. (0.9 percentage points year-on-year increase) under phasing-in and at 13.5 per cent. (1.3 percentage points year-on-year increase) fully implemented. Total capital ratio (including the accumulated net income for the period) at 16.1 per cent. (1.1 percentage points year-on-year increase) under phasing-in and at 16.0 per cent. (1.4 percentage points year-on-year increase) fully implemented.

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Ratios not including net income, with reference to 31 March 2023 are: CET1 13.1 per cent., Tier 1 13.2 per cent., Total Capital 15.7 per cent. and Leverage 5.9 per cent. (phasing-in) and CET1 13.0 per cent., Tier 1 13.1 per cent., Total Capital 15.6 per cent. and Leverage 5.8 per cent. (fully implemented).

Liquidity buffer of €3.3 billion, reflecting a comfortable liquidity position. LCR stood at 219.0 per cent. and the NSFR stood at 121.3 per cent.

### *Technology*

Banco Montepio believes that technology has strategic importance in providing good quality and innovative services to its customers, which is essential to maintain its competitiveness in the Portuguese market.

The latest developments in the Issuer's Legacy System include a 24x7 Project. With this implementation, current accounts processing, domestic transfers and payments, internal ATM cash transactions, debit and credit cards, saving accounts and inter-bank transfers become available in real-time, 24 hours every day of the week and no failure or breakage in the service occurs solely due to any matter related to batch processing.

Banco Montepio classifies its systems into two categories: "Core System" and "Distributed Systems". The Core System corresponds to the mainframe while Distributed Systems represent the Windows and Linux platforms where most departmental applications are hosted. Banco Montepio deployed a private cloud solution based in VMWARE and HYPER-V, following the IaaS model, allowing powerful consolidation and virtualisation of the Distributed Systems, which in turn increased operational efficiency, reduced production time and infrastructure-related efforts and costs.

Banco Montepio also implemented a CITRIX virtualisation farm to provide more flexible and agile access to new applications to branch users. The implemented solution takes advantage of "Load Balancers NetScaler" and application virtualisation using XENAPP. The use of Load Balancers improves the delivery speed and quality of applications for an end user. The product helps business customers perform tasks such as traffic optimisation, load balancing, and web application acceleration while maintaining data security. It also performs several kinds of caching and compression. The benefits of application virtualisation include ease of maintenance and greater portability, making programs easier to deploy across several versions of Windows. Another one of the benefits of application virtualisation is that applications that depend on custom drivers or libraries can be easily installed, which makes deploying upgrades and patches easier.

On a growing cloud integration strategy, new services were adopted on the Office 365 platform, such as, Microsoft Teams, Yammer, One Drive, Exchange Online, Sharepoint Online and Intune.

Following a digital transformation vision, a new business platform, CRM Online, was adopted. This SaaS solution empowers the digital marketing strategy, bringing new capabilities to the organisation, aligning marketing and sales activities for its customers.

These service integrations were achieved through the implementation of ADFS creating a common layer in what regards to user and application accessibility management.

A sophisticated information network has been implemented, integrating voice and data, and is updated on a continuous basis. It provides high bandwidth connections up to 10 GB, incorporating 4G technology.

The security infrastructure ensures, in a high availability system, the protection of all systems through Geo-cluster Checkpoint firewalls integrating the protection of threats with Radware intrusion detection mechanisms, geographic balancing and Radware local balancing. All components of the solution are present in its own infrastructure with multi-user interconnections to assure that all national and international communications and their contents are served in Lisbon or Porto, providing protection against failures in the event of interruptions in local or regional networks, power outages or natural disasters.

One key component of the security infrastructure is the SOC service. The SOC is the 24x7 single point of contact for monitoring and responding to security incidents by an organised team with specialised skills. Its mission is to ensure continuous monitoring and improve the security level of the organisation while preventing, detecting, analysing and responding to cybersecurity incidents, backed by processes and technologies. Procedures are defined for major incidents to be appropriately escalated and to activate the DR/BC plan if needed and lessons learned activities are taken and documented from previous events and incidents.

Remote access to Microsoft Cloud Services requires multifactor authentication. Some sensitive systems do not allow remote access.

Access to Banco Montepio's network is segmented on the basis of employee access, customer access and access to certain third parties. Since the beginning of 2020, access to the internal network is granted through the Zscaler Private Access solution that uses the technology Zero trust network access. Zero trust network access gives users seamless and secure connectivity to private applications without ever placing them on the network or exposing apps to the internet.

In addition, innovative projects have been and are being implemented, with a large impact on the local market, such as:

- Internet Banking (Net24) and Mobile Banking (Netmóvel24) integrated with a new CX Omnichannel platform;
- An internal Self-Service ATM network (Chave24);
- A new Branch Automation Solution is in place using Accenture Multichannel Platform;
- Integrated with the new Branch Automation Solution, a new IT architecture for supporting financial processes dematerialisation was implemented;
- An Enterprise Data Warehouse which supports all needs related to Business Intelligence trends considering financial services;
- Upgraded Operational CRM application with a revised 360º Customer Vision;
- Finastra Kondor+ has been implemented in order to develop a complete front-to-back solution with strong support for risk management and centralised administration and control;
- In terms of AML compliance, an Operational Monitoring System (Northland) has been implemented as well as a Filtering System (Fircosoft) for “funds transfer” operations and for clients;

- A New Credit Risk Reporting Platform aimed at responding to Banco de Portugal's credit risk reporting requirements (CRC 5-G), aligned with EU Central Bank reporting legislation (AnaCredit). The project also included the development of a new Portal to support the exchange of information with the Banco de Portugal, which included the implementation of the appropriate functionalities and controls to support the management of the cases/hits that may require manual intervention.
- Credit Recovery IT Architecture Review and Optimisation;
- A Digital Onboarding solution, integrated in Banco Montepio's APP M24, which incorporates videoconferencing and digital signatures;
- A new Credit online platform, supported in an automated integrated workflow;
- A Fraud Detection solution for online digital channels;
- The integration of payment transactions and services with SIBS Open APIs platform, that ensures compliance with the Payment Services Directive 2 (PSD2);
- Opening of account and credit online for individuals;
- System of continuous assessment of customer relations, through the implementation of the Net Promoter Score (NPS) system in every customer interaction with Banco Montepio;
- Development of new IT platforms to support Anti-Money Laundering and Market Abuse processes, based upon SAS technology and specialised modules for those areas;
- A Virtual Assistance Agent, based on Artificial Intelligence technology, which is the first point of contact with customers who use the Contact Center service, with the objective of increasing the efficiency and reduce costs in customer service;
- Robot Process Automation, a new technological architecture for enabling the end-to-end automation of low-value-added processes/activities, resulting in more satisfied customers and money-saving efficiencies for the Issuer;
- Implementation of the 3-D SECURE TECHNOLOGY, provided by SIBS, that ensures the highest level of security in preventing fraud in cards payments;
- Implementation of new fraud prevention and detection service for transactions carried out on the Issuer's multichannel platform, offered by Paywatch; and
- APP Aprova – a new security solution for Strong Customer Authentication.

It should be noted that Banco Montepio makes repeated warnings to its clients to not respond to phishing e-mail messages, to not follow the links and to not disclose the data of accounts, passwords, and credit card numbers.



All Banco Montepio employees participate in a cybersecurity awareness and training program. In addition to e-learning lessons, this program includes exercises, phishing simulations and workshops.

Banco Montepio has not been the subject of a major cyberattack over the past 12 months which could harm or jeopardize its normal activity and business.

Banco Montepio uses BitSight to assess risk scoring. BitSight provides a Security Ratings solution that offers a platform for quantifying the external cybersecurity posture of organizations using publicly accessible data and generating credit score-like rating between 250 and 900. In April 2023 Banco Montepio had a score of 770 which places the bank at the advanced level of security according to BitSight’s approach.

**BOARD OF DIRECTORS AND OTHER CORPORATE AND GOVERNING BODIES OF THE ISSUER**

**Board of Directors**

The current members of the Board of Directors were elected at the General Meeting held on 29 April 2022 and started their role on 25 July 2022, following the approval of Banco de Portugal on 19 July 2022.

The current members of the Board of Directors of the Issuer, and their accumulated positions within the consolidation perimeter of Banco Montepio Group (including additional responsibilities at commissions and committees) and outside the consolidation perimeter, are the following:

Members of the Board of Directors	Within the consolidation perimeter – Banco Montepio Group	Relevant activities outside the consolidation perimeter
<b>Manuel Ferreira Teixeira</b>	Banco Montepio <ul style="list-style-type: none"> <li>• Chairman of the Board of Directors</li> </ul>	Does not hold other positions
<b>Clementina Barroso</b>	Banco Montepio <ul style="list-style-type: none"> <li>• Chairman of the Audit Committee</li> <li>• Member of the Assessment, Nominations, Ethics, Sustainability and Governance Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Greenvolt – Energias Renováveis, S.A. (Chairman of the Board of Directors; Chairman of the Audit, Risk and Related Parties Committee; Member of the Ethics and Sustainability Commission)</li> <li>•</li> </ul>
<b>Eugénio Baptista</b>	Banco Montepio <ul style="list-style-type: none"> <li>• Non-Executive Member of the Board of Directors</li> <li>• Member of the Risk Committee</li> <li>• Member of the Assessment, Nominations, Ethics, Sustainability and Governance Committee</li> </ul>	Does not hold other positions

<b>Members of the Board of Directors</b>	<b>Within the consolidation perimeter – Banco Montepio Group</b>	<b>Relevant activities outside the consolidation perimeter</b>
<b>Florabela Lima</b>	Banco Montepio <ul style="list-style-type: none"> <li>• Non-Executive Member of the Board of Directors</li> <li>• Member of the Audit Committee</li> <li>• Chairman of the Risk Committee</li> </ul>	Does not hold relevant positions outside Banco Montepio Group.
<b>Cândida Peixoto</b>	Banco Montepio <ul style="list-style-type: none"> <li>• Non-Executive Member of the Board of Directors</li> <li>• Member of the Audit Committee</li> <li>• Chairman of the Assessment, Nominations, Ethics, Sustainability and Governance Committee</li> </ul>	Does not hold other positions
<b>Maria Lúcia Bica</b>	Banco Montepio <ul style="list-style-type: none"> <li>• Non-Executive Member of the Board of Directors</li> <li>• Member of the Audit Committee, responsible for chairing the Whistleblowing Committee</li> <li>• Member of the Risk Committee</li> </ul>	Does not hold relevant positions outside Banco Montepio Group

Members of the Board of Directors	Within the consolidation perimeter – Banco Montepio Group	Relevant activities outside the consolidation perimeter
<p><b>Pedro Leitão</b></p>	<p>Banco Montepio</p> <ul style="list-style-type: none"> <li>• Chairman of the Executive Committee</li> <li>• Chairman of the Credit Commission</li> <li>• Chairman of the Business Commission</li> <li>• Chairman of the Sustainability Commission</li> <li>• Member of the ALCO* Committee</li> <li>• Member of the Internal Control Commission</li> <li>• Member of the Impairment Commission*</li> <li>• Member of the Non-Performing Assets Monitoring Commission*</li> <li>• Member of the Cybersecurity Commission</li> <li>• Member of the Technology Commission*</li> <li>• Member of the Data Commission*</li> <li>• Member of the Pension Fund Monitoring Commission*</li> <li>• Member of the Solvability Commission*</li> <li>• Member of the Costs and Investments Commission*</li> </ul> <p>* Optional presence</p> <p>Montepio Holding, SGPS, S.A.</p> <ul style="list-style-type: none"> <li>• Vice-Chairman of the Board of Directors</li> </ul> <p>Montepio Investimento, S.A.</p> <ul style="list-style-type: none"> <li>• Chairman of the Board of Directors</li> </ul>	<p>As a representative of Banco Montepio:</p> <ul style="list-style-type: none"> <li>• Member of Board A of APB – Associação Portuguesa de Bancos (Portuguese Association of Banks)</li> <li>• Member of the General Board of AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado</li> </ul>

Members of the Board of Directors	Within the consolidation perimeter – Banco Montepio Group	Relevant activities outside the consolidation perimeter
<p><b>Ângela Barros</b></p>	<p>Banco Montepio</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> <li>• Chairman of the Impairment Commission</li> <li>• Chairman of the Solvability Commission</li> <li>• Member of the Credit Commission</li> <li>• Member of the ALCO Commission</li> <li>• Member of the Business Commission</li> <li>• Member of the Internal Control Commission</li> <li>• Member of the Cybersecurity Commission</li> <li>• Member of the Technology Commission</li> <li>• Member of the Data Commission</li> <li>• Member of the Non-Performing Assets Monitoring Commission</li> <li>• Member of the Pension Fund Monitoring Commission</li> <li>• Member of the Sustainability Commission</li> <li>• Member of the Costs and Investments Commission*</li> </ul> <p>* Optional presence</p> <p>Montepio Investimento, S.A.</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> </ul>	<p>Does not hold other positions</p>

