



BANCO BPI, S.A.

(incorporated with limited liability in Portugal)

€2,000,000,000 PUBLIC SECTOR BONDS PROGRAMME

BASE PROSPECTUS

Banco BPI, S.A. (the “**Issuer**” or “**BPI**”), incorporated under Portuguese law, with a fully paid up share capital of €1,293,063,324.98, represented by 1,456,924,237 ordinary shares with no nominal value, with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto and registered under the sole registration and taxpayer number 501 214 534 with the Commercial Registry Office of Porto, is an authorised credit institution for the purposes of Decree-Law no. 59/2006, of 20 March (the “**Public Sector Bonds Law**”). The Public Sector Bonds (as defined below) will constitute bonds for the purposes, and with the benefit, of the Public Sector Bonds Law.

Under this €2,000,000,000 Public Sector Bonds Programme (the “**Programme**”), described in this base prospectus, dated 16 December 2021 (the “**Base Prospectus**”), as further supplemented, the Issuer may from time to time issue public sector bonds (the “**Public Sector Bonds**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). Public Sector Bonds will be issued in registered (*nominativas*) form (the “**Registered Public Sector Bonds**”) and be represented in book-entry form (*forma escritural*). The maximum aggregate nominal amount of all Public Sector Bonds from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. Public Sector Bonds may be issued on a continuing basis to the Dealer specified and any additional Dealer appointed under the Programme from time to time by the Issuer (each a “**Dealer**” and together, the “**Dealers**”), whose appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Public Sector Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Public Sector Bonds.

See the section titled “Risk Factors” for a discussion of certain risk factors to be considered in connection with an investment in the Public Sector Bonds.

This document comprises a base prospectus (the “**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 *Comissão do Mercado de Valores Mobiliários* (the “**CMVM**”), as Portuguese 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. Approval by the CMVM should not be considered as an endorsement of the Issuer or the quality of the Public Sector Bonds that are subject of this Base Prospectus. Such approval relates only to Public Sector Bonds which are to be admitted to trading on the regulated market Euronext Lisbon (“**Euronext Lisbon**”) under Directive 2014/65/EU of the European Parliament and of the Council, of 15 May, on markets in financial instruments as amended (“**MiFID II**”) and/or which are to be offered to the public in any Member State of the European Economic Area (“**EEA**”) in circumstances that require the publication of a prospectus. Investors should make their own assessment as to the suitability of investing in the Public Sector Bonds.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for a period of 12 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 Public Sector Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Public Sector 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 the Base Prospectus is no longer valid.

Application will be made to the Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. (“**Euronext**”) for Public Sector Bonds issued under the Programme, during the period of 12 months from the date of this Base Prospectus to be admitted to trading on the regulated market of Euronext Lisbon (“**Euronext Lisbon**”).

References in this Base Prospectus to Public Sector Bonds being “listed” (and all related references) shall mean that such Public Sector Bonds have been admitted to trading on Euronext Lisbon or other regulated

market. The Programme provides that Public Sector 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. Under this Programme, the Issuer may also issue unlisted Public Sector Bonds and/or Public Sector Bonds not admitted to trading on any market. Euronext Lisbon is a regulated market for the purposes of MiFID II. The relevant Final Terms in respect of the issue of any Public Sector Bonds will specify whether or not such Public Sector Bonds will be listed on Euronext Lisbon or not.

The rating of certain Series (as defined in “**Terms and Conditions of the Public Sector Bonds**”) of Public Sector Bonds to be issued under the Programme may be specified in the applicable Final Terms.

The long term/short term ratings currently assigned to the Issuer are Baa2/P-2 with stable outlook by Moody’s Investors Service España, S.A. (Sociedad Unipersonal) (“Moody’s”), BBB/F2 with stable outlook by Fitch Ratings Ireland Limited (“Fitch”) and BBB/A-2 with stable outlook by S&P Global Ratings Europe Limited (“S&P”).

Series of Public Sector Bonds issued under the Programme may be rated or unrated. Where a Series of Public Sector Bonds is rated, such rating will be disclosed in the applicable Final Terms. The rating of Public Sector Bonds may not be the same as the rating applicable to the Issuer.

Whether or not each credit rating applied for in relation to or assigned to a relevant Series of Public Sector Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) no. 1060/2009, as amended (the “**CRA Regulation**”) or by a credit rating agency which is certified under the CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the United Kingdom (“**UK**”) and registered under 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**”) or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the applicable Final Terms.

Moody’s, S&P, Fitch and DBRS are established in the EEA and registered under the CRA Regulation and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation.

The ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with the UK CRA Regulation. The ratings issued by Fitch have been endorsed by Fitch Ratings Limited in

accordance with the UK CRA Regulation. The ratings issued by Moody's have been endorsed by Moody's Investors Service Ltd in accordance with the UK CRA Regulation. The ratings issued by DBRS have been endorsed by DBRS Ratings Limited in accordance with the UK CRA Regulation. S&P Global Ratings UK Limited, Moody's Investors Service Ltd, Fitch Ratings Limited and DBRS Ratings Limited are established in the UK and registered under the UK CRA Regulation.

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 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.

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 S&P, Moody's, Fitch and DBRS may also be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

Arranger

Banco BPI

Dealer

Banco BPI

This Base Prospectus is dated 16 December 2021

TABLE OF CONTENTS

| | |
|---|------------|
| IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND THE OFFER OF PUBLIC SECTOR BONDS GENERALLY | 7 |
| OVERVIEW OF THE PROGRAMME..... | 12 |
| RISK FACTORS..... | 24 |
| RESPONSIBILITY STATEMENTS..... | 64 |
| DOCUMENTS INCORPORATED BY REFERENCE | 70 |
| FORM OF THE PUBLIC SECTOR BONDS AND CLEARING SYSTEMS..... | 74 |
| FINAL TERMS OF THE PUBLIC SECTOR BONDS | 78 |
| TERMS AND CONDITIONS OF THE PUBLIC SECTOR BONDS | 98 |
| CHARACTERISTICS OF THE COVER POOL | 140 |
| INSOLVENCY OF THE ISSUER..... | 146 |
| COMMON REPRESENTATIVE OF THE HOLDERS OF PUBLIC SECTOR BONDS..... | 148 |
| COVER POOL MONITOR..... | 149 |
| DESCRIPTION OF THE ISSUER..... | 151 |
| THE ORIGINATOR'S STANDARD BUSINESS PRACTICES, CREDIT ASSESSMENT AND SERVICING OF THE COVER POOL | 175 |
| USE OF PROCEEDS..... | 179 |
| THE PUBLIC SECTOR BONDS LAW..... | 180 |
| TAXATION | 188 |
| SUBSCRIPTION AND SALE AND SECONDARY MARKET ARRANGEMENTS | 198 |
| GENERAL INFORMATION | 207 |
| DEFINITIONS | 219 |
| ANNEX – ALTERNATIVE PERFORMANCE MEASURES..... | 234 |

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND THE OFFER OF PUBLIC SECTOR BONDS GENERALLY

STABILISING MANAGER

In connection with the issue of any Tranche (as defined in *Overview of the Programme*), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Public Sector Bonds or effect transactions with a view to supporting the market price of the Public Sector Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended 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 Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the Final Terms in respect of any Public Sector Bonds includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Public Sector 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 (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January, on insurance distribution (as amended) (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 the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November (as amended) (the “**PRIIPs Regulation**”) for offering or selling the Public Sector Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Public Sector Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

If the Final Terms in respect of any Public Sector Bonds includes a legend titled “Prohibition of Sales to UK Retail Investors”, the Public Sector 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 (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 (“FSMA”) and any rules or regulations made under the FSMA to implement the Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, 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 Regulation (EU) 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 Public Sector Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Public Sector 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

A determination will be made at the time of each issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593, of 7 April (the “**MiFID Product Governance Rules**”), any Dealer subscribing for a Tranche of Public Sector Bonds is a manufacturer in respect of that Tranche, but otherwise neither the Arranger nor the Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules. The Final Terms in respect of any Public Sector Bonds will include a legend entitled “*MiFID II Product Governance*” which will outline the product approval process of any manufacturer, the target market assessment in respect of the Public Sector Bonds and which channels for distribution of the Public Sector Bonds are appropriate. Any person subsequently offering, selling or recommending the Public Sector 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 Public Sector Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

BENCHMARK REGULATION

Amounts payable under the Public Sector Bonds may be calculated by reference to the Euro Interbank Offered Rate (“**EURIBOR**”) as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrator of EURIBOR (the European Money Markets Institute (“**EMMI**”)) is included in the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 (as amended, the “**EU Benchmarks Regulation**”).

NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (as amended or modified from time to time, the SFA) – Unless otherwise stated in the Final Terms in respect of any Public Sector Bonds, all Public Sector 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).

PROJECTIONS, FORECASTS AND ESTIMATES

Forward-looking statements, including estimates, and any other projections or forecasts in this document are necessarily speculative in nature and some or all of the assumptions underlying the forward-looking statements may not materialise or may vary significantly from actual results.

PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN THE SECTION HEADED "RISK FACTORS" HEREIN

The Public Sector Bonds may not be a suitable investment for all investors. Each potential investor in Public Sector 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:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Public Sector Bonds, the merits and risks of investing in the Public Sector Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Public Sector Bonds and the impact the Public Sector Bonds will have on its overall investment portfolio;

- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Public Sector Bonds, including Public Sector Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (d) understands thoroughly the terms of the Public Sector Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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) Public Sector Bonds are legal investments for it, (2) Public Sector Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Public Sector Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Public Sector Bonds under any applicable risk-based capital or similar rules.

ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus and the documents incorporated by reference in this Base Prospectus contain certain management measures of performance or alternative performance measures (“**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, International Financial Reporting Standards (as adopted by the EU (“**IFRS-EU**”). Accordingly, these APMs should not be considered as alternatives to any performance measures prepared in accordance with IFRS-EU.

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-EU, as indications of operating performance or as measures of the Issuer’s profitability or liquidity. Such APMs must be considered only in addition to, and not as a

substitute for or superior to, financial information prepared in accordance with IFRS-EU 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 set out in the Annex -Alternative Performance Measures.

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

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular tranche of Public Sector Bonds, the applicable Final Terms.

Words and expressions defined in “Terms and Conditions of the Public Sector Bonds” shall have the same meanings in this overview.

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|--------------------------------|--|
| Issuer: | Banco BPI, S.A. |
| Legal Entity Identifier (LEI): | 3DM5DPGI3W6OU6GJ4N92. |
| Risk Factors: | There are certain risk factors that may affect the Issuer’s ability to fulfil its obligations under the Public Sector Bonds issued under the Programme. These are set out under the “Risk Factors” section and include certain specific and relevant risks related to the Issuer and the Public Sector Bonds. |
| Description: | €2,000,000,000 Public Sector Bonds Programme. |
| Arranger: | Banco BPI, S.A. |
| Dealer(s): | Banco BPI, S.A. and any additional Dealer appointed under the Programme from time to time by the Issuer. |
| Common Representative: | Bondholders, S.L., in its capacity as representative of the holders of the Public Sector Bonds pursuant to Article 14 of the Public Sector Law in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement, having its registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain, or any |

successor common representative appointed by a meeting of the holders of Public Sector Bonds.

Paying Agent(s):

Banco BPI, S.A. and any other 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 Public Sector Bonds under the Agency and Payments Procedures.

Final Terms:

The Public Sector Bonds issued under the Programme may be issued pursuant to this Base Prospectus and its associated Final Terms. The terms and conditions applicable to any particular Tranche of Public Sector Bonds will be the Terms and Conditions of the Public Sector Bonds as completed and to the extent described in the relevant Final Terms.

Size:

The maximum aggregate nominal amount of all Public Sector Bonds from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described in this Based Prospectus.

Issuance in Series:

The Public Sector Bonds under the Programme are issued in series (each a Series) which may comprise one or more tranches (each a Tranche) of Public Sector 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.

Currency/ies:

The Specified Currency (to be specified in the applicable Final Terms in relation to the Public Sector Bonds).

Maturities:

Such maturities as may be agreed between the Issuer and the Dealer(s) and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any laws or regulations applicable to the Issuer or the Specified Currency.

Specified Denomination:

Public Sector will be issued in such denominations as may be specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory requirements, having each Public Sector Bond a minimum denomination of €100,000.

Method of Issue:

The Public Sector Bonds will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Public Sector Bonds may be issued in Tranches on a continuous basis, subject to compliance with all applicable laws, regulations and directives.

Use of proceeds:

The net proceeds resulting from each issue of Public Sector will be applied by the Issuer for its general corporate purposes.

Selling restrictions: There are restrictions on the distribution of this Base Prospectus and the offer or sale of Public Sector Bonds, namely in the United States, the EEA (including the Portugal and Belgium), the UK, Singapore, Switzerland and Japan) (See *Subscription and Sale and Secondary Market Arrangements*).

Form of Public Sector Bonds: The Public Sector Bonds held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book-entry form (“*forma escritural*”) and will be registered Public Sector Bonds (“*nominativas*”).

Registration, clearing and settlement: The Public Sector Bonds will be held through a central securities depository (CSD) which will be the Portuguese domestic CSD, Interbolsa. The Public Sector Bonds will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by the Affiliate Members of Interbolsa on behalf of the relevant holders. Such control accounts will reflect at all times the aggregate number of Public Sector Bonds held in the individual securities accounts opened by the clients of the Affiliate Members of Interbolsa (which may include Euroclear and Clearstream, Luxembourg). The transfer of Public Sector Bonds and their beneficial interests will be made through Interbolsa as well.

Title: Title to the Public Sector Bonds will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code, the applicable

CMVM regulations and Interbolsa regulations.

Issue Price(s):

The Public Sector Bonds to be issued on or after the date hereof will be issued in a denomination per unit equal to or higher than €100,000 (or its equivalent in another currency) as specified in the relevant Final Terms.

Interest:

Public Sector Bonds may be interest-bearing. Interest may accrue at a fixed rate or a floating rate depending on the Interest Basis shown and as specified in the Final Terms (see *Terms and Conditions of the Public Sector Bonds*).

Fixed Rate Public Sector Bonds:

Fixed Rate Public Sector Bond may be issued depending upon the Interest Basis shown and as specified in the applicable Final Terms.

Each Fixed Rate Public Sector 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.

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).

Floating Rate Public Sector Bonds:

Public Sector may provide for interest based on floating rate, each Floating Rate Public Sector Bond (as specified in the applicable Final Terms) 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 which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (see *Condition 4 (Interest)* of the *Terms and Conditions of the Public Sector Bonds*).

Zero Coupon Public Sector Bonds:

Zero Coupon Public Sector Bonds may be issued depending upon the Interest Basis shown and as specified in the applicable Final Terms (see *Terms and Conditions of the Public Sector Bonds*).

Interest period and interest rates:

The length of the interest periods for the Public Sector, as applicable, and the applicable interest rate or its method of calculation may differ from time to time or as set out in the relevant Final Terms.

Listing and admission to trading:

In respect of Public Sector Bonds which are intended to be listed, application will be made to Euronext or such other or further stock exchange(s) or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer for the admission of Public Sector Bonds issued

under the Programme to trading on the regulated market of Euronext Lisbon or such other or further stock exchange(s) or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer. Public Sector Bonds may, after notification by the CMVM to the supervision authority of the relevant 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. Public Sector 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 Public Sector Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or regulated market(s).

Status of the Public Sector Bonds:

The Public Sector Bonds will be direct, unconditional and senior obligations of the Issuer and rank equally with all other public sector bonds issued or to be issued by the Issuer. The Public Sector Bonds will qualify as public sector bonds for the purposes of the Public Sector Bonds Law.

Payments:

Payments of principal and interest in respect of Public Sector Bonds may only be made in Euro, United States dollar, Japanese yen and Swiss franc until such date as Interbolsa accepts registration and clearing of securities denominated in currencies other than Euro, United States dollar, Japanese yen and Swiss franc and will be (i)

credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to the payment current-accounts held in the payment system of the Bank of Portugal by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Public Sector Bonds and thereafter (ii) credited by such Interbolsa Participants from the aforementioned payment current-accounts to the accounts of the owners of those Public Sector Bonds or to the accounts with Euroclear and Clearstream Luxembourg of the beneficial owners of those Public Sector Bonds, as applicable, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

(For further reference in respect of the methods of payment, see Condition 5.1 (*Method of Payment*) of the *Terms and Conditions of the Public Sector Bonds*).

Final redemption:

Unless previously redeemed or purchased and cancelled or extended as specified in Condition 6 (*Redemption and Purchase*) of the *Terms and Conditions of the Public Sector Bonds*, each Public Sector 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, subject to Condition 6.7 (*Extension of Maturity up to*

Extended Maturity Date) of the Terms and Conditions of the Public Sector Bonds.

Taxation:

All payments of principal and interest in respect of the Public Sector Bonds will be made subject to any legally applicable Tax withholding or deductions (notably in relation to residents for tax purposes in Portugal), except if any Tax withholding exemption or waiver applies, in which case such payments of principal and interest in respect of the Public Sector Bonds shall be made free and clear of, and without withholding or deduction for, Taxes (investors being in any case required to comply with the applicable obligations). The Issuer will not be obliged to make any additional payments in respect of any such withholding or deduction imposed. In order for withholding tax not to apply the holders of the Public Sector Bonds must, inter alia, deliver certain tax certifications.

(For further information, see Condition 7 (*Taxation*) of the *Terms and Conditions of the Public Sector Bonds*).

Rating:

The long term/short term ratings currently assigned to the Issuer are Baa2/P-2 with stable outlook by Moody's, BBB/F2 with stable outlook by Fitch and BBB/A-2 with stable outlook by S&P.

The rating of certain Series of Public Sector Bonds to be issued under the Programme may be specified in the applicable Final Terms.

Whether or not each credit rating applied for in relation to or assigned to a relevant Series of Public

Sector Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or by a credit rating agency which is certified under the CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the applicable Final Terms.

The rating of Public Sector Bonds will not necessarily be the same as the rating applicable to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. A rating addresses the likelihood that the holders of the Public Sector Bonds will receive timely payments of interest and ultimate repayment of principal at the Maturity Date or the Extended Maturity Date, as applicable.

Prescription:

The Public Sector Bonds will become void unless presented for payment within 20 years (in the case of principal) and 5 years (in the case of interest) in each case from the Relevant Date thereof, subject in each case to the provisions of Condition 5 (*Payments*).

Events of default:

Pursuant to Condition 9 (*Events of Default and Enforcement*) of the *Terms and Conditions of the Public Sector Bonds*, if an Insolvency Event in

respect of the Issuer occurs, and without prejudice to the specific terms and conditions established for a particular issue of Public Sector Bonds, the holders of Public Sector Bonds may approve a Resolution, by a majority of 2/3 of the Principal Amount Outstanding of the Public Sector Bonds of all Series then outstanding, to determine the serving of an Acceleration Notice, in which case all outstanding Public Sector Bonds shall immediately become due and payable each at their Early Redemption Amount together with accrued interest.

In this precise event, the holders of Public Sector Bonds enjoy, under the Public Sector Bonds Law, a special creditor privilege over the Cover Pool (including the Credits, the Other Assets and the Hedging Contracts) with preference over any other general creditor, in relation to the repayment of principal and payment of interest due under the Public Sector Bonds.

(For further information, please refer to Condition 9 (*Events of Default and Enforcement*) of the *Terms and Conditions of the Public Sector Bonds*).

Further issues:

The Issuer shall be at liberty from time to time without the consent of the holders of Public Sector Bonds to create and issue further securities with the same terms and conditions of the Public Sector 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 Public Sector Bonds of such Series.

Governing law:

The Common Representative Appointment Agreement, the Agency and Payments Procedures, the Public Sector Bonds, and the other Programme Documents and any non-contractual obligations in connection therewith are governed by, and shall be construed in accordance with, Portuguese law unless specifically stated to the contrary.

RISK FACTORS

The Issuer believes that the following factors may significantly affect its ability to fulfil its obligations under Public Sector Bonds issued under the Programme. All of 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.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Public Sector Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Public Sector Bonds may be jeopardised by other causes which may not be considered significant risks by the Issuer based on information currently available or which the Issuer may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus or incorporated by reference herein and reach their own views prior to making any investment decision.

Consequently, the risks and uncertainties discussed below are those that the Issuer views as material, specific and relevant for an investor to make an informed decision and are supported by the content of this Base Prospectus, but these risks and uncertainties are not the only ones faced by it. Emerging risks and uncertainties, including risks that are not known to the Issuer at present or that the Issuer currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Public Sector Bonds and a loss of part or all of the investment made by any Public Sector Bond holder.

In addition, factors which are material for the purpose of assessing the market risks associated with Public Sector Bonds issued under the Programme are also described below.

In particular, potential Public Sector holders are alerted to the statements under "Taxation" regarding the tax treatment in Portugal of income in respect of Public Sector 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 Public Sector Bond.

The risk factors have been organised into the following categories:

- Risk Factors Relating to the Issuer:
 - Risks relating to the Economic and Financial Environment;
 - Risks relating to the Issuer's Business; and
 - Legal and Regulatory Risks;

- Risk Factors Relating to the Public Sector Bonds:
 - Risks relating to the Nature of the Public Sector Bonds;
 - Risks relating to Tax and other Relevant Laws;
 - Risks relating to the Market generally;
 - Risks relating to the Structure of a particular issue of Public Sector Bonds; and
 - Risks Specific to Cover Pool.

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. Within each category, the most material risks, in the assessment of the Issuer, are set out first.

1. RISK FACTORS RELATING TO THE ISSUER

1.1. Risks relating to the Economic and Financial Environment

1.1.1. COVID-19 Pandemic and potential similar future outbreaks may have an adverse effect on the Issuer's ability to make payments

COVID-19, identified in China in late 2019, has spread throughout the world and on 11 March 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of a pandemic. The outbreak of COVID-19 has resulted in national and international authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, lockdowns, quarantines and shutdowns of business and workplaces, and has led to materially increased volatility and declines in financial markets and significant worsening of the macroeconomic outlook. By September 2021, 6 billion doses of COVID-19 vaccine had been administered across the world. In August 2021, the United Nations, the International Monetary Fund, the World Bank, the World Health Organization and the World Trade Organization called for international commitment and support so that every country would have vaccinated at least 40% of its population with at least one dose by the end of 2021.

Although Portugal is now one of the countries with the world's highest vaccination rate (85% of the country's 10.3 million population is now fully vaccinated¹), the state of calamity was declared by the Council of Ministers' decision no. 157/2021 and new measures have been implemented from December 1st considering the increasing number of infections and also an increasing trend of the number of cases admitted to intensive care units, such as: mandatory negative test for all flights arriving in Portugal, even for those who have a digital vaccination certificate, regardless of the point of origin of the flight or the passenger's nationality; mandatory EU digital certificate or negative test when accessing restaurants, tourist establishments and local accommodation, events with reserved seats, gyms; closing of bars and clubs from 2nd to 9th January, etc.

Until recently, the spread of virus and quarantines affected clients' capacity to carry out their business operations, which consequently adversely affected the Issuer's own capacity to carry out their business as normal. The current pandemic and any potential similar future outbreaks may also have an adverse effect on the Issuer's counterparties and/or clients, resulting in additional risks in the performance of the obligations assumed by them for the Issuer, as and when the same fall due, and ultimately exposing the Issuer to an increased number of defaults and insolvencies among their counterparties and/or clients.

In this context, extraordinary measures to cushion the impact of COVID-19 pandemic were implemented. Accordingly, Decree-Law No. 10-J/2020, of 26 March 2020, as amended, established extraordinary measures for debt protection in the context of the COVID-19 pandemic. Moratoria measures included: (i) prohibition of revocation of contracted credit lines and granted loans; (ii) extension of contracts with capital payment at the end of the contract; (iii) suspension of payments in respect of claims which are to be repaid in instalments or in respect of other instalments (and adjustment of the instalments calendar accordingly); and (iv) suspension of interest due during the extension period which will be capitalised into the value of the loan. As of 1 April 2021, except for mortgage loans, consumer credit and for beneficiaries operating in sectors which were particularly affected by the COVID-19 pandemic, this only applies to suspension of capital payments which would otherwise become due. Those entities from sectors that were more heavily affected by the COVID-19 pandemic, which are identified in Decree-Law No. 10-J/2020, of 26 March, may benefit from an extension of the maturity of their loans until 30 September 2022.

Interested entities were able to request access to the moratorium until 30 September 2020 (following the approval of Decree-Law 26/2020, of 16 June and Law 27-A/2020 of 27 July) and again between 1 January 2021 and 31 March 2021 (following the approval of Decree-Law No. 107/2020, of 31 December), with the

¹ Source: Our World In Data, September 2021.

entities adhering in the latter period benefiting from a maximum moratorium period of 9 months as of their adherence, even if that such period extends beyond 30 September 2021.

The Portuguese Parliament has, on 18 June 2021, approved Law 50/2021, of 30 July, on the extension of the moratorium for mortgage loans, consumer credit and for beneficiaries operating in sectors which were particularly affected by the COVID-19 pandemic, for those cases where beneficiaries were already covered by the moratorium on 1 October 2020, until 31 December 2021, beyond the 30 September 2021 deadline resulting from Decree-Law No. 78-A/2020, of 29 September. However, the implementation of the measures established by Law 50/2021 are subject to the reactivation of the regulatory and supervisory framework established by the EBA guidelines on legislative and non-legislative moratoriums on loan payments applied in light of the Covid-19 crisis (Guidelines EBA/GL/2020/02). In this context, on 24 June 2021, the EBA has stated that it was clear that any extension decision should have been made prior to 31 March 2021 with a 9-month cap on the length of the maximum duration of payment moratoria. Beyond that, the treatment foreseen in the EBA guidelines on moratoria cannot be applied, and institutions should hence assess individually, when deciding to grant further moratoria, whether the definition of forbearance and/or default is met. The EBA further added that while EBA fully recognises that the expiry of Guidelines EBA/GL/2020/02 has important implications for obligors and banks, in the current juncture, the EBA believes that the potential risks of further prolonging this deadline do not outweigh the potential benefits and that the framework already provides a high degree of flexibility.

At the beginning of April 2021, BPI had moratoria on a total of €1.2 Bn. in loans (of which €1.0 Bn in mortgage loans) came to an end.

At 30 June 2021, BPI had an outstanding moratorium of €3.9 Bn. (of which €1.6 Bn. corresponds to principal and interest and represents 15% of the loan portfolio. On the same date, 98 per cent. of the loan moratoria were performing, divided by mortgage loans (corresponding to €1.5 Bn. of which 99.2% were performing) and corporate loans (corresponding to €2.4 Bn.€ of which 97.1% were performing).

At 30 September 2021, 97.5 per cent. of the loan moratoria attributed by BPI were in a regular situation (loans classified in stage 1 and stage 2). At the end of September, moratoria on a total of 3.6 Bn.€ in loans (of which 1.4 Bn.€ in mortgage loans) came to an end. Given these loans' performance so far, no deterioration in the quality of BPI's credit portfolio is expected.

There remain outstanding moratoria on 117 M.€ of loans covered by the additional extension of the suspension of principal repayments until 31 December 2021.

On 29 July 2021, the Portuguese Council of Ministers has approved Decree-Law No. 70-B/2021, of 6 August, being enacted on 4 August 2021, establishing protective measures for banking clients covered by exceptional and temporary credit protection measures, such as moratorium for mortgage loans or consumer credits. The aforementioned Decree-Law stipulates that credit institutions, financial companies, payment institutions and electronic money institutions, which have entered into credit agreements concerning real estate secured by mortgage or consumer credit agreements shall perform a special monitoring process of banking clients who have benefited, before the entry into force of Decree-Law No. 70-B/2021, from an exceptional credit protection measure under Decree-Law No. 10-J/2020 or a private general moratorium on payments.

In addition, for banking clients currently benefiting from an exceptional credit protection measure under Decree-Law No. 10-J/2020, credit institutions, financial companies, payment institutions and electronic money institutions shall:

- (a) Up to 30 days prior to the date of termination of the effects of the exceptional measure, promote the necessary diligence whenever they detect any signs of deterioration in the banking client's financial capacity to comply with the credit agreement or whenever the banking client transmits any fact that indicates a potential risk of default; and
- (b) Make proposal that are appropriate to the financial situation, objectives and needs of the banking client, such as:
 - (i) The celebration of a new credit agreement with the purpose of refinancing the debt of the existing credit agreement;
 - (ii) The amendment of one or more conditions of the credit agreement (e.g., the extension of repayment period, the establishment of a grace period for repayment of principal or repayment of principal and interest, the deferral of part of the principal to an instalment at future date or the reduction of the applicable interest rate during a certain period of time; or
 - (iii) The consolidation of several credit agreements.

Accordingly to the aforementioned, it is considered as signs of deterioration in the banking client's financial capacity to comply with the obligations arising from the credit agreement: (i) the existence of defaults registered in the Bank of Portugal's Central Credit Responsibilities; (ii) the return and inhibition of the use of cheque and the corresponding insertion in the list of cheque users who offer risk; (iii) the existence of tax and social security debts; (iv) insolvency; (v) the existence of legal proceedings and litigation; (vi) the

pledging of bank accounts; (vii) being unemployed, loss of income or significant unfavorable evolution in the performance of the economic sector in which the bank customer does business; and (viii) the existence of defaults on other agreements entered into with the credit institution.

Decree-Law No. 70-B/2021 also allows banking clients who benefit or have benefitted from exceptional credit protection measures to have access to and be included in the extrajudicial procedure for the regularisation of default situations.

Depending on the depth and extent of the disruptive impacts which are still to ascertain, the Issuer's business and profitability may be affected to a greater or lesser degree. The exceptional circumstances and extensive effects of the COVID-19 pandemic, together with the measures taken from time to time by the Portuguese Government or adopted by the Issuer at its own initiative to address this situation, notably those relating to moratoria on loans granted to individuals and companies, permitting borrowers to postpone regular payments for certain periods, to the extent applicable, could have an adverse effect on the Issuer's profits and financial position, thereby affecting the Issuer's ability to make the payments under the Public Sector Bonds.

1.1.2. Risks arising from unfavorable global economic conditions may have a corresponding effect on the Issuer's business, results of operations and financial condition

The deterioration of the European economy outlook as a whole or of any of the individual countries remains a risk that could adversely affect the cost and availability of funding for Portuguese and European companies, including the Issuer and its Group.