Members of the Board of Directors	Within the consolidation perimeter – Banco Montepio Group	Relevant activities outside the consolidation perimeter
<p><b>Helena Soares de Moura</b></p>	<p>Banco Montepio</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> <li>• Chairman of the Pension Fund Monitoring Commission</li> <li>• Chairman of the Internal Control Commission</li> <li>• Member of the Business Commission</li> <li>• Member of the Cybersecurity Commission*</li> <li>• Member of the Data Commission*</li> <li>• Member of the Solvability Commission*</li> <li>• Member of the Sustainability Commission*</li> <li>• Member of the Costs and Investments Commission*</li> <li>• Member of the Credit Commission*</li> </ul> <p>* Optional presence</p>	<p>As a representative of Banco Montepio:</p> <ul style="list-style-type: none"> <li>• Member of Board B of APB - Associação Portuguesa de Bancos</li> <li>• Member of the Board of Directors of Montepio Gestão de Activos Imobiliários, A.C.E.</li> </ul>
<p><b>Isabel Silva</b></p>	<p>Banco Montepio</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> <li>• Member of the Credit Commission</li> <li>• Member of the ALCO Commission</li> <li>• Member of the Internal Control Commission*</li> <li>• Member of the Impairment Commission</li> <li>• Member of the Business Commission</li> <li>• Member of the Cybersecurity Commission*</li> <li>• Member of the Technology Commission</li> <li>• Member of the Data Commission*</li> <li>• Member of the Solvability Commission*</li> <li>• Member of the Sustainability Commission</li> <li>• Member of the Costs and Investments Commission*</li> </ul> <p>* Optional presence</p> <p>Montepio Investimento, S.A.</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> </ul>	<p>Does not hold other positions</p>

Members of the Board of Directors	Within the consolidation perimeter – Banco Montepio Group	Relevant activities outside the consolidation perimeter
<p><b>Jorge Baião</b></p>	<p>Banco Montepio</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> <li>• Chairman of the Non-Performing Assets Monitoring Commission</li> <li>• Chairman of the Technology Commission</li> <li>• Chairman of the Cybersecurity Commission</li> <li>• Chairman of the Data Commission</li> <li>• Member of the Credit Commission</li> <li>• Member of the ALCO Commission</li> <li>• Member of the Business Commission</li> <li>• Member of the Impairment Commission</li> <li>• Member of the Internal Control Commission</li> <li>• Member of the Costs and Investments Commission</li> <li>• Member of the Solvability Commission*</li> <li>• Member of the Sustainability Commission*</li> </ul> <p>* Optional presence</p>	<p>As a representative of Banco Montepio:</p> <ul style="list-style-type: none"> <li>• Plenary Meeting of CISP - Comissão Interbancária para os Sistemas de Pagamentos</li> <li>• Resilience and Cybersecurity Forum</li> <li>• Member of the Board of Directors of SIBS, SGPS, S.A.</li> <li>• Member of the Board of Directors of SIBS, Forward Payment Solutions, S.A.</li> </ul>

Members of the Board of Directors	Within the consolidation perimeter – Banco Montepio Group	Relevant activities outside the consolidation perimeter
<p><b>José Carlos Mateus</b></p>	<p>Banco Montepio</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> <li>• Chairman of the ALCO Commission</li> <li>• Chairman of the Costs and Investments Commission</li> <li>• Member of the Credit Commission</li> <li>• Member of the Business Commission</li> <li>• Member of the Impairment Commission</li> <li>• Member of the Internal Control Commission*</li> <li>• Member of the Non-Performing Assets Monitoring Commission</li> <li>• Member of the Pension Fund Monitoring Commission</li> <li>• Member of the Sustainability Commission</li> <li>• Member of the Cybersecurity Commission*</li> <li>• Member of the Data Commission*</li> </ul> <p>* Optional presence</p> <p>Montepio Holding, SGPS, S.A.</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> </ul> <p>Montepio Investimento, S.A.</p> <ul style="list-style-type: none"> <li>• Executive Member of the Board of Directors</li> </ul>	<p>Does not hold other positions</p>

### **General Meeting Board**

The current members of the General Meeting Board were elected at the General Meeting held on 29 April 2022 and each member started their role on the same date, with the appointment lasting until 2025.

The members of the General Meeting Board of the Issuer are listed below:

<b>Name</b>		<b>Relevant activities outside the consolidation perimeter</b>
António Manuel Lopes Tavares	Chairperson	Not applicable

### **Audit Committee**

The current members of the Audit Committee were elected at the General Meeting held on 29 April 2022 and each member started their role on 25 July 2022, following the approval of the Banco de Portugal on 19 July 2022, with the appointment lasting until 2025. The following are the members of the Audit Committee of the Issuer:

<b>Name</b>		<b>Relevant activities outside the consolidation perimeter</b>
Clementina Maria Dâmaso de Jesus	Chairperson	Does not hold other positions
Silva Barroso		
Florabela dos Anjos Frescata Lima	Member	Does not hold other positions
Maria Cândida de Carvalho Peixoto	Member	Does not hold other positions
Maria Lúcia Ramos Bica	Member	Does not hold other positions

### **Assessment, Nominations, Ethics, Sustainability and Governance Committee**

<b>Name</b>		
Maria Cândida de Carvalho Peixoto	Chairperson	
Clementina Maria Dâmaso de Jesus Silva Barroso	Member	
Eugénio Luís Correia Martins Baptista	Member	

### **Risk Committee**

<b>Name</b>		
Florabela dos Anjos Frescata Lima	Chairperson	



**Name**

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Maria Lúcia Ramos Bica	Member
Eugénio Luís Correia Martins Baptista	Member

**Remuneration Committee**

Additionally, at the General Meeting held on 28 April 2023, the Banco Montepio's shareholders also approved the election of the Remuneration Committee of the General Meeting provided for in Article 11 c) of Banco Montepio's Articles of Association.

The members of the Remuneration Committee of the General Meeting of the Issuer are the following:

**Name**

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Paulo Câmara Pires dos Santos	Chairperson
António Miguel Lino Pereira Gaio	Member
Soledade Carvalho Duarte	Member

**Statutory Auditor**

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, registered at CMVM under number 20161485, with Head Office at Palácio Sottoma<sup>vo</sup>r, Rua Sousa Martins, number 1 – 3rd floor, 1069-316 Lisbon, represented by Aurélio Adriano Rangel Amado (member of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) under number 1074 and with the CMVM under number 20160686), was elected as Statutory Auditor for the 2023-2025 period in the General Meeting held on 28 April 2023.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda is a member of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) under no. 183. PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda has no material interest in the Issuer.

**Conflicts of Interest**

While all the members of the Governing Bodies mentioned above represent the Issuer on their respective boards, none of them have any conflict or potential conflict between their duties to the Issuer and their private interests or other principal activities as listed above.

***Business Addresses***

The business address of each of the Directors, the Board of Directors and the Audit Committee Members listed <sup>a</sup>bove is Rua Castilho, number 5, 10th floor, postal code 1250-066, Lisbon, Portugal.

***Material Contracts***

As at the date of this Base Prospectus, there are no material contracts that are reasonably likely to have a material effect on the Base Prospectus.

## CAIXA ECONÓMICA MONTEPIO GERAL, CAIXA ECONÓMICA BANCÁRIA, S.A. AND ITS RELATIONSHIP WITH MGAM

*The information disclosed below in relation to Montepio Geral Associação Mutualista MGAM is presented for information only. MGAM is not responsible for payments on the Covered Bonds issued under the Programme which are the sole responsibility of Banco Montepio.*

Banco Montepio is a full-service savings bank (*caixa económica bancária*) organised as public limited liability company (*sociedade anónima*) which is authorised to carry on business as a universal bank, under the supervision of the Banco de Portugal. It has separate legal personality and its majority shareholder is MGAM, with 99.99 per cent. shareholding. MGAM has no responsibility in respect of Banco Montepio's debts. For the avoidance of doubt, MGAM will not guarantee any Covered Bonds that may be issued pursuant to this Base prospectus.

Banco Montepio was established by MGAM as a dependent entity of MGAM (*caixa económica anexa*) with a view to paying MGAM its annual net profits (subject to any deduction required by Banco Montepio's Articles of Association) so as to enable MGAM to meet its own objectives as a mutual benefit association (*associação mutualista*).

MGAM is a "private institution of social support" (i.e. a *instituição particular de solidariedade social* of the mutual benefits association type (*associação mutualista*)) whose principal goals are to promote and develop initiatives designed to ensure the social protection and welfare of its members, their families and other beneficiaries nominated by them. MGAM is not permitted to carry out banking or trading activities. It is limited to its principal social welfare objects. MGAM can, however, establish subsidiaries and can invest its funds in a number of ways. It is subject to the Portuguese Mutual Association Code. As of 31 December 2022, the total number of MGAM's permanent members was 606,483 (601,606 as of 31 December 2021). The welfare schemes which MGAM offers include pensions and other retirement benefits, disability benefits, death grants, guarantees of the payment of housing charges, life annuities, study schemes and other schemes for young people and a wide variety of collective schemes.

MGAM's main source of funds is membership revenues (*quotas*) and the subscribed members' savings plans (*modalidades mutualistas*). Those funds are invested in property and a number of different types of securities and equity participations, particularly financial institutions (including its interest in Banco Montepio). It also has co-operation agreements with a variety of organisations in health and welfare. Other activities include the organisation of members' social functions, publication of a members' magazine, sponsorship of cultural, artistic and social events and the awarding of prizes and scholarships.

MGAM is under no legal obligation to increase Banco Montepio's share capital or otherwise to support Banco Montepio.

## Description of the Issuer's residential mortgage business

### The Residential Mortgage Business of the Issuer

The Issuer is one of the residential mortgage lenders in Portugal and has been operating in this business since long before the market was liberalised in 1991. Despite strong competition, the Issuer has been able to maintain its market position and recognition as a major player in this business.

In order to defend its position as a mortgage specialist, it focuses on the quality of the service it provides to its customer base, adopting rigorous, ethical and transparent practices.

All the loans must be secured by first ranking mortgage over the property to be purchased. In exceptional cases, this may be replaced by a guarantee over another property or by a pledge of securities/deposits.

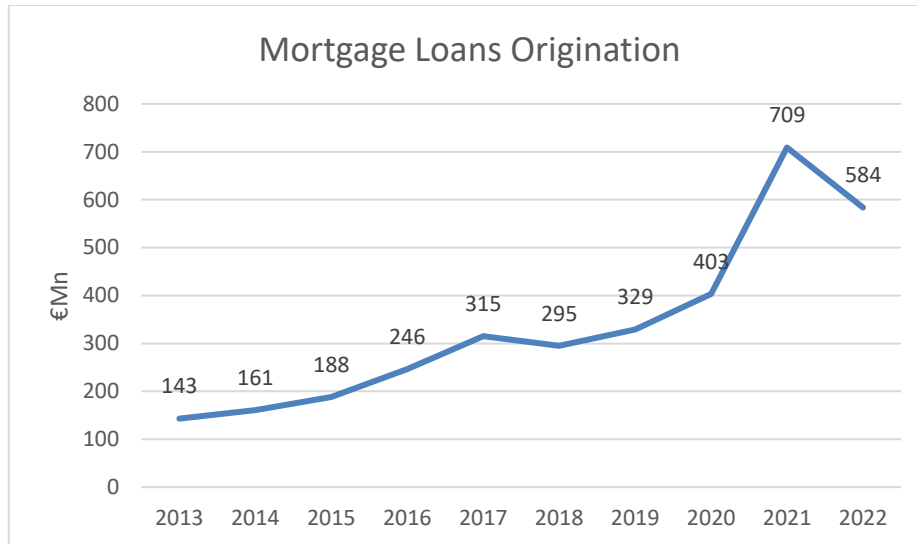
All loans must be repaid in instalments (comprising interest and principal) and paid by direct debit (the system automatically debits the customer's deposit account associated with the loan), usually on a monthly basis.

The majority of residential mortgage loans pay interest on a floating rate basis, indexed to 3, 6 or 12 month EURIBOR, plus a spread, depending on the loan-to-value ratio and on the risk class assigned by the scoring system.

In order to mitigate the risk, the underwriting criteria for mortgage loans is fully compliant with the Banco de Portugal's macroprudential measures, meaning that:

- (i) Loan-to-value (the ratio between housing loan(s) and the minimum between the purchase price and the appraisal value of the house granted as collateral)  $\leq$  90 per cent. for new credits relating to residential immovable property for the purchase or construction of own permanent residence;  $\leq$  80 per cent. for other purposes than own and permanent residence; and  $\leq$  100 per cent. for purchasing immovable property booked in the balance sheet of the Issuer;
- (ii) DSTI (debt service-to-income ratio), the ratio between monthly instalments of total credit agreements and the borrower's income, net of taxes and contributions to social security  $\leq$  50 per cent. (DSTI  $\leq$  60 per cent. up to 10 per cent. of the origination, or no limit to DSTI up to 5 per cent. of the origination);
- (iii) The average maturity of new mortgage loan agreements should gradually converge to an upper limit of 30 years, however maximum loan terms have been defined depending on the age of the borrower: 40 year term for borrowers aged up to or equal to 30 years old; 37 year term for borrowers aged between 30 and 35 years old; and 35 year term for borrowers older than 35 years old.

In the most recent years, the Issuer has been focused in the mortgage sector which translates into the origination amounts that have been observed since mid-2020.



### Origination

The Issuer's residential mortgage loans are originated at the branch level, through direct contact with the borrowers. Although Banco Montepio requires all applications to be submitted at the branch level, an online portal is available as an additional tool to facilitate the contact between the customers and the bank.

Notwithstanding the above, the customer must always have to visit a branch to apply for a loan and follow the standard application and approval process.

At the branch level, the information required in accordance with internal credit guidelines (i.e. application forms, identification documents, informative questionnaires and official documents evidencing the customer's income), is collected, checked and entered into the application scoring system.

The application scoring/rating system contains predefined validation rules that constitute the first phase of the underwriting and lending policy.

### Submission to Credit Analysis

After validating the information, the branch submits the loan application to an independent credit risk analysis department, which collects and reviews the income and liability information.

The credit analysis process for loans consists of an internally developed scoring model, which ranks loan applications on a scale of 1 to 18 classes according to their estimated probability of default.

The credit scoring system automatically cross-checks internal and/or external databases for incidents and checks credit policies/rules (i.e. income and liabilities, limits to the LTV, limits to the DSTI; etc.).

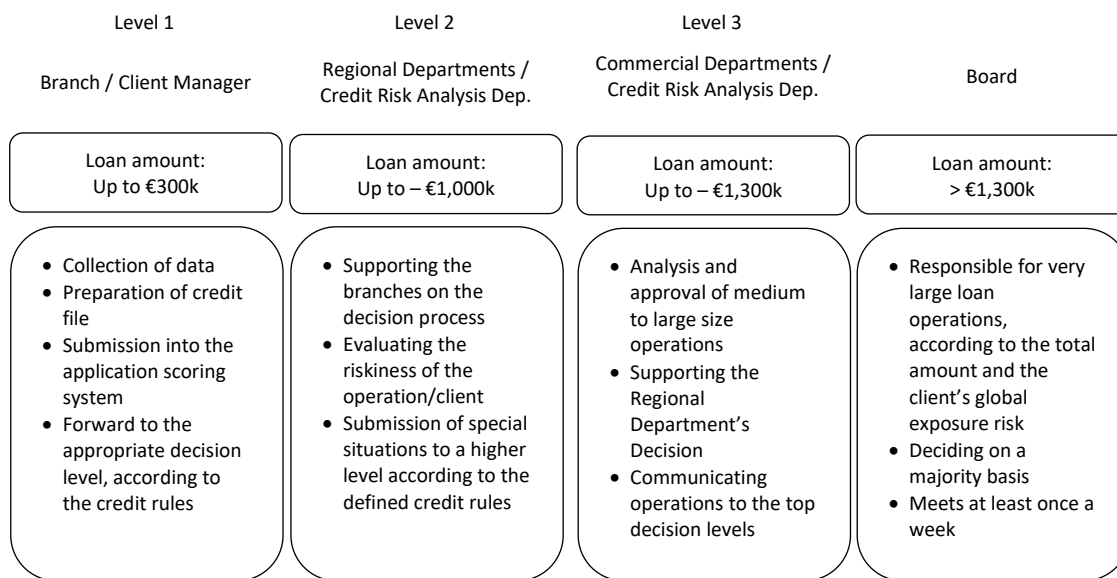
### Credit analysis and Underwriting

Following the risk analysis process, the loan application is filtered through the credit decision process.

The decision is normally taken at branch level. However, in cases of higher materiality or risk, the decision is taken collectively by the commercial departments and the Credit Risk Analysis Department (DAC). Depending on the type and amount of the loan and the risk classification (scoring grade), the decision may be taken by the Board of Directors.

The proposals are submitted through a workflow system that automatically validates the competent level for decision. The approval of mortgage loans is the responsibility of four levels of management, involving the Branch, the Regional Department and Credit Analysis Department, the Commercial Manager and the Credit Analysis Manager and the Executive Board.

The decision levels of credit approval are as follows:



1st Level: Branch (Loan amount limit): up to €150,000 (for higher risk scores) or up to €300,000 (for lower risk scores) and LTV not higher than 80 per cent. (second or holiday home), 90 per cent. (general rule) or 100 per cent. (when financing properties booked in the Issuer's balance sheet).

2nd Level: Regional Department and Credit Risk Analysis Department: from €350,000 (for higher risk scores) to €1,000,000 (for lower risk scores) and LTV not higher than 80 per cent., 90 per cent. or 100 per cent: (depending on the loan purpose).

3rd Level: Commercial Manager and the Risk Analysis Manager: €500,000 (for higher risk scores) to €1,300,000 (for lower risk scores) and LTV not higher than 80 per cent., 90 per cent. or 100 per cent: (depending on the loan purpose).

4th Level: Executive Board: Other cases

Once a decision has been made by the relevant decision level, the customer is formally informed by mail.

The applications rejected by the scoring model must be submitted to the DAC for further validation and analysis

before a final decision is taken. The DAC is an independent area of the commercial divisions and issues a binding opinion in the second and third levels of decision.

### Credit granting process and departments involved

<p style="text-align: center;"><b>Marketing</b></p> <ul style="list-style-type: none"> <li>▪ Sets the global marketing plan</li> <li>▪ Sets the measures to be undertaken at the regional level</li> <li>▪ Sets the pricing for the credit operations, with inputs from the Risk Department supported in a risk adjusted pricing methodology</li> </ul>	<p style="text-align: center;"><b>Operations Department</b></p> <ul style="list-style-type: none"> <li>▪ Reviewing and validating the documents</li> <li>▪ Formalization of the loans</li> </ul>	<p style="text-align: center;"><b>Legal</b></p> <ul style="list-style-type: none"> <li>▪ Provides legal support</li> <li>▪ Undertakes litigious procedures</li> <li>▪ Supervises the binding conditions of the loan agreements</li> <li>▪ Draws-up the loan agreements, namely, those with underlying guarantees</li> </ul>
<p style="text-align: center;"><b>Risk Department</b></p> <ul style="list-style-type: none"> <li>▪ Submits the Credit Policy guidelines and instruments to the approval of the Board of Directors</li> <li>▪ Monitors/Updates the Risk Models</li> <li>▪ Provides expertise of the credit analysts to the evaluation of credit applications and clients</li> <li>▪ Calculates risk-based pricing</li> <li>▪ Defines credit limits</li> <li>▪ Analyses large risks and levels of concentration by client, group and industry</li> </ul>	<p style="text-align: center;"><b>Audit</b></p> <ul style="list-style-type: none"> <li>▪ Verification of the criteria that govern the credit granting to customers</li> <li>▪ Periodic revision of the appraisal of the credit portfolio</li> </ul>	<p style="text-align: center;"><b>IT</b></p> <ul style="list-style-type: none"> <li>▪ Provides data regarding the status of the loan agreements</li> <li>▪ Monitors the provisioning of the clients' accounts for instalment payment purposes</li> <li>▪ Sends reminders to defaulting clients</li> </ul>
	<p style="text-align: center;"><b>Model Validation</b></p> <ul style="list-style-type: none"> <li>▪ Manages model risk and validates the correction of deficiencies identified during the validation exercises</li> <li>▪ Classifies and assesses the risk tiering of each model in production</li> <li>▪ Performs periodic validations on models in production</li> </ul>	

### Mandatory Insurance

Property insurance coverage is required in respect of any property which is the subject of a mortgage loan. The existence of fire or multi-risk insurance is compulsory for an amount equal to the property reconstruction value and with an insurance company approved by the Issuer.

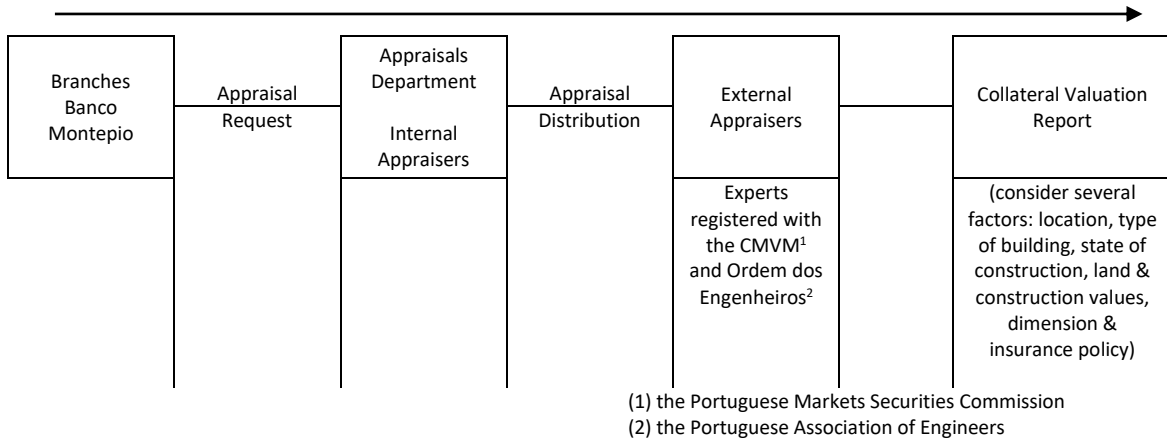
Life insurance is also compulsory, for an amount at least equal to the value of the loan and for all the borrowers, which, in case of death or permanent invalidity of the borrower, guarantees the payment of the outstanding capital to the Issuer.

### Monitoring

The Issuer proceeds to the monitoring of the credit portfolio monthly. In that process, the Issuer closely analyses the performance of several indicators, which include the risk ratios and a set of quality indicators, such as debt to income, the loan-to-value ratio, and the risk class. The Issuer also performs regular revisions to the scoring models, to guarantee their accuracy. For that purpose, several indicators are analysed, such as the overrides and the acceptance and rejection rates.

## Collateral requirements and appraisals

An appraisal of the property is always required before granting a loan secured by property and its valuation is considered in the application decision process. The external appraisers are experts registered with the CMVM (the Portuguese Securities Markets Commission) and the *Ordem dos Engenheiros* (the Portuguese Association of Engineers).



The Appraisals Department comprises internal appraisers that manage the appraisals requests sent by the Branches and distribute it to the external appraisers. The appraisals requests and the respective valuation reports are processed and managed through an online portal.

All relevant valuation data is permanently stored in a complete and comprehensive database created for that purpose

## Servicing

Insurance and loan management's costs are debited in the customer's accounts along with the mortgage instalment. For loans in arrears, collections can also be made via home banking or ATM's.

At the instalment date, there is an automatic debit in customer's account held with Banco Montepio. If the customer has enough funds, the debit succeeds, and a receipt is sent to the customer. If the customer doesn't have enough funds, a reminder/letter is sent to the customer and daily automatic system attempts are triggered to debit the overdue funds, with an automatic report being produced and sent to the relevant branch management.

## Delinquency management in the mortgage business

The Issuer's residential mortgage business requires a strict and consistent management of delinquency, using multiple solutions to prevent and mitigate non-performing loans.

The early identification of delinquency situations led to the creation of the concept of a customer in financial distress. A customer is in financial distress when the customer defaults on a payment due to the Issuer, or when the customer faces difficulty in paying expenses, even if the customer is not yet in default. In both cases, the customer has typically



experienced a reduction in disposable income, meaning an increase in the debt-to-income ratio compared with that observed at the time of underwriting.

For these customers, the Issuer has improved its information systems in order to detect customers (i) with a partial default on at least one mortgage instalment; (ii) who have used the total negotiated overdraft limit in a two-month period; (iii) who have used the full credit limit on credit cards at least once in the last six months; (iv) who have an indication in the Banco de Portugal's systems of loan being written-off, a non-performing loan or a loan being renegotiated in the Banco de Portugal.

It also identifies customers whose direct debit payments are in arrears or whose direct debits have been settled.

New legislation relating to default situations within the context of residential loan agreements was established from 2012 onwards, which resulted in the adoption of new concepts for the characterisation of customers who are in economic difficulty and new measures aimed at preventing default and promoting out-of-court renegotiation of loans, applicable to credit institutions.

Like other banks, the Issuer has implemented the pre-arrears action plan, with new rules, procedures and measures that allow for: early detection of signs of delinquency risk, implementing systems to identify default risk; monitoring of borrowers who report financial difficulties; the adoption of measures to prevent arrears; the evaluation of evidence of default risk; repayment solutions proposals, whenever the risk of delinquency is caused by temporary and specifically defined circumstances; evaluation of the customer's financial capacity; proposals for restructuring contracts or consolidating credit agreements when the risk of default is considered to be permanent.

The Issuer has also set-up a PERSI, with several measures designed to automatically identify customers in default and propose timely contractual modifications and restructuring, including: the notification to the borrower and guarantors of arrears and amounts due; registration of the reasons for delinquency and assessment of the financial capacity of the borrower; reporting clients about the evaluation of failure; contractual remedies proposals, adequate to each borrower's financial situation.