In particular, the COVID-19 pandemic that unfolded in Europe in early 2020, posed unprecedented health, economic, and financial stability challenges. Following the COVID-19 outbreak, the prices of risk assets collapsed and market volatility increased, while expectations of widespread defaults led to a surge in borrowing costs. The global economy is now recovering with vaccine access and early policy support as the principal drivers. However, the vaccination process is very unequal around the world, meaning that the risks of new more aggressive variants appearing will continue in the near future: the percentage of population in advanced economies with complete vaccination stood at 58%² but in emerging markets or low income countries the proportion is much lower: respectively 36% and 5% . Hence, the rapid spread of variant Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome

² Source: IMF World Economic Outlook, October 2021.

and policy choices have become more difficult, confronting multidimensional challenges—subdued employment growth, rising inflation, the setback to human capital accumulation and supply disruptions. According to the IMF, the global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022. Beyond 2022 global growth is projected to moderate to about 3.3 percent over the medium term.³

In addition, on 31 January 2020 at 11pm (GMT) (“**exit day**”), the UK left the EU. Prior to exit day and pursuant to Articles 126 and 127 of the withdrawal agreement between the UK and the EU (the “**Withdrawal Agreement**”), the UK entered an implementation period (“**IP**”) focused on negotiating the terms of its future relationship with the EU. During this period which ended on 31 December 2020 at 11pm (“**IP completion day**”), EU law generally continued to apply in the UK. Following negotiations, on 24 December 2020, the UK and EU concluded a free trade agreement known as the ‘EU-UK Trade and Cooperation Agreement’ (the “TCA”), to govern the future relations between the EU and the UK following the end of the transition period. The TCA was signed on 30 December 2020. The TCA has provisional application until the EU and UK complete their ratification procedures. On 29 April 2021, the EU Council ratified the TCA. The TCA does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK. Following the IP Completion Day, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The EUWA (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under it ensure there is a functioning statute book in the UK.

Notwithstanding the conclusion of the Withdrawal Agreement, the application of the TCA by the EU and the UK and the implementation by the UK of retained EU law, there remain significant uncertainties with regard to the political and economic outlook of the UK and the EU. There is a risk of one or more EU Member States deciding either (i) to hold referenda as to their membership of the EU or (ii) in the case of EU Member States that adopted the Euro as their national currency, to adopt an alternative currency. A materialisation of these risks could have a significant negative impact on global economic conditions and the stability of international financial markets. This could include further volatility in equity markets and in the value of pounds sterling and/or the Euro, a reduction in global market liquidity with a potential negative impact on asset prices, operating results and capital, and the market value and/or liquidity of the Public Sector Bonds in the secondary market. Furthermore, if an EU Member State that adopted the Euro as its

³ Source: IMF World Economic Outlook, October 2021.

national currency decides to exit the Eurozone and adopt an alternative currency, there is uncertainty regarding how a Member State would carry out such exit and subsequently manage its current assets and liabilities denominated in Euros and the exchange rate between the newly adopted currency and the Euro. A collapse of the Eurozone could lead to the deterioration of the EU's economic and financial situation with a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses, and considerable changes to financial activities both at market and retail level. This situation could have a negative impact on the Issuer's operating results and capital and financial position and/or the Issuer's ability to pay interest and repay principal under the Public Sector Bonds, as well as the market value and/or liquidity of the Public Sector Bonds in the secondary market. Factors such as interest rates, securities 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, terrorism, pandemics and epidemics or other widespread health emergencies, all impact the economy and financial markets, whether direct or indirect, such as by increasing sovereign debt of certain countries which may result in increased volatility and widening credit spreads, which could in turn have a material adverse effect on the Issuer's business, results and financial condition and ability to access capital and liquidity on financial terms acceptable to the Issuer.

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.

1.1.3. Economic activity in Portugal may adversely affect the business and performance of the Issuer

As the Issuer currently conducts the majority of its business in Portugal, its performance is influenced by the level 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 political scenario may also have a material effect on the Issuer's financial condition and on the results of its operations.

A weaker international economic outlook, a potential increase in geopolitical uncertainty and trade tensions, and the sooner than expected 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 Public Sector 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.

Several challenges persist as private and public debt levels remain high and productivity remains structurally low, preventing the country to rapidly converge towards European peers' living standards.

The current economic environment is still a source of challenge for the Issuer, and may adversely affect 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. In particular, limited growth in customer loans is expected in the coming years, which may make it difficult for the Issuer to generate enough interest income to maintain its net interest margin. Additionally, an environment of extremely low or even negative interest rates is expected to continue, which limits the Issuer's ability to increase net interest margin and profitability, given that the majority of the Issuer's loan portfolio is composed of floating interest rate loans.

Although, since 2015, the Portuguese economy has shown features that seem to support expectations of sustained growth in economic activity and the degree of openness of the economy substantially increased since 2015, the COVID-19 pandemic has interrupted the positive cycle and Portugal's Gross Domestic Product ("GDP") fell 8.4 per cent. in 2020⁴. The gradual lifting of containment measures as a result of progression made in the rolling out of vaccination programmes and other relative pandemic controls is likely to result in the recovery of economic activity during 2021 and onwards. Portugal's economy is on track for a sound recovery beginning in the second quarter of 2021, along with the gradual relaxation of pandemic restrictions. GDP rose by 4.5% qoq in the second quarter after a drop of 3.3% during the strict lockdown in the first quarter of the year. A further increase in growth is expected in the third quarter, with the (still incomplete) recovery of tourism in Portugal, especially the domestic tourism. In full-year terms, domestic

⁴ Source: INE, Quarterly National Accounts, May 2021.

demand is expected to contribute the most to GDP growth in both 2021 and 2022⁵. Despite mobility restrictions and overall, GDP is forecast to increase by 4.4% in 2021 and 5.1% in 2022, meaning a complete recovery to pre-Covid levels will be probably reached by the end of 2022, later than European peers but similar to countries in the periphery, more exposed to tourism and with still important imbalances at macro level.

The macroeconomic conditions in Portugal could affect the behaviour and the financial condition of the Issuer's clients and, consequently, the demand for the products and services that the Issuer offers. In particular, the evolution of the COVID-19 pandemic poses significant risks of an increased unemployment rate, low profitability, and a steep increase in the level of company indebtedness, having longer-term adverse effects on the global economy and financial sector.

A negative development of any of the above factors may adversely affect the business and performance of the Issuer.

1.1.4. The impact of the financial and credit crisis may have an adverse effect on the business, reputation, financial condition and results of operation or prospects of the Issuer

The capital and credit markets have experienced several periods of volatility and disruption, since 2008. The market dislocations have led to the failure of several substantial financial institutions, causing widespread liquidation of assets and further constraining the credit markets. These asset sales, along with asset sales by other leveraged investors, including some hedge funds, have driven down prices and valuations across a wide variety of traded asset classes. Asset price deterioration has a negative effect on the valuation of many of the asset categories represented on the balance sheet of the Issuer, and reduces its ability to sell assets at prices deemed acceptable. If current levels of market volatility worsen significantly, the Issuer's ability to access the capital markets and obtain the necessary funding to support its business activities on acceptable terms may be adversely affected. Among other things, an inability to refinance assets on the balance sheet or maintain appropriate levels of capital to protect against deteriorations in their value could force the Issuer to liquidate assets held at depressed prices or on unfavourable terms.

These factors could have an adverse effect on the business, reputation, financial condition and results of operation or prospects of the Issuer.

⁵ Source: IMF World Economic Outlook October 2021.

1.2. Risks relating to the Issuer's business

1.2.1. The inability of clients and other counterparties to meet their financial obligations or the Issuer's inability to fully enforce its rights against counterparties could have a material adverse effect on the Issuer's results

The Issuer is exposed to the credit risk of its customers, to concentration risk in its credit exposure and to the credit risk of its other counterparties. 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. 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, and accordingly would have a material adverse effect on the financial condition and capital position of the Issuer and/or the Group and on the results of the Issuer and/or the 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. The 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 at 30 June 2021, the Issuer's total credit risk exposure was €37,964 million (€36,264 million as at 31 December 2020). The balance of Non-Performing Exposures ("NPEs") amounted to €570 million as at 30 June 2021, representing 1.5 per cent. of the Issuer's gross credit exposure (EBA criteria).

1.2.2. Market Risk faced by the Issuer could have a material adverse effect on the Issuer's results

The Issuer's businesses by their nature, do not produce predictable earnings and are materially affected by conditions in the global financial markets and economic conditions generally, both directly and through their impact on client activity levels and creditworthiness.

Market risk reflects the potential loss that can be registered in a given asset portfolio as a result of changes in the 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.

Risk analysis and management is performed on an integrated basis, involving the whole Group, by BPI's risk division.

It is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial condition and results of operations.

The most significant market risk the Issuer faces is the interest rate risk. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The Issuer has implemented risk management methods intended to mitigate and control this and other market risks, and exposure to such risks is constantly measured and monitored. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's business activity, financial condition and on the results of its operations.

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, consequently, this may have a negative impact on the Issuer's ability to allocate its net profit to the development of its business activity.

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 at 31 December 2020, a decrease in interest rates by 2 percentage points would have led to a decrease in the expected financial margin of the bank portfolio of approximately 10.9 per cent.

1.2.3. Implications of a negative EURIBOR on credit agreements for consumers relating to residential real estate property

The Portuguese Parliament has approved a law under which banking institutions are obliged to reflect negative index interest rates in the calculation of loan interest rates in consumer and residential loan agreements. Law 32/2018, of 18 July (the "**Negative Interest Rate Law**"), amends Decree-Law no. 74-A/2017, of 23 June (the "**Residential Loans Law**"), which partially transposed EU Directive 2014/17 of the European Parliament and of the Council of 4 February, on credit agreements for consumers relating to residential immovable property (the "**Residential Loans Directive**"). The Negative Interest Rate Law

establishes that negative index interest rates have to be deducted from the principal amounts of outstanding debts. This law also offers banks the possibility of attributing their clients a credit corresponding to the negative interest rate, which may subsequently be set-off against positive interest rates.

The Issuer has decided to apply the first option, i.e., to deduct the negative index interest rates from the principal amounts of outstanding debts.

The Negative Interest Rate Law applies to loans which are currently in place, irrespective of specific contractual clauses.

The Issuer cannot predict how this law may affect Issuer results. This may negatively affect the Issuer's business, financial condition and results of operation or prospects.

1.2.4. Operational Risks faced by the Issuer such as systems disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices, inadequate controls including in respect of third parties with which the Issuer does business, may adversely impact its reputation, business and results

Operational risk represents the risk of losses or of a negative impact on the relationship with clients or other stakeholders resulting from inadequate or negligent application of internal procedures, or from people behaviour, information systems, or external events. Operational risk also includes the business/strategic risk (i.e., the risk of losses through fluctuations in volume, business, earnings, prices or costs) and legal risk (i.e. the risk of losses arising from non-compliance with the regulations in force or resulting from legal action).

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 fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures (including due to a computer virus or a failure to anticipate or prevent cyber-attacks or other attempts to gain unauthorised access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or impairing operational performance, or security breaches by third parties), natural disasters or the failure of external systems such as, for example, those of the Issuer's suppliers or counterparties.

In addition, the Issuer and its activities are increasingly dependent on highly sophisticated information technology (IT) systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, computer viruses, hacking and physical damage to vital IT centers. 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. These threats are increasingly sophisticated and any failure to execute the Issuer's risk management and control policies successfully, particularly, any loss in the integrity and resilience of key systems and processes, data thefts, cyber-attacks, denial of service attacks or breaches of data protection requirements, may adversely affect the Issuer's business, reputation, financial condition and results of operation or prospects.

The Issuer's risk and exposure to these matters remains heightened, namely during current COVID-19 pandemic, because of the evolving nature and complexity of these threats from cybercriminals and hackers, its plans to continue to provide internet banking and mobile banking channels, and its plans to develop additional remote connectivity solutions to serve its customers. The Issuer may incur increasing costs in seeking to minimise these risks and could be held liable for any security breach or data loss.

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

Liquidity risk reflects the risk of the inability of the Issuer 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 highly liquid assets, which comply with the ECB's eligibility criteria.

Basel III recommendations endorse the implementation of short and medium/long-term liquidity coverage ratios, known as Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**"). The LCR addresses the sufficiency of high-quality liquidity assets to meet short-term liquidity needs in a severe stress scenario.

The LCR and NSFR of the Issuer, computed in line with the CRD IV standards and EBA guidelines, was 286 per cent. and 153 per cent., respectively, as at 30 June 2021.

On 12 March 2020, the ECB announced that institutions would be allowed to substantially and temporarily use their liquidity buffers, including LCR, as part of a package of measures to mitigate the negative effects of the COVID-19 pandemic on the real economy (see the risk factors entitled "*Economic activity in Portugal may adversely affect the business and performance of the Issuer*" and "*COVID-19 Pandemic and potential similar future outbreaks may have an adverse effect on the Issuer's ability to make payments*"). The Issuer's LCR may reduce during 2021, eventually below 100 per cent. Should this occur or be expected to occur at

any time, the Issuer will have to submit to the competent authorities a plan for the timely restoration of compliance with the legally prescribed minimum ratios.

The ECB currently makes funding available to European banks that satisfy certain conditions, including pledging eligible collateral. As at 30 June 2021, the Issuer had €4.9 billion of funding from the ECB (€4.42 billion in 31 December 2020 and €1.38 billion in December 2019). As at 30 June 2021, the Issuer's portfolio of securities eligible for rediscount with the ECB was of €11.4 billion (€11.0 billion in 31 December 2020 compared to €9.3 billion as at 31 December 2019). In March 2019, the ECB announced that a new series of quarterly targeted longer-term refinancing operations (“**TLTRO-III**”) would be launched, starting in September 2019 and ending in March 2021, each with a maturity of two years to help preserve favourable bank lending conditions and the smooth transmission of monetary policy. On 12 March 2020, in the context of the spread of the COVID-19 the ECB further announced the easing of conditions for TLTRO III operations. These more favourable conditions are aimed at supporting bank lending to those most affected by the pandemic, particularly households and small and medium-sized enterprises. The eased conditions include:

- (a) lower interest rates from June 2020 to June 2021 for all TLTRO III operations outstanding during that period;
- (b) raised borrowing allowance; and
- (c) removal of bid limit per operation on all future operations.

At the date of this Base Prospectus, the Issuer had a total ECB financing amount of €4.86 billion, corresponding entirely to funds raised under TLTRO III.

On 18 March 2020, the ECB announced its decision to launch a temporary asset purchase programme of private and public sector securities of up to €750,000,000,000 to protect monetary policy transmission in the Eurozone (the “**PEPP**”). Purchases under PEPP will be conducted until the end of 2020. The ECB also expanded the range of eligible assets under the corporate sector purchase programme (“**CSPP**”), which now includes non-financial commercial paper of sufficient credit quality.

On 7 April 2020, the ECB further announced the relaxation of collateral eligibility requirements for participation in liquidity providing operations, including TLTRO III operations, such as:

- (a) temporary increase in the maximum share of unsecured debt instruments issued by credit institutions;

- (b) waiver of the minimum credit quality requirement for marketable debt instruments issued by Greece for acceptance as collateral in Eurosystem credit operations, subject to specific margin assessments; and
- (c) temporary increase in its risk tolerance level in credit operations through a general reduction of collateral valuation haircuts.

On 30 April 2020, the ECB further eased TLTRO III operations, notably by reducing the interest rate on these operations from June 2020 to June 2021. The ECB also introduced a series of non-targeted pandemic emergency longer-term refinancing operations seven refinancing offerings commencing in May 2020 and maturing from July to September 2021.

On 10 December 2020, the ECB decided to extend the period of reduction of interest rate on TLTRO III until June 2022, subject to the achievement by the banks of a new lending performance target, to introduce three additional refinancing operations between June and December 2021 and to raise the total amount that Eurosystem counterparties are entitled to borrow in TLTRO III from 50 per cent to 55 per cent of their stock of eligible loans.

Bearing in mind that the measures announced from 12 March 2020 are only temporary and specifically aimed at tackling the impact of the COVID-19 pandemic on the real economy, the duration, extent and continued existence of ECB liquidity support cannot be predicted. If it were to be withdrawn or reduced, the Issuer would need to find alternative sources of funding, which it may not be as attractive or even available.

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.

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

Structural changes in the Portuguese economy over the past several years have significantly increased competition in the Portuguese banking sector.

The Issuer faces intense competition in all of its areas of operation (including, among others, banking, investment banking, specialised credit and asset management). The competitors of the Issuer in the Portuguese market are Portuguese commercial banks, savings and investment banks and foreign banks that entered the Portuguese market.

The principal competitors of the Issuer in the banking sector (ranking in terms of assets as at 30 June 2021) are Banco Santander Totta, Caixa Geral de Depósitos, the Millennium BCP and the Novo Banco.

Mergers and acquisitions involving the largest Portuguese banks have resulted in a significant concentration of market share.

Competition could also increase due to new entrants (including non-bank and financial technology competitors) in the markets in which the Issuer operates that may have new operating models that are not burdened by potentially costly legacy operations and that are subject to reduced regulation. New entrants may rely on new technologies, advanced data and analytic tools, lower cost to serve, reduced regulatory burden and/or faster processes in order to challenge traditional banks. Developments in technology have also accelerated the use of new business models and the Issuer may not be successful in adapting to this pace of change or may incur significant costs in adapting its business and operations to meet such changes. In particular, the emergence of disintermediation in the financial sector resulting from new banking, lending and payment solutions offered by rapidly evolving incumbents, challengers and new entrants, in particular with respect to payment services and products (e.g. Fintechs), and the introduction of disruptive technology, may impede the Issuer's ability to grow or retain its market share and impact its revenues and profitability.

There is no assurance that the Issuer will be able to compete effectively in some or all segments in which it operates, or that it will be able to maintain or increase the level of its results of operations.

Additionally, the business, earnings and financial condition of the Issuer have been affected by the crisis in the global financial markets and the global economic outlook. The earnings and financial condition of the Issuer have been, and their respective future earnings and financial condition are likely to continue to be, affected by depressed asset valuations resulting from poor market conditions. The actual or perceived failure or worsening credit of other financial institutions and counterparties could adversely affect the Issuer.

1.2.7. International Financial equity holdings and currency risk

The Issuer holds financial investments in two African banks: 48.1 per cent. stake in Banco de Fomento.

Angola (“**BFA**”) capital, which operates in commercial banking in Angola and a 35.7 per cent. stake in Banco Comercial e de Investimentos (“**BCI**”), which operates in commercial banking in Mozambique.

The Issuer's international equity holdings are exposed to the risk of adverse political, governmental or economic developments in the countries in which it operates. These factors could have a material adverse effect on the Issuer's financial condition, business and its results of operations.

In addition, international equity holdings are exposed to foreign exchange risk, which is reflected mainly in the statements of income and in the balance sheets of BFA and BCI. It is relevant for these purposes the changes in the exchange rates of local currencies against the euro and in the exchange rate of the U.S. dollar against the euro, due to the high use of the U.S. dollar in these economies, which explains that a significant share of business customer is expressed in U.S. dollars.

Consequently, even if the amount of revenues, costs and profits of the Issuer's Group remain unchanged in local currency, changes in exchange rates may affect the amount of income, costs and profits declared in the statement of income of the Issuer's Group.

The currency exposure of the Issuer results mainly from the banking activity of BFA in Angola, but also, although to a much lesser extent, the activity of BCI in Mozambique. The currency of Angola is the Kwanza, but the high use of the U.S. dollar in the Angolan economy explains that a considerable share of business with clients of BFA is expressed in U.S. dollars.

A substantial portion of revenue and costs are thus expressed in U.S. dollars or indexed to it.

If the value of the euro was to rise significantly against other currencies, especially the U.S. dollar and the Kwanza, the values of equity method consolidated income expressed in these currencies would translate into relatively lower values when converted to euros.

Risk of changes in the organization of partnerships may adversely affect the business and activities of the Issuer's Group

There are some activities of the Issuer's Group which are partially related to partnerships in various activities with other companies that are not under the control of the Issuer's Group, in particular the activities of bancassurance. These activities depend in part on such partners which the Issuer's Group does not control. A change in any of these partnerships may adversely affect the business and activities of the Issuer's Group.

1.3. Legal and Regulatory Risks

1.3.1. The Issuer is subject to substantial regulation, as well as regulatory and governmental oversight Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition

The Issuer operates in a highly regulated industry and, accordingly, could be adversely affected by regulatory changes in Portugal, the EU or foreign countries in which it operates. Although the Issuer works closely with its regulators and continually monitors this situation, future changes in regulation, taxation or

other policies can be unpredictable and are beyond its control. Extensive regulation by, among others, the ECB, the Bank of Portugal, EBA, ESMA, the European Insurance and Occupational Pensions Authority (“**EIOPA**”), the CMVM and the Insurance and Pensions Funds Supervisory Authority (“**ASF**”), as well as other supervisory authorities, from the EU and the countries in which the Issuer conducts its activities could hinder the Issuer’s growth by increasing compliance costs and/or reducing profitability.

Those regulations are complex and its fulfilment entails high costs as regards time spending and other resources. 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 Directive 2013/36/EU (as amended, the “**CRD IV**”), implemented in Portugal by Decree-Law 157/2014, of 24 October 2014, 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 Regulation (EU) no. 648/2012 (as amended, the “**CRR**”, and, together with the CRD IV, “**CRD IV/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 RWA, 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 2 per cent. of RWA; and (iii) macroprudential systemic risk: between 1 and 3 per cent. or between 3 and 5 per cent. of RWA, depending on the economic situation.

As of 30 June 2021, Issuer’s capital ratios were: the CET1 ratio reached 14.3 per cent., the Tier 1 ratio 15.8 per cent., the total capital ratio 17.4 per cent. and the leverage ratio stood at 7.2 per cent..

With a view to incorporating flexibility to accounting and prudential rules, the European Commission proposed a few targeted “*quick fix*” amendments to the EU's banking prudential rules in order to maximise banks’ ability to lend and absorb losses related to COVID-19. On 28 June 2020, Regulation 2020/873 of the European Parliament and of the Council, of 24 June, entered into force setting out exceptional temporary measures to alleviate the immediate negative impact of COVID-19 related developments, by adapting the timeline of application of international accounting standards to banks' capital, by treating more favourably

public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer, by setting a temporary prudential filter to mitigate the considerable negative impact of the volatility in central government debt markets during the COVID-19 pandemic on institutions, by modifying the exclusion of certain exposures from the calculation of the leverage ratio, by advancing the date of application of several agreed measures that encourage banks to finance employees, SMEs and infrastructure projects, and by aligning the minimum coverage requirements for non-performing loans that benefit from public guarantees with those benefitting from guarantees granted by official export credit agencies.

In order to comply with the applicable ratios, the Issuer's Group may be requested in the future to issue additional liabilities subject to bail-in provisions.

The CRD IV and CRR were further strengthened by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, 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 (as amended, "**CRR II**"), and by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers, and capital conservation measures (as amended, "**CRD V**"). The CRR II and CRD V introduce 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 requires national transposition of the majority of its provisions by 28 December 2020.

Recent developments in the banking market suggest that even stricter rules may be applied by a new framework ("**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 Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD ("**BRRD2**"), credit institutions will also be subject to more burdensome capital and other legal requirements, as these become applicable. The BRRD2 should have been transposed into domestic laws by 28 December 2020. Certain of the BRRD2's requirements relate to the implementation of the total loss absorbing capacity ("**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 will be phased-in from 1 January 2019 (a 16 per cent. minimum TLAC requirement) to 1 January 2022 (a 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 (“**BRRD III**”), the SRM Regulation (“**SRM III**”), and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (“**DGSD II**”). 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. Legislative proposals for BRRD III, SRM III and DGSD II are to be tabled during the fourth quarter of 2021. 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.

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.

1.3.2. 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 may limit the Issuer's rights with respect to their powers over 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.

1.3.3. The Issuer is subject to the European recovery and resolution framework, which dictates the procedures and measures available for any resolution of the Issuer, including the bail-in tool

In May 2014, the EU Council and the EU Parliament approved a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, the "**BRRD**"). The BRRD aims to equip national authorities with harmonised tools and powers to promptly tackle crises in banks and investment firms and to minimise costs for taxpayers. These tools and powers include:

- (a) preparatory and preventive measures (including the requirement for banks to have recovery and resolution plans);
- (b) early supervisory intervention (including powers for authorities to take early action to address emerging problems); and
- (c) resolution tools, including bail-in, which are intended to ensure the continuity of essential services and manage the failure of a credit institution in an orderly way; these tools may be used when the authorities consider an institution's failure has become highly likely and a threat is posed to public interest.

The BRRD was implemented in Portugal by a number of legislative acts, including Law no. 23-A/2015, of 26 March, as amended, which have amended the Portuguese Legal Framework of Credit Institutions and Financial Companies (hereinafter, "**RGICSF**") (enacted by Decree-Law no. 298/92, of 31 December, as amended or superseded), including the requirements for the application of preventive measures, supervisory intervention and resolution tools to credit institutions and investment firms in Portugal.

The implementation of resolution measures must pursue any of the following objectives:

- Ensure the continuity of essential financial services;
- Prevent serious consequences to financial stability;

- Safeguard public treasury and taxpayers' interests by minimising the use of public funds;
- Safeguard depositors and investors' confidence; or
- Protect the funds and assets held for and on behalf of clients and related investment services.

For the purposes of applying resolution measures, an institution is considered to be failing or likely to fail when, in the near future:

- The institution is, or is likely to be, in breach of its requirements for maintaining its licence;
- The institution's assets have or are likely to become lower than its liabilities;
- The institution is, or is likely to be, unable to pay its debt as it falls due; or
- Extraordinary public financial support is required.

Upon the entry into force, on 1 January 2016, of Regulation (EU) no. 806/2014, of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, amending Regulation (EU) No 1093/2010 (“**SRM Regulation**”), as amended by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019, the Bank of Portugal's powers as resolution authority in relation to certain credit institutions, including the Issuer, were transferred to the resolution authority within the Banking Union established by the SRM Regulation - the “**Single Resolution Board**”.

The resolution measures that can be implemented by the resolution authority, either individually or in conjunction, are, notably:

- (i) Sale of business tool: transfer to a purchaser, by decision of the resolution authority, of shares or other ownership instruments or of some or all rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution, without the consent of its shareholders or of any third party other than the acquirer;
- (ii) Bridge institution tool: establishment of a bridge institution by the resolution authority, to which shares or other ownership instruments or some or all rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution are transferred without the consent of its shareholders or of any third party;
- (iii) Asset separation tool (to be used only in conjunction with another resolution measure): transfer, by decision of the resolution authority, of rights and obligations, corresponding to assets,

liabilities, off-balance sheet items and assets under management, of an institution under resolution or of a bridge institution to one or more asset management vehicles, without the consent of the shareholders of the institutions under resolution or of any third party other than the bridge institution. Asset management vehicles are legal persons fully or partially owned by the relevant resolution fund;

- (iv) Bail-in tool: write-down or conversion by the resolution authority of certain obligations of an institution under resolution, as defined under the applicable law (other than, for instance, covered deposits and secured obligations, such as covered bonds). In exceptional circumstances, when the bail-in tool is implemented, the resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers. This exception shall apply when strictly necessary and proportionate and shall fall under the specific requirements provided by law. Resolution measures may be applied to institutions if the resolution authority considers that an institution and/or certain other members of the institution's group meet the following conditions (“**Resolution Conditions**”): (a) they are failing or likely to fail, (b) there is no reasonable prospect that such failure will be avoided within a reasonable timeframe by the adoption of measures by the institution and/or certain other members of its group, the application of early intervention measures or of a Non-Viability Loss Absorption Measure (as defined below), (c) a resolution action pursues any of the public interests listed below and (d) which would not be pursued more effectively by the commencement of winding-up proceedings against the relevant institution.

When applying any resolution measure, the resolution authority shall ensure that an institution’s first losses are borne by its shareholders, followed by its creditors (except depositors covered by a deposit guarantee scheme), in an equitable manner and in accordance with the order of priority of the various classes of creditors under normal insolvency proceedings. Resolution measures are not subject to the prior consent of an institution's shareholders or of the contractual parties related to assets, liabilities, off-balance sheet items and assets under management to be sold or transferred. These actions may have a direct impact on shareholders and on the Issuer’s Group expected returns and an indirect impact through changes to the institution’s business activities.

If an order were to be made under the RGICSF currently in force in respect of an entity (including the Issuer), such action may affect the entity’s ability to satisfy its existing contractual obligations (including limiting its capacity to meet repayment obligations). The use of resolution tools could result in the

cancellation, modification or conversion of any unsecured portion of the liability in respect of the Public Sector Bonds and/or in other modifications to the Terms and Conditions of the Public Sector Bonds and/or the Programme Documents.

The bail-in resolution tool may be used alone or in combination with other resolution tools, where the resolution authority considers that an institution meets the Resolution Conditions. This empowers the resolution authority to write down certain claims of unsecured creditors of a failing institution and/or to convert certain unsecured debt claims into equity, potentially subject to any future application of the general bail-in tool.

Although there are pre-conditions for the exercise of the bail-in power, there remains uncertainty regarding the specific factors which the relevant resolution authority may consider in deciding whether or not to exercise the bail-in power with respect to the relevant financial institution and/or securities issued by that institution.

In addition to the resolution tools described above, the RGICSF further empowers the resolution authorities to permanently write-down or convert into equity (CET1 instruments) capital instruments such as Tier 2 instruments and Additional Tier 1 capital instruments at the point of non-viability of an institution or such institution's group and before any other resolution action has been taken (the “**Non-Viability Loss Absorption Measure**”). Under the RGICSF, the point of non-viability is when any of the following conditions is met:

- the resolution authority determines that an institution or its group meets any of the Resolution Conditions and no resolution measure has been applied yet;
- the resolution authority determines that an institution or its group will no longer be viable unless the relevant capital instruments are written-down or converted; or
- extraordinary public support is required and without such support the institution would no longer be viable.