The Credit Recovery Unit was successfully restructured, and it has implemented lean processes leading to better efficiency levels since the early stages of default:

	Short-term management <sup>1</sup>	Long-Term management	Non-Litigious Solution	Litigious
<b>Operating Areas</b>	Branches and Recovery Division		Recovery Division NPL Gross Sales Unit	Recovery Division NPL Gross Sales Unit
<b>Description and Purpose</b>	Respond to customers' temporary cash shortages	Respond to customers' structural financial shortcomings	Minimise losses to Banco Montepio when a customer is unable to repay	When all attempts at negotiation have no effect
<b>Details contemplated per relevant customer</b>	<ul style="list-style-type: none"> <li>▪ Payment holidays</li> <li>▪ Payment plans</li> <li>▪ Debt consolidation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maturity change</li> <li>▪ Margin Adjustment</li> <li>▪ Deferred capital</li> <li>▪ Debt consolidation</li> <li>▪ Refinancing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Deed in lieu</li> <li>▪ Sale to third parties (e.g. fund, other company)</li> <li>▪ Capitalisation covered by guarantee</li> <li>▪ NPL Gross / Tailor Sales</li> <li>▪ Settlement with debt forgiveness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enforcement / legal proceedings<sup>2</sup></li> <li>▪ Advise to request special recovery plan (PER)</li> <li>▪ Capitalisation covered by guarantee</li> <li>▪ NPL Gross / Tailor Sales</li> <li>▪ Settlement with debt forgiveness</li> </ul>
<b>Restrictions</b>	Without possibility of reducing guarantee			

(1) Also applicable to the commercial department (branch network)

(2) During the Litigious phase, for enforcement and legal proceedings there is outsourcing of legal services to external legal agencies

### Arrears management in Pre-Litigation

The first 60 days of arrears are managed at branch level. Letters are sent to debtors and guarantors at the time of the first missed payment, requesting repayment of the overdue amount. The branch network is informed of the arrears and is encouraged to contact the customer to regularise the situation. For loans with less than one month arrears, new settlement plans are drawn up and decided upon, followed by close monitoring of loan performance under the revised settlement plans.

Contacts are also made via Contact Centre at the 10th, 30th and 45th day of arrears. The scripts vary and become more assertive as the time in arrears increases.

All telephone contacts are recorded and registered in the Issuer's central system and, if necessary, meetings are arranged between the borrowers/guarantors and the relevant branches.

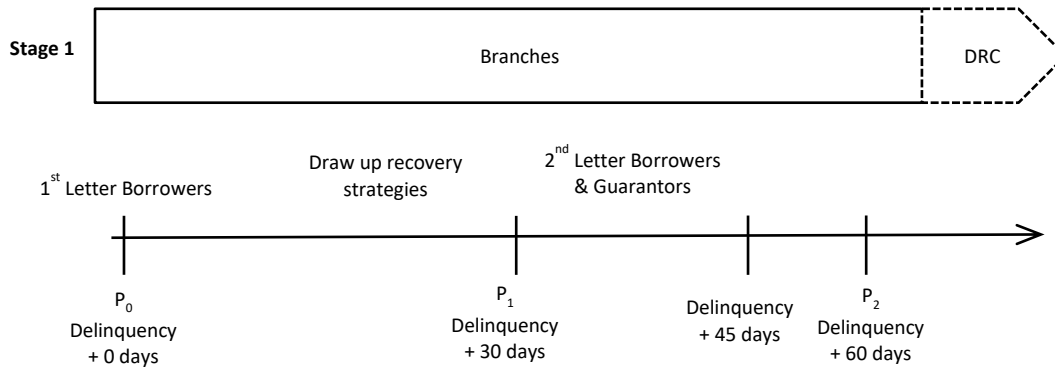
The Issuer has also developed software and procedures for dealing with the customers who are eligible for PERSI, namely when the customer warns of the risk of default, communicates facts indicating a deterioration in its financial capacity or explicitly requests to be included in PERSI. For other customers, PERSI is triggered after 31 days of arrears.

After 60 days in arrears the process is monitored by the Credit Recovery Division. Within the scope of the improved measures and procedures, a new organisational structure was implemented, and new credit delegation rules were put in place to shorten the decision process cycle. Additionally, Banco Montepio implemented a set of predefined cure approaches based on a decision tree process, on a loan-by-loan basis, tailored to each segment and loan characteristics, differentiating between short, medium and long term approaches.

Several letters are sent to the borrowers and guarantors, as well as outbound calls to the borrowers and guarantors (all contacts are recorded and registered in a dedicated credit recovery software - SIRA), notifying them of the delinquency status of the loan and advising them of a new channel for payment (via net banking and ATMs) in addition to the standard direct debit procedure. In the following 30 days, all legal steps foreseen in PERSI are implemented, including contacts, letters and negotiations to resolve the arrears. Debt collectors are guided through a detailed process based on a decision tree in order to offer the borrower the most appropriate and feasible measures to cure the defaulted loan. Applicable solutions are broad in scope and can take several forms, including:

- Short-term measures
  - Regularization plans for credit recovery;
  - Contractual modifications with grace periods for principal;
  - Contractual modifications with grace periods for principal and interest;
- Long-term measures
  - Extension of the contractual maturity;
  - Deferral of part of the outstanding principal for the final instalment;
  - Customer's debt restructuring through a new contract with new warranties and / or guarantors;
- Last attempt measures
  - Repayment of the loan by selling the collateral to a third party;
  - Repossession of the property (deed in lieu);
  - Inclusion in real estate rental funds

After 180 days in arrears, if it is not possible to reach an agreement with the customer, then the legal process is initiated. Due to the current economic situation and to the difficulties faced by households, this period may be extended if necessary.



<b>Branches Procedures (Stage 1)</b>
<ul style="list-style-type: none"> <li>▪ First contact with borrower, either personally or by phone, or, if necessary, with guarantors</li> <li>▪ Draw-up strategies to recover past due amounts and take a decision about it; for loans in arrears with less than 1 month there are standardized recovery solutions available to branches' teams</li> <li>▪ Monitor the evolution of the loans with the new settlement plans</li> <li>▪ The commercial branch manages past due accounts until 60 days past due. All interactions are deemed necessary throughout the first 60 days to try and recover past due amounts</li> <li>▪ After 60 days, the workout process is managed by the DRC</li> </ul>
<p>Contacts with customers are recorded in a database (compliant with applicable legislation) easily accessible for monitoring purposes</p>

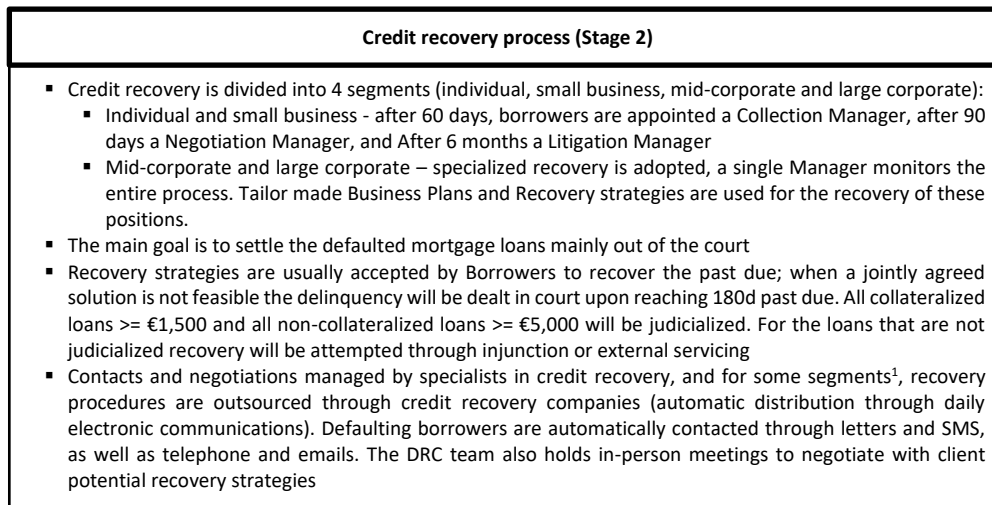
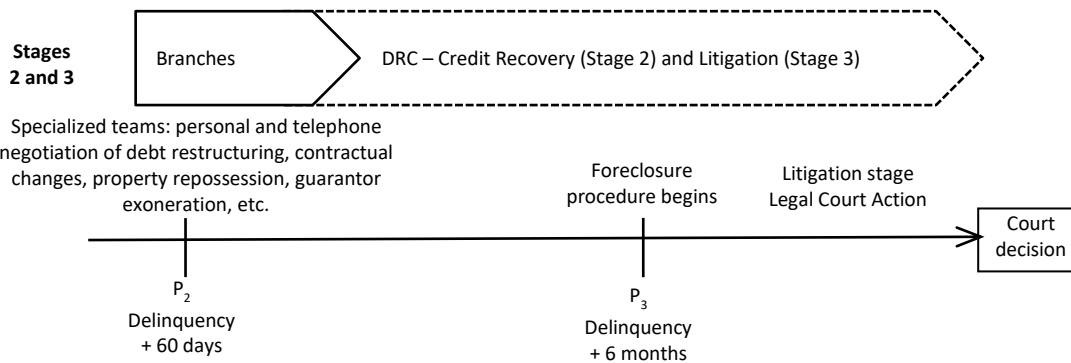
1. Also applicable to the commercial department (branch network)
2. During the litigious phase, for enforcement and legal proceedings there is outsourcing of legal services to external

### **Arrears Management - litigation**

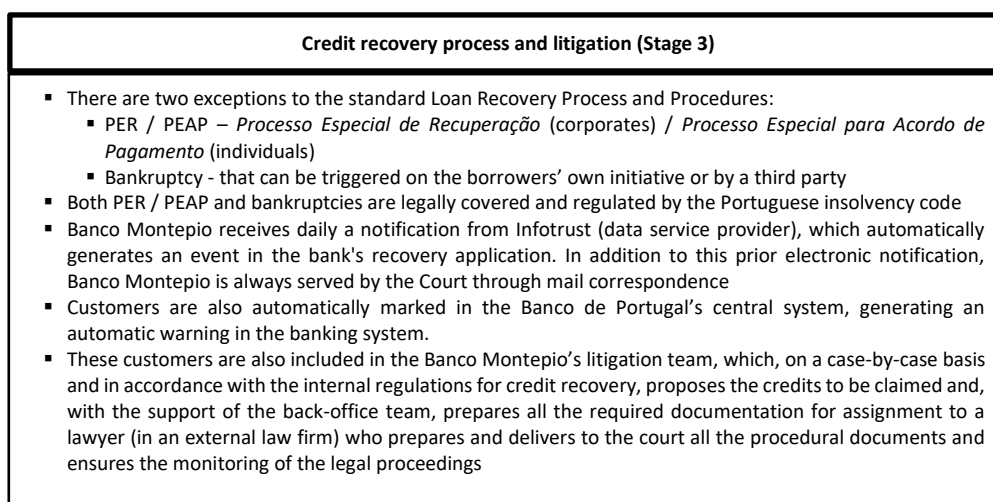
The litigation process is usually initiated after six months of arrears; and since 2019, the litigation recovery process has been fully outsourced to law firms that handle the legal process through all its phases.

Since the beginning of 2020, law firms have been evaluated on a monthly basis according to quantitative and qualitative standards that focus on service level agreement's compliance (defined by type of litigation), technical quality of the recovery strategy adopted, and the amount of debt recovered. Law firms' fees are linked to recovery performance, measured in terms of recovery time and amount recovered, with a cap per process.

The firm commissions external services based on business plans for the recovery process, with a success fee based on the amount recovered.



(1) Typically not applicable for mortgage loans; recovery is internalised up until the court phase where the services of several law firms (c. 10) is used. Only on the event of the loan not being judicialized, a specialised Portuguese Servicer is contacted.



Regarding loan modifications within the scope of credit recovery:

- The preferred route for credit recovery is always through resuming regular collection of the due amounts;
- Whenever possible, financial collateral linked to the past due positions will be used to decrease the past due amount;

- Upon failure to recover the delinquent position through collections, it is possible to advance with a loan modification. Loan modifications are negotiated with the borrower following standard procedures, considering the type of borrower, type of loan, guarantees available and the reason for the borrower's financial distress. This evaluation is promoted in order to assure a consistent and lasting solution is applied, trying to assure the borrower is maintained solvent, mitigating the risk of future delinquency

Some of the loan modifications available within the scope of credit recovery:

- Payment holidays – Applies only to principal and is only used when, upon evaluation, it is defined that the reduction of the borrower's capacity to meet its obligations is only temporarily impaired. The net present value arising from the payment holidays should be the same as the one linked to the contractual cash-flows. This approach can't be used recurrently for a specific borrower
- Term extension – The term is extended, always within legal and internal limits, resulting on the decrease of the new instalments. The new terms are defined taking into account the borrower's financial capacity. This approach can be used upon prolonged inability from the client to meet its obligations
- Principal deferral – Consist of reduction of the principal due in each instalment until the final maturity of the loan. The deferred principal will have to be paid on a date agreed between the parties (usually at the maturity date). Can be applied upon prolonged inability from the client to meet its obligations but where, following evaluation, it is expectable that the borrower is able to pay the lump sum resulting from the deferral at the agreed date
- Interest rate reduction – Applicable within the scope of credit restructuring. Results on the decrease of the monthly instalment
- Pardon (partial) – Although possible, it is seldom used. It is dependent on the repayment of part of the loan by the borrower and it can only be applied:
  - After the loan is written-off or heavily impaired (>80%) and;
  - The loan is unsecured, or the guarantee has a value lower than the loan amount and;
  - The borrower is low income or has no income that can be forfeited and;
  - Where the net present value of amount expected to be received after a judicial ruling is lower than the partial repayment inherent to the partial pardon.