The write-down and conversion tools may be exercised independently of, or in combination with, the resolution tool. The implementation of write-down or conversion tools in relation to any of the Issuer Group entities could have a material adverse impact on the Issuer’s business, financial condition and results of operations. Furthermore, where capital instruments are converted into equity securities under the mandatory conversion tool, those equity securities may be subject to bail-in powers in resolution, resulting in their cancellation, significant dilution or transfer away from their investors.

The exercise of any resolution powers under the RGICSF and/or any write-down or conversion into equity

could adversely affect the rights of Noteholders, the price or value of their investment in the Public Sector Bonds and/or the Issuer's ability to satisfy their obligations under the Public Sector Bonds. Prospective investors in the Public Sector Bonds should consider the risk of losing their full investment, including principal and any accrued interest, if resolution measures are applied.

1.3.4. The Issuer may not be able to issue certain MREL-eligible instruments and therefore be either unable to meet its MREL or capital requirements

In accordance with Article 145-Y of the RGICSF, financial institutions will be required to meet an Minimum Requirement for own funds and Eligible Liabilities (“MREL”) requirement set by Bank of Portugal.

However, in order to meet in the future MREL requirements, the Issuer may need to issue MREL-eligible instruments, affecting 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, to 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.

Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU regarding the ranking of unsecured debt instruments in the insolvency hierarchy was transposed into the Portuguese legal framework by Law No. 23/2019, of 13 March 2019 which, in addition to governing the position of unsecured debt instruments in the insolvency hierarchy, providing greater legal certainty to the issuance of non-preferred debt, also confers a preferential claim to all deposits vis-a-vis unsecured senior debt.

On 4 February 2021 the Bank of Portugal notified the Issuer about the minimum requirement for own funds and eligible liabilities. Under the new Bank Recovery and Resolution Directive, as from 1 January 2022, the Issuer, on a sub-consolidated basis, must comply with the MREL requirement of 19.05% of RWA (including CBR - combined buffer requirement) and 5.91% of the total leverage ratio exposure (LRE), and, as from 1 January 2024, with the MREL requirement of 23.95% of RWA (including CBR). As at 30 June 2021, the MREL ratio to the LRE is 9.1 (9.3% in 31 December 2020).

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. These requirements could therefore have an adverse effect on the business, reputation, financial condition and results of operation or prospects of the Issuer.

1.3.5. *The impact on BPI of the resolution measures occurred in the past in Portugal and funding of possible future resolutions cannot be anticipated*

Following the decision of Bank of Portugal on 3 August 2014 to apply a resolution measure to Banco Espírito Santo (“**BES**”), most of its business was transferred to a bridge bank, Novo Banco, specifically set up for that purpose and capitalised by the resolution fund – as created by Decree-Law no. 31-A/2012, of 10 February (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 (the “2014 Portuguese State Loan”), €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**”). The Issuer’s share of the Participants’ Loan was of 116.2 million.

In January 2013, Banco Internacional do Funchal, S.A. (“**Banif**”) was recapitalised by the Portuguese State in the amount of €1,100 million (€700 million under the form of special shares and €400 million in hybrid instruments). This recapitalisation plan also included a capital increase by private investors in the amount of €450 million, which was concluded in June 2014. Since then, Banif reimbursed the Portuguese State of €275 million of hybrid instruments, but was not able to reimburse a €25 million tranche in December 2014.

Banif’s sale process was previously initiated, but on 19 December 2015 the Ministry of Finance informed the Bank of Portugal that such voluntary sale was not feasible and thus the sale would have to be made in the context of a resolution procedure, as described below.

On 20 December 2015, the sale of the business of Banif and of most of its assets and liabilities to Banco Santander Totta, S.A. (“**Banco Santander Totta**”) for the amount of €150 million was announced. Accordingly, the overall activity of Banif was transferred to Banco Santander Totta except for the assets transferred to an asset management vehicle (Oitante, S.A.) set up in the context of the application by the Bank of Portugal of the aforementioned resolution measure. 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 (the “**2015 Portuguese State Loan**”)) 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 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.

In June 2021, and in accordance with Decree-Law no. 24/2013, of 19 February, Issuer's Resolution Fund periodic contribution amount totalled €8.5 million.

In relation to the contribution on the banking sector, as at 30 June 2021, the Issuer paid €18.8 million which were transferred by the Portuguese State to the Resolution Fund.

The periodic contribution created within the scope of BRRD transposition paid by the Issuer as of 30 June 2021 was €10.7 million, including contributions collected under the combined terms of the scheme transposing BRRD and the SRM Regulation to the institutions covered by the SRM, which was therefore almost entirely transferred to the SRF under Intergovernmental Agreement.

On 31 May 2021, the Portuguese Resolution Fund signed a credit line with a group of Portuguese financial institutions of up to € 475 million, of which BPI participation is up to €87.4 million. On 4 June 2021, the Portuguese Resolution Fund withdrew €317 million in order to comply with Novo Banco's contingent capital mechanism, of which € 58.3 million from BPI. An additional payment from the Portuguese Resolution Fund to Novo Banco is still under analysis.

The negative impact on the Issuer of the resolutions of BES and Banif cannot be anticipated, as there is the risk 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.

1.3.6. Risks relating to changes in legislation on deferred tax assets

As at 30 June 2021, the Issuer had registered Deferred Tax Assets ("DTAs") of €233 million (as at 31 December 2020: €265 million), of which €55 million were not dependent on future profitability (as at 31 December 2020: €110 million).

According to current legislation, if the Issuer incurs losses, there is the risk that the Portuguese Government will become a shareholder of Banco BPI by virtue of the DTA conversion into ordinary shares.

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.

2. RISK FACTORS RELATING TO THE PUBLIC SECTOR BONDS

2.1. Risks relating to the Nature of the Public Sector Bonds

2.1.1. Extended Maturity of the Public Sector Bonds will not result in any right of the holders to accelerate payments on those Public Sector Bonds or constitute an event of default for any purpose

Unless the rating provided by the Rating Agencies appointed by the Issuer at the relevant time in respect of the Programme is adversely affected by such provisions, an Extended Maturity Date will apply to each Series of Public Sector Bonds issued under the Programme. If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Public Sector Bonds and the Issuer fails to redeem at par all of those Public Sector Bonds in full on the Maturity Date, the maturity of the principal amount outstanding of the Public Sector Bonds will automatically be extended on a monthly basis for up to one year to the Extended Maturity Date, subject as otherwise provided in the applicable Final Terms. In that event, the Issuer may redeem at par all or part of the principal amount outstanding of those Public Sector 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. In that event also, the interest payable on the principal amount outstanding of those Public Sector Bonds will change as provided in the applicable Final Terms and such interest may apply on a fixed or floating basis. The extension of the maturity of the principal amount outstanding of those Public Sector Bonds from the Maturity Date up to the Extended Maturity Date will not result in any right of the holders of Public Sector Bonds to accelerate payments on those Public Sector Bonds or constitute an event of default for any purpose and no payment will be due to the holders of Public Sector 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.

2.1.2. Benefit of special creditor privilege (“*privilégio creditório especial*”) available not only to the holders of a Series

The holders of Public Sector 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 Public Sector Bonds (See *Characteristics of the Cover Pool*). The Public Sector Bonds Law establishes that the Common Representative and 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 Public Sector Bonds ahead of other holders of Public Sector Bonds or of Other Preferred Creditors of the Issuer at the date hereof or in the future.

2.2. Risks relating to Tax and other Relevant Laws

2.2.1. The new covered bonds regulation may trigger the need to make some adjustments on the Programme

On 12 March 2018, the European Commission published a Proposal for a Directive of the European Parliament and of the Council on the issue of covered bonds and their public supervision, amending Directive 2009/65/EC and Directive 2014/59/EU. In November 2019, the European Parliament and the Council adopted the legislative package with a new covered bonds directive and regulation. The new Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 (the “**CBD**”) and the new 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.

The CBD must be implemented into national regulation by 8 July 2021 and covered bond issuers must begin applying such implementing regulation from 8 July 2022, at the latest. The CBD replaces current Article 52(4) of Directive 2009/65/EC on undertakings for collective investment in transferable securities (the “**UCITS Directive**”) and establishes a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that Member States may choose to exercise when implementing the new directive into their national legal orders).

Regulation (EU) 2019/2160, which amends Article 129 of the CRR, will be directly applicable in the EU from 8 July 2022. It further strengthens the criteria applicable to covered bonds that benefit from preferential capital treatment under the CRR regime and adds requirements on minimum overcollateralisation and substitution assets. However, given that certain elements of this new regime will require transposition through national laws, there can be no assurances or predictions made as to its precise effect on the Public Sector Bonds.

It should also be noted that the CBD provides for permanent grandfathering with respect to certain requirements of the new regime for Article 52(4) UCITS Directive-compliant covered bonds issued before 8 July 2022 and includes an option for EU Member States to allow tap issues of grandfathered covered bonds (for up to 24 months after 8 July 2022), provided that such issues comply with certain prescribed requirements. Prospective investors should therefore inform themselves of these changes (and any corresponding national implementing measures) in addition to any other regulatory requirements applicable to their investment in the Public Sector Bonds.

2.2.2. Risks related to withholding tax

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

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

It should also be noted that, if interest and other income derived from the Public Sector Bonds is paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g. typically "jumbo" accounts) such income will be subject to withholding

tax in Portugal at a rate of 35% unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 35% and the Issuer will not be required to gross up payments in respect of any withheld accounts in accordance with Condition 7 (*Taxation*).

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

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

2.3. Risks relating to the Market generally

2.3.1. *The lack of a profitable secondary market*

Public Sector 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 Public Sector 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 Public Sector Bonds that are especially sensitive to interest rate, currency or market risks, 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 Public Sector Bonds generally would 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 Public Sector Bonds.

2.3.2. Ratings of the Public Sector 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 Public Sector Bonds. The Issuer is under no obligation to maintain any rating for itself or for the Public Sector Bonds. Ratings may not reflect the potential impact of all risks discussed in this section and any other factors that may affect the value of the Public Sector 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 Public Sector 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 Public Sector Bonds.

Ratings assigned to the Public Sector Bonds assess the likelihood of full and timely payment of the interest due on each Interest Payment Date to holders of the Public Sector Bonds, and of the ultimate payment of principal in relation to the Public Sector 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 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 or widespread health crises or the fear of such crises (such as COVID-19) may result in downgrades to the ratings assigned to the Public Sector Bonds. If any rating assigned to the Public Sector Bonds is lowered or withdrawn, the market value of the Public Sector Bonds may be reduced. European regulated institutions are in general restricted from using credit ratings for regulatory purposes in the EEA under the CRA Regulation, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered

credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

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

If the status of the rating agency rating the Public Sector Bonds changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Public Sector Bonds may have a different regulatory treatment, which may impact the value of the Public Sector Bonds and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

The Issuer will not request a rating of the Public Sector Bonds from any rating agency other than the Rating Agencies. However, there can be no assurance as to whether any other rating agency will rate the Public Sector Bonds and what rating it may assign the Public Sector Bonds.

The long term/short term ratings currently assigned to the Issuer are Baa2/P-2 with stable outlook by Moody's, BBB/F2 with negative outlook by Fitch and BBB/A-2 with stable outlook by S&P.

2.4. Risks relating to the Structure of a particular issue of Public Sector Bonds

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

2.4.1. Public Sector Bonds issued at a substantial discount or premium

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

2.4.2. Public Sector Bonds subject to optional redemption by the Issuer

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 Public Sector Bonds (which notice shall be irrevocable) redeem all or some only (as specified in the applicable Final Terms) of the Public Sector 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 Public Sector 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 Public Sector Bonds, the nominal amount of all outstanding Public Sector Bonds will be redeemed proportionally.

The Issuer may be expected to redeem Public Sector Bonds when its cost of borrowing is lower than the interest rate on the Public Sector 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 Public Sector 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.

2.4.3. Risks related to Floating Rate Public Sector Bonds

Floating Rate Public Sector Bonds bear a variable interest income. A holder of a Floating Rate Public Sector Bond is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of a Floating Rate Public Sector bond in advance.

2.4.4. Risks for Fixed Rate Public Sector Bonds

Investment in Fixed Rate Public Sector Bonds involves the risk that if market rates subsequently increase above the rate paid on the Fixed Rate Public Sector Bonds, this will adversely affect the value of the Fixed Rate Public Sector Bonds.

2.4.5. Risks related to Public Sector Bond which are linked to “benchmarks”

Interest rate or other types of rates and indices which are deemed to be "benchmarks" (including London Interbank Offered Rate (“**LIBOR**”) and 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 Public Sector 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). Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable could have a material impact on any Public Sector 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.

On 21 January 2019, 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 23 November 2020, the euro risk-free rate working group published consultations on EURIBOR fallback trigger events and fallback rates. The final recommendations have been published on 11 May 2021 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 July 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, or result in adverse consequences to holders of any Public Sector 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 Public Sector Bonds, the return on the Public Sector Bonds and the trading market for securities (including the Public Sector 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 Public Sector 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 Public Sector 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 Public Sector Bonds. Investors in Floating Rate Public Sector 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 Public Sector Bonds and the adverse effect this may have on the value or liquidity of, and return on, any Floating Rate Public Sector Bonds linked to EURIBOR or any other relevant interest rate benchmark.

2.5. Risks Specific to Cover Pool

2.5.1. Dynamic Nature of the Cover Pool

The Cover Pool may contain credit assets over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities, other eligible assets, substitution assets and hedging contracts, in all cases subject to the limitations provided for in the Public Sector Bonds Law and the Bank of Portugal Regulations. The Public Sector Bonds Law permits the composition of the Cover Pool to be dynamic and does not require it to be static. Accordingly, the composition of the Cover Pool will change from time to time in accordance with the Public Sector Bonds Law - See "*The Public Sector Bonds Law*".

2.5.2. Exposure to the Issuer's credit risk in case of insufficiency of the assets comprised by the Cover Pool

The Public Sector Bonds are unsubordinated obligations of the Issuer secured by a special creditor privilege created under the Public Sector Bonds Law over the Cover Pool maintained by the Issuer. In case of insufficiency of the assets comprised by the Cover Pool, the holders of the Public Sector 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 Public Sector Bonds, on the sufficiency of the assets of the Issuer available to common creditors.

2.5.3. Amortisation of Public Sector Credits

Public Sector 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 public sector credits may result in the Issuer being required to include further public sector credits and/or substitution assets in

the Cover Pool in order for the Issuer to comply with the financial matching requirements under the Public Sector Bonds Law. If the Issuer is not able to properly include or substitute assets as aforesaid, this may cause the Issuer not comply with the financial matching requirements under the Public Sector Bonds Law and can impact the performance of the Cover Pool, and the value of and amounts ultimately payable under the Public Sector Bonds.

2.5.4. The inclusion in the Cover Pool of other eligible assets and Hedging Contracts under the Public Sector Bonds Law

The Public Sector Bonds Law permits the inclusion in the Cover Pool of other eligible assets and hedging contracts subject to certain restrictions under the Public Sector Bonds Law and Bank of Portugal Regulations. The aggregate amount of other eligible assets cannot exceed 20 per cent. of the total value of the public sector credits and other eligible assets comprised in the Cover Pool. See “Characteristics of the Cover Pool”. The inclusion of other eligible assets and hedging contracts as mentioned above can affect the performance of the Cover Pool, and the value of and amounts ultimately payable under the Public Sector Bonds, as compared to a situation where no such inclusion was made, or was made at different levels.

2.5.5. The Issuer’s entitlement to enter into Hedging Contracts

Hedging contracts can be entered into exclusively to hedge risks such as interest rate risk, exchange rate risk and liquidity 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 Public Sector Credits comprised in the Cover Pool as well as the interest rate exposure with respect to the Public Sector Bonds. The Issuer is entitled but not required to enter into hedging contracts under the Public Sector Bonds Law, except if the Public Sector Bonds and the Cover Pool are denominated in different currencies, in which case the Issuer shall hedge any exchange rate risk coverage. 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 Public Sector Bonds, as compared to a situation where the opposite decision has been taken by the Issuer.

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 Public Sector 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 Public Sector 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 243 of the Portuguese Securities Code, the Issuer, the members of its Board of Directors, the members of its Audit Committee and the Statutory Auditor 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 which is responsible for the financial information that has been audited by it (the Issuer's consolidated financial statements for the years ended 31 December 2020 and 31 December 2019) and is therefore responsible for the Legal Certification of Accounts and Auditor's Reports on these financial periods and the limited review report to the unaudited interim financial statements in respect of the first semester ended 30 June 2021, which are incorporated by reference in this Base Prospectus, registered with the CMVM under number 20161485, with registered office at Palácio SottoMayor, Rua Sousa Martins, 1, 3º, 1050-217 Lisbon, Portugal ("**PwC**") (see Management and Statutory Bodies in the Description 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.

As of the date of approval of the Issuer's audited consolidated financial statements for the years ended 31 December 2019, (i) the members of the Board of Directors were the following: Fernando Ulrich (Chairman), António Lobo Xavier (Vice-President), Pablo Forero (Vice-President and Deputy-Chairman), Alexandre Lucena e Vale (Executive member), António Farinha Morais (Executive member), António José Cabral (Non-executive member), Cristina Rios Amorim (Non-executive member), Maria de Fátima Barros Bertoldi (Non-executive member), Francisco Manuel Barbeira (Executive member), Gonzalo Gortázar Rotaache (Non-executive member), Ignacio Alvarez-Rendueles (Executive member), Javier Pano Riera (Non-executive member), João Oliveira e Costa (Executive member), José Pena do Amaral (Executive member), Luís Vendrell Pi (Non-executive member), Natividad Pifarre (Non-executive member), Pedro Barreto (Executive member) and Tomás Jervell (Non-executive member) and (ii) the members of the Supervisory Board were the following: Manuel Ramos Sebastião (Chairman); Elsa Roncon (member); Ricardo Frias Pinheiro (member)⁶; Rui Campos Guimarães (member); Manuel Correia de Pinho (substitute member); and Luís Roque de Pinho Patrício (substitute member).

As of the date of approval of the Issuer's audited consolidated financial statements for the years ended 31 December 2020, (i) the members of the Board of Directors were the following: Fernando Ulrich (Chairman), António Lobo Xavier (Vice-President), António Farinha Morais (Executive member), Cristina Rios Amorim (Non-executive member), Elsa Maria Roncon (Non-executive member), Maria de Fátima Barros Bertoldi (Non-executive member), Francisco Manuel Barbeira (Executive member), Gonzalo Gortázar Rotaache (Non-executive member), Ignacio Alvarez-Rendueles (Executive member), Javier Pano Riera (Non-executive member), João Oliveira e Costa (Chief Executive Officer), Luís Vendrell Pi (Non-executive member), Manuel Sebastião (Non-executive member), Natividad Pifarre (Non-executive member) and Pedro Barreto (Executive member) and (ii) the members of the Audit Committee were the following: Manuel Ramos Sebastião (Chairman); Elsa Roncon (member); António Lobo Xavier (member); Maria de Fátima Barros Bertoldi (member); and Luís Vendrell Pi (member).

As of the date of approval of the Issuer's unaudited interim financial statements in respect of the first semester ended 30 June 2021, (i) the members of the Board of Directors were the following: Fernando Ulrich (Chairman), António Lobo Xavier (Vice-President), Cristina Rios Amorim (Non-executive member), Elsa Maria Roncon (Non-executive member), Maria de Fátima Barros Bertoldi (Non-executive member), Francisco Manuel Barbeira (Executive member), Francisco Artur Matos (Executive member)⁷, Gonzalo

⁶ Resigned on 6 June 2020.

⁷ Co-opted by the Board of Directors on 27 April 2021, who began his duties on 20 July with the obtaining of ECB's authorisation.

Gortázar Rotaache (Non-executive member), Ignacio Alvarez-Rendueles (Executive member), Javier Pano Riera (Non-executive member), João Oliveira e Costa (Chief Executive Officer), Luís Vendrell Pi (Non-executive member), Manuel Sebastião (Non-executive member), Natividad Pifarre (Non-executive member) and Pedro Barreto (Executive member) and (ii) the members of the Audit Committee were the following: Manuel Ramos Sebastião (Chairman); Elsa Roncon (member); António Lobo Xavier (member); Maria de Fátima Barros Bertoldi (member); and Luís Vendrell Pi (member).

The Issuer further confirms that (i) this Base Prospectus is true, accurate and complete in all material respects and is not misleading; (ii) that the opinions and intentions expressed herein are honestly held by it and based on reasonable assumptions; (iii) that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would make any statement, opinion or intention 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, no. 3 (directly and *ex vi* article 243) of the Portuguese Securities Code, liability of the entities referred to above is excluded if any such entities proves that the addressee knew or should have known about 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 subparagraph b) of 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, PwC or any other individuals that have certified or, in any other way, verified the accounting documents on which the Base Prospectus are based are held responsible for such information. As per subparagraph b) of article 243 of the Portuguese Securities Code, the right to compensation based on the responsibility for the information contained in the Base Prospectus, as per article 149, is to be exercised within six months following the knowledge of an inaccuracy in the contents of the Base Prospectus and ceases, in any case, two years following (i) disclosure of the admission Base Prospectus or (ii) amendment 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*). Any decision to invest in the Public Sector Bonds should be made on the basis that such documents are so incorporated and form part of this Base Prospectus as a whole.

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 Programme or the Public Sector 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 *Overview of the Programme*) or any of the Dealers. Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Public Sector 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 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 are capable of affecting the assessment of any Public Sector Bonds, the Issuer will prepare a supplement to this Base Prospectus. The Arranger, the Common Representative and the Dealer expressly refrain from undertaking any to review of the financial condition or affairs of the Issuer during the duration of the Programme or to advise any investor in the Public Sector 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 Public Sector Bonds.

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

This Base Prospectus or any Final Terms (as defined below) do not constitute an offer to sell or a solicitation of an offer to buy any securities other than Public Sector Bonds or an offer to sell or a solicitation of any offer to buy any Public Sector 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 Public Sector Bonds may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Dealer do not represent that this Base Prospectus may be lawfully distributed, or that any Public Sector 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 Dealer (save 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 Public Sector Bonds or the distribution of Base Prospectus or any other offering material

relating to the Programme or the Public Sector Bonds issued thereunder in any country or jurisdiction where action for that purpose is required. Accordingly, no Public Sector 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 Public Sector 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 Public Sector 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 Public Sector Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Public Sector Bonds in the United States, the EEA (including among other countries, Portugal and Belgium), the UK, Switzerland, Singapore and Japan. See *Subscription and Sale and Secondary Market Arrangements*.

The Arranger, the Common Representative and the Dealer have not independently 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 Public Sector Bonds or any other agreement or document relating to any Public Sector 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 Dealer makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to (a) to 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 Public Sector Bonds or any other agreement or document relating to any Public Sector Bonds or the Programme. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the Public Sector 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 Dealer that any recipient of this Base Prospectus or any other financial information supplied in connection with the Programme should purchase the Public Sector Bonds. Each potential purchaser of Public Sector Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Public Sector Bonds should be based upon its own independent investigation as it deems necessary (namely of the financial condition, affairs and creditworthiness of the Issuer and the advantages and risks of investing in Public Sector Bonds). None of the Arranger, the Common Representative or the Dealer 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 Public Sector Bonds of any information coming to the attention of the Arranger, the Common Representative or the Dealer.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Public Sector Bonds in any Member State of the EEA will be made pursuant to an exemption under Article 1(4) and/or 3(2) of the Prospectus Regulation, from the requirement to publish a prospectus for offers of Public Sector Bonds. Accordingly any person making or intending to make an offer in that Member State of the EEA of Public Sector Bonds which are the subject of a placement contemplated in this Base Prospectus, as completed by the Final Terms in relation to the offer of those Public Sector Bonds, may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus pursuant to the provisions of, respectively, Articles 3 and Article 23 of the Prospectus Regulation, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Member State of the EEA or, where appropriate, approved in another Member State of the EEA and notified to the competent authority in that Member State of the EEA and (in either case) published, all in accordance with the Prospectus Regulation, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State of the EEA and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or its final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Public Sector Bonds in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “EUR” or “euro” are to the lawful currency of the Member States of the European Union that adopt the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended, and, to “U.S.\$”, “USD” or “U.S dollars” are to United States dollars, the lawful currency of the United States of America.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. Results presentation with the unaudited consolidated results for the first 9 months 2021 (which can be found at (<https://bpi.bancobpi.pt/storage/download/ficheiro2.54C95FF4-1295-42C6-A4F3-BBC3C15A35F2.1.pt.asp?id=878C3CD6-D584-4E4B-8572-6E732F98DD0D>)).
2. The non-audited report in respect of the unaudited interim financial statements in respect of the first semester ended 30 June 2021 (the First half 2021 Report which can be found at <https://bpi.bancobpi.pt/storage/download/ficheiro.54C95FF4-1295-42C6-A4F3-BBC3C15A35F2.1.pt.asp?id=F290C486-54A1-4571-80E2-CEF775DDC55F>)
3. The audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2020 (the Annual report 2020 which can be found at <https://bpi.bancobpi.pt/storage/download/ficheiro.54C95FF4-1295-42C6-A4F3-BBC3C15A35F2.1.pt.asp?id=F17CF7B5-1C27-43D4-B119-AE12FDD55E23>).
4. The audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2019 (the Annual report 2019 which can be found at <https://bpi.bancobpi.pt/pt/ficheiros/RC/BancoBPIRelatorioContas2019.pdf>).
5. the articles of association in Portuguese) of Banco BPI (https://rep.bancobpi.pt/RepMultimedia/getMultimedia.asp?channel=Multimedia%20-%20RI%20-%20Informa%E7%E3o%20Obrig%20Investidores&content=Estatutos_Contrato_BancoBPI_PT).

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.

Any information contained in the Issuer's website (www.bancobpi.pt) is not part of this Base Prospectus unless such information is incorporated by reference in this Base Prospectus.

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

The table below refers to points (1) to (4) above:

| | |
|---------------------------------------|-----------|
| Banco BPI | |
| Information incorporated by reference | Reference |

Results presentation with the unaudited consolidated results as of 30 September 2021

| | |
|--------------------------------|---------|
| Consolidated Income Statements | Page 37 |
| Consolidated Balance Sheet | Page 38 |

Non-audited report in respect of the unaudited interim financial statements in respect of the first semester ended 30 June 2020 (First half 2021 Report)

| | |
|---|---------------|
| Auditors' review report on the Condensed Consolidated Financial Statements for the period ended 30 June 2021 | Pages 147-150 |
| Condensed interim balance sheets as of 30 June 2021 and 31 December 2020 | Page 65 |
| Condensed interim statements of profit or loss for the periods ended on 30 June 2021 and 2020 | Page 66 |
| Condensed interim statements of profit and loss and other comprehensive income for the periods ended on 30 June 2021 and 2020 | Page 67 |
| Condensed interim consolidated statements of changes in equity for the periods ended on 30 June 2021 and 2020 | Page 68 |
| Condensed interim statements of cash flows for the periods ended on 30 June 2021 and 2020 | Page 70 |
| Notes to the condensed interim financial statements | Pages 71-146 |

| | |
|---------------------------------------|-----------|
| Banco BPI | |
| Information incorporated by reference | Reference |

The audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2020 (Annual report 2020)

Auditors' report relating to the accounts for the period ended 31 December 2020 Pages 360-371

Consolidated balance sheets Page 172

Consolidated statements of profit or loss Page 173

Consolidated statements of profit or loss and other comprehensive income Pages 174

Consolidated statements of cash flows Pages 177

Statements of changes in shareholders' equity Pages 175

Notes to the consolidated financial statements Pages 178-359

The audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2019 (Annual report 2019)

Auditors' report relating to the accounts for the period ended 31 December 2019 Pages 262-273

Consolidated balance sheets Page 102

Consolidated statements of profit or loss Page 103

Consolidated statements of profit or loss and other comprehensive income Page 104

Consolidated statements of cash flows Page 106

Statements of changes in shareholders' equity Page 105

Notes to the consolidated financial statements Pages 107-261

The page references for both 2019 and 2020 annual reports, for the first half 2021 Report and for the results presentation with the unaudited consolidated results as of 30 September 2021, refer to the documents in PDF format.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Delegated Regulation (EU) No 2019/980, as amended from time to time.

FORM OF THE PUBLIC SECTOR BONDS AND CLEARING SYSTEMS

The Public Sector Bonds will be held through a central securities depository (“CSD”) which will be the Portuguese domestic CSD, Interbolsa, as operator of the Central de Valores Mobiliários.

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Interbolsa currently in effect. The information in this section concerning Interbolsa has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Arranger or the Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of Interbolsa are advised to confirm the continued applicability of its rules, regulations and procedures. None of the Issuer, the Arranger or the Dealer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, interests in the Public Sector 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 provides various services including safekeeping, administration, clearance and settlement of domestically and internationally traded securities and securities lending and borrowing.

The address of Interbolsa is Avenida da Boavista, 3433, 4100-138 Porto, Portugal.

The Public Sector Bonds have not been and will not be registered under the 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 Securities Act (see Subscription and Sale and Secondary Market Arrangements). Accordingly, the Public Sector Bonds will be offered and sold only outside the United States in reliance upon Regulation S under the Securities Act.

Public Sector Bonds held through Interbolsa

General

Interbolsa manages a centralised system (*sistema centralizado*) composed by interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred, and which allows Interbolsa to control at all times the amount of securities so created, held and transferred. Issuers of securities, financial intermediaries, the Bank of 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 public sector 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.

Public Sector Bonds held through Interbolsa will be attributed an International Securities Identification Number (“**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 trades executed through Euronext Lisbon takes place on the second Business Day after the trade date and is provisional until the financial settlement that takes place at the Bank of Portugal on the Final Settlement Date.

Public Sector Bonds may be attributed Financial Instrument Short Name (“**FISN**”), Classification of Financial Instruments (“**CFI**”) code and/or other securities identifier, which will be contained in the Final Terms relating thereto.

Form of the Public Sector Bonds

The Public Sector Bonds of each Series will be in book-entry form (“*forma escritural*”) and title to the Public Sector Bonds will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code, the applicable CMVM regulations and Interbolsa regulations. No physical document of title will be issued in respect of Public Sector Bonds held through Interbolsa. The Public Sector Bonds will be nominative Public Sector Bonds (“*nominativas*”).

The Public Sector Bonds of each Series will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Affiliate Member of Interbolsa on behalf of the holders of the Public Sector Bonds. Such control accounts reflect at all times the aggregate of Public Sector Bonds held in the individual securities accounts opened by the holders of the Public Sector Bonds with each of the Affiliate Member of Interbolsa. The expression “**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their

customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

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

Registering the Public Sector Bonds with Interbolsa does not necessarily mean that the Public Sector Bonds will be recognised as eligible collateral for the monetary authority of the euro area which comprises the ECB and the national central banks of the Member States whose currency is the Euro (the “**Eurosystem**”) monetary policy and intra-day 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 Public Sector Bonds

Payment of principal and interest in respect of the Public Sector Bonds (i) in Euros will be (a) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to TARGET2 payment current-accounts held in the payment system of TARGET2 according to the applicable procedures and regulations of Affiliate Members of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Public Sector 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 Public Sector Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Public Sector 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*), managed by CGD, 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 Public Sector Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Public Sector 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 Public Sector 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 Affiliate Member of Interbolsa must inform Interbolsa of the bank accounts to which the relevant payments shall be made. Interbolsa must notify the Bank of Portugal 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 Affiliate Members of Interbolsa.

The Paying Agent notifies Interbolsa of the amounts to be paid for payments to be processed in accordance with Interbolsa procedures and regulations. In the case of a partial payment, the amount held in the TARGET2 current account of the Paying Agent must be apportioned pro-rata between the accounts of the Affiliate Members of Interbolsa.

Transfer of Public Sector Bonds held through Interbolsa

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

FINAL TERMS OF THE PUBLIC SECTOR BONDS

The form of Final Terms that will be issued in respect of each Tranche of Public Sector 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 Public Sector 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: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May (“**MiFID II**”) or (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January, on Insurance distribution (as amended), 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 Prospectus Regulation (as defined below). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Public Sector Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Public Sector Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]⁸

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Public Sector 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 Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA, or (iii) not a qualified

⁸ Legend to be included on front of the Final Terms if the Public Sector Bonds potentially constitute “packaged” products 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”.

investor as defined in Article 2 of Regulation (EU) 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 Public Sector Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Public Sector Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]⁹

[MIFID II product governance / Professional investors and eligible counter parties only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Public Sector Bonds has led to the conclusion that: (i) the target market for the Public Sector Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Public Sector Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Public Sector 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 Public Sector Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]¹⁰

*[Amounts payable under the Public Sector Bonds may be calculated by reference to [specify benchmark (as this term is [defined in the Benchmark Regulation])] which is provided by [legal name of the benchmark administrator]. As at the date of this Final Terms, [legal name of the benchmark administrator] [appears / does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) no. 2016/1011, of 8 June) (the “**Benchmark Regulation**”).*

[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 Public Sector Bonds has led to the

⁹ Legend to be included on front of the Final Terms if the Public Sector Bonds potentially constitute “packaged” products 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”.

¹⁰ Legend to be included on front of the Final Terms, to outline the product approval process of any applicable manufacturer.

conclusion that: (i) the target market for the Public Sector 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 Public Sector Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Public Sector 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 Public Sector Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]¹¹

Banco BPI, S.A.

Legal entity identifier (LEI): 3DM5DPGI3W6OU6GJ4N92

Issue of [*Aggregate Nominal Amount of Tranche of Public Sector Bonds*] [[●] per cent./Floating Rate/Zero
Coupon] Public Sector Bonds due [●]

under the €2,000,000,000 Public Sector Bonds Programme

THE PUBLIC SECTOR BONDS (AS DESCRIBED HEREIN) ARE ISSUED IN ACCORDANCE WITH DECREE-LAW NO. 59/2006, OF 20 MARCH, AS AMENDED FROM TIME TO TIME (THE "**PUBLIC SECTOR BONDS LAW**"). THE ISSUER HAS THE CAPACITY TO ISSUE PUBLIC SECTOR BONDS IN ACCORDANCE WITH THE PUBLIC SECTOR BONDS LAW. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE PUBLIC SECTOR BONDS ARE SECURED BY THE COVER POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE PUBLIC SECTOR BONDS LAW.

¹¹ Legend to be included on front of the Final Terms, to outline the product approval process of any applicable UK MiFIR manufacturer.

This document constitutes the Final Terms relating to the issue of Public Sector 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 Public Sector Bonds (the “**Terms and Conditions**”) set forth in the Base Prospectus dated 16 December 2021 [, 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**”). The Terms and Conditions are incorporated by reference into in each Public Sector Public Sector described herein, as applicable. This document constitutes the Final Terms of the Public Sector Public Sector described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [, as supplemented]. Full information on the Issuer and the offer of the Public Sector Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus [, as supplemented]. The Base Prospectus [, as supplemented.] is available for viewing at Banco BPI, S.A., Avenida da Boavista, n.º 1117, 4100-129, Porto, www.bancobpi.pt and www.cmvm.pt. and copies may be obtained from the same address for a period of 12 months following the date of the Base Prospectus 16 December 2021. The Final Terms are available for viewing at the website of Banco BPI at (www.bancobpi.pt) and CMVM’s website (www.cmvm.pt).*

[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 supplement to the Base Prospectus under Article 142 of the Portuguese Securities Code and Article 23 of the Prospectus Regulation.]

- | | | |
|----|-----------------------------------|--|
| 1. | (i) Issuer | Banco BPI, S.A. |
| | (ii) Series Number: | [●] |
| | (iii) [Tranche Number: | [●] |
| | | <i>[(If fungible with an existing Series, details of that Series, including the date on which the Public Sector Bonds become fungible.)]</i> |
| 2. | Specified Currency or Currencies: | [●] |

3. (i) Aggregate Nominal Amount of Public Sector Bonds:
- A. Series: [●]
- B. Tranche: [●]
- (ii) Specify whether Public Sector Bonds are to be admitted to trading [Yes (if so, specify each Series/Tranche)/No]
4. (i) Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
- (ii) [Net Proceeds (Required only for listed issues)] [●] [*an amount equal to: Aggregate Nominal Amount of Public Sector Bonds minus Estimate of total expenses*]
5. Specified Denominations: [●]
- (N.B. the minimum denomination of each Public Sector Bond is €100,000)*
6. (i) Issue Date: [●]
- (ii) [Interest Commencement Date (if different from the Issue Date): [●]
- (NB: An Interest Commencement Date will not be relevant for certain Public Sector Bonds, for example Zero Coupon Public Sector Bonds.)*
7. Maturity Date: [*specify date (for Fixed Rate Public Sector Bonds) or (for Floating Rate Public Sector Bonds) Interest Payment Date falling in or nearest to the relevant month and year*]
8. Extended Maturity Date: [Applicable/Not Applicable]
- [insert date] [*If applicable, the date should be that falling one year after the Maturity Date. If not applicable, insert "Not Applicable"*].
- [Unless the rating provided by the rating agencies appointed by the Issuer at the relevant time in respect of the Programme is adversely affected by such provisions, an Extended Maturity Date will apply to each Series of the Public Sector Bonds.]*
9. Interest Basis:

- (i) Period to (and including) Maturity Date: [[●] per cent. Fixed Rate] [[specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
- (ii) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date: [Not Applicable] / [[●] per cent. Fixed Rate] [[specify reference rate] +/- [●] per cent. Floating Rate] (further particulars specified below)
[Insert “Not Applicable” only if Extended Maturity Date does not apply]
10. Redemption/Payment Basis: [Redemption at par]
11. Change of Interest or Redemption/Payment Basis [Specify details of any provision for convertibility of Public Sector Bonds into another interest or redemption/payment basis]
12. Put/Call Options: [Investor Put] [Issuer Call] [(further particulars specified below)]
13. (i) Status of the Public Sector Bonds: The Public Sector Bonds will be direct, unconditional and senior obligations of the Issuer and rank equally with all other public sector bonds issued or to be issued by the Issuer. The Public Sector Bonds will qualify as public sector bonds for the purposes of the Public Sector Bonds Law.
- (ii) [Date [Board] approval for issuance of Public Sector Bonds obtained]: [●]
14. Method of distribution: [Syndicated/Non-syndicated]
15. Listing/Admission to Regulated Market [Euronext Lisbon/specify other/None]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Public Sector Bonds Provisions
- To Maturity Date: [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)

- From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable] (If subparagraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Fixed Rate Public Sector Bonds after the Maturity Date.]

- (i) Rate [(s)] of Interest:
 - To Maturity Date: [●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

 - From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [●] per cent per annum. [payable[annually/semi-annually/quarterly] in arrear]
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Fixed Rate Public Sector Bonds after the Maturity Date.]

- (ii) Interest Payment Date(s):
 - To Maturity Date: [[●] in each year up to and including the Maturity Date / [specify other]]

 - From Maturity Date up to Extended Maturity Date: [Not Applicable] [[●] in each month up to and including the Extended Maturity Date]/[specify other]
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Fixed Rate Public Sector Bonds after the Maturity Date.]

- (iii) Fixed Coupon Amount [(s)]:
 - To Maturity Date: [[●] 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 Public Sector Bonds are Fixed Rate Public Sector Bonds after the Maturity Date.]

- (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 Public Sector Bonds are Fixed Rate Public Sector Bonds after the Maturity Date.]

(v) Day Count Fraction

- To Maturity Date: [30/360 or Actual/Actual (ICMA) or *[specify other]*]
- From Maturity Date up to Extended Maturity Date: [Not *Applicable*] [30/360 or Actual/Actual (ICMA) or *[specify other]*]

[State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Bonds are Fixed Rate Public Sector Bonds after the Maturity Date.]

(vi) Determination Date(s):

- To Maturity Date: *[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)]* in each year
- From Maturity Date up to Extended Maturity Date: [Not *Applicable*] *[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)]* in each year

[State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Bonds are Fixed Rate Public Sector Bonds after the Maturity Date.]

(vii) Other terms relating to the method of calculating interest for Fixed Rate Public Sector Bonds:

[None/*give details*]

17. Floating Rate Public Sector Bonds Provisions

- To Maturity Date: *[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph.)*
- From Maturity Date up to Extended Maturity Date: *[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph.)*

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

(i) Specified Period(s)/Specified Interest Payment Dates:

- To Maturity Date: [●]
 - From Maturity Date up to Extended Maturity Date: [Not Applicable]/[●]
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]
- (ii) Business Day Convention:
- To Maturity Date: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding 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 Business Day Convention/Preceding Business Day Convention/other (give details)] *[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]*
- (iii) Additional Business Centre(s):
- To Maturity Date: [●]
 - From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [●]
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined:
- To Maturity Date: [Screen Rate Determination/ISDA Determination/other (give details)]
 - From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [Screen Rate Determination/ISDA Determination/other (give details)]
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector 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: [●]

- From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [●]
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]

(vi) Screen Rate Determination:

a) To Maturity Date:

- Reference Rate: [●]

- Interest Determination Date: [●] *(Second day on which the TARGET System is open prior to the start of each Interest Period if Euribor)*

- Relevant Screen Page: [●] *(in the case of Euribor, if not Telerate page 248 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:

- [Not Applicable]
[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]

- Reference Rate: [●]

- Interest Determination Date: [●] *(Second day on which the TARGET System is open prior to the start of each Interest Period if Euribor)*

- Relevant Screen Page: [●] *(in the case of Euribor, if not Telerate page 248 ensure it is a page which shows a composite rate or amend the fallback provisions accordingly)*

(vii) ISDA Determination:

a) To Maturity Date:

- Floating Rate Option: [●]

- Designated Maturity: [●]

- Reset Date: [●]

- b) From Maturity Date up to Extended Maturity Date: [Not Applicable]
 [State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]
- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- (viii) Margin(s):
- To Maturity Date: [+/-] [●] per cent. Per annum
 - From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [+/-] [●] per cent. per annum [State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]
- (ix) Minimum Rate of Interest:
- To Maturity Date: [●] per cent. per annum
 - From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [●] per cent. per annum [State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]
- (x) Maximum Rate of Interest:
- To Maturity Date: [●] per cent. per annum
 - From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [●] per cent. per annum [State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.]
- (xi) Day Count Fraction:
- To Maturity Date: [Actual/Actual (ISDA)
 Actual/365 (Fixed)
 Actual/365 (Sterling)
 Actual/360
 30/360]

30E/360

30E/360 (ISDA)

Other]

(see Condition 4 (*Interest*) for alternatives)

- From Maturity Date up to Extended Maturity Date: [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 Public Sector Bonds are Floating Rate Public Sector 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 Public Sector Bonds, if different from those set out in the Terms and Conditions:

- To Maturity Date

[•]

- From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [•]

[*State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Bonds are Floating Rate Public Sector Bonds after the Maturity Date.*]

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

(i) Accrual Yield: [•] per cent. per annum

(ii) Reference Price [•]

- (iii) Any other formula/basis of determining amount payable: [●]
- (iv) Day Count Fraction in relation to late payment: [Condition 5.5 applies/specify other]
(consider applicable day count fraction if not US dollar denominated)

PROVISIONS RELATING TO REDEMPTION

- 19. 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 Public Sector Bond and method, if any, of calculation of such amount(s): [●] per Public Sector 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)*

- 20. 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) of each Public Sector Bond and method, if any, of calculation of such amount(s): [●] per Public Sector Bond of [●] Specified Denomination

- (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*)
21. Final Redemption Amount of each Public Sector Bond [[●] per Public Sector Bond of [●] Specified Denomination/Other/See Appendix]
22. [Early Redemption Amount of each Public Sector 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]

GENERAL PROVISIONS APPLICABLE TO THE PUBLIC SECTOR BONDS

23. (a) Form of Public Sector Bonds: Registered Public Sector Bonds (*nominativas*) in book entry form (*escriturais*)
- (b) New Global Notes: [Yes/No]
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]
(*Note that this item relates to the place of payment and not Interest Period end dates to which item 17 (iii) relates*)
25. Redenomination applicable: [Applicable/Not Applicable] (*if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms*)
26. Other final terms: [Not Applicable/*give details*]

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

[In order for withholding tax not to apply the holders of the Public Sector Bonds must, inter alia, deliver certain tax certifications. See Taxation section.]

DISTRIBUTION

27. (i) If syndicated, names of Dealers: [Not Applicable/give names and date of relevant agreement]
- (ii) Stabilising Manager (if any): [Not Applicable/give names]
- (iii) Commission Payable / Selling Concession: [●]
28. If non-syndicated, name of relevant Dealer: [Not Applicable/give name and date of relevant agreement]
29. Additional selling restrictions: [Not Applicable/give details]
- Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (if the offered Public Sector Bonds clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Public Sector Bonds may constitute “packaged products” and no KID will be prepared in the EEA, “Applicable” should be specified)*
30. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
- (If the Public Sector Bonds clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Public Sector Bonds may constitute “packaged” products and no KID will be prepared in the UK, “Applicable” should be specified)*
31. Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
- (N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*
32. Relevant Benchmark[s] *[specify benchmark] is provided by administrator legal name][repeat as necessary]. [[administrator legal name] [appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the of the Benchmark Regulation.*
- [As far as the Issuer is aware, [[insert benchmark(s)] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that regulation]/[the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [insert names(s) of administrator(s)] [is/are] not currently required to obtain authorisation or registration.]/[Not Applicable].*

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list the issue of the Public Sector Bonds described herein pursuant to the €2,000,000,000 Public Sector Bonds Programme of Banco BPI, S.A.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. Listing

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

2. Ratings

Ratings: The Public Sector 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”)]:

[DBRS: [●]]

[Moody’s: [●]]

[[●] (specify): [●]]

(The above disclosure should reflect the rating allocated to Public Sector Bonds being issued)

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

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

However, the ratings [[have been]/[are expected to be]] endorsed by [insert the name of the 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 [CRA Regulation / UK CRA Regulation.]

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 Public Sector Bonds has an interest material to the offer.” – amend as appropriate if there are other interests]

4. Reasons for the Offer, Estimated Net Proceeds (Issue Price minus the fees payable to the Dealer) and Estimated Total Expenses (the total expenses relating to admission to trading and the fees payable to the Dealer)

[(i)] Reasons for the offer [•]

(See USE OF PROCEEDS] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii)] Estimated net proceeds [•]

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

[(iii)] Estimated total expenses: [•]

5. YIELD

Indication of yield: [•]

[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 Public Sector 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 plus 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

ISIN Code: [•]

Common Code: [•]

Name(s) and address(es) of additional Paying Agent(s) (if any):

Delivery: Delivery [against/free of] payment

[Intended to be held in a manner which would allow Eurosystem eligibility:] [[Yes] [No]

[Note that the designation “yes” simply means that the Public Sector Bonds are intended upon issue to be registered with Interbolsa in its capacity as a securities settlement system, and does not necessarily mean that the Public Sector 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. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

[Not Applicable]

[Applicable]

[If applicable;

Stabilising Manager;

Stabilization Operation

Period;

Other information]

TERMS AND CONDITIONS OF THE PUBLIC SECTOR BONDS

The following are the Terms and Conditions of the Public Sector Bonds. The applicable Final Terms in relation to any Tranche of Public Sector 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 Public Sector Bonds and shall be included in a supplement prepared by the Issuer for such purpose. The applicable Final Terms (or the relevant provisions thereof) will be incorporated by reference or endorsed upon, or attached to, each Public Sector Bond. Reference should be made to “Final Terms for Public Sector 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 Public Sector Bonds.

THE PUBLIC SECTOR BONDS (AS DEFINED IN THESE TERMS AND CONDITIONS) ARE PUBLIC SECTOR BONDS (“OBRIGAÇÕES SOBRE O SECTOR PÚBLICO”) ISSUED IN ACCORDANCE WITH THE PUBLIC SECTOR BONDS LAW (AS DEFINED IN THIS TERMS AND CONDITIONS). THE ISSUER (AS DEFINED IN THESE TERMS AND CONDITIONS) IS A CREDIT INSTITUTION WITH THE CAPACITY TO ISSUE PUBLIC SECTOR BONDS PURSUANT TO THE PUBLIC SECTOR BONDS LAW. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE PUBLIC SECTOR BONDS LAW ARE SECURED BY THE ASSETS THAT COMPRISE THE COVER POOL (AS DEFINED BELOW) MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE PUBLIC SECTOR BONDS LAW.

This Public Sector Bonds is one of a Series (as defined below) of public sector bonds issued by Banco BPI, S.A. (the “**Issuer**”) in accordance with the procedures set out in Agency and Payments Procedures (as defined below).

References herein to the Public Sector Bonds shall be references to the Public Sector 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 Public Sector 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 19 June 2008, as amended from time to time, and made and agreed by Banco BPI, S.A. (acting in its capacity as Agent, which expression shall include any successor) and by any subsequent agent, paying agent, transfer agent and/or agent bank.

Any reference to “**holders of Public Sector Bonds**” shall mean the person or entity in whose name the Public Sector Bonds are registered as such in the relevant securities account held with Interbolsa.

As used herein, “**Tranche**” means Public Sector Bonds which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Public Sector Bonds together with any further Tranche or Tranches of Public Sector 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 (i) available for inspection or collection during normal business hours at the specified office of the Paying Agent or (ii) may be provided by email to holders of Public Sector Bonds following their prior written request to the Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Paying Agent). Copies of the applicable Final Terms are obtainable at the website of the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) (the “CMVM”)– www.cmvm.pt – and during normal business hours at the specified office of the Paying Agent save that, if these Public Sector Bonds are unlisted, the applicable Final Terms will only be obtainable at the specified office of the Paying Agent by a holder holding one or more unlisted Public Sector Bonds and such holder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Public Sector Bonds and identity. The Public Sector Bonds holders 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 Public Sector Bonds all the Public Sector Bonds issued other than:

- (a) those Public Sector Bonds which have been redeemed and cancelled pursuant to these Terms and Conditions;
- (b) those Public Sector 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 Public Sector Bonds holders in accordance with these Terms and Conditions) and remain available for payment against presentation of the relevant Public Sector Bonds;

- (c) those Public Sector Bonds which have been purchased and cancelled under these Terms and Conditions;
- (d) those Public Sector Bonds which have become prescribed under these Terms and Conditions; and
- (e) (for the purpose only of ascertaining the principal amount of the Public Sector Bonds outstanding and without prejudice to the status for any other purpose of the relevant Public Sector Bonds) those Public Sector Bonds which are alleged to have been lost or destroyed and in respect of which replacements have been issued under these Terms and Conditions.

1. FORM, DENOMINATION AND TITLE

The Public Sector Bonds are in nominative form (*nominativas*) form and in the Specified Currency and the Specified Denomination(s), as specified in the applicable Final Terms. Public Sector Bonds of one Specified Denomination may not be exchanged for Public Sector Bonds of another Specified Denomination.

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

This Public Sector Bond may be a Fixed Rate Public Sector Bond, a Floating Rate Public Sector Bond or a Zero Coupon Public Sector Bond, depending upon the Interest Basis shown and as specified in the applicable Final Terms.

Where the applicable Final Terms specify that an Extended Maturity Date applies to a Series of Public Sector Bonds, those Public Sector Bonds may be Fixed Rate Public Sector Bonds, Floating Rate Public Sector Bonds or Zero Coupon Public Sector Bonds in respect of the period from the Issue Date to and including the Maturity Date and Fixed Rate Public Sector Bonds or Floating Rate Public Sector 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.

The Public Sector Bonds to be issued on or after the date hereof will be issued in a denomination per unit equal to or higher than €100,000 (or its equivalent in another currency) as specified in the relevant Final Terms.

2. TRANSFERS OF PUBLIC SECTOR BONDS

The transferability of the Public Sector Bonds is not restricted.

Public Sector 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 Public Sector Bond. No owner of a Public Sector Bond will be able to transfer such Public Sector Bond, except in accordance with Portuguese Law and with the applicable procedures of Interbolsa.

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

3. STATUS OF THE PUBLIC SECTOR BONDS

The Public Sector 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 Public Sector Bonds are securities issued in accordance with the Public Sector Bonds Law, which are secured by the Cover Pool maintained by the Issuer in accordance with the terms of the Public Sector Bonds Law, and rank *pari passu* with all other obligations of the Issuer under public sector bonds issued or to be issued by the Issuer pursuant to the Public Sector Bonds Law.

4. INTEREST

4.1 Interest on Fixed Rate Public Sector Bonds

Each Fixed Rate Public Sector 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 Public Sector Bonds up to the Extend Maturity Date*), interest will be payable in arrear on

the Interest Payment Date(s) in each year up to (and including) the Maturity Date (as specified in the relevant Final Terms).

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 Public Sector Bonds*):

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
 - (a) in the case of Public Sector 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 Public Sector 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 Public Sector Bond the principal amount of that Public Sector Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of the Public Sector 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 Public Sector Bonds

(A) Interest Payment Dates

Each Floating Rate Public Sector Bond (as specified in the applicable Final Terms) bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear 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 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 (as specified in the applicable Final Terms), 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 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; or
- (iv) the Preceding Business Day Convention (as specified in the applicable Final Terms), 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 TARGET System is open.

(B) Rate of Interest

Floating Rate Public Sector Bonds

The Rate of Interest payable from time to time in respect of Floating Rate Public Sector Bonds will be determined in the manner specified in the applicable Final Terms, provided that (as set out below and detailed in the relevant Final Terms) the relevant rate of interest will be equal to the relevant reference rate plus or minus (as the case may be) the relevant Margin.

(i) *ISDA Determination for Floating Rate Public Sector 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 the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Public Sector Bonds (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 Eurozone 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-paragraph 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 Public Sector 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) 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 specify 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.

(iii) *Request from Reference Banks:* If, for the purposes of the calculations described in this Condition 4.2(B), the Relevant Screen Page is not available or if no offered quotations appear thereon, the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at 11.00 a.m. (or Brussels time) on the Interest Determination Date (as specified in the applicable Final Terms) in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent.

(iv) *Determination by Agent:* If on any Interest Determination Date, one only or none of the Reference Banks provides the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent or, where the

applicable Final Terms specify a Calculation Agent, the Calculation Agent, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, by the Reference Banks or any two or more of them, at which such banks were offered, approximately the above specified time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, with such offered rates, at the Agent's request, the Rate of Interest for the relevant Interest Period will be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the above specified time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined on the Interest Determination Date for the last preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

For the purposes of the above, "Reference Banks" means those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page or, if applicable, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

- (v) *Reference Rate specified in Final Terms:* If the Reference Rate from time to time in respect of Floating Rate Public Sector Bonds is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of such Public Sector 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 specify 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 paragraph 4.2 above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify 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 paragraph 4.2 above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specify, 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 specify a Calculation Agent, the Calculation Agent so specified, will calculate the amount of interest payable on the Floating Rate Public Sector Bonds in respect of each Specified Denomination (each an “**Interest Amount**”) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (iii) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(E) Notification of Rate of Interest and Interest Amounts

The Agent, or where the applicable Final Terms specify a Calculation Agent for this purpose, the Calculation Agent so specified, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to any Stock Exchange or other relevant competent listing authority or quotation system on which the relevant Floating Rate Public Sector 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 Public Sector Bonds are for the time being listed or by which they have been admitted to listing and to the holders of Public Sector 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 Sector Public Bonds*), whether by the Agent or the Calculation Agent (if applicable) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents, any Calculation Agent, the Common Representative and all holders of Public Sector Bonds and (in the absence of wilful default or bad faith) no liability to the Issuer, any Calculation Agent, the holders of Public Sector 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 Public Sector Bonds up to the Extended Maturity Date*), interest (if any) will cease to accrue on each Public Sector Bond (or in the case of the redemption of part only of a Public Sector Bond, that part only of such Public Sector Bond) on the due date for redemption thereof unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until (i) the date on which all amounts due in respect of such Public Sector Bond have been paid; and (ii) five days after the date on which the full amount of the moneys payable in respect of such Public Sector Bond has been received by the Agent, and notice to that effect has been given to the holders of Public Sector 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 Public Sector Bonds up to the Extended Maturity Date

(A) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Public Sector Bonds and the maturity of those Public Sector Bonds is extended beyond the Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), the Public Sector 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 Public Sector Bonds are redeemed in full or the Extended Maturity Date, subject to Condition 4.3 (*Accrual of interest*). In that event, interest shall be payable on those Public Sector Bonds at the rate determined in accordance with Condition 4.4(B) on the principal amount outstanding of the Public Sector 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) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Public Sector Bonds and the maturity of those Public Sector Bonds is extended beyond the Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), the rate of interest payable from time to time in respect of the principal amount outstanding of the Public Sector 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.

(C) In the case of Public Sector Bonds which are Zero Coupon Public Sector Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Sector Bonds up to the Extended Maturity Date*) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

(D) This Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Sector Bonds up to the Extended Maturity Date*) shall only apply to Public Sector Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Public Sector Bonds (in full) on the Maturity Date (or within two Business Days thereafter) and the maturity of those Public Sector Bonds is automatically 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

(A) *Independent Adviser*

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 Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate (subject to the terms of this Condition 4.5, failing which an Alternative Rate (in accordance with Condition 4.5(B)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.5(C)) and any Benchmark Amendments (in accordance with Condition 4.5(D)).

An Independent Adviser appointed pursuant to this Condition 4.5 shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agent, or the holders of Public Sector Bonds for any advice given to the Issuer in connection with any determination made by the Issuer determination made pursuant to this Condition 4.5(A).

If (1) the Issuer is unable to appoint an Independent Adviser; or (2) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.5(A) prior to the relevant Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Interest Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Public Sector Bonds in respect of the immediately preceding Interest Period, respectively. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest.

Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period, as applicable, from that which applied to the last preceding Interest Period, respectively, the Margin or Maximum or Minimum Rate of Interest, relating to the relevant Interest Period, respectively, shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest, relating to the relevant last preceding Interest Period, respectively. For the avoidance of doubt, this Condition 4.5(A) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.5(A).

Where the Issuer has been unable to appoint an Independent Adviser or has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, as the case may be, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date, respectively, and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Reset Periods or Interest Periods, respectively, as necessary.

(B) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that: (1) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.5(C) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Public Sector Bonds (subject to the operation of this Condition 4.5; or (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.5(C) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component

part thereof), as applicable, for all future payments of interest on the Public Sector Bonds (subject to the operation of this Condition 4.5).

(C) *Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (1) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (2) 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 Rate (as the case may be).

(D) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.5(A) and the Issuer, following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Terms and Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.5(E), without any requirement for the consent or approval of holders of Public Sector Bonds, vary these Terms and Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

(E) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.5 will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 11 (*Notices*), the holders of Public Sector Bonds. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(F) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4.5(A), 4.5(B), 4.5(C) and 4.5(D), the Original Reference Rate will continue to apply unless and until a Benchmark Event has occurred. Upon the occurrence of a Benchmark Event, this Condition 4.5 shall prevail.

Notwithstanding any other provision of this Condition 4.5, if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4.5, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

Notwithstanding any other provision of this Condition 4.5 neither the Agent, nor the Calculation Agent shall be obliged to concur with the Issuer and / or the Independent Adviser in respect of any Benchmark Amendments which, in the sole opinion of the Agent or the Calculation Agent (as applicable), would have the effect of (i) exposing the Agent or Calculation Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Agent or the Calculation Agent (as applicable) in the Agency Agreement and Payment Procedures and/or these Conditions.

For avoidance of doubts, neither the appointment of an Independent Adviser or the determination of a new Benchmark will be subject to the previous approval of the holders of the Public Sector Bonds (to be obtained in a meeting of holders of Public Sector Bonds).

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, 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 Interbolsa regulations, fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.2 Payments in relation to Public Sector Bonds

Payments of principal and interest in respect of Public Sector Bonds may only be made in Euro, United States dollar, Japanese yen and Swiss franc or in such other currencies accepted by Interbolsa for registration and clearing of securities denominated in currencies other than Euro, United States dollar, Japanese yen and Swiss franc.

Payment in respect of the Public Sector Bonds of principal and interest (i) in Euros will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Public Sector 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 Public Sector Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Public Sector Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; (ii) in currencies other than Euros 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*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Public Sector Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and

Clearstream, Luxembourg of the beneficial owners of those Public Sector 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 Public Sector 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 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:

- (i) the relevant place of presentation; or;
- (ii) any Additional Financial 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 the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 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 TARGET2 System is open).

5.4 Interpretation of principal

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

- (i) the Final Redemption Amount of the Public Sector Bonds;
- (ii) the Optional Redemption Amount(s) (if any) of the Public Sector Bonds; and
- (iii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Public Sector Bonds.