## **USE OF PROCEEDS**

The net proceeds resulting from each issue of Covered Bonds will be applied by the Issuer for its general corporate purposes.

## 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. 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) of Article 129 of the CRR are met).

On 6 May 2022, Decree-Law 31/2022, of 6 May 2022, approving the new Legal Regime of Covered Bonds and transposing the CBD, was published in the Portuguese Official Gazette (“*Diário da República*”). In accordance with the transitional provision of Decree-Law 31/2022, of 6 May 2022, Montepio as issuer of covered bonds applied to CMVM, as supervisory authority, for the conversion of its covered bonds programme, approved under the Covered Bonds Law, to a covered bonds programme compliant with the Legal Regime of Covered Bonds. CMVM has authorised such conversion and, as such all outstanding covered bonds of Montepio issued under the Covered Bonds Law are now subject to the Legal Regime of Covered Bonds.

Covered bonds may only be issued by Credit Institutions.

Pursuant to article 44 of the Legal Regime of Covered Bonds, CMVM may issue regulations with regard to covered bonds. CMVM 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 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.

### COVER ASSETS

The Legal Regime of Covered Bonds sets out the type of assets that are eligible to collateralise the issue of covered bonds by a Credit Institution. For further information regarding the eligible types of assets, please see section “*Issuer required to Maintain Cover Pool*” in the chapter entitled “*Characteristics of the Cover Pool*”.

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 contain certain rules governing the limits and conditions for the use of these hedging contracts. The evaluation rules of the Hedging Contracts are determined by the CMVM.



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.

#### **VALUATION AND LOAN-TO-VALUE CRITERIA**

Credit Institutions are required to conduct valuations of mortgage properties and periodic updates of such valuations in accordance with the Articles 129 and 208 of the CRR, which establishes rules on the methods and frequency of the valuations of properties.

In accordance with Article 129(1) of the CRR, the maximum loan to value ratio for residential mortgage is 80 per cent. and 60 per cent. for commercial mortgages loans (which, in the case of commercial mortgages loans, may be increased to 70 per cent., subject to certain conditions).

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).

## **ASSET-LIABILITY MANAGEMENT AND FINANCIAL REQUIREMENTS**

The Legal Regime of Covered Bonds establishes that the calculation of the coverage requirement shall be made in accordance with the nominal principle requirement and ensures that the total aggregate principal amount of all cover assets is at least equal to or greater than the aggregate principal amount of the unpaid covered bonds (i.e., 100 per cent. coverage of the liabilities shall be fully secured by cover assets).

For the purposes of the calculation of the level of overcollateralisation, as well as of the remaining financial and prudential requirements, the liabilities of the covered bonds shall include, namely:

- (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 expected costs related to maintenance and administration for the liquidation of the relevant programme.

If the relevant covered bonds are denominated in any currency other than euro, the Credit Institution must use the exchange rates published by the ECB as a reference.

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, the Issuer is required, immediately after becoming aware thereof, to take all possible steps to remedy such breach, 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*

The cover assets and hedging contracts allocated by the Credit Institution to the issues of covered bonds will, including liquidity buffer assets, interest revenue, repayments, and collateral relating to derivative contracts, will permanently remain and be registered in segregated accounts of the Credit Institution.

For further detail, please refer to chapters entitled “*Characteristics of the Cover Pool*” and “*Issuer Events*” 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 (*privilegio creditório especial*) 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. If the assets comprised in the cover pool are not enough to pay interest and principal under the covered bonds, the holders of covered bonds will then rank *pari passu* with unsecured creditors of the relevant Credit Institution.

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 (*privilegio creditório especial*) 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. It is further specified that the entitlements under (a) to (c) above are limited to the total payment obligations under the covered bonds and that the above dual recourse and special creditor privilege also applies in case of extendable maturity of those covered bonds 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 (two thirds) majority vote, to accelerate the covered bonds, in which case the administrator shall provide for the settlement of the estate allocated to the relevant issue in accordance with the provisions defined in the Legal Regime of Covered Bonds and in the relevant terms and conditions that govern such issue.

## TAXATION

### Portugal

The following is a general description of certain Portuguese tax consequences of the acquisition and ownership of Covered Bonds. It does not purport to be an exhaustive description of all tax considerations that may be relevant to decide about the purchase of Covered Bonds. Notably, the following general discussion does not consider any specific facts or circumstances that may apply to a particular purchaser.

This overview is based on the laws of Portugal currently in full force and effect and as applied on the date of this Base Prospectus, thus being subject to variation, possibly with retroactive or retrospective effect.

Prospective purchasers of Covered Bonds are advised to consult their own tax advisers as to the tax consequences resulting from the purchase, ownership and disposition of Covered Bonds, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or are deemed to be, residents.

The economic advantages deriving from interests, amortization or reimbursement premiums and other types of remuneration arising from Covered Bonds issued by private entities are qualified 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.

### General tax regime on debt securities

Interest and other types of investment income obtained on Covered Bonds by a Portuguese resident individual is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income (*englobamento*), subject to tax at the current progressive rates of up to 48 per cent. plus an additional surcharge of 2.5 per cent. applicable on income exceeding €80,000 and up to €250,000 and of 5 per cent. applicable on income exceeding €250,000. In this case, the tax withheld is deemed a payment on account of the final tax due.

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more resident accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Covered Bonds are taxed at a special tax rate of 28 per cent. levied on the positive difference between the capital gains and capital losses of each year, which is the final tax on that income unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. plus an additional surcharge of 2.5 per cent. applicable on income

exceeding €80,000 and up to €250,000 and of 5 per cent. applicable on income exceeding €250,000. 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 mandatorily 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 €78,834.

Interest and other investment income derived from Covered Bonds and capital gains obtained with the transfer of 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 income and are subject to Corporate Income Tax at a rate of (i) 21 per cent. (14.7 per cent. in the Autonomous Region of Madeira; 14.7 per cent. in the Autonomous Region of Azores) or (ii) if the taxpayer is a small or medium enterprise or a small and mid-capitalization enterprise (Small Mid Cap) as established in Decree-Law 372/2007, of 6 November 2007, 17 per cent. (8.75 per cent. in the Autonomous Region of Madeira; 8.75 per cent. in the Autonomous Region of Azores) for taxable profits up to €50,000 and 21 per cent. (14.7 per cent. in the Autonomous Region of Madeira; 14.7 per cent. in the Autonomous Region of Azores) on profits in excess thereof, to which may be added a municipal surcharge ("*derrama municipal*") of up to 1.5 per cent. of its taxable income. Corporate taxpayers with a taxable income of more than €1,500,000 are also subject to State surcharge ("*derrama estadual*") of 3 per cent. (2.1 per cent. in the Autonomous Region of Madeira; 2.1 per cent. in the Autonomous Region of Azores) on the part of their taxable profits that exceeds €1,500,000 up to €7,500,000, of 5 per cent. (3.5 per cent. in the Autonomous Region of Madeira; 3.5 per cent. in the Autonomous Region of Azores), on the part of the taxable profits that exceeds €7,500,000 and 9 per cent. (6.3 per cent. in the Autonomous Region of Madeira; 6.3 per cent. in the Autonomous Region of Azores) on the part of the taxable profits that exceeds €35,000,000.

Withholding tax at a rate of 25 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due (except where the beneficiary is either a financial institution, a collective investment undertaking or an exempt entity as specified by current Portuguese tax law).

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts opened in the name of one or more resident accountholders or non-resident accountholders with a permanent establishment in Portugal acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Without prejudice to the special debt securities tax regime as described below, the general tax regime on debt securities applicable to non-resident entities is the following:

Interest and other types of investment income obtained by non-resident individuals is subject to withholding tax at a rate of 28 per cent..

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts opened in the

name of one or more non-resident accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

A withholding tax rate of 35 per cent. also applies in case of investment income payments to individuals resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (“*Portaria*”) 150/2004, of 13 February 2004, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”).

Interest and other types of investment income obtained by a legal person non-resident in Portugal without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 25 per cent., which is the final tax on that income.

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts opened in the name of one or more non-resident accountholders without a permanent establishment in Portugal acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

A withholding tax rate of 35 per cent. also applies in case of investment income payments to legal persons resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (“*Portaria*”) 150/2004, of 13 February 2004, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”).

Under the tax treaties entered into by Portugal which are in full force and effect on the date of this Base Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes may be available for viewing and downloading at <http://www.portaldasfinancas.gov.pt>.

Capital gains obtained on the transfer of Covered Bonds by non-resident individuals are exempt from Portuguese capital gains taxation unless the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (“*Portaria*”) 150/2004, of 13 February 2004, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”). If the exemption does not apply, the gains will be subject to personal income tax at a rate of 28 per cent.. 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.

Capital gains obtained on the disposal 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 beneficial owner is more than 25 per cent. directly or indirectly held by Portuguese resident entities (the referred 25 per cent. threshold will not be applicable when the following cumulative conditions are met by the seller: (i) the entity at issue has its residence in the European Union or in the European Economic Area State or in any country with which Portugal has a double tax treaty in force that foresees information exchange; (ii) such entity is subject and not exempt from IRC, or a tax of similar nature with a rate not lower than 60 per cent of the Portuguese IRC rate; (iii) it holds at least 10 per cent. of the share capital or voting rights for at least 1 year uninterruptedly; and (iv) it is not intervenient in an artificial arrangement or a series of artificial arrangements that have been put into place for the main purpose, or one of the main purposes, of obtaining a tax advantage) or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (“*Portaria*”) 150/2004, of 13 February 2004, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”). If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. 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.

#### **Special Debt securities tax regime**

Pursuant to Decree-Law 193/2005, investment income paid on, as well as capital gains derived from a sale or other disposition of the Covered Bonds, to non-Portuguese resident beneficial owners will be exempt from Portuguese income tax provided the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as the CVM managed by Interbolsa), or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iii) integrated in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of the Decree-Law 193/2005, and the beneficiaries are:

- a) central banks or governmental agencies; or
- b) international bodies recognised by the Portuguese State; or
- c) entities resident in countries or jurisdictions with whom Portugal has a double tax treaty in force or a tax information exchange agreement in force; or
- d) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in the Ministerial Order (*Portaria*) 150/2004.

For purposes of application at source of this tax exemption regime, Decree-Law 193/2005 requires completion of certain procedures aimed at verifying the non-resident status of the Noteholder and the provision of information to

that effect. Accordingly, to benefit from this tax exemption regime, a Noteholder is required to hold the Covered Bonds through an account with one of the following entities:

- a) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;
- b) an indirect registered entity, which, although not assuming the role of the “direct registered entities”, is a client of the latter; or
- c) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

Direct registered entities are required, for the purposes of Decree-Law 193/2005, to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account.

**(a) Domestic Clearing Covered Bonds**

Registration of the Covered Bonds in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the beneficiary, to be provided by the Noteholder to the direct registered entity prior to the relevant date for payment of interest or other investment income (*rendimentos de capitais*) and to the transfer of Covered Bonds, as follows:

- (i) if the beneficiary is a central bank, an international body recognised as such by the Portuguese State, or a public law entity and respective agencies, a declaration issued by the beneficial owner of the Covered Bonds itself duly signed and authenticated, or proof of non-residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary, and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;
- (ii) if the beneficiary is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification official document; or (B) a certificate issued by the entity responsible for such supervision or registration, or by tax authorities, confirming the legal existence of the beneficial owner of the Covered Bonds and its domicile; or (C) proof of non-residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary, and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;
- (iii) If a beneficial owner of Covered Bonds is either an investment fund or a collective investment scheme domiciled in any OECD country or any country with which Portugal has entered into a double tax treaty, 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, domicile and law of incorporation; or (B) proof of non-residence pursuant to the terms of paragraph (iv) below, so long as the beneficial owners of Covered Bonds provide the confirmation referred to in paragraph (iv) below.