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 Public Sector 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 Public Sector Bonds (which notice shall be irrevocable) redeem all or some only (as specified in the applicable Final Terms) of the Public Sector 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 Public Sector 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 Public Sector Bonds, the nominal amount of all outstanding Public Sector Bonds will be redeemed proportionally.

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

If Investor Put Option is specified in the applicable Final Terms, upon the holder of any Public Sector 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 Public Sector 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 Public Sector Bond the holder of this Public Sector 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 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 Public Sector Bonds pursuant to this paragraph shall be irrevocable. The right to require redemption will be exercised directly against the Issuer, through the Paying Agent.

6.4. Purchases

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

6.5. Cancellation

All Public Sector Bonds which are redeemed will forthwith be cancelled. All Public Sector Bonds so cancelled and any Public Sector Bonds purchased and transferred for cancellation pursuant to Condition 6.4 (*Purchases*) above shall be cancelled by Interbolsa and cannot be held, reissued or resold.

6.6. Late payment on Zero Coupon Public Sector Bonds

If the amount payable in respect of any Zero Coupon Public Sector Bond to which Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) does not apply, upon redemption of such Zero Coupon Public Sector Bond pursuant to paragraph 6.1 (*Final redemption*), 6.2 (*Redemption at the option of the Issuer (Call Option)*) or 6.3 (*Redemption at the option of the holders of Public Sector Bonds (Put Option)*) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Public Sector Bond shall be the amount calculated according to the following formula:

$$RP \times (1 + AY)^y$$

where:

RP means the Reference Price; and

AY means the Accrual Yield expressed as a decimal; and

y is a fraction, the denominator of which is 360 and the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Public Sector Bonds to (but excluding) the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Public Sector Bond have been paid; and
- (ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Public Sector Bonds has been received by the Agent and notice to that effect has been given to the holders of Public Sector Bonds either in accordance with Condition 11 (*Notices*) or individually.

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 Public Sector Bonds unless the rating provided by the rating agencies appointed by the Issuer at the relevant time in respect of the Programme is adversely affected by such Extended Maturity provisions.

(B) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Public Sector Bonds and the Issuer fails to redeem all of those Public Sector Bonds in full on the Maturity Date or within two Business Days thereafter, the maturity of the Public Sector Bonds and the date on which such Public Sector Bonds will be due and repayable for the purposes of these Terms and Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Public Sector Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. The Issuer shall give to the holders of Public Sector 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 Public Sector Bonds in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.

(C) In the case of Public Sector Bonds which are Zero Coupon Public Sector Bonds up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 6.7 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.

(D) Any extension of the maturity of Public Sector Bonds under this Condition 6.7 shall be irrevocable. Where this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) applies, any failure to redeem the Public Sector Bonds on the Maturity Date or any extension of the maturity of Public Sector 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 Public Sector Bonds any right to receive any payment of interest, principal or otherwise on the relevant Public Sector Bonds other than as expressly set out in these Terms and Conditions.

(E) In the event of the extension of the maturity of Public Sector Bonds under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), interest rates, interest periods and interest payment dates on the Public Sector 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 Public Sector Bonds up to the Extended Maturity Date*).

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

(G) If the maturity of any Public Sector Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), subject to otherwise provided for in the applicable Final Terms, for so long as any of those Public Sector Bonds remains in issue, the Issuer shall not issue any further public sector bonds, unless the proceeds of issue of such further securities are applied by the Issuer on issue in redeeming in whole or in part the relevant Public Sector Bonds in accordance with the terms hereof.

(H) This Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) shall only apply to Public Sector Bonds to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Public Sector Bonds in full on the Maturity Date (or within two Business Days thereafter).

7. TAXATION

7.1. Payments free of taxes

All payments of principal and interest in respect of the Public Sector Bonds will be made subject to any legally applicable Tax withholding or deductions (notably in relation to residents for tax purposes in Portugal), except if any Tax withholding exemption or waiver applies, in which case such payments of principal and interest in respect of the Public Sector Bonds shall be made free and clear of, and without withholding or deduction for, Taxes (investors being in any case required to comply with the applicable obligations). The Issuer will not be obliged to make any additional payments in respect of any such withholding or deduction imposed. In order for withholding tax not to apply the holders of the Public Sector Bonds must, inter alia, deliver certain tax certifications. See Taxation section.

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 Public Sector Bonds in respect of any Tax Deduction made in accordance with Condition 7.1 (*Payment free of taxes*).

7.3. Taxing Jurisdiction

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Portuguese Republic of Portugal, references in these Terms and Conditions to the Portuguese Republic of Portugal shall be construed as references to the Republic of Portugal 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 above, this shall not constitute an Event of Default.

8. PRESCRIPTION

The Public Sector Bonds will become void unless presented for payment within 20 years (in the case of principal) and 5 years (in the case of interest) in each case from the Relevant Date thereof, 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 Public Sector Bonds in accordance with Condition 11 (*Notices*).

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1. Insolvency Event

Pursuant to the Public Sector Bonds Law, if an Insolvency Event in respect of the Issuer occurs, and without prejudice to the specific terms and conditions established for a particular issue of Public Sector Bonds, the holders of Public Sector Bonds may approve a Resolution, by a majority of 2/3 of the Principal Amount Outstanding of the Public Sector Bonds of all Series then outstanding, to determine the serving of an Acceleration Notice, in which case all outstanding Public Sector Bonds shall immediately become due and payable each at their Early Redemption Amount together with accrued interest.

If an Insolvency Event in respect of the Issuer occurs, the holders of Public Sector Bonds enjoy, under the Public Sector Bonds Law, a special creditor privilege over the Cover Pool (including the Public Sector Credits, the Other Assets and the Hedging Contracts) with preference over any other general creditor, in relation to the repayment of principal and payment of interest due under the Public Sector Bonds. Pursuant to the Public Sector Bonds Law, the Common Representative and the Hedge Counterparties also benefit from this special creditor privilege, which is not subject to registration.

For the purposes of these Terms and Conditions: “**Insolvency Event**” means the winding-up and dissolution of the Issuer under any applicable laws and regulations (including under Decree-Law no. 199/2006, of 25 October 2006, as amended from time to time, the RGICSF, and/or (if applicable) under the Code for the Insolvency and Recovery of Companies approved by Decree-Law no. 53/2004, of 18 March 2004, as amended from time to time). 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 Public Sector 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 Public Sector Bonds.

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

(C) No holder of Public Sector Bonds shall be entitled to proceed directly against the Issuer or to take any action with respect to the Common Representative Appointment Agreement, the Public Sector Bonds or

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

11. NOTICES

Notices to the holders of Public Sector Bonds shall, in respect of the Public Sector Bonds listed on Euronext Lisbon, be published on the Euronext bulletin (if applicable) and on the CMVM's information system (www.cmvm.pt). Furthermore, any such notice shall be disclosed by any further means required to allow a fast access by all holders of Public Sector Bonds throughout the EU and 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 Public Sector Bonds shall comply with the applicable Portuguese law requirements that may be applicable, notably the Portuguese Companies Code and CMVM's Regulation no. 5/2008, of 15 October, as amended from time to time.

12. MEETINGS OF HOLDERS OF PUBLIC SECTOR BONDS

(A) The Portuguese Commercial Companies Code, which applies to Public Sector Bonds in accordance with Article 14.1 of the Public Sector Bonds Law, contains provisions for convening meetings of the holders of Public Sector Bonds to consider any matter attributed to them by law and in their common interest (which provisions are described and supplemented in the Common Representative Appointment Agreement), including the modification by Resolution of these Terms and Conditions or the provisions of the Common Representative Appointment Agreement.

(B) The quorum at any meeting convened to vote on: (i) a Resolution not regarding a Reserved Matter will be any person or persons holding or representing , whatever the Principal Amount Outstanding of the Public Sector Bonds then outstanding so held or represented in such Series; or (ii) a Resolution regarding a Reserved Matter of the Public Sector Bonds, will be any person or persons holding or representing at least 50 per cent. of the Principal Amount Outstanding of the Public Sector Bonds of the relevant Series then outstanding or, at any adjourned meeting, any person being or representing holders of Public Sector Bonds of the relevant Series, whatever the Principal Amount Outstanding of the Public Sector Bonds then outstanding so held or represented in such Series; or (iii) a Resolution regarding any increase of the charges to the holders of the Public Sector Bonds, will be any person or persons holding or representing all of the Public Sector Bonds of the relevant series then outstanding. Each Public Sector Bond grants its holder one vote.

(C) The majorities required to approve a Resolution at any meeting convened in accordance with the applicable rules shall be: (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 per cent. of the Principal Amount Outstanding of the Public Sector Bonds then outstanding or, at any adjourned meeting 2/3 of the votes cast at the relevant meeting; or (iii) if in respect of a Resolution regarding any increase of the charges to the holders of the Public Sector Bonds, unanimity by all holders of the Public Sector Bonds of the relevant series then outstanding.

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 Public Sector 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 Public Sector Bonds of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Public Sector Bonds of all or of a given Series on redemption or maturity; (iii) to effect the exchange, substitution or conversion of the Public Sector Bonds of all or of a given Series into shares, bonds or other

obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Public Sector 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 Public Sector Bonds of all or of a given Series; (vi) to amend this definition; and (vii) any other matter required by law to be approved by the majorities set out in Condition 12(C)(ii);

(D) A Resolution approved at any meeting of the holders of Public Sector Bonds of a Series shall, subject as provided below, be binding on all the holders of Public Sector 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 Public Sector Bonds of more than one Series if in the opinion of the Common Representative there is no conflict between the holders of such Public Sector Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

(E) Notwithstanding the provisions of the immediately preceding paragraph, any Resolution to direct the Common Representative to accelerate the Public Sector 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 Public Sector 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, if it refuses to convene such meeting, by the Chairman of the General Meeting of Shareholders of the Issuer; if both the Common Representative and the Chairman of the General Meeting of Shareholders of the Issuer refuses to convene the meeting, then the holders of 5 per cent. of the Public Sector Bonds of any Series may petition the court to order a meeting to be convened.

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

(H) In connection with any meeting of the holders of Public Sector Bonds of more than one Series where such Public Sector Bonds are not denominated in euro, the nominal amount of the Public Sector 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 Public Sector 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 Public Sector Bonds by a Resolution or by a written resolution of such holders of Public Sector Bonds of at least the majority of the Principal Amount Outstanding of Public Sector 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 Public Sector Bonds Law 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 Public Sector Bonds, the Common Representative may (i) to the extent permitted by law, 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 Public Sector 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. REPLACEMENT OF PUBLIC SECTOR BONDS

Should any Public Sector Bond be lost or destroyed it may be replaced, in accordance with Article 51 of the Portuguese Securities Code, at the specified office of the financial intermediary where such Public Sector Bond is registered upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require.

15. OVERCOLLATERALISATION, VALUATION OF COVER POOL AND ISSUER COVENANTS

15.1. Maintenance of overcollateralisation

For so long as the Public Sector Bonds are outstanding, and regardless of the time of issue of the Public Sector Bonds, the Value (determined in accordance with the Public Sector Bonds Law and the Bank of Portugal Regulations) of the Cover Pool maintained by the Issuer shall at all times be a minimum of 100 per cent. of the aggregate Value of all outstanding Public Sector Bonds issued pursuant to article 32 of the Public Sector Bonds Law and not cancelled or such other percentage as may be selected by the Issuer from

time to time and notified to the Cover Pool Monitor (the “**Collateralisation Percentage**”), provided that the Collateralisation Percentage shall not, for so long as there are Public Sector Bonds outstanding and rated by Moody’s, be reduced by the issuer below 107 per cent.

15.2. Issuer Covenants

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

((A) *Asset Cover*: the aggregate value of the Other Assets may not exceed 20 per cent. of the aggregate value of the Cover Pool;

(B) *Average Maturity*: the remaining average Maturity of all outstanding Public Sector Bonds is at all times shorter than the remaining average Maturity of the Cover Pool entered in the Register;

(C) *Interest Cover*: the total amount of interest receivable on the Cover Pool will at all times be at least equal to or exceed the total amount of interest payable on the outstanding Public Sector Bonds;

(D) *Valuations*: all the required valuations of Public Sector Bonds, Public Sector Credits over the central administrations, regional or local authorities of any EU Member State as well as Public Sector Credits benefiting from an express and legally binding guarantee issued by any of such entities, Hedging Contracts and Other Assets will be made in compliance with the requirements of the Public Sector Bonds Law and the Bank of Portugal Regulations (in particular Regulation 5/2006 and Regulation 6/2006);

(E) *Cover Pool Monitor*: the Cover Pool Monitor will be provided with all necessary elements and information to monitor compliance by the Issuer of Condition 15 (*Overcollateralisation, Valuation of Cover Pool and Issuer Covenants*) in accordance with the Public Sector Bonds Law and in the terms set forth in the Cover Pool Monitor Agreement;

(F) *Public Sector Credits*: the Public Sector Credits over the central administrations, regional or local authorities of any EU Member State as well as Public Sector Credits benefiting from an express and legally binding guarantee issued by any of such entities included in the Cover Pool are not Non-Performing Public Sector Credits;

(G) *Liabilities*: the net present value of the liabilities arising from issues of Public Sector Bonds cannot exceed the net present value of the Cover Pool, including any Hedging Contracts. This ratio must also be met for 200 basis points parallel shifts of the yield curve.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the holders of Public Sector Bonds to create and issue further securities with the same terms and conditions of the Public Sector 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 Public Sector Bonds of such Series.

17. GOVERNING LAW

The Common Representative Appointment Agreement, the Agency and Payments Procedures, the Public Sector Bonds, and the other Programme Documents and any non-contractual obligations in connection therewith are governed by, and shall be construed in accordance with, Portuguese law unless specifically stated to the contrary.

18. 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*).

“**Additional Security**” means any other encumbrances or guarantees the benefit of which is vested in the Issuer as security for the repayment of a Credit.

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of Public Sector Bonds as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which: (1) 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 (if no such recommendation has been made, or in the case of an Alternative Rate); (2) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by

the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); (3) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

“**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of its 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.

“**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) dated 19 June, 2008 and made and agreed by Banco BPI, S.A. (acting in its capacity as Agent, which expression shall include any successor) and by any subsequent agent, paying agent, transfer agent and/or agent bank appointed by the Issuer, as amended.

“**Agent**” means Banco BPI, S.A., with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto.

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in accordance with Condition 4.5(B) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the same Specified Currency as the Public Sector Bonds.

“**Banco BPI**” or “**BPI**” means Banco BPI, S.A., with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto.

“**Bank of Portugal Regulations**” means the secondary legislation passed by the Bank of Portugal regulating certain aspects of the Public Sector Bonds Law, namely Notice 5/2006, Notice 6/2006, Notice 8/2006, Instruction 13/2006 and any relevant regulations or instructions that may be issued by the Bank of Portugal in the future.

“**Base Prospectus**” means the base prospectus dated 16 December 2021, prepared in connection with the Programme.

“**Benchmark Amendments**” has the meaning given to it in Condition 4.5(D).

“**Benchmark Event**” means:

(1) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days in relation to a Rate of Interest of Floating Rate; or

(2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing 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); or

(3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Public Sector Bonds, in each case within the following six months; or

(5) it has become unlawful for the Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder of Public Sector Bonds using the Original Reference Rate, the occurrence of any such events (1) to (5) above to be determined by the Issuer.

“**Calculation Agent**” except if and where defined otherwise in this Base Prospectus, has the meaning ascribed to it in the Final Terms.

“**Central de Valores Mobiliários**” means the Portuguese Centralised System of Registration of Securities.

“**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme, Luxembourg.

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

“**Common Representative**” means Bondholders, S.L., in its capacity as representative of the holders of the Public Sector Bonds pursuant to Article 14 of the Public Sector Bonds Law in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement, having its registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain .

“**Common Representative Appointment Agreement**” means the agreement dated 19 June 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 from time to time.

“**Cover Pool**” means the pool of assets maintained by the Issuer and allocated to the issue of Public Sector Bonds under the Programme, held to the benefit of the holders of Public Sector Bonds and the Other Preferred Creditors, and including the Public Sector Credits, the Hedging Contracts and the Other Assets, as specified in the Register.

“**Cover Pool Monitor**” means 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 and registered with the CMVM with registration number 20161485, with its registered office at Palácio SottoMayor, Rua Sousa Martins, no. 1, 3rd, 1069-316 Lisbon, Portugal.

“**Cover Pool Monitor Agreement**” means the agreement dated 19 June, 2008 entered into between the Issuer and the Cover Pool Monitor, as amended from time to time.

“**CRA Regulation**” means Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September, as amended from time to time.

“**DBRS**” means DBRS Ratings GmbH, which is established in the EEA and registered under the CRA Regulation and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation, or any of its affiliates or successor.

“**Dealer**” means Banco BPI, S.A., with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto.

“**EU**” means the European Union.

“**Euro**”, “**€**” or “**euro**” means the lawful currency of Member States of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Council Regulation (EC) no. 974/98, of 3 May 1998, on the introduction of the euro, as amended from time to time.

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

“**Euronext Lisbon**” means the regulated market managed by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A.

“**Eurosystem**” means the monetary authority which comprises the ECB and the national central banks of the EU Member States whose currency is the Euro.

“**Final Terms**” means, in relation to each Tranche, the applicable final terms attached to, or endorsed on, such Public Sector Bonds.

“**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.

“**Hedge Counterparties**” means the party or parties that, from time to time, will enter into Hedging Contracts with the Issuer in accordance with the Public Sector Bonds Law.

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

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in the international capital markets, in each case appointed by the Issuer under Condition 4.5(A).

“**Instruction 13/2006**” means the regulatory instruction (“*Instrução*”) no. 13/2006 issued by the Bank of Portugal and published on 15 November 2006, relating to certain information duties applicable in relation to the issue of public sector bonds in accordance with the Public Sector Bonds Law.

“**Interbolsa**” means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*).

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

“**ISDA**” means the International Swaps and Derivatives Association Inc.

“**Issue Date**” means the date so specified in the applicable Final Terms being, in respect of any Public Sector Bond, the date of issue and purchase of such Public Sector Bond pursuant to and in accordance with the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s).

“**Margin**” means the margin specified as such in the relevant Final Terms.

“**Maturity**” means the final legal maturity of any outstanding Public Sector Bonds, Public Sector Credits, Hedging Contracts or Other Assets, as applicable.

“**Moody's**” means Moody's Investors Service España, S.A., which is established in the EEA and registered under the CRA Regulation and is, as of the date of this Base Prospectus, included in the list of credit rating

agencies published by the ESMA on its website in accordance with the CRA Regulation, or any of its affiliates or successor..

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

- (a) is in the course of being foreclosed or otherwise enforced; or
- (b) has one or more payments of principal or interest past due more than 90 days.

“Notice 5/2006” means the regulatory notice (“*Aviso*”) no. 5/2006 issued by the Bank of Portugal and published on 11 October 2006, relating to the valuation of real estate assets serving as security for mortgage credits comprised in cover pools allocated to the issue of public sector bonds in accordance with the Public Sector Bonds Law.

“Notice 6/2006” means the regulatory notice (“*Aviso*”) no. 6/2006 issued by the Bank of Portugal and published on 11 October 2006, relating to the prudential limits applicable in relation to the issue of public sector bonds in accordance with the Public Sector Bonds Law.

“Notice 8/2006” means the regulatory notice (“*Aviso*”) no. 8/2006 issued by the Bank of Portugal and published on 11 October 2006, relating to the insolvency, winding-up or dissolution of a credit institution which has issued public sector bonds issued in accordance with the Public Sector Bonds Law.

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof), as applicable, on the Public Sector Bonds.

“Other Assets” means all assets other than Public Sector Credits and Hedging Contracts which comply with the eligibility criteria established in the Public Sector Bonds Law and which are included in the Cover Pool as specified in the Register, including:

- (a) deposits with the Bank of Portugal, in cash or in securities eligible for credit transactions in the Eurosystem;
- (b) current or term account deposits with credit institutions (which are not in a control or group relationship with the Issuer) having a rating equal to or higher than the minimum rating required at any time by the Rating Agencies, provided that such minimum rating shall in any event be at least equal to «A-» or equivalent; and
- (c) other assets complying simultaneously with the requisites of low risk and high liquidity as defined by the Bank of Portugal.

For the avoidance of doubt, the Other Assets do not include any cash collateral that may be transferred under the Hedging Contracts.

“**Other Preferred Creditors**” means the Common Representative (or any successor thereof) and the Hedge Counterparties.

“**Paying Agent**” means Banco BPI, S.A.

“**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 Public Sector Bonds under the Agency and Payments Procedures.

“**Portuguese Commercial Companies Code**” means the commercial companies code approved by Decree-Law no. 262/86, dated 2 September, as amended from time to time.

“**Portuguese Securities Code**” means Decree-Law no. 486/99, of 13 November, as amended from time to time.

“**Programme**” means the €2,000,000,000 public sector bonds programme established on 19 June 2008 for the issuance of Public Sector Bonds by the Issuer as described in this Base Prospectus.

“**Programme Agreement**” means the agreement dated 19 June 2008 entered into between the Issuer and the Dealers, as amended from time to time.

“**Programme Documents**” means the Base Prospectus, the Programme Agreement, the Agency and Payments Procedures, the Common Representative Appointment Agreement, the Cover Pool Monitor Agreement and any other agreement or document entered into from time to time by the Issuer pursuant thereto and in relation to the Programme.

“**Programme Resolution**” means any Resolution directing the Common Representative to accelerate the Public Sector 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 Public Sector Bonds of all Series then outstanding.

“**Public Sector Bond**” means any public sector bond issued by the Issuer pursuant to the Public Sector Bonds Law in the form specified in the applicable Final Terms and “**Public Sector Bonds**” shall be construed accordingly.

“**Public Sector Bonds Law**” means the Portuguese legal framework applicable to the issuance of public sector bonds, enacted by Decree-Law no. 59/2006, of 20 March, as amended.

“**Public Sector Credit**” means the credit receivables over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities which are comprised in the Cover Pool.

“**Rating Agencies**” means DBRS and Moody’s, which are established in the EEA and registered under the CRA Regulation and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

“**Rating**” means the then current rating of rated Public Sector Bonds given by the relevant Rating Agency and “**Ratings**” means all of such Ratings. “**Reference Banks**” means those banks whose offered rates were used to determine a quotation when such quotation last appeared on the Relevant Screen Page or, if applicable, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

“**Reference Price**” means the reference price appearing in the relevant Final Terms.

“**Register**” means the register of the Cover Pool and associated collateral maintained by the Issuer in accordance with the Public Sector Bonds Law and the Bank of Portugal Regulations;

“**Registered Public Sector Bond**” means any public sector bond in registered form.

“**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 Public Sector Bonds in accordance with Condition 11 (*Notices*).

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

(1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

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

“**Reserved Matter**” means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Public Sector 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 Public Sector Bonds of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Public Sector Bonds of all or of a given Series on redemption or maturity; (iii) to effect the exchange, substitution or conversion of the Public Sector Bonds of all or of a given Series into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Public Sector 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 Public Sector Bonds of all or of a given Series; (vi) any other provided for pursuant to Portuguese law; or (vii) to amend this definition.

“**Resolution**” means a resolution adopted at a duly convened meeting of holders of Public Sector Bonds and approved in accordance with the applicable provisions.

“**Series**” means a Tranche of Public Sector Bonds together with any further Tranche or Tranches of Public Sector 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.

“**Stock Exchange**” means *Euronext* Lisbon or any other stock exchange where Public Sector Bonds may be listed as per the relevant Final Terms and references herein to the relevant Stock Exchange shall, in relation to any Public Sector Bonds, be references to the stock exchange or stock exchanges on which such Public Sector Bonds are from time to time, or are intended to be, listed.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

“**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.

“**TARGET System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer Payment System which utilises a single shared platform and which was launched on 19 November 2007 (TARGET 2).

“**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 and Customs Authority, the Irish Revenue Commissioners and H.M. Revenue and Customs.

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

“**Terms and Conditions**” means in relation to the Public Sector Bonds, the terms and conditions to be endorsed on or applied to the Public Sector Bonds and any reference to a particular numbered Condition shall be construed in relation to the Public Sector Bonds accordingly.

“**Tranche**” means Public Sector Bonds which are identical in all respects (including as to listing).

“**Treaty**” means the treaty on the Functioning of the European Union, as amended from time to time.

“**U.S.\$**”, “**USD**” or “**US dollars**” means United States dollars, the lawful currency of the United States of America.

“**Value**” means:

- (a) in relation to a Public Sector Credit, for the purpose of the Collateralisation Percentage, an amount equal to the book value of such Public Sector Credit entered on the Register, together with any matured and accrued interest;
- (b) in relation to any Other Assets:
 - (i) the aggregate amount of any deposits together with any matured and accrued interest, as entered on the Register;
 - (ii) the value resulting from the rules regarding valuation of margins defined by the Eurosystem for securities eligible for Eurosystem credit transactions or, if lower, the nominal value of such securities, including matured and accrued interests.

CHARACTERISTICS OF THE COVER POOL

INTRODUCTION – CAPACITY TO ISSUE PUBLIC SECTOR BONDS

In general, only duly licensed credit institutions allowed by law to grant mortgage loans, and having own funds not lower than €7,500,000, may issue public sector bonds. The Issuer complies with these requirements and is thus allowed to issue public sector bonds under the Public Sector Bonds Law.

ISSUER REQUIRED TO MAINTAIN COVER POOL

The Issuer may issue Public Sector Bonds only if it maintains a related Cover Pool in compliance with the Public Sector Bonds Law. The Cover Pool may contain credit assets over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities, substitution assets and other eligible assets (including hedging contracts) subject to the limitations provided for in the Public Sector Bonds Law. The Public Sector Bonds Law allows for the composition of the Cover Pool to be dynamic and does not require it to be static. Accordingly, the credit assets over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities (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 Public Sector Bonds Law and with the Bank of Portugal Regulations (as defined in *Definitions*).

To enable it to issue Public Sector Bonds, the Issuer has established and will maintain a segregated register (the “**Register**”) in relation to the Cover Pool for the purposes of the Public Sector Bonds Law. The Issuer plans to issue from time to time further Public Sector Bonds and will include in the relevant Cover Pool, additional credit assets over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities or substitution assets as security for those Public Sector Bonds in accordance with relevant provisions of the Public Sector Bonds Law, as further detailed below.

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

ELIGIBILITY CRITERIA FOR ASSETS COMPRISED IN THE COVER POOL

Only public sector credits or receivables which comply with the legal eligibility criteria described below may be included in the Cover Pool:

Public Sector Credits Eligibility Criteria

- (a) credit assets over the central administrations, regional or local authorities of any EU Member State;
- (b) receivables secured by an express and legally binding guarantee issued by the central administrations, regional or local authorities of any EU Member State.

“Other Assets” Eligibility Criteria:

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

- (a) deposits with the Bank of Portugal, in cash or in 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);
- (b) current or term account deposits with credit institutions (which are not in a control or group relationship with the Issuer) having a rating equal to or higher than the minimum rating required at any time by the Rating Agencies, provided that such minimum rating shall in any event be at least equal to «A-» or equivalent; and
- (c) other assets meeting both the low risk and high liquidity requirements of the Bank of Portugal Regulations.

The aggregate value of the Other Assets may not exceed 20 per cent. of the aggregate value of the Cover Pool allocated as collateral to all Public Sector Bonds issued by the Issuer.

At the date of this Base Prospectus, the Issuer intends to include in the Cover Pool public sector credits which are located in Portugal, granted to or secured by Portuguese central administrations, regional or local authorities for the purposes of the Public Sector Bonds Law.

HEDGING CONTRACTS

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

Pursuant to the requirements of the Public Sector Bonds Law, any such hedging contract can only be entered into (i) in a regulated market of an EU Member State, or (ii) in a recognised market of an OECD country, or (iii) with a counterparty which is a credit institution with a rating of at least «A-» or equivalent. The

Public Sector Bonds Law empowers the Bank of Portugal to develop, by regulatory notice (“*Aviso*”), the eligibility criteria for hedging contracts to form part of the Cover Pool.

Also pursuant to the Public Sector Bonds Law, the Register shall, in relation to each Hedging Contract, identify (i) the Public Sector Bonds to which the relevant Hedging Contract relates; (ii) the corresponding Cover Pool; (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 Public Sector Bonds is issued in a denomination other than the euro, the Issuer must enter into Hedging Contracts for the purpose of hedging any currency exchange risk.

Interest rate exposure of the Issuer relating to Public Sector Credits comprised in the Cover Pool will be managed through the Hedging Contracts. Interest rate swaps will be entered into with a Hedge Counterparty relating to both the Cover Pool and the Public Sector Bonds issued by the Issuer. The Hedging Contracts will qualify as derivative financial instruments for the purposes of the Public Sector Bonds Law.

WEIGHTED AVERAGE TERM TO MATURITY

The Public Sector Bonds Law sets out certain criteria, including matching weighted average term to maturity, which are required to be met by the Issuer in respect of its Cover Pool. In any case, the average maturity of the outstanding Public Sector Bonds may not exceed, at any time, the average maturity of the Public Sector Credits and Other Assets allocated to the relevant issuance.

OVERCOLLATERALISATION

Pursuant to the Public Sector Bonds Law, the nominal principal amount of any Public Sector Bonds outstanding irrespective of the fact those Public Sector Bonds are Zero Coupon Bonds or not may not exceed 100 per cent. of the aggregate nominal amount of the Cover Pool less any Public Sector Bonds acquired by the Issuer pursuant to the Public Sector Bonds Law and not cancelled. In addition, the aggregate amount of interest payable to the holders of Public Sector Bonds may not exceed, at any time, the amount of interest to be collected under the Cover Pool (including both the Public Sector Credits and the Other Assets) allocated to the Public Sector Bonds.

In compliance with the above legal requirements, Condition 15 (*Collateralisation, Valuation of Cover Pool and Issuer Covenants*) requires the Issuer to over collateralise of the Cover Pool with respect to outstanding Public Sector Bonds at a minimum level of 107 per cent. or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor, provided that the Collateralisation

Percentage shall not, for so long as there are Public Sector Bonds outstanding and rated by Moody's, be reduced by the Issuer below 107 per cent.

See Terms and Conditions of the Public Sector Bonds.

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

- (a) Public Sector Credits shall be included at their outstanding principal amount, together with any accrued but unpaid interest;
- (b) the Public Sector Bonds shall be accounted according to the nominal value of outstanding principal irrespective of the fact those Public Sector Bonds are Zero Coupon Bonds or not, including matured and accrued but unpaid interest;
- (c) in relation to any Other Assets:
 - (i) deposits shall be accounted for according to their amount together with any accrued but unpaid interest; and
 - (ii) securities eligible for Eurosystem credit transactions shall be accounted for by one value resulting from the rules regarding margin valuation laid down by the Eurosystem or, if lower, according to their nominal value, including accrued but unpaid interests.

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

In addition, the net present value of the liabilities arising from issues of Public Sector Bonds cannot exceed the net present value of the Cover Pool, including any Hedging Contracts. This ratio must also be met for 200 basis point parallel shifts in the yield curve.

COMPLIANCE WITH FINANCIAL REQUIREMENTS

The Cover Pool Monitor must, pursuant to the Public Sector Bonds Law and in the terms set forth in the Public Sector Bonds Law and in the Cover Pool Monitor Agreement, monitor the Issuer's compliance with the financial requirements established in the Public Sector Bonds Law and in the Bank of Portugal Regulations described in this section. The Issuer must, as soon as practicable after becoming aware that it has failed to comply with any provisions of the Public Sector Bonds Law summarised herein (or when it is reasonable to expect that they will not be complied with), take all steps to comply with that provision, by undertaking one or more of the following procedures:

- (a) allocating new public sector credit assets over the central administrations, regional or local authorities of any EU Member State or public sector credit assets benefiting from an express and legally binding guarantee issued by any of such entities, with or without substitution of those already allocated to the Public Sector Bonds; and/or
- (b) allocating additional Other Assets; and/or
- (c) acquiring Public Sector Bonds in the secondary market.

VALUATION OF COVER POOL

The Public Sector Bonds Law sets out certain requirements and criteria which are required to be met by the Issuer in respect of the valuation of Public Sector Credits comprised in the Cover Pool.

The Public Sector Bonds Law empowers the Bank of Portugal to specify, by regulatory notice (“*Aviso*”), requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it considers relevant for determining the value of public sector credit assets over the central administrations, regional or local authorities of any EU Member State, public sector credit assets benefiting from an express and legally binding guarantee issued by any of such entities or Other Assets for the purposes of the Public Sector Bonds Law. The Public Sector Bonds Law also empowers the Bank of Portugal to specify, by regulatory notice, requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it considers relevant for determining the value of substitution assets that are to be comprised in the Cover Pool. These requirements are set out in Notice 6/2006.

VALUATION OF OTHER ASSETS

Pursuant to Notice 6/2006, the Other Assets shall be valued as follows:

- (a) the deposits shall be accounted for according to their amount together with any accrued but unpaid interest; and
- (b) the securities eligible for Eurosystem credit transactions shall be accounting for according to the value resulting from the application of the rules regarding margin valuation laid down by the Eurosystem or, if lower, according to the nominal value of such securities, including accrued but unpaid interest.

COVER POOL SEGREGATED REGISTER AND SPECIAL CREDITOR PRIVILEGE

Autonomous pool of assets and segregated register

Pursuant to the Public Sector Bonds Law, 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 Public Sector Bonds and the Other Preferred Creditors are fully paid and discharged.

The Public Sector Bonds Law provides that the appropriate particulars of each asset comprised in the Cover Pool (including Public Sector Credits, Other Assets and Hedging Contracts) must be recorded in a segregated register within, and maintained by, the Issuer, such register to record the following:

- (i) the outstanding principal amount;
- (ii) the applicable interest rate;
- (iii) the applicable maturity.

Pursuant to Article 4.3 of the Public Sector Bonds Law, the Cover Pool is identified in the transaction documents by a code. The key to such code is deposited with the Bank of Portugal which has promulgated, by regulatory notice (*Aviso*), the conditions under which the holders of Public Sector Bonds may have access to the segregated register of the Cover Pool.

The segregated register must ensure the segregation between assets allocated to the mortgage covered bonds issued by the Issuer and assets allocated to the Public Sector Bonds.

Special creditor privilege

Under the Public Sector Bonds Law, the holders of Public Sector Bonds enjoy a special creditor privilege over the Cover Pool (including the Public Sector Credits, the Other Assets and the Hedging Contracts) with preference over any other general creditor, in relation to the repayment of principal and payment of interest due under the Public Sector Bonds. Pursuant to the Public Sector Bonds Law, this special creditor privilege applies automatically for the benefit of the holders of Public Sector Bonds, the Common Representative and the Hedge Counterparties and is not subject to registration.

The special creditor privilege (“*privilégio creditório*”) over the Public Sector Credits comprised in the Cover Pool shall prevail over all other preferential claims.

INSOLVENCY OF THE ISSUER

The Public Sector Bonds Law governs the impact on the Public Sector Bonds of a possible insolvency or winding-up of the Issuer, so as to ensure due protection to the holders of Public Sector Bonds. In the event of dissolution and winding-up (including on grounds of insolvency) of the Issuer, the Public Sector Bonds Law establishes that the Cover Pool shall be segregated from the insolvency estate of the Issuer and will not form part thereof until full payment of any amounts due to the holders of Public Sector Bonds. The amounts corresponding to payment of interest and repayment of principal of the Public Sector Credits and Other Assets will not form part of the insolvency estate 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 Public Sector Bonds. In this situation, pursuant to the Public Sector Bonds Law, the holders of Public Sector Bonds are entitled to adopt a resolution approving the immediate acceleration of the Public Sector Bonds by a majority of at least two thirds of the votes of the holders of Public Sector 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 Public Sector Bonds.

If an Insolvency Event occurs in relation to the Issuer, the plan for voluntary dissolution and winding-up of the Issuer, which shall be submitted to the Bank of Portugal pursuant to Article 35-A of the Credit Institutions General Regime, shall identify a Substitute Credit Institution appointed to (i) manage the Cover Pool allocated to the outstanding Public Sector Bonds and (ii) ensure that the payments of any amounts due to the holders of such Public Sector Bonds are made. Such plan shall also describe the general framework and conditions under which those actions will be rendered by the Substitute Credit Institution.

In addition, if the authorisation of the Issuer to act as a credit institution in Portugal is revoked, the Bank of Portugal is required, simultaneously with the decision to revoke such authorisation, to appoint a Substitute Credit Institution to manage the Cover Pool allocated to the Public Sector Bonds outstanding and to ensure that payments due to the holders of such Public Sector Bonds are made.

The fees to be paid to the appointed Substitute Credit Institution shall be determined by the Bank of Portugal at the time of such appointment and shall be paid out of the Cover Pool.

In accordance with Notice 8/2006, any Substitute Credit Institution appointed by the Bank of Portugal to service the Cover Pool following an Insolvency Event of the Issuer shall:

- (i) immediately upon being appointed, prepare an opening balance sheet in relation to the Cover Pool, supplemented by the corresponding explanatory notes;
- (ii) perform all acts and operations necessary or convenient for the prudent management of the Cover Pool and respective guarantees in order to ensure the timely payment of all amounts due to holders of Public Sector Bonds, including, without limitation:
 - a. selling the Public Sector Credits comprised in the Cover Pool;
 - b. ensuring the timely collection in respect of the Public Sector Credits comprised in the Cover Pool; and
 - c. performing all other acts and administrative services in connection with such Public Sector Credits and related Additional Security , as well as performing amending and extinguishing conservative acts relating to guarantees;
- (iii) maintain and keep updated a segregated register of the Cover Pool in accordance with the Public Sector Bonds Law; and
- (iv) prepare an annual financial report in relation to the Cover Pool and the outstanding Public Sector Bonds, which report shall be the subject of an audit report produced by an independent auditor. The independent auditor shall be appointed as Cover Pool Monitor by the Substitute Credit Institution in accordance with article 34 of the Public Sector Bonds Law.

Furthermore, any Substitute Credit Institution appointed by the Bank of Portugal to service the Cover Pool following an Insolvency Event of the Issuer shall perform all acts and things necessary or convenient for maintaining the relationship with the borrowers under such Public Sector Credits.

COMMON REPRESENTATIVE OF THE HOLDERS OF PUBLIC SECTOR BONDS

Bondholders, S.L., with registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain has been appointed by the Issuer as representative of the holders of the Public Sector Bonds pursuant to Article 14 of the Public Sector Bonds Law and in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement. The Common Representative is an entity duly authorised to represent the holders of the Public Sector Bonds as per Article 14(3) of the Public Sector Bonds Law.

The Issuer has appointed the Common Representative to represent the holders of Public Sector Bonds. According to the Public Sector Bonds Law and to the relevant provisions of the Portuguese Commercial Companies Code, the Common Representative may be entitled to perform all the necessary acts and actions in order to ensure protection of the holders of Public Sector Bonds, namely: (a) to represent the holders of Public Sector Bonds in respect of all matters arising from the issuance of the Public Sector 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 Public Sector Bonds, in particular those where the acceleration of the Public Sector Bonds may be decided; (c) to represent the holders of Public Sector 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 Public Sector Bonds with all relevant information regarding the issuance of the Public Sector Bonds it may become aware of by virtue of its role as Common Representative under the Common Representative Appointment Agreement.

The holders of the Public Sector Bonds may at any time, by means of resolutions passed in accordance with the Terms and Conditions and the Common Representative Appointment Agreement, remove the Common Representative and appoint a new common representative. The removal of any Common Representative shall not become effective unless there shall be a Common Representative in Office after such removal.

COVER POOL MONITOR

APPOINTMENT OF A COVER POOL MONITOR

The Public Sector Bonds Law requires that the Board of Directors of the Issuer appoints a qualified person or entity to be the monitor of the Cover Pool (the “**Cover Pool Monitor**”) who shall be responsible, for the benefit of the holders of Public Sector Bonds, for monitoring the compliance by the Issuer of the requirements contained in the Public Sector Bonds Law and the Bank of Portugal Regulations.

Pursuant to the Public Sector Bonds Law, 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 with or associated to any group of interests within the issuing entity and is not in a position that hinders its independent analysis and decision-making process, notably in light of (i) holding 2 per cent. or more of the issued share capital of the Issuer, either directly or on behalf of a third party; or (ii) having been re-elected for more than two terms either consecutive or not. For this purpose, a term corresponds to a period of four 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 Public Sector Bonds.

ROLE OF THE COVER POOL MONITOR

Pursuant to the Cover Pool Monitor Agreement, dated 30 April 2008, as amended from time to time, the Issuer appointed on 22 October 2018 Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. as Cover Pool Monitor. Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. is registered with the CMVM under registration number 20161485.

The Cover Pool Monitor Agreement reflects the requirements of the Public Sector Bonds Law in relation to the appointment of a monitor in respect of the requirements (namely, financial requirements and the requirements set forth in Condition 15 (*Overcollateralisation, Valuation of Cover Pool and Issuer Covenants*)) concerning the Cover Pool and the Public Sector 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, 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 Public Sector Bonds Law, the Cover Pool Monitor is required to monitor, for the benefit of the holders of the Public Sector Bonds, compliance by the Issuer with the financial and prudential requirements established in the Public Sector Bonds Law and in the Bank of Portugal Regulations 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 15 (*Overcollateralisation, Valuation of Cover Pool and Issuer Covenants*).

Pursuant to the Public Sector Bonds Law and the Bank of Portugal Regulations, 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 Public Sector Bonds and the Cover Pool.

In the performance of its duties, the Cover Pool Monitor must produce an annual report with an assessment of the Issuer's compliance with the requirements established in the Public Sector Bonds Law and in the Bank of Portugal Regulations, in particular those requirements relating to the level of collateralisation and the valuation of assets comprised in the Cover Pool. The Cover Pool Monitor and the Issuer may agree in the production of interim reports.

The Public Sector Bonds Law empowers the Bank of Portugal to promulgate, by regulatory notice ("*Aviso*"), after consultation with the CMVM and the Portuguese Association of the Chartered Accountants ("*Ordem dos Revisores Oficiais de Contas*"), the requirements applicable to the content, format and disclosure of any reports of the Cover Pool Monitor. Until the present date the Bank of Portugal has not issued any notice on these matters.

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 Issuer may at any time terminate the appointment of the Cover Pool Monitor and appoint a new entity to act in such capacity. Any such termination shall not become effective until a new cover pool monitor is appointed in accordance with the terms of the Cover Pool Monitor Agreement. Additionally, the Cover Pool Monitor may retire at any time upon giving not less than three calendar months' notice in writing to the Issuer. Such retirement shall not become effective until the appointment of a new cover pool monitor.

DESCRIPTION OF THE ISSUER

The Issuer is wholly owned by CaixaBank, S.A. (“CaixaBank”) and focuses on the commercial banking business in Portugal, using its distribution network and digital channels to offer services and financial products to corporate, institutional and individual customers.

Banco BPI serves 1.9 million customers in the domestic market and is the fifth largest financial institution operating in Portugal¹² by assets (€37.8 billion¹³), with market shares above 10 per cent. in loans and in Customer deposits.

BPI offers its customers investment and savings products – mutual funds, retirement savings plans and capitalisation insurance – mainly provided by BPI Vida e Pensões and BPI Gestão de Ativos, companies sold to CaixaBank Group.

In the insurance business area, the Issuer has 35 per cent stake in the share capital of Allianz Portugal and a distribution agreement for non-life insurance. The life-risk insurance distribution agreement with Allianz terminated in 2020, and the Issuer now distributes the life-risk products of BPI Vida e Pensões. In credit insurance, the Issuer holds a 50 per cent. stake in COSEC. The Issuer distributes other products and services centrally sourced from CaixaBank Group: debit and credit cards from CaixaBank Payments & Consumer, acquiring and POS from Comercia Global Payments, equipment renting from CaixaBank Equipment Finance, , and investment banking services from CaixaBank's Branch in Portugal.

The Issuer holds minority interest in African banks, namely, 48.1% in Banco de Fomento Angola (“**BFA**”), which operates in commercial banking in Angola, and 35.7% in Banco Comercial e de Investimentos (“**BCI**”), which operates in commercial banking in Mozambique.

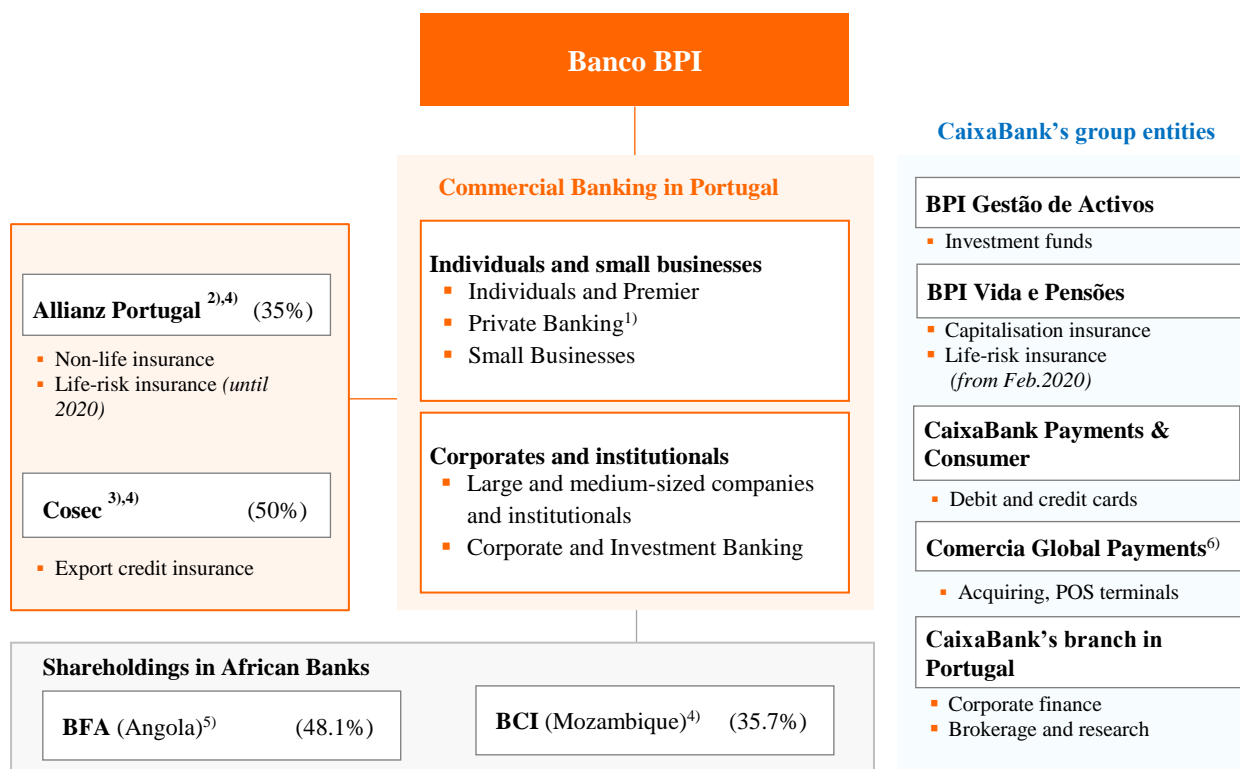
At 31 December 2020, the physical distribution network comprised 422 business units, namely 360 retail branches, 1 mobile branch, 27 premier centres, and specialist branches and units serving corporate and institutional customers, including 27 corporate and institutional banking centres, 2 real estate business centres and 3 corporate and investment banking centres For individual customers with a digital profile who prefer to communicate and carry out operations remotely, BPI also has 1 InTouch centre.

¹² In terms of total assets as of 30 June 2020. Source Associação Portuguesa de Bancos (APB - Portuguese Banking Association), Statistics; and banks earnings disclosure.

¹³ As of 31 December 2020. Source: BPI calculations using public information.

The network articulates with virtual channels, which include homebanking services (BPI Net and BPI Net Empresas), telephone banking (*BPI Direct*) and mobile applications (BPI Apps).

Among main banks in Portugal, in the individual customers' segment, the Issuer ranks #1 in "satisfaction with the digital channels ('digital presence' dimension)" and #2 in "Internet and Mobile Banking penetration". In the corporate segment, the Issuer ranks #1 in "market share of Net and Mobile Banking" and #2 in "satisfaction with NetBanking service"¹⁴.



(% of capital held by Banco BPI)

1) Includes the activity of BPI Suisse (100 per cent. held).

2) In association with Allianz, which holds 65 per cent. of the capital.

3) In association with Euler Hermes, a company of Allianz Group.

4) Equity-accounted subsidiaries.

5) At the end of 2018 BPI changed the accounting classification of its equity holding in BFA, from "associated company", consolidated by the equity method, to "financial investment", recognised under "shares at fair value through other comprehensive income".

6) Joint venture between CaixaBank and Global Payments Inc.

¹⁴ Sources: BASEF, DATA-E and CSI Banca.

HISTORY

BPI's origins date back to 1981 with the establishment of SPI - Sociedade Portuguesa de Investimentos, which had a diversified shareholder base, mainly composed of national companies, including 100 of the most dynamic Portuguese firms and four of the most important international financial institutions.

In 1985 SPI underwent a transformation that gave rise to BPI, the first Portuguese private bank set up following the reopening of the sector to private initiative, after the nationalisations of 1975. In 1986, BPI became the first bank listed on the Portuguese stock exchange.

In 1991, ten years after its creation, BPI, which in the meantime had already achieved a clear leadership in the main areas of Investment Banking, expanded its business to commercial banking through the acquisition of BFB.

In 1995 the institution was converted into a bank holding company. This reorganisation, which led to the specialisation of the Group's units, was accompanied by an important reinforcement of its shareholder structure with the entry of two new strategic partners of considerable size to team up with Itaú Group: La Caixa Group and Allianz Group.

In 1998 a pioneering merger process created a single bank under a single brand: Banco BPI.

From 1996 to 2005 the Bank pursued its growth path through mergers and acquisitions of other banks. Banco de Fomento, in Angola, was also incorporated in this period (2002), resulting from the transformation of Banco BPI's Luanda branch into a fully-fledged Angolan-law bank. In 2008 a 49.9 per cent. stake in Banco de Fomento was sold to Unitel.

In 2006 BPI completed 25 years of activity, always upholding its strategy of sustained value creation for Shareholders, Employees and Customers.

In 2012 BPI implemented a Recapitalisation Plan that involved an issue of €1.5 billion of contingent convertible subordinated bonds (“CoCos”) subscribed by the Portuguese State, aimed at fulfilling the recapitalisation exercise proposed by the EBA. In 2014 Banco BPI fully reimbursed the CoCos, completing the reimbursement to the State three years ahead of schedule.

In April 2016 CaixaBank, a shareholder holding on that date 44.1 per cent of Banco BPI's share capital, released a preliminary announcement of a public, general and voluntary tender offer on all the shares of Banco BPI, at the price of €1.113 per share. In September 2016, BPI's General Meeting approved the elimination of the statutory limit on the counting of votes cast by any single shareholder. As a result, a new

preliminary announcement of the tender offer was published to take into account the alterations stemming from the change of the nature of the offer from voluntary to mandatory, namely in the price, now established at €1.134 per share, and in the terms of the takeover.

In 2017 the Issuer sold to Unitel an equity interest representing 2 per cent. of Banco de Fomento Angola capital. Following that transaction, the shareholdings of Banco BPI and Unitel in BFA were 48.1 per cent. and 51.9 per cent., respectively.

In February 2017, upon completion of a public tender offer, CaixaBank took over control of BPI, raising its stake from 45 per cent. to 84.51 per cent..

In May 2018 CaixaBank acquired from Allianz the entire 8,425 per cent. stake held by the latter in Banco BPI, after which it held 92.935 per cent. of BPI. On the same date, CaixaBank announced it was its intention to acquire the remaining shares to reach 100 per cent. of Banco BPI' capital.

The de-listing of the Issuer and the compulsory acquisition of any remaining shares of the Issuer by CaixaBank was concluded at the end of December 2018. As at the date of this Base Prospectus, CaixaBank owns 100 per cent. of the share capital of the Issuer.

In November 2018, BPI presented its Strategic Plan 2019-21 to the market. Under this Plan, the Issuer has five strategic priorities that aim to sustainably grow profitability, accelerate the transformation of the customer experience, develop human resources, improve efficiency and consolidate BPI's strong reputation based on the quality of service towards customers and society.

In 31 December 2018, following the loss of the Issuer's significant influence over Banco de Fomento Angola ("BFA"), the equity holding in BFA was reclassified in the consolidated balance sheet from Investments in joint ventures and associates to financial assets at fair value through other comprehensive income - equity instruments, and revalued at fair value.

In January 2019, that sale of the legal positions related to share brokerage, research and corporate finance activities to CaixaBank was realized by the Issuer at the book value of the net assets of those activities at the closing date of the transaction (3.9 million euros).

ESTABLISHMENT AND DOMICILE

The Issuer is domiciled in Avenida da Boavista, n.º 1117, 4100-129, Porto, Portugal. The telephone number of the Issuer is +351 22 2075000.

LEGAL FORM

The Issuer is registered as a bank with the Bank of Portugal and operates under the legal name of “Banco BPI, S.A.”. The Issuer also operates under the commercial name of “*BPI*”. It is a limited liability company (“*Sociedade Anónima*”) under Portuguese law registered for an indefinite term in the Commercial Register of Porto, under no. 501 214 534 as at 23 October 1981.

LEGAL ENTITY IDENTIFIER

The Legal Entity Identifier (LEI) code of the Issuer is 3DM5DPGI3W6OU6GJ4N92.

ISSUER’S WEBSITE

The Issuer’s website is www.bancobpi.pt. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus and has not been scrutinized or approved by the competent authority.

OBJECT AND PURPOSE

According to its constitutional documents (in particular to article 3 of the Issuer’s Memorandum and Articles of Association), the scope of the Issuer is to carry on banking business including any additional, related or similar operations compatible with the said business to the full extent permitted by law. The Issuer may also participate in partnership association agreements, complementary corporate conglomerates or European conglomerates of economic interest and may acquire, either originally or subsequently, shares or portions of capital in public limited companies and interests in unlimited liability companies of any object whatsoever and even if subject to special laws.

SHAREHOLDER

The Issuer’s sole shareholder as of 30 September 2021 is:

| Shareholder | No. of shares held | % of capital held |
|-----------------|--------------------|-------------------|
| CaixaBank, S.A. | 1 456 924 237 | 100 per cent. |

Source: BPI communication to the market dated 27 December 2018 “*Perda de qualidade de sociedade aberta do Banco BPI, S.A. – 3º Anúncio*”. Following the exercise by CaixaBank of the right for the compulsory acquisition of the remaining shares on the 27 Dec. 2018, CaixaBank now holds 100 per cent. of Banco BPI’s capital and as per public information disclosed to the market.

Currently the Issuer has a set of internal procedures and regulations which define the functions of the Executive Committee of Board of Directors, of the Nominations, Evaluation and Remunerations Committee, of the Risk Committee, of the Audit and Internal Control Committee and of the Corporate Social Responsibility Committee. These internal procedures and rules comply with applicable laws and regulations in force and governance best practices, namely in what concerns transactions with related parties and these measures implemented by the Issuer are also thought to avoid the major shareholder position's abuse.

BUSINESS OVERVIEW OF THE ISSUER

The Issuer's business is focused on commercial banking in Portugal and is it organised around two main segments: (i) Individuals and businesses and (ii) Corporates and Institutions.

Individuals and Small Businesses

Individuals, Businesses, Premier and InTouch Banking is responsible for commercial initiatives with individual customers, entrepreneurs, and small businesses. The Branch network is geared towards mass-market customers and small businesses. For the affluent customers – high net worth customers or customers with potential for wealth accumulation – the Issuer has a network of Financial Advisors working on Premier Centres or specific retail Branches, who provide specialised financial advisory services.

In 2020, the Issuer opened its first InTouch Centre, offering a new commercial approach, where individual customers have at their disposal a dedicated Manager with whom they can communicate by telephone or by chat via BPI App, from anywhere and during extended hours.

BPI's Private Banking, made up of a team of experts in Portugal and also comprising a 100 per cent. held subsidiary in Switzerland - BPI Suisse - provides discretionary management and financial advice specialist services to high net worth individual customers.

Corporates and Institutional Clients

Through a specialised network, Corporate and Institutional Banking serves companies and institutional customers, namely Public Sector and state-controlled organisations. The network includes two Real Estate Business Centres, which are designed to offer a more focused support to customers, developers and builders, involved in large residential real estate projects.

Corporate and Investment Banking, manages the relationship with the largest Portuguese corporate groups, insurance companies and subsidiaries of the largest Spanish companies.

SHARE CAPITAL

As at 30 September 2021 Banco BPI's share capital amounted to €1,293,063,324.98 and was represented by 1,456,924,237 ordinary shares with no nominal value (all issued shares are fully paid).

SELECTED HISTORICAL KEY FINANCIAL INFORMATION

The following tables contain selected key financial information for the period ended 30 September 2021 (unaudited) and for the years ended 31 December 2019 and 2020 (audited).

CONSOLIDATED BALANCE SHEET

| In M.€ | Dec 20 | Sep 21 |
|--|-----------------|-----------------|
| ASSETS | | |
| Cash and cash balances at central banks and other demand deposits | 4.535,2 | 6.336,5 |
| Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income | 2.258,5 | 1.583,0 |
| Financial assets at amortised cost | 30.004,0 | 31.113,7 |
| Loans to Customers | 25.207,8 | 26.623,4 |
| Investments in joint ventures and associates | 238,2 | 258,5 |
| Tangible assets | 152,9 | 184,4 |
| Intangible assets | 87,0 | 93,9 |
| Tax assets | 271,0 | 220,0 |
| Non-current assets and disposal groups classified as held for sale | 7,9 | 17,2 |
| Other assets | 231,0 | 419,9 |
| Total assets | 37.785,6 | 40.227,1 |
| LIABILITIES | | |
| Financial liabilities held for trading | 141,3 | 115,0 |
| Financial liabilities at amortised cost | 33.695,7 | 35.789,8 |
| Deposits - Central Banks and Credit Institutions | 5.504,3 | 5.836,4 |
| Deposits - Customers | 26.008,6 | 28.037,9 |
| Debt securities issued | 1.804,9 | 1.500,2 |
| Memorandum items: subordinated liabilities | 304,3 | 300,3 |
| Other financial liabilities | 378,0 | 415,4 |
| Provisions | 48,7 | 50,4 |
| Tax liabilities | 23,2 | 21,4 |
| Other liabilities | 620,3 | 565,5 |
| Total Liabilities | 34.529,3 | 36.542,1 |

| | | |
|--|-----------------|-----------------|
| Shareholders' equity attributable to the shareholders of BPI | 3.256,3 | 3.685,0 |
| Non controlling interests | 0,0 | 0,0 |
| Total Shareholders' equity | 3.256,3 | 3.685,0 |
| Total liabilities and Shareholders' equity | 37.785,6 | 40.227,1 |

CONSOLIDATED INCOME STATEMENT

| In M.€ | set 20 | Reclassif. (1) | Sep 20 adjusted | Sep 21 |
|--|---------------|-------------------|--------------------|---------------|
| Net interest income | 330,8 | | 330,8 | 342,4 |
| Dividend income | 42,3 | | 42,3 | 99,7 |
| Equity accounted income | 21,5 | | 21,5 | 31,9 |
| Net fee and commission income | 177,5 | -0,9 | 176,6 | 204,3 |
| Gains/(losses) on financial assets and liabilities and other | -15,6 | | -15,6 | 24,5 |
| Other operating income and expenses | -29,6 | 4,3 | -25,3 | -38,4 |
| Gross income | 526,9 | 3,4 | 530,3 | 664,4 |
| Staff expenses | -183,4 | -1,2 | -184,6 | -187,0 |
| Of which: Recurrent staff expenses | -183,4 | -1,2 | -184,6 | -173,0 |
| <i>Non-recurrent costs</i> | | | | -13,9 |
| Other administrative expenses | -107,2 | -2,2 | -109,4 | -108,1 |
| Depreciation and amortisation | -35,4 | | -35,4 | -45,1 |
| Operating expenses | -326,0 | -3,4 | -329,4 | -340,1 |
| Net operating income | 200,9 | | 200,9 | 324,3 |
| Impairment losses and other provisions | -101,3 | | -101,3 | -32,1 |
| Gains and losses in other assets | 0,8 | | 0,8 | 0,5 |
| Net income before income tax | 100,4 | | 100,4 | 292,7 |
| Income tax | -14,9 | | -14,9 | -50,8 |
| Net income | 85,5 | | 85,5 | 242,0 |

EARNINGS PER SHARE

| | Sep 20 | Sep 21 |
|------------------------|--------|--------|
| Earnings per share (€) | 0,05 | 0,16 |

Average weighted nr. of shares (in millions)

1.456,9 1.456,9

1) For analysis purposes, in order to ensure comparability of information, September 2020 figures were adjusted by reclassifications made at the end of 2020 and detailed in the respective Annual Report.