- (iv) in any other case, information provided in accordance with the following rules: confirmation must be made by the relevant beneficial owner of Covered Bonds by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities, (B) a document issued by the relevant Portuguese Consulate certifying residence abroad, or (C) a document specifically issued by an official entity taking part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country; for these purposes, an identification document such as a passport or an identity card or document by means of which it is indirectly possible to presume the relevant tax residence (such as a work or permanent residency permit) are not acceptable. The beneficiary must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The Beneficiary must inform the direct registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

**(b) Internationally Cleared Covered Bonds**

Pursuant to the requirements set forth in the tax regime, if the Covered Bonds are registered in an account held by an international clearing system operated by a managing entity, the latter shall transmit, on each interest payment date and each relevant redemption date, to the direct register entity or to its representative, and with respect to all accounts under its management, the identification and quantity of securities, as well as the amount of income, and, when applicable, the amount of tax withheld, segregated by the following categories of beneficiaries:

- a) entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable and which are non-exempt and subject to withholding;
- b) entities which have residence in country, territory or region with a more favourable tax regime, included in the Portuguese “blacklist” (countries and territories listed in Ministerial Order (*Portaria*) 150/2004) and which are non-exempt and subject to withholding;
- c) entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable, and which are exempt or not subject to withholding;
- d) other entities which do not have residence, headquarters, effective management or permanent establishment to which the income generated by the securities would be imputable.

On each interest payment date and each relevant redemption date, the following information with respect to the beneficiaries that fall within the categories mentioned in paragraphs (a), (b) and (c) above, should also be transmitted:

- a) name and address;
- b) tax identification number (if applicable);
- c) identification and quantity of the securities held; and
- d) amount of income generated by the securities.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-Law 193/2005, as amended from time to time, last amended by Law 42/2016, of 28 December 2016. The refund claim is to be submitted to the direct register entity of the Covered Bonds within 6 (six) months from the date the withholding took place. Following the amendments to Decree-Law 193/2005, introduced by Law 83/2013, of 9 December, a new special tax form for these purposes was approved by Order (*Despacho*) 2937/2014, published in the Portuguese Official Gazette (*Diário da República*), second series, no. 37, of 21 February 2014 issued by the Secretary of State of Tax Affairs (*Secretário de Estado dos Assuntos Fiscais*).

The refund of withholding tax after the above six-month period is to be claimed from the Portuguese tax authorities within two years, starting from the term of the year in which the withholding took place.

#### **The proposed financial transactions tax**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in Covered Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Covered Bonds should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. 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 cooperation in the field of taxation**

The regime under 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.

Under Council Directive 2014/107/EU, 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 depository and 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 Council Directive. The information refers not only to personal information such as name, address, state of residence, tax identification number and date and place of birth, but also to the account balance at the end of the calendar year, and (i) in case of depository accounts, income paid or credited in the account during the calendar year; or, (ii) in the case of custodial accounts, the total gross amount of interest, dividends and any other income generated, as well as 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 61/2013, of 10 May.

Also, Council Directive 2014/107/EU was implemented through Decree-Law 64/2016, of 11 October. Under such law, the Issuer will be 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 States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard.

In view of the abovementioned regimes, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations and the forms to use for that end were provided by the Ministry of Finance, through Order 302-B/2016, of 2 December 2016, Order 302-C/2016, of 2 December 2016, Order 302-D/2016, of 2 December 2016 and Order 302-E/2016, of 2 December 2016, all as amended from time to time.

## **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as “**FATCA**”, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Portugal) have entered into, or have agreed in substance to, IGAs, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects

of the application of the FATCA provisions and IGAs to instruments such as bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Covered Bonds.

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## SUBSCRIPTION AND SALE AND SECONDARY MARKET ARRANGEMENTS

The Dealers have, in the Programme Agreement, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Covered Bonds.

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.

The following restriction may be amended or supplemented in the relevant Final Terms.

### United States

The Covered Bonds have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act. The Covered Bonds are initially being offered and sold only outside the United States in reliance on Regulation S under the US Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

If TEFRA C is specified as “Applicable” in the relevant Final Terms, then 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. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Covered Bonds of the Tranche of which such Covered Bonds are a part, except in accordance with Rule 903 of Regulation S under the US Securities Act. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Covered Bonds, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Covered Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*“The Covered Bonds covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state or other jurisdiction of the United States,*

*and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Covered Bonds and except in either case in accordance with Regulation S under the US Securities Act. (“Regulation S”) Terms used above have the meanings given to them by Regulation S.”*

In addition, until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the US 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, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed that, 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 to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

## **Prohibition of Sales to European Economic Area Retail Investors**

Unless the relevant Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to European Economic Area 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 and listing contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and
- b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

### **Public Offer Selling Restriction Under the Prospectus Regulation**

If the Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to European Economic Area Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area (each a “**Member State**”), 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:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) 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
- (iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in (i) to (iii) 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 to the public” 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.

### **Prohibition of sales to UK Retail Investors**

Unless the Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, in relation to the UK, 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 and listing contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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; and
- b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

#### **Public Offer Selling Restriction under the UK Prospectus Regulation**

If the Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer shall be required to represent and agree that it has not made and will not make an offer of Covered Bonds to the public which are the subject of the offering and listing contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the UK except that it may make an offer of such Covered Bonds to the public in the UK:

- (i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (ii) 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 UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) 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 (i) to (iii) 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**” when used herein means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

#### **UK – Other regulatory restrictions**

Each Dealer has represented, warranted and agreed that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- c) 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 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

- d) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the UK.

### **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**

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 such Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Covered Bonds or cause such 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 such 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 amended or modified from time to time, 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 derivative 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.

**Notification under Section 309B(1)(c) of the SFA** – Unless otherwise stated in the Final Terms in respect of any Covered Bonds, all Covered Bonds issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).

#### **Switzerland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Covered Bonds. The Covered Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Covered Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

#### **Italy**

The offering of the Covered Bonds has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or distribute any Covered Bonds or any copy of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy ("**Italy**") in an offer of securities to the public under the meaning of Article 2, letter (d) of the Prospectus Regulation and/or Article 1, paragraph 1, letter (t) of

Legislative Decree no. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) except:

- a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and Article 100 of the Financial Services Act and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or
- b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, 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 Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

#### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

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, 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 and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers has represented that the Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumed any responsibility for facilitating such sale.

**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. A description of the main terms of any such agreements and the names and addresses of the relevant Dealers or other persons who are party to such will be disclosed in the applicable Final Terms for the relevant Covered Bonds.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme in compliance with the Covered Bonds Law was duly authorised by a resolution of the Board of Directors of the Issuer dated 26 June 2008 and 23 March 2016 and the Programme has been subsequently updated under the authorisation of the Issuer's relevant management body. The Issuer applied to the CMVM to convert its existing covered bonds programme to a covered bonds programme compliant with the Legal Regime of Covered Bonds, as duly authorised by a resolution of the Board of Directors of the Issuer on 29 May 2023.

### Listing

In respect of Covered Bonds which are intended to be listed, application will be made to Euronext Lisbon, or such other stock exchange or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer, for the admission to trading of the Covered Bonds issued under the Programme on the regulated market of Euronext Lisbon or such other stock exchange or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer.

### Clearing Systems

The Covered Bonds have been accepted for clearance at Interbolsa, through the clearing systems to which it has adhered, as specified in the applicable Final Terms. The appropriate Common Code and ISIN for each Tranche of Covered Bonds allocated by Interbolsa will be specified in the relevant Final Terms.

### Significant or Material Change

There has been no significant change in the financial position of Banco Montepio and/or the Banco Montepio Group and no significant change in the financial performance of Banco Montepio since the end of the last financial period for which financial information has been published, 31 March 2023.

There has been no material adverse change in the prospects of Banco Montepio since 31 December 2022, the date of the last audited consolidated annual financial statements of Banco Montepio.

### Legal and Arbitration Proceedings

On 9 September 2019, Banco Montepio was notified of the decision by the Competition Authority on the administrative process PRC-2012/9, in which it was held that Banco Montepio (and other Portuguese banks) were engaged in anti-competitive practices and the exchange of sensitive commercial information, in breach of Article 9 of Law no. 19/2012, of 8 May 2012 and Article 101 of the Treaty on the Functioning of the European Union, and imposed on Banco Montepio a fine of €13 million. The Decision was appealed by Banco Montepio (and the other Portuguese banks) to the Competition, Regulation and Supervision Court (*Tribunal da Concorrência, Regulação e Supervisão*) of Santarém. By appealing this Decision, the obligation to pay the fine will be suspended until a final decision is made. On 28 April 2022 the Competition, Regulation and Supervision Court (*Tribunal da Concorrência,*

*Regulação e Supervisão*) of Santarém proved that the financial institutions exchanged sensitive information on the commercial conditions of credit but had doubts whether such institutions infringed competition rules because it was not proven that this practice had an impact on customers. Therefore, the case was transferred to the Court of Justice of the European Union to apply an objective test on whether such exchange of information had an impact on competition. Ultimately the proceedings were suspended on the basis of the statute of limitations (com suspensão do prazo prescricional) and remitted to the Luxembourg court because of the risks of the case being time-barred. Based on all the relevant circumstances, management of the Issuer considers it unlikely that the administrative fine (coima) will eventuate. As at the date of this Base Prospectus, Banco Montepio is not aware of any claim for damages related to the Decision or to the related facts.

In December 2019, Banco Montepio was notified by the Banco de Portugal of administrative proceedings (*processo de contraordenação*) no. 45/17/CO) relating to seven alleged violations of duties concerning accounting standards and internal control systems occurring between 2013 and 2015. Banco Montepio challenged these proceedings and submitted the relevant evidence to support its position. On 26 January 2022, the Banco de Portugal published the decision condemning Banco Montepio and ordering it to pay a single fine of €475,000. Banco Montepio challenged this decision and the Competition, Regulation and Supervision Court (*Tribunal da Concorrência, Regulação e Supervisão*) of Santarém reduced the fine to €380,000. Banco Montepio has already paid €100,000 and filed an appeal with suspensive effect with the Lisbon Court of Appeal. The Lisbon Court of Appeal partially upheld Banco Montepio's appeal and sentenced the bank to pay a single fine of €350,000, with a 20 per cent. reduction in the amount to be paid, corresponding to an actual payment of €280,000, representing a reduction of €100,000 in the fine compared with the decision of the Court of First Instance and a reduction of €195,000 in the fine compared with the decision of the Banco de Portugal. Notwithstanding the reduction of the fine, Banco Montepio appealed to the Constitutional Court on 27 April 2023. As at the date of this Base Prospectus, Banco Montepio cannot predict the outcome of these proceedings.

Save as disclosed above, there have been no new governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Banco Montepio is aware) during the period covering at least the twelve months preceding the date of this Base Prospectus which may have or have had a significant effect on Banco Montepio Group's financial position or profitability.

### **Statutory Auditors**

The auditor of the Issuer for the financial years ended on 31 December 2021 and 31 December 2022 was PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda., registered at CMVM with the number 20161485, with Head Office at Palácio Sottomayor, Rua Sousa Martins, number 1 – 3rd floor, 1069-316 Lisbon, represented by José Manuel Henriques Bernardo (ROC no. 903).

The financial statements of the Issuer in respect of the financial years ended 31 December 2021 and 2022 were audited in accordance with IFRS issued by the International Accounting Standards Board.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, registered at CMVM under number 20161485, with Head Office at Palácio Sottomayor, Rua Sousa Martins, number 1 – 3rd floor, 1069-316 Lisbon, represented by Aurélio Adriano Rangel Amado (member of the Portuguese Institute of Statutory Auditors (Ordem dos Revisores Oficiais de Contas) under number 1074 and with the CMVM under number 20160686), was elected as Statutory Auditor for the 2023-2025 period in the General Meeting held on 28 April 2023.

#### **Documents Available**

For the period of twelve months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection at and may be obtained from <https://www.bancomontepio.pt/investor-relations>:

- a) the constitutional documents (including the by-laws) of the Issuer (Portuguese and English versions);
- b) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2021 and 31 December 2022 (Portuguese and English versions), in each case with the audit reports prepared in connection therewith;
- c) the earnings release of the Issuer for the first three months of 2023 (Portuguese and English versions);
- d) the Agency and Payments Procedures dated 27 April 2017, as amended, from time to time and lastly on 20 July 2023;
- e) the Common Representative Appointment Agreement dated 18 November 2008, as amended and restated, from time to time and lastly on 20 July 2023;
- f) this Base Prospectus; and
- g) any offering circulars, information memoranda and supplements, including the Final Terms (other than the Final Terms relating to Covered Bonds which are not listed on any stock exchange), to this Base Prospectus and any other documents incorporated herein or therein by reference.

In relation to the documents referred to at (a), (b) and (c), the Issuer confirms that the translations thereof are true and accurate; however, in case of a discrepancy between the original document and the English translation thereof, the original document will prevail.

#### **Electronic copy of this Base Prospectus**

Electronic copies of this Base Prospectus (and any supplements thereto, and Final Terms pertaining to Covered Bonds traded on Euronext Lisbon) and of the documents referred to in items (a) to (g) above (other than are available on the official website of the Issuer ([www.bancomontepio.pt](http://www.bancomontepio.pt))). Copies of this Base Prospectus and any other documents incorporated herein shall remain publicly available in electronic form for at least 10 years after its publication. Copies of the documents referred to in items (b), (c) and (f) above are available on the official website of the CMVM ([www.cmvm.pt](http://www.cmvm.pt)).