BALANCE SHEETS AS OF 31 DECEMBER 2020 AND 2019

| | Notes | (Amounts expressed in thousand euros) | |
|--|-----------|---------------------------------------|-------------------|
| | | Consolidated | |
| | | 31-12-2020 | 31-12-2019 |
| ASSETS | | | |
| Cash, cash balances at central banks and other demand deposits | 9 | 4 535 243 | 1 068 261 |
| Financial assets held for trading | 10 | 197 475 | 234 476 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 11 | 177 461 | 206 066 |
| Equity instruments | | 125 147 | 143 221 |
| Debt securities | | 52 314 | 62 845 |
| Financial assets at fair value through other comprehensive income | 12 | 1 883 541 | 1 886 212 |
| Equity instruments | | 436 072 | 509 168 |
| Debt securities | | 1 447 469 | 1 377 044 |
| Financial assets at amortised cost | 13 | 30 003 970 | 27 439 314 |
| Debt securities | | 5 772 761 | 4 029 677 |
| Loans and advances - Central Banks and other Credit Institutions | | 1 594 993 | 1 452 687 |
| Loans and advances - Customers | | 22 636 216 | 21 956 950 |
| Derivatives - Hedge accounting | 14 | 1 453 | 30 709 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 14 | 79 858 | 48 818 |
| Investments in subsidiaries, joint ventures and associates | 15 | 238 179 | 247 190 |
| Tangible assets | 16 | 152 875 | 169 564 |
| Intangible assets | 17 | 86 965 | 65 848 |
| Tax assets | 25 | 271 008 | 272 456 |
| Other assets | 18 | 149 670 | 128 077 |
| Non-current assets and disposal groups classified as held for sale | 19 | 7 889 | 14 561 |

| | | | |
|--|-----------|-------------------|-------------------|
| Total assets | | 37 785 587 | 31 811 552 |
| LIABILITIES | | | |
| Financial liabilities held for trading | 10 | 141 345 | 146 167 |
| Financial liabilities at amortised cost | 20 | 33 695 722 | 27 640 187 |
| Deposits - Central Banks | | 4 394 239 | 1 374 229 |
| Deposits - Credit Institutions | | 1 110 076 | 1 402 879 |
| Deposits - Customers | | 26 008 553 | 23 231 413 |
| Debt securities issued | | 1 804 852 | 1 358 699 |
| <i>Memorandum items: subordinated liabilities</i> | | 304 345 | 304 440 |
| Other financial liabilities | | 378 002 | 272 967 |
| Derivatives - Hedge accounting | 14 | 63 724 | 72 799 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 14 | 24 363 | 9 656 |
| Provisions | 21 | 48 708 | 44 392 |
| Pending legal issues and tax litigation | | 31 706 | 25 656 |
| Commitments and guarantees given | | 16 704 | 18 736 |
| Other provisions | | 298 | 0 |
| Tax liabilities | 25 | 23 206 | 17 239 |
| Other liabilities | 22 | 532 233 | 444 975 |
| Total Liabilities | | 34 529 301 | 28 375 415 |
| SHAREHOLDERS' EQUITY | | | |
| Capital | 24 | 1 293 063 | 1 293 063 |
| Equity instruments issued other than capital | 24 | 275 000 | 275 000 |
| Accumulated other comprehensive income | 24 | (506 376) | (345 273) |
| Items that will not be reclassified to profit and loss | | (489 839) | (335 851) |
| Tangible assets | | 703 | 703 |
| Actuarial gains or (-) losses on defined benefit pension plans | | (383 973) | (303 951) |
| Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates | | (1 601) | (416) |
| Fair value changes of equity instruments measured at fair value through other comprehensive income | | (104 968) | (32 187) |
| Items that may be reclassified to profit and loss | | (16 537) | (9 422) |
| Foreign currency translation | | (60 061) | (33 552) |
| Fair value changes of debt instruments measured at fair value through other comprehensive income | | 22 094 | 4 502 |

| | | | |
|--|-----------|-------------------|-------------------|
| Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates | | 21 430 | 19 628 |
| Retained earnings | 24 | 1 961 895 | 1 769 451 |
| Other reserves | 24 | 127 933 | 116 042 |
| Profit or loss attributable to owners of the parent | | 104 771 | 327 854 |
| Total Equity | | 3 256 286 | 3 436 137 |
| Total Equity and Total Liabilities | | 37 785 587 | 31 811 552 |

**STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED ON 31
DECEMBER 2020 AND 2019**

(Amounts expressed in thousand euros)

| | Notes | Consolidated | |
|---|-------|----------------|----------------|
| | | 31-12-2020 | 31-12-2019 |
| Interest income | 27 | 495 637 | 525 538 |
| Interest expense | 27 | (45 499) | (89 264) |
| NET INTEREST INCOME | | 450 138 | 436 274 |
| Dividend income | 28 | 42 606 | 49 351 |
| Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method | 15 | 27 694 | 40 726 |
| Fee and commission income | 29 | 266 351 | 280 979 |
| Fee and commission expenses | 29 | (21 449) | (23 079) |
| Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net | 30 | 162 | (94) |
| Gains or (-) losses on financial assets and liabilities held for trading, net | 30 | 7 863 | 4 961 |
| Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net | 30 | (18 890) | (9 753) |
| Gains or (-) losses from hedge accounting, net | 30 | (1 969) | 3 115 |
| Exchange differences [gain or (-) loss], net | 30 | 514 | (5 672) |

| | | | |
|--|-----------|-------------------|-------------------|
| Other operating income | 31 | 34 300 | 32 840 |
| Other operating expenses | 31 | (52 261) | (58 644) |
| GROSS INCOME | | 735 059 | 751 004 |
| Administrative expenses | | (402 613) | (394 154) |
| Staff expenses | 32 | (264 364) | (246 093) |
| Other administrative expenses | 33 | (138 249) | (148 061) |
| Depreciation | | (48 663) | (53 906) |
| Provisions or (-) reversal of provisions | 21 | (5 705) | (2 273) |
| Commitments and guarantees given | | 2 032 | 4 175 |
| Other provisions | | (7 737) | (6 448) |
| Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss | 34 | (153 502) | 39 061 |
| Financial assets at amortised cost | | (153 502) | 39 061 |
| Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates | 15 | 0 | 1 028 |
| Impairment or (-) reversal of impairment on non-financial assets | 35 | 0 | 1 672 |
| Gains or (-) losses on derecognition of non-financial assets, net | 36 | (38) | (1 441) |
| Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations | 37 | 328 | 3 400 |
| Profit or (-) loss before tax from continuing operations | | 124 866 | 344 391 |
| Tax expenses or (-) income related to profit or loss from continuing operations | 25 | (20 095) | (16 537) |
| PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS | | 104 771 | 327 854 |
| PROFIT OR (-) LOSS FOR THE YEAR | | 104 771 | 327 854 |
| PROFIT OR (-) LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT | 38 | 104 771 | 327 854 |

| | | | |
|--|----------|-------|-------|
| Earnings per share (euros) | | | |
| Basic | 6 | 0,060 | 0,222 |
| Diluted | 6 | 0,060 | 0,222 |
| Earnings per share from continuing operations (euros) | | | |
| Basic | 6 | 0,060 | 0,222 |
| Diluted | 6 | 0,060 | 0,222 |

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousand euros)

| | Consolidated | |
|--|---------------------|-------------------|
| | 31-12-2020 | 31-12-2019 |
| PROFIT OR (-) LOSS FOR THE YEAR | 104 771 | 327 854 |
| Other comprehensive income | (150 460) | (91 870) |
| Items that will not be reclassified to profit or loss | (143 345) | (103 063) |
| Actuarial gains or (-) losses on defined benefit pension plans | (102 755) | (21 769) |
| Share of other recognised income and expense of investments in joint ventures and associates | 476 | 1 442 |
| Fair value changes of equity instruments measured at fair value through other comprehensive income | (63 589) | (88 135) |
| Income tax relating to items that will not be reclassified | 22 523 | 5 399 |
| Items that may be reclassified to profit or loss | (7 115) | 11 193 |
| Foreign currency translation | (26 509) | 2 250 |
| Translation gains or (-) losses taken to equity | (26 509) | 2 250 |
| Debt instruments at fair value through other comprehensive income | 24 230 | 3 547 |
| Valuation gains or (-) losses taken to equity | 24 383 | 4 332 |
| Transferred to profit or loss | (153) | (785) |
| Share of other recognised income and expense of investments in joint ventures and associates | 1 802 | 6 367 |
| Income tax relating to items that may be reclassified to profit or loss | (6 638) | (971) |

| | | |
|--|------------------|----------------|
| Total comprehensive income for the year | (45 689) | 235 984 |
| Attributable to owners of the parent | (45 689) | 235 984 |

The auditor's reports on the consolidated financial statements of the Issuer for the years ended on 31 December 2020 and on 31 December 2019 did not include any reserves and mentioned the following emphasis for the 31 December 2019 consolidated financial statements: *“We draw attention to the information disclosed in note 42 of the accompanying explanatory notes to the financial statements, related to the possible impacts of the pandemic caused by COVID-19 in the economy and, consequently, on the Bank's future activity. Our opinion is not modified in respect of this matter.”*

The auditor's report on the consolidated financial statements of the issuer for the first half 2021 mentioned the following emphasis: *“We draw attention to the information disclosed in note 3 of the accompanying explanatory notes to the condensed interim consolidated financial statements, related to the impacts arising from the COVID- 19 pandemic recognized in the Bank's financial statements as at June 30,2021, as well as on the inherent uncertainty caused in the economy and, consequently, on the Bank's future activity. As mentioned in note 1.3., the Bank made a set of judgements and estimates based on assumptions made with the best available information on the events that have occurred until this date in the preparation of the abovementioned consolidated financial statements. However, actual results may differ from the estimates made and the future evolution of the pandemic may require a review of these judgments, estimates and assumptions currently made by the Bank. Our conclusion is not modified in respect of this matter”.*

Please refer to the complete versions of the auditor's reports included in the annual reports and half year report of the Issuer, together with the respective financial statements, which are incorporated by reference in this Base Prospectus.

INVESTMENTS

There have been no material investments by the Issuer since 30 September 2021.

CORPORATE GOVERNANCE

The Issuer's governance model is structured in compliance with the Portuguese Commercial Companies Code as follows:

- the company's management is entrusted to the Board of Directors which includes an Executive Committee to which the Board has delegated wide management powers for conducting the day-to-day activity. Within the ambit of the Board of Directors, two specialist commissions function, composed exclusively of non-executive members: (i) the Risk Committee and (ii) the Nominations, Evaluation and Remuneration Committee. In September 2017, as foreseen in the corporate statutes a Corporate Social Responsibility Committee was created.

- the oversight functions are attributed to the Audit Committee (“Comissão de Auditoria”) – whose key terms of reference include supervising the management of the company, ensuring compliance with the legal and regulatory provisions, the statutes and provisions issued by the supervisory authorities, as well as general policies, provisions and practices adopted internally, setting the terms of its coordination with the Risk Committee, including the work to be developed and the report to be carried out by the latter, with a view to assisting the performance of the Audit Committee's functions, following up on the situation and the evolution of all risks to which the Bank is subject, relying, for this purpose, on the assistance of the Risks Committee and any related work, analyses and recommendations that this Committee presents to the Audit Committee, verifying the adequacy of and supervising compliance with the policies, criteria and accounting practices adopted and any supporting documents in accordance with accounting standards, supervising the statutory audit of accounts, issuing an opinion on the report, accounts and proposals presented by the Board of Directors, supervising the process of preparing and disclosing financial information, supervising the effectiveness of the internal control, internal, assessing and supervising the Statutory Auditor's independence, particularly when he or she provides additional services to the company, receiving communications concerning any irregularities occurring within the company and submitted by shareholders, employees or others and fulfilling any other duties assigned to it by law.
- the General Shareholders’ Meeting, composed of all the shareholders of the Issuer, deliberates on the issues which are specifically attributed to it by the law or by the Articles of Association – including the election of the governing bodies, the approval of the directors' reports, the annual accounts, the distribution of profits, and capital increases –, as well as if so solicited by the Board of Directors, on matters dealing with the company's management.
- the Company Secretary is appointed by the Board of Directors and performs the functions contemplated in the law and others attributed pursuant to the Articles of Association of the Issuer.

MANAGEMENT

The following is a list of the members of the Board of Directors, approved by the Sole Shareholder in 26 April 2017, for the 2017/2019 term of office.

Board of Directors:

| | |
|-----------------|---------------------|
| Chairman: | Fernando Ulrich |
| Vice-President: | António Lobo Xavier |

| | |
|-------------------------|---|
| Chief Executive Officer | Pablo Arturo Calderon |
| Members: | |
| Executive member | Alexandre Lucena e Vale |
| Executive member | José Pena do Amaral |
| Executive member | António Farinha Morais |
| Executive member | Ignacio Alvarez-Rendueles |
| Executive member | Pedro Barreto |
| Non-executive member | Vicente Barutel ¹⁵ |
| Executive member | João Oliveira e Costa |
| Non-executive member | Juan Alcaraz Garcia ¹⁶ |
| Non-executive member | Lluís Vendrell Pi |
| Executive member | Juan Fuertes Blasco ¹⁷ |
| Non-executive member | Maria de Fátima Barros Bertoldi ¹⁸ |
| Non-executive member | Javier Pano Riera |
| Non-executive member | Gonzalo Gortázar Rotaeche |
| Non-executive member | Tomás Jervell |
| Executive member | Francisco Manuel Barbeira |
| Non-executive member | Cristina Rios Amorim |
| Non-executive member | Carla Sofia Bambulo ¹⁹ ²⁰ |
| Non-executive member | António José Cabral ²¹ |
| Non-executive member | Natividad Pifarre ²² |

The following is a list of the members of the Board of Directors, approved by the Sole Shareholder in 30 November 2020, for the 2020/2022 term of office. The business address of each of the below-mentioned members of the Board of Directors is Banco BPI, S.A., Avenida da Boavista, n.º 1117, 4100-129, Porto.

¹⁵ Resigned on 9 May 2018.

¹⁶ Resigned on 22 June 2018.

¹⁷ Resigned in 4 September 2017.

¹⁸ Appointed on 23 February 2018.

¹⁹ Appointed by Allianz Europe, Ltd. to exercise the office in its own name.

²⁰ Resigned on 9 May 2018.

²¹ Appointed on 20 April 2018.

²² Appointed on 29 June 2018.

Board of Directors:

| | |
|-------------------------|--------------------------------------|
| Chairman: | Fernando Ulrich |
| Vice-President: | António Lobo Xavier |
| Chief Executive Officer | João Oliveira e Costa |
| Members: | |
| Non-executive member | Cristina Rios Amorim |
| Non-executive member | Elsa Maria Roncon |
| Executive member | António Farinha Morais ²³ |
| Executive member | Francisco Artur Matos ²⁴ |
| Executive member | Francisco Manuel Barbeira |
| Non-executive member | Gonzalo Gortázar Rotaèche |
| Executive member | Ignacio Alvarez-Rendueles |
| Non-executive member | Javier Pano Riera |
| Non-executive member | Lluís Vendrell Pi |
| Non-executive member | Manuel Ramos Sebastião |
| Non-executive member | Maria de Fátima Barros Bertoldi |
| Non-executive member | Natividad Pifarre |
| Executive member | Pedro Barreto |

Position in other companies of BPI Group

| Name | Position | Companies |
|---------------------------|-------------------------------|--|
| Pedro Barreto | Non-executive Deputy-Chairman | BCI – Banco Comercial e de Investimentos, S.A. (35.67 per cent.) |
| Ignacio Alvarez-Rendueles | Non-Executive Diretor | Inter-Risco, Sociedade de Capital de Risco, S.A. (49 per cent.) |

²³ Ceased functions as executive member on 26 April 2021, which fact was subject to registration on 15 May 2021.

²⁴ Co-opted by the Board of Directors on 27 April 2021, who began his duties on 20 July with the obtaining of ECB's authorisation

| | | |
|---------------------------|------------------------|---|
| Francisco Manuel Barbeira | Non-Executive Director | SIBS, SGPS, S.A. (14.98 per cent. indirectly) |
|---------------------------|------------------------|---|

Relevant activities outside BPI Group

| Name | Position | Companies |
|---------------------------|--|--|
| Fernando Ulrich | Non-Executive Diretor | CaixaBank, S.A. |
| António Lobo Xavier | Non-Executive Director | NOS, SGPS, S.A. |
| | Non-Executive Director | Fábrica Têxtil Riopele, S.A. |
| | Non-Executive Director | BA Glass, Serviços de Gestão e Investimento, S.A. |
| | President of General Meeting of Shareholders | Têxtil Manuel Gonçalves, S.A. |
| | President of General Meeting of Shareholders | Mysticinvest – Holding S.A. |
| | Partner | Morais Leitão & Associados |
| João Oliveira Costa | Member of Advisory Council | Council of State Presidency of Portuguese Republic |
| | Member of “Conselho de Curadores” | Fundação Belmiro de Azevedo |
| | Not applicable* | Not applicable* |
| Cristina Rios Amorim | Non-Executive Vice-president | Amorim Investimentos e Participações, SGPS, S.A. |
| | Non-Executive Director | Amorim, SGPS, S.A. |
| | Executive Director and CFO | Corticeira Amorim, SGPS, S.A. |
| Elsa Maria Roncon | Not applicable* | Not applicable* |
| Francisco Artur Matos | Not applicable* | Not applicable* |
| Francisco Manuel Barbeira | Non-Executive Director | SIBS, SGPS, S.A. |
| Gonzalo Gortázar | Chief Executive Officer | CaixaBank, S.A. |
| | Non-Executive Chairman | VidaCaixa |
| Ignacio Alvarez-Rendueles | Not applicable* | Not applicable* |
| Javier Pano | Chief Financial Officer | CaixaBank, S.A. |
| | Non-Executive Director | Cecabank, S.A. |

| | | |
|--------------------------|--|---|
| Lluís Vendrell | Corporate Manager M&A Non-Executive Director | CaixaBank, S.A. Bankia Mapfre Seguros, S.A. |
| Manuel Ramos Sebastião | Non-Executive Director President of the Audit Committee Chairman of the Supervisory Body Chairman of the Board Member of the Disciplinary Board Member of the Strategic Council Member of the Audit Committee | REN SGPS SA IPCG – Instituto Português de Corporate Governane Ulisses Foundation (Lisbon MBA) Ordem dos Economistas ISCAC – Instituto Superior de Contabilidade e Administração de Coimbra AiR351 –Art in Residence Association |
| Maria de Fátima Bertoldi | Non-Executive Director Member of the Corporate Governance and Social Responsibility Committee Non-Executive Director Non-Executive Audit Committee Member | Fundação Francisco Manuel dos Santos Jerónimo Martins, SGPS, SA Brisa Concessão Rodoviária, S.A. Warta, Retail & Services Investments, BV |
| Natividad Pifarre | Head of Global Risk Non-Executive Director Non-Executive Director | CaixaBank, S.A. Vida Caixa, S.A. CaixaBank Wealth Management Luxembourg, S.A. |
| Pedro Barreto | Not applicable* | Not applicable* |

Note: “Not applicable*” means no activities outside the BPI Group.

CONFLICTS OF INTEREST

The Issuer is not aware of any potential conflicts of interests between any duties to the Issuer by any of the members of either the Board of Directors or the Executive Committee of the Board of Directors in respect of their private interests and/or other duties.

AUDIT COMMITTEE

The Audit Committee performs the functions attributed to it by law, the Articles of Association and the Issuer's internal regulations.

The following is a list of the members of the Audit Committee, designated by the sole Shareholder on November 30, 2020, for the term of office 2020-2022:

| | |
|-----------|---------------------------------|
| Chairman: | Manuel Ramos de Sousa Sebastião |
| Members: | António Lobo Xavier |
| | Elsa Maria Roncon Santos |
| | Fátima Barros |
| | Lluís Vendrell |

Relevant activities of the members of the Audit Committee outside BPI Group

Please see table above concerning the Board of Directors.

The composition of the Audit Committee is deliberated upon by the General Shareholders' Meeting of the Issuer. The Audit Committee exercises its function for terms of three years.

Besides any other competence set out in law or in the Bank's articles of association, the Audit Committee is responsible for:

- supervising the management of the company;
- ensuring compliance with the legal and regulatory provisions, the statutes and provisions issued by the supervisory authorities, as well as general policies, provisions and practices adopted internally;
- setting the terms of its coordination with the Risk Committee, including the work to be developed and the report to be carried out by the latter, with a view to assisting the performance of the Audit Committee's functions;

- following up on the situation and the evolution of all risks to which the Bank is subject, relying, for this purpose, on the assistance of the Risks Committee and any related work, analyses and recommendations that this Committee presents to the Audit Committee;
- verifying the adequacy of and supervising compliance with the policies, criteria and accounting practices adopted and any supporting documents in accordance with accounting standards;
- supervising the statutory audit of accounts;
- issuing an opinion on the report, accounts and proposals presented by the Board of Directors;
- supervising the process of preparing and disclosing financial information;
- supervising the effectiveness of the internal control, internal;
- assessing and supervising the Statutory Auditor's independence, particularly when he or she provides additional services to the company;
- receiving communications concerning any irregularities occurring within the company and submitted by shareholders, employees or others;
- and fulfilling any other duties assigned to it by law.

The Audit Committee meets every month. The Issuer is not aware of any potential conflicts of interest between any duties *vis-à-vis* the Issuer of the members of the Audit Committee and their private interests or other duties.

STATUTORY AUDITOR

The term of office of the Statutory Auditor (“*Revisor Oficial de Contas*”) is of four years. CaixaBank as the sole shareholder elected in April 15 2021,:

- PricewaterhouseCoopers, SROC, S.A. as the Statutory Auditor for the 2020-2022 mandate.

PricewaterhouseCoopers, SROC, S.A., member of the Portuguese Association of the Chartered Accountants (“*Ordem dos Revisores Oficiais de Contas*”) with number 183, with registered office at Palácio Sottomayor, Rua Sousa Martins, 1-3rd, 1069-316 Lisbon, has designated José Manuel Henriques Bernardo, to represent it for the periods ended 31 December 2019 and 31 December 2020 and for the period beginning in January 2021 (which 2019 and 2020 annual audited reports and interim unaudited first half 2021 report are incorporated by reference herein), who is also a member of the Portuguese Association of the Chartered Accountants.

The alternate member is Ana Maria Ávila de Oliveira Lopes Bertão.

There are no potential conflicts of interest between the duties to the Bank of the persons listed above and their private interest or duties.

THE ORIGINATOR'S STANDARD BUSINESS PRACTICES, CREDIT ASSESSMENT AND SERVICING OF THE COVER POOL

OVERVIEW

Public Sector credit is originated at BPI by the institutional clients units based in Oporto, Lisbon, Azores and Madeira (Autonomous Regions), the latter responsible for corporate loans on such geographies. Credit to the Autonomous Regions of Azores and Madeira is originated by the referred regional institutional clients units. The institutional clients units are specialized departments integrated in the North, and south and Islands Corporate and Institutional Departments, respectively. They are mainly dedicated to the public sector entities, i.e., entities owned or controlled, directly or indirectly, by the Portuguese State, and comprising the major Nonprofit social economy institutions.

The procedures regarding credit origination, monitoring and recovery defined for corporate credit are also applicable to credit to public sector entities. Corporate and Institutional Departments are under the supervision of the member of BPI's Executive Board responsible for the global corporate business.

As at 30 June 2021, BPI's Public Sector loan portfolio amounted to €2,021 million, including central administration, regional and local administrations, state corporate sector and other institutional entities.

ORIGINATION, RISK ASSESSMENT AND DECISION-MAKING

The four institutional units which account for 25 professionals, including 4 managers, are focused on state-owned companies, municipalities, municipal companies and the social economy sector (including essentially not-for-profit entities).

Credit proposals are originated through BPI's direct contact with municipalities and state-owned companies. By law, to meet their funding requirements, municipalities are required to adopt a competitive tender process with consultation to, at least, three banks. An identical procedure is adopted by state-owned companies. All public sector entities are subject to strict indebtedness controls and procedures which are defined in the relevant legislation.

As for BPI's Corporate Banking, the "four eyes" principle is also adopted for public sector operations and risk assessment is carried out independently by a specialized unit of the Credit Department (DCR – "Direção de Crédito") dedicated to the public sector. Credit policy, guidelines and procedures adopted for the public sector and for the whole corporate sector of BPI are defined in the same key document. A fully documented credit review is made for each lending proposal.

The rules of procedure and the limits for decision making applied by BPI for public sector operations are also defined in accordance with the guidelines established for corporate operations. They set out five decision making levels based on the level of exposure.

BPI has defined internal objectives and limits for global exposure to the Portuguese public sector in the context of its risk appetite framework. Those are reviewed on a regular basis.

OPERATIONS AND SERVICING

The Operations Department (DO – “Direção de Operações”) manages all credit transactions. It executes all tasks related to credit transactions, commercial leasing, factoring, guarantees, financial capacity certificates and issuance of letters of credit.

Servicing procedures include:

- Execution and control of all the loan transactions, foreign exchange credit operations and advances on export receivables, including registration and management of associated guarantees and subsidies from external entities.
- Contract issuance based on drafts prepared by the Legal Department for all the operations as well as any further amendments and renewal of conditions.
- Maintain permanent contact with relevant internal departments and with external entities such as Banco de Portugal, Credit Insurance Companies, and other entities.

Through the lifetime of each credit operation, BPI’s systems issue payment notices which are mailed to borrowers 20 days prior to the respective payment day. Payments are made by automatic debit of the borrower’s cash deposit account.

If a borrower has more than one unpaid instalment from the same or different credit transaction, the rule is to collect first the older one.

When there is a prepayment, BPI debits the cash deposit account of the customer together with a prepayment fee to compensate BPI for the internal costs, and breakage costs in the case of fixed rate loans.

MONITORING

The Credit Department (DCR) is responsible for monitoring the credit portfolio of Corporate Banking for the purpose of timely detection of any default situations and allowing for the adoption of adequate measures to prevent default such as the enforcement of guarantees and debt restructuring.

The intervention of the DCR in their monitoring functions is mainly focused on non-technical default cases that cannot be settled by the commercial departments in the short term (up to 30 days). However, when deemed suitable, this intervention may occur sooner and even in situations when there is still no default.

If, in spite of the monitoring process, the overdue credit situation is not settled by the 60th day, DCR will draw up an action proposal to be submitted to the Credit Board. Based on the action proposal, the Credit Board may decide to maintain the customer management and monitoring with the Commercial Department or transfer it to the Recovery Department (DREC – “Direção de Recuperação”).

Monitoring Tools:

Monitoring action is based on several tools such as: rating system (in what concerns Public Sector Credit, for Municipalities only – a simple expert system that will be revised soon) an alert system, internal and external databases, intervention at the Commercial Department level and finally, intervention at customer level.

In addition, Commercial Department and DCR conduct regular reviews of all exposures, at least on an annual basis, and maintain a watch list, reported on a quarterly basis, of the weaker counterparts assessed on a stand-alone basis.

RECOVERIES

Loans in arrears are handled by the Recovery Centres of DREC and the Litigation Department dedicated to corporate loans which are also responsible for the monitoring and surveillance of Public Sector credit.

The Recovery Centres of DREC is the main division responsible for credit recovery by non-judicial means. Their intervention is directed towards recovery of arrears outstanding for greater than 60 days.

–Recovery Centres are responsible for the full relationship with customers that are put under its supervision and therefore benefits from the same supporting instruments for the relationship with customer companies as the commercial departments. In addition it is backed by the Litigation Department.

Recovery Centres intervention is based on a negotiating process that may require the restructuring of the credit in arrears, preferably via enforcement of guarantees. Although these are normally delicate negotiations, there is a concern for swiftness of recovery, which should be achieved in less than 150 days from when the arrears were originally registered.

Notwithstanding available instruments, when the settlement of a default situation is impossible and all forms of recovery by non-judicial means are exhausted, the case is sent to the Litigation Department where the recovery of the overdue credit is made via judicial means.

The Litigation Department is part of the Legal Department and is responsible for the judicial recovery of debt. It represents BPI and its subsidiaries in all actions brought in court by them or against them.

The Litigation Department is also responsible for analysing proposals for extra-judicial agreements made by debtors and deciding whether to accept such proposals or to submit an opinion to the Credit Department for a final decision on actions to be taken and/or prepare write-off proposals.

USE OF PROCEEDS

The net proceeds resulting from each issue of Public Sector Bonds will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

THE PUBLIC SECTOR BONDS LAW

FRAMEWORK

The Public Sector Bonds Law introduced a framework for the issuance of public sector debt securities into Portuguese law.

The Public Sector Bonds Law has been supplemented by the Bank of Portugal Regulations. The Bank of Portugal Regulations address matters such as the segregation of cover pool assets from the insolvent estate of the issuer in the event of insolvency, the compliance with asset and liability matching requirements and the methodology for valuation of mortgages and properties.

ISSUERS OF PUBLIC SECTOR BONDS

Public sector bonds (*“obrigações sobre o sector público”*) may be issued by credit institutions (the **“Institutions”**) legally authorised to grant credit to central administrations, regional or local authorities of any EU Member State or credits guaranteed by such entities and having own funds amounting to no less than €7,500,000. Institutions can either be universal credit institutions (**“Credit Institutions”**) or special credit institutions incorporated under the Public Sector Bonds Law specialising in the issuance of public sector/mortgage covered bonds (the **“Mortgage Credit Institutions”**).