**Language of the Base Prospectus**

The language of the Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Base Prospectus.

**Validity of base prospectus and base prospectus supplements**

For the avoidance of doubt, the Issuer is under no obligation to supplement this Base Prospectus after the end of its twelve-month validity period.

**Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any issues of Covered Bonds, except if required by law, in which case such information will be disclosed at the Issuer's website.

**Dealers transacting with the Issuer**

Certain of the Dealers and their 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 their affiliates in the ordinary course of business and/or for companies involved directly or indirectly in the sector in which the Issuer and/or its affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of the Dealers may also have positions, deals 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 and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Dealers and/or their affiliates may receive allocations of the Covered Bonds (subject to customary closing conditions), which could affect future trading of the Covered Bonds. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of positions in securities, including potentially the Covered Bonds issued under the Programme. Any such positions could adversely affect future trading prices of the Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.



## DEFINITIONS

In this Base Prospectus, 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 and Enforcement*).

**“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 S.A./N.V (**“Euroclear Bank”**) and/or Clearstream Banking, S.A. (**“Clearstream, Luxembourg”**) for the purpose of holding such accounts with Interbolsa on behalf of Euroclear Bank and Clearstream, Luxembourg.

**“Agent”** means Caixa Económica Montepio Geral, caixa económica bancária, S.A., with head office at Rua Castilho, 5, 1250-066 Lisbon, or any successor Agent(s), in each case together with any additional Agent(s) appointed from time to time by the Issuer in connection with the Covered Bonds and under the Agency and Payments Procedures.

**“Agency and Payments Procedures”** means the set of agency and payments procedures (such agency and payments procedures as amended and/or supplemented and/or restated from time to time) dated 27 April 2017 and made and agreed by Caixa Económica Montepio Geral, caixa económica bancária, S.A. (acting in its capacity as Agent, which expression shall include any successor) and by any subsequent agent, paying agent, transfer agent and agent bank appointed by the Issuer.

**“Amount of Interest”** means, following an Issuer Event, and in respect of an Interest Payment Date, the interest amount payable in respect of each Series of Covered Bonds.

**“APMs”** means alternative performance measures.

**“Arranger”** means NatWest Markets N.V. and any other entity appointed as an arranger for the Programme and references in this Agreement to the Arranger shall be references to the relevant Arranger.

**“Asset Percentage”** has the meaning given to it in Condition 14.1 (*Maintenance of overcollateralisation*).

**“ASF”** means the Portuguese insurance and pension funds authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões*).

**“Auditor”** means PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, S.A., registered at CMVM with the number 20161485, with Head Office at Palácio Sottomayor, Rua Sousa Martins, number 1 - 3<sup>rd</sup> floor, 1069-316 Lisbon.

**“Available Funds”** means any funds arising under the Cover Pool, including in result of any interest and principal payments under Mortgage Credits or any other assets that are part of the Cover Pool, any sale proceeds of any Mortgage Credits or other assets that are part of the Cover Pool any hedging payment amounts paid by the hedging counterparty under the Hedging Contracts (for the avoidance of doubt, such amounts do not include any collateral

that may be transferred under the Hedging Contracts), any balances standing to the credit of the Reserve Account and the Programme Account, in all cases which are received by the Issuer or the Special Administrator or transferred to the Programme Account between, and including, the sixth Business Day prior to the Interest Payment Date immediately preceding the relevant Interest Payment Date up to, but excluding, the sixth Business Day prior to the relevant Interest Payment Date, as calculated by the Agent pursuant to the Agency and Payment Procedures.

“**Banco BEM**” means Montepio Investimento, S.A..

“**Banco MG Cabo Verde**” means Banco Montepio Geral Cabo Verde, Sociedade Unipessoal, S.A..

“**Banco Montepio Group**” means Banco Montepio Caixa Económica Montepio Geral, caixa económica bancária, S.A. and its subsidiaries and affiliates taken as a whole.

“**Banco Santander Totta**” means Banco Santander Totta, S.A..

“**Banif**” means Banco Internacional do Funchal, S.A..

“**Banking Activity Code**” means the new regime that establishes the rules for banking activity (*Código de Atividade Bancária*).

“**Base Prospectus**” means this base prospectus dated 20 July 2023 prepared in connection with the Programme.

“**Basel IV**” means the set of proposed package of international banking reforms developed in response to the 2008-2009 financial crisis.

“**BES**” means Banco Espírito Santo.

“**BRRD**” means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014.

“**BRRD2**” means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May, amending the BRRD.

“**BTM**” means Banco Terra Moçambique.

“**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; and (ii) 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 System is open.

“**Capital Requirements Directive**” comprises 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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

“**CBD**” means Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019.

“**CFI**” means Classification of Financial Instruments.

“**CHF**”, “**Swiss francs**” means Swiss francs, the lawful currency of Switzerland.

“**Clearing Systems**” means clearing systems through which Interbolsa ensures the clearing according to its regulations and procedures, and each, a “**Clearing System**”.

“**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 Citicorp Trustee Company Limited acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5 LB, United Kingdom, 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. or any successor common representative appointed by a Meeting of the Holders of Covered Bonds.

“**Common Representative Appointment Agreement**” means the agreement dated 18 November 2008 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, as amended and restated on 20 July 2023, and as may be further amended and restated.

“**Condition**” means a reference to a particular numbered condition set out in the “Terms and Conditions of the Covered Bonds”.

“**CONSOB**” means the *Commissione Nazionale per le Società e la Borsa*.

“**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 Ernst & Young Audit & Associados, SROC, S.A., a company incorporated under the laws of Portugal, member of the Portuguese Institute of Statutory Auditors (“*Ordem dos Revisores Oficiais de Contas*”), registered with the CMVM with registration number 20161480, with its registered office at Avenida da República, no. 90, 6<sup>th</sup>, 1600-206, in Lisbon, Portugal.

“**Cover Pool Monitor Agreement**” means the agreement dated 20 July 2023 entered into by and between the Issuer and the Cover Pool Monitor, as amended and restated.

“**Covered Bond**” means any conditional pass-through covered bond 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) 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 59/2006, of 20 March 2006, as amended, which has been revoked by Decree-Law 31/2022, of 6 May 2022.

“**CRA Regulation**” means Regulation no. (EC) 1060/2009, of the European Parliament and of the Council, of 16 September 2009, as amended by Regulation (EU) 513/2011 of the European Parliament and the Council and by Regulation (EU) 462/2013 of the European Parliament and the Council.

“**Credit Institutions**” means any credit institutions.

“**Credit Institutions General Regime**” or “**RGICSF**” means Decree-Law 298/92, of 31 December, as amended from time to time.

“**CRD IV**” means Directive 2013/36/EU, as amended.

“**CRD V**” means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019, as amended, amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers, and capital conservation measures.

“**CRR**” means Regulation (EU) 648/2012, as amended and, together with the CRD IV, “**CRD IV/CRR**”.

“**CRR II**” means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, as amended, amending the CRR as regards the leverage ratio, the NSFR, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements.

“**CSD**” means a central securities depository.

“**Current Property Value**” means, in relation to a Property securing a Mortgage Credit, the updated Property Valuation of such Property (as described in subsection “*Valuation of Properties*” under chapter *Characteristics of the Cover Pool*);

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “**Actual/365**” 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

“**DBRS**” means DBRS Ratings GmbH, which is established in the European Union and is registered under Regulation (EC) 1060/2009 (as amended). As such, DBRS Ratings GmbH is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such Regulation.

“**Dealers**” means each of 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, J.P. Morgan SE., Landesbank Baden-Württemberg, Natixis, NatWest Markets N.V., Société Générale and UniCredit Bank AG and any other Dealer(s) appointed from time to time by the Issuer in accordance with the Programme Agreement and excludes any entity whose appointment has been terminated pursuant to clause 10 of the Programme Agreement.

“**Decree-Law 193/2005**” means Decree-Law 193/2005, of 7 November 2005, as amended from time to time, last amended by Law 42/2016, of 28 December 2016.

“**Default of Payment Event**” means, in respect a Series of Covered Bonds, if such Series has not been repaid in full on its Maturity Date or on the following two Business Days, or if interest due under that Series has not been paid on any Interest Payment Date or on the following five Business Days. For the sake of clarity, a Default of Payment Event will only occur if the relevant repayment (or interest payment, as applicable) is not done by the end of the following

two (or five, as applicable) Business Days mentioned above.

“**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).

“**DTAs**” means Deferred Tax Assets.

“**ECB**” means the European Central Bank.

“**EEA**” means the European Economic Area.

“**ESMA**” means the European and Securities Markets Authority.

“**EU**” means the European Union.

“**EU Benchmarks Regulation**” means Regulation (EU) no. 2016/1011, as amended.

“**EURIBOR**” means the Euro Interbank Offered Rate.

“**Euro**”, “**€**” or “**euro**” means the lawful currency of Member States of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) 974/98, of 3 May 1998 on the introduction of the euro, as amended.

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

“**Euronext**” means Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

“**Euronext Lisbon**” means the regulated market managed by Euronext.

“**Eurosystem**” means the central banking system for the Euro.

“**EUWA**” means the European Union (Withdrawal) Act 2018.

“**Expenses**” means the fees of and expenses due to the Common Representative, the fees of and expenses due to the Special Administrator, including any expenses incurred by the Special Administrator in connection with any actual or prospective disposals of Cover Pool assets, the fees of and expenses to cover for the maintenance and operating of the Reserve Account and the Programme Account, the fees and expenses of the Cover Pool Monitor, Covered Bonds listing costs and other costs that may be agreed and defined as “Expenses” for this purpose in the agreements entered into in connection with the Programme.

“**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 set out in Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) are met.

“**Extension Cessation Date**” has the meaning given in Condition 6.7(E) of the Terms and Conditions.

**“Extension Legal Requirements”** means the legal requirements applicable to an extension of maturity of covered bonds, as set out 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, or endorsed on, such Covered Bonds.

**“Finibanco”** means Finibanco, S.A..

**“Finibanco Angola”** means Finibanco Angola S.A..

**“Finibanco Group”** means the Portuguese financial group “Finibanco”.

**“FISN”** means Financial Instrument Short Name.

**“Fitch”** means Fitch Ratings Ireland Limited, which is established in the European Union and is registered under Regulation (EC) 1060/2009 (as amended). As such Fitch Ratings Ireland Limited is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such Regulation.

**“Fixed Interest Period”** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

**“FSMA”** means the Financial Services and Markets Act.

**“FTT”** means the Financial Transactions Tax.

**“Futuro”** means Futuro – Sociedade Gestora de Fundos de Pensões, S.A..

**“FVOCI”** means the fair value through other comprehensive income.

**“GDP”** means gross domestic product.

**“Group”** means the Issuer and its subsidiaries.

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

**“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).

**“IGAs”** means the intergovernmental agreements with the United States of America to implement FATCA.

**“IFRS”** means the International Financial Reporting Standards.

**“Insolvency Event”** has the meaning given to it under Condition 9.1 (*Insolvency Event*).

**“Insurance Distribution Directive”** means Directive (EU) 2016/97 of the European Parliament and of the Council, of 20 January 2016, as amended.

“**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.

“**Interbolsa Participant**” 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.

“**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*).

“**Interest Payment Date**” means the date specified as interest payment date in the Final Terms of a Series of Covered Bonds and, upon the occurrence of an Issuer Event, the first Business Day of each month, following such occurrence, for all the outstanding Series or for all the applicable Series in case of a Default of Payment Event.

“**Investor’s Currency**” means the currency or currency unit in which the investor’s financial activities are principally denominated.

“**ISDA**” means the International Swaps and Derivatives Association Inc.

“**ISIN**” means the International Securities Identification Number.

“**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 Caixa Económica Montepio Geral, caixa económica bancária, S.A.

“**Issuer Event**” means an License Revocation Event or a Default of Payment Event.

“**IT**” means information technology.

“**JPY**”, “**Japanese yen**” means Japanese yen, the lawful currency of Japan.

“**LCR**” means the 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.

“**License Revocation Event**” means the revocation of the Issuer’s authorisation as a credit institution by its competent banking supervisory authority (being the European Central Bank and/or the Banco de Portugal, acting individually or jointly, and including any successor) and leading to the mandatory liquidation of the Issuer.

“**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 issuing credit institution 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 credit institution 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 paragraph (A) (*Eligible Assets*) of Condition 14.2 (*Issuer Covenants*), subject to Condition 14(1)(iii).

For the avoidance of doubt: (i) on the date hereof the Reserve Account Bank is an eligible credit institution pursuant to b) above; (ii) provided that the requirements under b) above are met, the assets under b) above can include short term deposits held with the Issuer and/or with the Banco de Portugal, in each case segregated and allocated to the Cover Pool as part of the Liquidity Assets; and (iii) uncollateralised claims from exposures considered in default pursuant to article 178 of the CRR cannot be considered as 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.

“**LRE**” means the leverage ratio exposure.

“**Lusitania**” means Lusitania Companhia de Seguros, S.A..

“**Lusitania Vida**” means Lusitania Vida, Companhia de Seguros, S.A..

“**Maturity**” means the final legal maturity of any outstanding Covered Bonds, Primary Assets, Substitution Assets and Liquidity Assets, as applicable.

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

“**Meeting**” means a meeting of holders of Covered Bonds (whether originally convened or resumed following an adjournment) and “**Meetings**” shall be construed accordingly.

“**Member State**” means each Member State of the European Economic Area.

“**MGAM**” means Montepio Geral Associação Mutualista.

“**MiFID II Product Governance Rules**” means Commission Delegated Directive (EU) no. 2017/593.

“**Ministerial Order (Portaria) 150/2004**” means Ministerial Order (*Portaria*) 150/2004, of 13 February (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*), as amended from time to time.

**“Montepio Holding”** means Montepio Holding, SGPS, S.A..

**“Montepio Seguros”** means Montepio Seguros, SGPS, S.A..

**“Moody's”** means Moody's Investors Service España, S.A., which is established in the European Union and is registered under Regulation (EC) 1060/2009 (as amended). As such, Moody's Investors Service España, S.A. is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such Regulation.

**“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 the pecuniary credit receivables 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 (A) (*Eligible Assets*) of Condition 14.2 (*Issuer Covenants*).

**“MREL”** means the minimum requirements for own funds and eligible liabilities regime.

**“Net Liquidity Outflows”** means, in respect of any given day, all payments outflows falling due on that day, including principal (if applicable, as it will only be considered due for this purpose on the relevant Extended Maturity Date) and interest payments under the Covered Bonds, any Owed Hedging Payments and any Expenses, net of all payments inflows falling due on the same day for assets in the Cover Pool.

**“NPEs”** means Non-Performing Exposures.

**“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 payable on the related credit in arrears and those payments relate to a period of 90 days or more.

**“Novobanco”** means Novo Banco, S.A..

**“NSFR”** means the Net Stable Funding Ratio.

**“Other Preferred Creditors”** means the Hedge Counterparties (who benefit of a special creditor privilege (*privilégio creditório especial*) and of an interest in the autonomous estate (*património autónomo*) relating to the Cover Pool).

**“Overcollateralisation Percentage”** has the meaning given in Condition 14.1 (*Maintenance of overcollateralisation*).

**“Owed Hedging Payments”** means any payments owed by the Issuer due to the relevant hedge counterparties under the Hedging Contracts.

**“Participation Fund”** means Banco Montepio's former participation fund (*fundo de participação*).

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

**“PERSI”** means the Out-of-court Regularization of Default Situations Regularization (*Procedimento Extrajudicial de Regularização de Situações de Incumprimento*) approved by Decree-Law 227/2012, of 25 October, as amended.

**“Portuguese Companies Code”** means the commercial companies code approved by Decree-Law 262/86, of 2 September 1986, as amended.

**“Portuguese Securities Code”** means Decree-Law 486/99, of 13 November 1999, as amended.

**“PRIIPS Regulation”** means Regulation (EU) 1286/2014, as amended.

**“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 set out in Article 129(1), paragraphs (d) and (f) of the CRR.

**“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 €5,000,000,000 Conditional Pass-Through Covered Bonds programme of the Issuer established on 14 July 2016 in accordance with the Covered Bonds Law for the issuance of Covered Bonds by the Issuer and as converted on 20 July 2023 for the issuance of “European Covered Bond (Premium)” in compliance with the Legal Regime of Covered Bonds, and as updated from time to time.

**“Programme Account”** means the cash account to be held with a counterparty with credit ratings sufficiently high to satisfy the criteria of the Rating Agencies, and in any case not lower than the minimum rating and any criteria required by the Legal Regime of Covered Bonds and Article 129 of the CRR. The Programme Account, and any balance to the credit thereof, will form part of the Cover Pool and be subject to the same legal requirements and legal regime as any Primary Assets, Substitution Assets or Liquidity Assets which are part of the Cover Pool.

**“Programme Agreement”** means the agreement dated 20 July 2023 entered into between the Issuer and the Dealers, as amended and or restated.

**“Programme Documents”** means the Base Prospectus, the Programme Agreement, the Agency and Payments Procedures, the Common Representative Appointment Agreement, the Cover Pool Monitor Agreement, the Hedging Contracts and any other agreement or document entered into from time to time by the Issuer pursuant thereto and in relation to the Programme.

**“Programme Resolution”** means any Resolution directing the Common Representative to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default 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 article 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 Delegated Regulations”** means Commission Delegated Regulation (EU) no. 2019/980, of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) no. 809/2004, as amended, together with Commission Delegated Regulation (EU) no. 2019/979, of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) no. 382/2014 and Commission Delegated Regulation (EU) 2016/301.

**“Prospectus Regulation”** means Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.

**“Provisions for Meetings of for Meetings of Holders of the Covered Bonds”** means the provisions contained in Schedule 1 of the Common Representative Appointment Agreement on Meetings of holders of Covered Bonds.

**“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 and Fitch.

**“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 CMVM’s Regulation no. 2/2023.

**“Regulation S”** means Regulation S under the US Securities Act.

**“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 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*).

**“Reserve Account”** means the cash account held with a counterparty with credit ratings sufficiently high to satisfy the criteria of the Rating Agencies, and in any case not lower than the minimum rating and any criteria required by the Legal Regime of Covered Bonds and Article 129 of the CRR, being the Accounts Bank, and the operation of which shall be governed by Conditions 5.5 (*Reserve Account*) and 6.8 (*Pass-through Provision*) and the Reserve Account Agreement. The Reserve Account, and any balance to the credit thereof, will form part of the Cover Pool and be subject to the same legal requirements and legal regime as any Primary Assets, Substitution Assets or Liquidity Assets.

**“Reserve Account Agreement”** means the agreement so designated entered into between the Issuer and the Reserve Account Bank in relation to the creation, operation and maintenance of the Reserve Account, on or about 7 July 2016, as amended and/or supplemented and/or restated from time to time (including a Deed of Novation dated on or about 7 September 2020, and the amendment and restatement dated 20 July 2023).

**“Reserve Account Bank”** means Elavon Financial Services DAC, a Designated Activity Company registered in Ireland with the Companies Registration Office, registered number 418442, with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, Ireland, D18 W2X7, acting through its UK Branch (registered number BR020005) from its offices at 125 Old Broad Street, London, Fifth Floor, London EC2N 1AR under the trade name U.S. Bank Global Corporate Trust Services, acting in its capacity as bank at which the Reserve Account is held. Under a Deed of Novation dated on or about 7 September 2020, from 25 September 2020 the Reserve Account Bank contractual position was novated to Elavon Financial Services DAC (described above), acting through its office in Ireland, and the definition of Reserve Account Bank shall be interpreted accordingly.

**“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, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or shares, bonds or other obligations or securities of 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; or (vi) to amend this definition.

**“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 resolution fund, as created by Decree-Law 31-A/2012, of 10 February 2012.

**“RJASR”** means the Legal Regime of Access and Exercise of the Insurance and Reinsurance Activity (*Regime Jurídico de Acesso e Exercício da Atividade Seguradora e Resseguradora*).

**“RWA”** means risk weighted assets.

**“Saving Banks Act”** means the new saving banks act by Decree-Law 190/2015, of 10 September.

**“Securities Act”** means the United States Securities Act of 1933, as amended.

**“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.

**“SFA”** means the Securities and Futures Act 2001 of Singapore, as amended or modified from time to time.

**“Special Administrator”** means such entity as appointed by the CMVM, in case of a License Revocation Event, pursuant to the Legal Regime of Covered Bonds to manage in the place of the Issuer the Cover Pool, which shall be separated from the Issuer’s insolvency estate, all in accordance with the Legal Regime of Covered Bonds.

**“SOC”** means Security Operations Center.

**“SRM”** means a Single Resolution Mechanism.

**“Stabilisation Manager”** means the Dealer or Dealers (if any) named as the stabilisation manager(s) for a particular Tranche of Covered Bonds.

**“Stock Exchange”** means Euronext Lisbon or any other stock exchange where Covered Bonds may be listed as per the relevant Final Terms.

**“Substitution Assets”** means the cover assets that contribute to the coverage requirements in relation to the 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.

**“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.

**“TARGET Day”** means any day on which the T2 System is open.

**“T2 System”** means the Trans-European Automated Real-time Gross Settlement Express Transfer Payment 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 Portuguese Tax Authorities.

**“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.

**“TLAC”** means the total loss absorbing capacity.

**“TLTRO”** means the Targeted Longer-term Refinancing Operations.

**“TLTRO III”** means the third targeted longer-term refinancing operations programme.

**“Total Target Reserve Amount”** has the meaning given in Condition 5.5 (*Reserve Account*).

**“Tranche”** means Covered Bonds which are identical in all respects (including as to listing).

**“TREA”** means the Total Risk Exposure Amount.

**“UCITS Directive”** means Council Directive 2009/65/EC of the European of the European Parliament and the Council, of 13 July 2009, relating to undertakings for collective investment in transferable securities, which revoked as of 1 July 2011 Council Directive 85/611/EEC, of 20 December 1985 (as amended by Council Directive 2001/107/EC, of 21 January 2002 and 2001/108/EC of 21 January 2002).

**“UK”** means the United Kingdom.

**“UK Benchmarks Regulation”** means Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA.

**“UK MiFIR Product Governance Rules”** means the FCA Handbook Product Intervention and Product Governance Sourcebook.

**“UK PRIIPS Regulation”** means Regulation (EU) 1286/2014 as it forms part of UK domestic law by virtue of the EUWA.

**“UK Prospectus Regulation”** means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

**“US”** means the United States of America.

**“US Securities Act”** means the United States Securities Act of 1933, as amended.

**“U.S.\$”, “USD” or “U.S. dollars”** means United States dollars, the lawful currency of the United States of America.

**“Written Resolution”** means, in relation to the Covered Bonds, a resolution in writing signed by or on behalf of all holders of Covered Bonds who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for Meetings of Holders of the Covered Bonds, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Covered Bonds.



**REGISTERED OFFICE OF THE ISSUER**

**Caixa Económica Montepio Geral, caixa  
económica bancária, S.A.**

Rua Castilho, 5  
1250-066 Lisboa  
Portugal

**ARRANGER**

**NatWest Markets N.V.**

Claude Debussylaan 94  
Amsterdam 1082 MD  
The Netherlands

**DEALERS**

**BofA Securities Europe SA**

51 rue La Boétie  
75008 Paris  
France

**Citigroup Global Markets Europe AG**

Reuterweg 16  
60323 Frankfurt am Main  
Germany

**Commerzbank  
Aktiengesellschaft**

Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

**Crédit Agricole Corporate and  
Investment Bank**

12, Place des États-Unis  
CS 70052, 92547 Montrouge  
Cedex, France

**Deutsche Bank Aktiengesellschaft**

Mainzer Landstr. 11-17  
60329 Frankfurt am Main  
Germany

**DZ BANK AG Deutsche Zentral-  
Genossenschaftsbank, Frankfurt  
am Main**

Platz der Republik  
60325 Frankfurt am Main  
Germany

**J.P. Morgan SE.**

Taunustor 1 (TaunusTurm)  
60310  
Frankfurt am Main  
Germany

**Landesbank Baden-Württemberg**

Am Hauptbahnhof 2  
70173 Stuttgart  
Germany

**Natixis**

30 Avenue Pierre Mendès France  
75013  
Paris  
France

**NatWest Markets N.V.**

Claude Debussylaan 94  
Amsterdam 1082 MD  
The Netherlands

**Société Générale**

29 Boulevard Haussmann,  
75009 Paris  
France

**UniCredit Bank AG**

Arabellastr. 12  
81925 Munich  
Germany

**COVER POOL MONITOR****Ernst & Young S.A**

Avenida da República 90, 6<sup>th</sup>  
1600-206 Lisboa  
Portugal

**COMMON REPRESENTATIVE****Citicorp Trustee Company Limited**

acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London  
E14 5 LB  
United Kingdom

**AGENT AND PAYING AGENT****Caixa Económica Montepio Geral, caixa económica bancária, S.A.**

Rua Castilho, 5  
1250-066 Lisboa  
Portugal

**AUDITORS**

*To Caixa Económica Montepio Geral, caixa económica bancária, S.A.*

**PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.**

Palácio Sottomayor  
Rua Sousa Martins, number 1 – 3<sup>rd</sup> floor, 1069-316 Lisbon  
Portugal

**LEGAL ADVISERS TO THE ISSUER**

*as to Portuguese law*

**António Frutuoso de Melo & Associados, Sociedade de Advogados, SP RL**

Avenida da Liberdade 38 – 1.º  
1250-145 Lisboa  
Portugal

**LEGAL ADVISERS TO THE ARRANGER AND THE DEALERS**

*as to Portuguese law*

**Vieira de Almeida & Associados, Sociedade de Advogados, S.P., R.L.**

Rua Dom Luís I, 28  
1200-151 Lisboa  
Portugal