If the issuer of public sector bonds is a Credit Institution, there are no restrictions to its banking activities and it may issue public sector bonds directly maintaining the underlying cover pool on its balance sheet.

If the issuer of public sector bonds is a Mortgage Credit Institution, its authorised banking activity is restricted to granting and acquiring credits to, or guaranteed by, the central administrations, regional or local authorities of any EU Member State. Mortgage Credit Institutions may thus issue public sector bonds backed by credits originated by itself or otherwise acquired from third party originators.

If public sector bonds are issued by a Mortgage Credit Institution backed by credits acquired from a third party originator, the cover assets must be transferred to the Mortgage Credit Institution and, if such Mortgage Credit Institution is wholly-owned by such originator, the assets and liabilities relating to the relevant issue of public sector bonds and the related cover pool will be consolidated with such originator. However, it is also possible for a Mortgage Credit Institution to have multiple owners, in which case the issues of public sector bonds and the allocated cover pool may or may not be consolidated with the originator of the relevant credits.

An Institution must manage its cover pool as well as any assets that it may acquire as a result of the enforcement of delinquent public sector credits. Institutions may also undertake certain activities necessary to obtain additional liquidity.

In the event of insolvency, winding-up and dissolution of an Institution, the cover pool over which the holders of public sector bonds have a special creditor privilege will be segregated from the insolvent estate of such Institution and will form a separate estate, i.e. an autonomous pool of assets managed in favour and to the benefit of the holders of public sector bonds and other preferred creditors as specified in the Public Sector Bonds Law. In this respect, the Public Sector Bonds Law establishes a special regime which prevails over general Portuguese insolvency regulations.

If the cover assets are insufficient to meet interest and principal payments due on the public sector bonds of the insolvent Institution, the holders of public sector bonds will also rank *pari passu* with unsecured creditors of the Institution in relation to the remaining assets of the insolvent Institution.

COVER ASSETS

The following assets are eligible to collateralise issues of public sector bonds made by an Institution in accordance with the Public Sector Bonds Law:

- Public Sector Credits over central administrations, regional or local authorities of any EU Member State;
- Public Sector Credits benefiting from an express and legally binding guarantee issued by central administrations, regional or local authorities of any EU Member State;

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

- Deposits with the Bank of Portugal, in cash or in securities eligible for credit transactions in the Eurosystem (which is the monetary authority of the euro area which comprises the ECB and the national banks of the EU Member States whose currency is the euro);
- Current or term account deposits with credit institutions (which are not in a control or group relationship with the Issuer) having a rating equal to or higher than the minimum rating required at any time by the Rating Agencies, provided that such minimum rating shall in any event be at least “A-“ or equivalent; and
- Other assets meeting both the low risk and high liquidity requirements of the Bank of Portugal.

The aggregate value of the Other Assets may not exceed 20 per cent. of the aggregate value of the Cover Pool allocated as collateral to all Public Sector Bonds issued by the Issuer.

The geographical scope of eligible assets is restricted to public sector credits to, or guaranteed by central administrations, regional or local authorities located in an EU Member State.

Hedging contracts may also be included in the cover pool for hedging purposes, namely to hedge interest rate, exchange rate and liquidity risks. The Bank of Portugal Regulations contain certain rules governing the limits and conditions for the use of these hedging contracts.

The cover pool is of a dynamic nature. Accordingly, the Institution may be required, or may otherwise decide to, include new assets in such cover pool or substitute assets in case the existing ones no longer comply with the applicable financial and prudential requirements.

Furthermore, an Institution is required by the Public Sector Bonds Law to maintain a register of all the assets comprised in the cover pool, including hedging contracts.

ASSET-LIABILITY MANAGEMENT AND FINANCIAL REQUIREMENTS

The Public Sector Bonds Law and the Bank of Portugal Regulations establish the following asset and liabilities matching requirements:

- The global nominal value of the outstanding public sector bonds, irrespective of the fact those Public Sector Bonds are Zero Coupon Bonds or not, cannot exceed 100 per cent. of the global value of the public sector credits and other assets at any time comprised in the relevant cover pool;
- The average maturity of outstanding public sector bonds cannot exceed the average maturity of the public sector credits and substitution assets allocated to the relevant issue of public sector bonds;
- The total amount of interest to be paid by an Institution under any public sector bonds shall not exceed, at any point in time, the amount of interest to be collected from the public sector credits and other assets comprised in the cover pool backing the relevant issue of public sector bonds – this means, therefore, that under the Public Sector Bonds Law cash flows from the cover pool must at all times be sufficient to meet all scheduled payments due to the holders of public sector bonds;
- The net present value of the liabilities arising from issues of public sector bonds pursuant to the Public Sector Bonds Law cannot exceed the net present value of the cover pool allocated to such public sector bonds, including any hedging contracts also comprised in the cover pool. This ratio must also be met for 200 basis points parallel shifts in the yield curve.

For the purposes of the calculation of the level of collateralisation, as well as of the remaining financial and prudential requirements, Institutions are required to use the following criteria:

- (i) the credits to, or guaranteed by central administrations, regional or local authorities of any EU Member State shall be accounted for the nominal value of their outstanding principal, including any accrued but unpaid interest;
- (ii) the public sector bonds shall be accounted according to the nominal value of outstanding principal, irrespective of the fact those Public Sector Bonds are Zero Coupon Bonds or not including accrued but unpaid interest; and
- (iii) in relation to any other assets:
 - (a) deposits shall be accounted for according to their amount together with any accrued but unpaid interest; and
 - (b) securities eligible for Eurosystem credit transactions shall be accounted for under margin valuation rules laid down by the Eurosystem or, if lower, according to their nominal value, including accrued but unpaid interests.

If the relevant public sector bonds are denominated in any currency other than euro, the Institution must use the exchange rates published by the ECB as a reference.

The Public Sector Bonds Law also contains rules regarding the management of the cover pool allocated to one or more issues of public sector bonds, allowing the Institution, *inter alia*, to assign new credits to, or guaranteed by central administrations, regional or local authorities of any EU Member State to the cover pool. The Institution may also enter into irrevocable credit facilities for the provision of liquidity in connection with the liabilities arising under the public sector bonds. The credit facility counterparty must have a minimum credit rating of “A-” or equivalent.

An Institution is entitled to enter into derivatives contracts to hedge interest, exchange rate and liquidity risks. These derivatives contracts are also included in the cover pool and the derivative counterparties (who also benefit from the special creditor privilege) have to be rated “A-” or above. If a particular issue of public sector bonds is denominated in a currency other than euro, the Institution must enter into adequate hedging contracts for the purpose of hedging the relevant currency exchange risk.

If the limits and requirements established in the Public Sector Bonds Law are exceeded, the issuer is required to remedy the situation immediately by (i) allocating new public sector credits to, or guaranteed by central

administrations, regional or local authorities of any EU Member State, by (ii) purchasing outstanding public sector bonds in the secondary market and/or by (iii) allocating other eligible assets.

Public sector 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 public sector credits must be removed from the cover pool by the Institution and, if necessary to comply with the prudential requirements established in the Public Sector Bonds Law, substituted by new public sector credits to, or guaranteed by central administrations, regional or local authorities of any EU Member State.

Public sector credits underlying public sector bonds may only be sold or pledged if the Institution allocates new public sector credits to, or guaranteed by central administrations, regional or local authorities of any EU Member State to the public sector bonds sufficient to maintain compliance with the financial and prudential requirements set forth in the Public Sector Bonds Law.

Instruction 13/2006 contains rules to be followed in respect of notices to the Bank of Portugal regarding the issue of public sector bonds under the Public Sector Bonds Law. Prior to a first issuance of public sector bonds, and on each subsequent issuance, an Institution is required to provide the Bank of Portugal with certain documentation and information, including a chart showing the detailed composition of the autonomous pool of assets allocated to the public sector bonds. On a monthly basis, the Institution is required to provide the Bank of Portugal with information on the number and amount of public sector bonds outstanding and on any new issues of public sector bonds and redemptions occurred.

COVER POOL MONITOR, COMMON REPRESENTATIVE AND BANKING SUPERVISION

The Board of Directors of the Institution is required to appoint an independent auditor registered with the CMVM for the purposes of monitoring the compliance by such Institution of the financial and prudential requirements established in the Public Sector Bonds Law.

Pursuant to the Public Sector Bonds Law, the independent auditor is required to issue an annual report covering the compliance by the issuer with the applicable legal and regulatory requirements.

Also, a common representative of the holders of the public sector bonds – common to all public sector or mortgage covered bond issues – must be appointed by the Board of Directors of the Institution in order to represent the interests of the holders of public sector bonds.

The Bank of Portugal and the CMVM carry out banking and capital markets supervision respectively.

SEGREGATION OF COVER ASSETS AND INSOLVENCY REMOTENESS

Asset segregation

The assets and hedging contracts allocated by the Institution to the issues of public sector bonds will remain and be registered in separate accounts of the Institution. The register will be maintained in codified form and the code key will be deposited with the Bank of Portugal. This information will be deposited with the Bank of Portugal in the form of a code key. If the holders of Public Sector Bonds decide to accelerate the relevant public sector bonds, the common representative of such holders shall request the Bank of Portugal to disclose the information associated to such code key pursuant to article 4.5 of the Public Sector Bonds Law.

The assets included in the register maintained by the Institution will form a segregate estate over which the holders of the public sector bonds will have a special creditor privilege (“*privilégio creditório*”), in particular in case of winding-up and dissolution of the Institution.

In the event of insolvency of the Institution, the assets allocated to one or more issues of public sector bonds will be segregated from the corresponding insolvent estate and will be managed autonomously by a third party until full payment of the amounts due to the holders of public sector bonds. In any case, and even if the Institution is declared insolvent, the Public Sector Bonds Law determines that timely payments of interest and reimbursements under the public sector bonds shall continue to be carried out.

In the case of voluntary dissolution of an Institution, the plan for such dissolution and winding-up, which shall be submitted to the Bank of Portugal pursuant to Article 35-A of the Credit Institutions General Regime, shall identify a substitute credit institution appointed to (i) manage the relevant cover pool allocated to the public sector bonds outstanding, and (ii) ensure that the payments of any amounts due to the holders of such public sector bonds are made. Such project shall also describe the general framework and conditions under which those actions will be rendered by the substitute credit institution.

If the authorisation of an Institution to act as a credit institution in Portugal is revoked, the Bank of Portugal shall, simultaneously with the decision to revoke such authorisation, also appoint a substitute credit institution to manage the relevant cover pool allocated to the public sector bonds outstanding and to ensure that payments due to the holders of such public sector bonds are made.

In accordance with Notice 8/2006, any substitute credit institution appointed by the Bank of Portugal to service the cover pool following insolvency of the Institution shall: (i) immediately upon being appointed, prepare an opening balance sheet in relation to the cover pool, supplemented by the corresponding

explanatory notes; (ii) perform all acts and things necessary or convenient for the prudent management of the cover pool, including, without limitation, selling the public sector credits comprised in the cover pool; ensuring the timely collection in respect of the assets comprised in the cover pool; and performing all other acts and administrative services in connection with such assets and related additional security; (iii) maintain and keep updated a segregated register of the cover pool in accordance with the Public Sector Bonds Law; and (iv) prepare an annual financial report in relation to the cover pool and the outstanding public sector bonds, which report shall be the subject of an auditing report produced by an independent auditor who shall be appointed as cover pool monitor by the substitute credit institution.

Furthermore, any substitute credit institution appointed by the Bank of Portugal to service the cover pool following the insolvency of an Institution shall perform all acts and things necessary or convenient for maintaining the relationship with the borrowers under the public sector credits comprised in the relevant cover pool.

Preferential status for public sector bonds holders

Pursuant to the Public Sector Bonds Law, holders of public sector bonds benefit from a special creditor privilege over the assets assigned to the issue, with precedence over any other creditors, for the purpose of redemption of principal and receipt of interest corresponding to the relevant public sector bonds.

The public sector credits rights that serve as collateral for the entitlements of the holders of public sector bonds prevail over any preferential claims. If the assets comprised in the cover pool are not enough to pay interest and principal under the public sector bonds, the holders of public sector bonds will then rank *pari passu* with unsecured creditors of the relevant Institution.

The hedging contracts entered into by the Institution also form part of the cover pool and thus the relevant counterparties will also benefit from the special creditor privilege over such cover pool. Accordingly, these counterparties will have similar rights to those of the holders of the public sector bonds and, consequently, their contracts are not expected to be called in case of insolvency of the Institution.

Pursuant to the Public Sector Bonds Law, in the case of dissolution and winding-up of an Institution, a meeting of holders of all series of public sector bonds then outstanding may decide, by a 2/3 majority vote, to accelerate the public sector 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 Public Sector Bonds Law and in the relevant terms and conditions that govern such issue.

RISK-WEIGHTING & COMPLIANCE WITH EUROPEAN LEGISLATION

Public Sector bonds issued in accordance with the Public Sector Bonds Law are in compliance with the requirements of paragraph 4 of Article 52 of the UCITS Directive, as well as with subparagraphs (a) to (f) of paragraph 1 of Article 129 of the CRR. The risk-weighting applicable to public sector bonds is also governed by Article 129 of the CRR.

HARMONISATION OF THE EU COVERED BOND FRAMEWORK

The CBD was published in the Official Journal on 18 December 2019 and came into effect on 7 January 2020, establishing a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that Member States may choose to exercise when implementing the new directive through national laws). Member States shall adopt and publish, by 8 July 2021, the laws, regulations and administrative provisions necessary to comply with the CBD and shall apply those measures at the latest from 8 July 2022.

TAXATION

Portugal

The following is a general description of certain Portuguese tax consequences of the acquisition and ownership of Public Sector Bonds. It does not purport to be an exhaustive description of all tax considerations that may be relevant to decide about the purchase of Public Sector Bonds. Notably, the following general discussion does not consider any specific facts or circumstances that may apply to a particular purchaser.

This summary 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 Public Sector Bonds are advised to consult their own tax advisers as to the tax consequences resulting from the purchase, ownership and disposition of Public Sector Bonds, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or deemed to be, residents.

The economic advantages deriving from interests, amortisation or reimbursement premiums and other types of remuneration arising from Public Sector Bonds issued by private entities are qualified as investment income for Portuguese tax purposes.

Gains obtained with the repayment of Public Sector Bonds are classified as capital gains for Portuguese tax purposes.

Public Sector Bonds not held through a centralised control system

Interest and other types of investment income obtained on Public Sector Bonds by a Portuguese resident individual is subject to individual 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, subject to tax at progressive income tax rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income up to €250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000.

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding

tax at 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

In the case of zero coupon Public Sector Bonds, the difference between the redemption value and the subscription cost is qualified as investment income and is also subject to Portuguese income tax.

Capital gains taxation of 28 per cent., applicable to Portuguese resident individuals, will apply on the positive difference between the capital gains and capital losses arising from the transfer of the Public Sector Bonds, unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income up to €250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. Accrued interest qualifies as investment income, rather than as capital gains for tax purposes.

Interest and other investment income derived from Public Sector Bonds and capital gains realised with the transfer of Public Sector 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 is, as a general rule, subject to a (i) 21 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to €25,000 and 21. per cent. on profits in excess thereof to which may be added a municipal surcharge (“*derrama municipal*”) of up to 1.5 per cent. on their taxable profits. A State Surcharge (“*derrama estadual*”) rate will be of 3 per cent. due on the part of the taxable profits exceeding €1,500,000 up to €7,500,000 and of 5 per cent. on the part of the taxable profits exceeding €7,500,000 up to €35,000,000, and taxable income above €35,000,000 will be subject to a 9 per cent. rate.

Withholding tax on interest and other investment income at a rate of 25 per cent. applies, which is deemed a payment on account of the final tax due.

Portuguese financial institutions, pension funds, collective investment undertakings, retirement and/or education savings funds, share savings funds, venture capital funds incorporated under the laws in Portugal and some exempt entities are not subject to withholding tax.

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules 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 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.

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 were approved by Order (“*Despacho*”) 6403/2021, of the Portuguese Minister of State and Finance, published in the 2nd Series of Portuguese official gazette no. 125, of 21st June, which may be available at www.portaldasfinancas.gov.pt.

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Under domestic law, the responsibility to withhold taxes arising from interest payments of the Public Sector Bonds issued by resident entities for tax purposes belong to the registry or depositary entity, as the case may be.

A withholding tax rate of 35 per cent. applies in case of investment income payments to individuals or companies domiciled 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*) no. 150/2004, of 13 February, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”).

Capital gains obtained on the transfer of Public Sector Bonds by non-resident individuals without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation unless the individual 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*)

no. 150/2004, of 13 February 2011, as amended from time to time (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*). Capital gains obtained by individuals that are not entitled to said exemption will be subject to taxation at a 28 per cent. flat rate and should be declared in the Portuguese annual tax return to be presented by the seller. Accrued interest does not qualify as capital gains for tax purposes. Under the tax treaties entered into by Portugal, Portugal is usually not allowed to tax such gains, but the applicable rules should be confirmed on a case by case basis.

Regarding capital gains obtained on the disposal of Public Sector Bonds by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable to are exempt from Portuguese capital gains taxation, unless the share capital of the non-resident entity is more than 25 per cent. directly or indirectly held by Portuguese resident entities 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*) no. 150/2004, of 13 February, as amended from time to time (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*). This 25 per cent. threshold will not be applicable when the following cumulative requirements are met by the seller: (i) the seller is an entity resident in the European Union or in a EEA State which is bound to cooperate with Portugal under an administrative cooperation agreement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or in any country with which Portugal has a double tax treaty in force that foresees the exchange of information; (ii) such entity is subject and not exempt from a tax referred to in Article 2 of the Council Directive 2011/96/EU, of 30 November 2011, or a tax of similar nature with a rate not lower than 60 per cent. of the Portuguese corporate income tax rate; (iii) it holds at least 10 per cent. of the share capital or voting rights regarding the entity subject to disposal for at least one year uninterruptedly; and (iv) 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. Although the abovementioned cumulative requirements are in full force and effect since 31 March 2016 and apply to securities in general, the law is not clear on the application thereof for holders of debt representative securities, as some of the alluded requirements appear not to apply to debt representative securities. 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 corporate income tax, but the applicable rules should be confirmed on a case by case basis.

Stamp tax at a rate of 10 per cent. applies to the acquisition through gift or inheritance of Public Sector Bonds by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the

spouse, de facto spouse, descendants and parents/grandparents. The acquisition of Public Sector Bonds through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment, as a general rule, is subject to a (i) 21 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to €25,000 and 21. per cent. on profits in excess thereof to which may be added a municipal surcharge (“*derrama municipal*”) of up to 1.5 per cent. over their taxable profits. A State Surcharge (“*derrama estadual*”) rate will be of 3 per cent. due on the part of the taxable profits exceeding €1,500,000 up to €7,500,000 and of 5 per cent. on the part of the taxable profits exceeding €7,500,000 up to €35,000,000, and taxable income above €35,000,000 will be subject to a 9 per cent. rate. No stamp tax applies to the acquisition through gift and inheritance of Public Sector Bonds by an individual who is not domiciled in Portugal. The acquisition of Public Sector Bonds through gift or inheritance by a non-resident legal person is 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.

There is no wealth or estate tax in Portugal on the Public Sector Bonds.

Public Sector Bonds held through a centralised control system

The regime described above corresponds to the general tax treatment of investment income and capital gains on Public Sector Bonds and to the acquisition through gift or inheritance of such Bonds.

Nevertheless, pursuant to the Special Tax Regime for Debt Securities, approved by Decree-law 193/2005, investment income and capital gains on the disposal of debt securities issued by Portuguese resident entities, such as the Public Sector Bonds obtained by non-resident beneficial owners, are exempt from Portuguese income tax provided that (i) the debt securities are integrated in a centralised system managed by an entity resident in Portugal or by an international clearing system managing entity of a member state of the European Union or of the EEA (in this case, the member state of the EEA should be subject to administrative cooperation in tax issues similar to the administrative cooperation agreement in force between EU countries), and (ii) the beneficial owners are:

- (i) central banks or governmental agencies; or
- (ii) international organisations recognised by the Portuguese State; or
- (iii) entities with residency in countries with whom Portugal has a double tax treaty or a tax information exchange agreement in force; or

- (iv) 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 country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”).

The special regime approved by Decree-Law 193/2005 sets out the detailed rules and procedures to be followed on the evidence of non-residence by the beneficial owners of the bonds to which it applies. Under these rules, the direct register entity (i.e. the entity affiliated to the centralised system where the securities are integrated), as the entity holding the relevant account with the relevant centralised system in which the Public Sector Bonds are integrated, will be under the obligation to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the evidence of non-residence status should be provided to, and received by, the direct registration entities prior to the relevant date for payment of any interest, or the redemption date (for zero coupon Public Sector Bonds), and prior to the transfer of Public Sector Bonds date, as the case may be. The relevant direct registering entity shall withhold the relevant tax if the requirements for a withholding tax exemption are not met.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Base Prospectus.

(a) Domestically Cleared Public Sector Bonds

The beneficial owner of Public Sector Bonds must provide proof of non-residence in Portuguese territory substantially in the terms set forth below.

- (i) If the beneficial owner of Public Sector Bonds is a central bank, an international organisation or a public law institution integrated in the Public Administration (either central, regional, peripheral, indirect or autonomous), a declaration of tax residence issued by the beneficial owner of Public Sector Bonds itself, duly signed and authenticated or proof pursuant to (iv) below;
- (ii) If the beneficial owner of Public Sector Bonds 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 and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax

identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the beneficial owner of Public Sector Bonds and its domicile; or (C) proof of non-residence pursuant to (iv) below.

(iii) If the beneficial owner of Public Sector Bonds is either an investment fund or other type of collective investment undertaking 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, the law of incorporation and domicile; or (B) proof of non-residence pursuant to (iv) below.

(iv) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities; or (B) a document issued by the relevant Portuguese consulate certifying residence abroad; or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules regarding the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the beneficial owner of Public Sector Bonds must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until 3 months after the date on which the withholding tax would have been applied and will be valid for a 3 year period starting on the date such document is produced. The beneficial owner of Public Sector Bonds must inform the register entity immediately of any change on the requirement conditions that may prevent the tax exemption to apply.

When the Public Sector Bonds are held by central banks, governmental agencies, investment funds or other type of collective investment undertaking domiciled in any OECD country, the respective proof of non-residence in Portuguese territory is provided just once, its periodical renewal not being necessary.

(b) Internationally Cleared Public Sector Bonds

If the Public Sector Bonds are held through a centralised system recognised under the Portuguese Securities Code and complementary legislation, and registered in an account with an international clearing system

under the terms foreseen in Decree-Law 193/2005 (such as Euroclear or Clearstream, Luxembourg), the identification and amount of securities, as well as the amount of income, and, if applicable, the amount of withheld tax, shall be communicated (as mentioned below) and the beneficiaries shall be identified under one of the following categories:

- (i) Entities with residence, headquarters, effective management or permanent establishment to which the income would be attributable, and which are exempt from taxation or not subject to tax withholding;
- (ii) Entities with residence 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*”) no. 150/2004, of 13 February, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”);
- (iii) Entities with residence, headquarters, effective management or permanent establishment to which the income would be attributable, and which are exempt from taxation or not subject to tax withholdings;
- (iv) Other entities which do not have residence, headquarters, effective management or permanent establishment to which the income would be attributable.

On each interest payment date, the following information with respect of each one of the beneficiaries mentioned in (i), (ii) and (iii) should be communicated:

- (i) Name and address;
- (ii) Tax identification number (if available);
- (iii) Identification and amount of securities held;
- (iv) Amount of income.

In addition, the international clearing system managing entity shall send the above information to the direct register entity, or its representatives, and should send the information regarding all accounts under its management.

No Portuguese exemption shall apply at source under the special regime approved by Decree-Law 193/2005 if the above rules and procedures are not complied with. Accordingly, the general Portuguese tax provisions shall apply as described above.

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. The refund claim is to be submitted to the direct or indirect register entity of the Public Sector Bonds within 6 months from the date the withholding took place. A special tax form for these purposes was approved by Order (“*Despacho*”) 2937/2014, of the Portuguese Secretary of State for Tax Affairs, published in 2nd Series of Portuguese official gazette no. 37, of 21 February, which may be available at www.portaldasfinancas.gov.pt.

The refund of withholding tax in other circumstances or after the above 6 months period is to be claimed to the Portuguese tax authorities under the general procedures and within a 2 years period after the end of the year where the income was obtained.

Automatic exchange of tax information

The automatic exchange of information regime to be implemented under Council Directive 2011/16/EU, of 15 February (the “Council Directive 2011/16/EU”) on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU, of 9 December (the “Council Directive 2014/107/EU”)) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

Council Directive 2014/107/EU was transposed to Portuguese national law, on October 2016, by Decree-Law no. 64/2016, of 11 October (“Portuguese CRS Law”), which amended Decree-Law no. 61/2013, of 10 May, which transposed Council Directive 2011/16/EU. The Portuguese CRS Law and Decree-Law no. 61/2013, have been amended by Law no. 98/2017, of 24 August.

Under such law, the Issuer is required to collect information regarding certain accountholders and report such information to Portuguese Tax Authorities which, in turn, will report such information to the relevant Tax Authorities of EU Member States or States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the

account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

In view of the regime enacted by Decree-Law 64/2016, of 11 October, which was amended by Law no. 98/2017, of 24 August, and Law no. 17/2019, of 14 February 2019 all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order (Portaria) no. 302-B/2016, of 2 December 2016, as amended by Ministerial Order (Portaria) no. 282/2018, of 19 October 2018, Ministerial Order (Portaria) no. 302-C/2016, of 2 December 2016, Ministerial Order (Portaria) no. 302-D/2016, of 2 December 2016, as amended by Ministerial Order (Portaria) no. 255/2017, of 14 August and by Ministerial Order (Portaria) no. 58/2018, of 27 February 2018 and Ministerial Order (Portaria) no. 302-E/2016, of 2 December 2016. Portugal has also implemented, through Law no. 82-B/2014, of 31 December, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. In addition, Portugal has signed the Intergovernmental Agreement (IGA) with the US on 6 August 2015. The IGA has entered into force in 10 August 2016, and through the Decree-Law no. 64/2016, of 11 October, amended by Law no. 98/2017, of 24 August, Portuguese government approved the complementary regulation required to comply with FATCA. Under the referred legislation the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the IRS. In view of the abovementioned regime, 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 Ministerial Order (*Portaria*) no. 302-A/2016, of 2 December, amended by Ministerial Order (*Portaria*) no. 169/2017, of 25 May.

SUBSCRIPTION AND SALE AND SECONDARY MARKET ARRANGEMENTS

The Dealer has in the Programme Agreement agreed with the Issuer a basis upon which it may from time to time agree to purchase Public Sector Bonds.

Any such agreement will extend to those matters stated under “*Form of the Public Sector Bonds and Clearing Systems*” and “*Terms and Conditions of the Public Sector Bonds*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealer for certain of its expenses in connection with the establishment and any future update of the Programme and the issue of Public Sector Bonds under the Programme and to indemnify the Dealer against certain liabilities incurred by it in connection therewith.

The following restrictions may be amended or supplemented in the relevant Final Terms.

United States

The Public Sector 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 Public Sector 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 and the following paragraph have the meanings given to them by Regulation S under the US Securities Act.

The Dealer has represented and agreed that it will not offer or sell any Public Sector Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Public Sector Bonds of the Tranche of which such Public Sector Bonds are a part, except in accordance with Rule 903 of Regulation S under the US Securities Act. Accordingly, the 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 Public Sector Bonds, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. The 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 Public Sector Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Public Sector Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. US Securities Act of 1933, as amended (the “**US Securities Act**”), 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 Public Sector Bonds, and except in either case in accordance with Regulation S under the US Securities Act. 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 Public Sector Bonds, an offer or sale of such Public Sector 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 Public Sector 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 “FIEA”) 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 will not offer or sell any Public Sector Bonds, directly or indirectly, in Japan to, or for the benefit of, a resident in 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 to, or for the benefit of, a resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Public Sector Bonds specify the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, the Dealer represents, warrants and agrees, 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 Public Sector 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 EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:

(i) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May (as amended, “**MiFID II**”); or

(ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January on insurance distribution (as amended,), 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; 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 Public Sector Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Public Sector Bonds.

If the Final Terms in respect of any Public Sector Bonds specify “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA the Dealer represents, warrants and agrees, 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 Public Sector Bonds which are subject to the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State of the EEA except that it may make an offer of such Public Sector Bonds to the public in that Member State of the EEA:

(a) at any time to legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Public Sector Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression an “**offer of Public Sector Bonds to the public**” in relation to any Public Sector Bonds in any Member State of the EEA means the communication in any form and by any means of sufficient information on the terms of the offer and the Public Sector Bonds to be offered so as to enable an

investor to decide to purchase or subscribe for the Public Sector Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Public Sector Bonds; and

- the expression “**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.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Public Sector Bonds specify the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Public Sector 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:

- (1) the expression “**retail investor**” means a person who is one (or more) of the following:
 - a. a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
 - b. a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
 - c. not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (2) 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 Public Sector Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Public Sector Bonds.

If the Final Terms in respect of any Public Sector Bonds specify “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented, warranted 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 Public Sector Bonds which are the subject of the offering and listing contemplated in 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 Public Sector Bonds to the public in the UK:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Public Sector Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression an “**offer of Public Sector Bonds to the public**” in relation to any Public Sector Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Public Sector Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Public Sector 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.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Public Sector Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Public Sector Bonds in, from or otherwise involving, the UK.

Portugal

In relation to the Public Sector Bonds, each Dealer has represented, warranted and agreed with the Issuer, and each further Dealer appointed under the Programme will be required to represent and agree, that: the Public Sector Bonds may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-Law no. 486/99, of 13 November 1999 (as amended and restated from time to time) (or under any legislation which may replace it or complement it in this respect from time to time) unless the requirements and provisions applicable to the public offering in Portugal are met and registration, filing, approval or passport procedures with the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, “*CMVM*”) is made; regarding any offer or sale of Public Sector Bonds by it in Portugal or to individuals resident in Portugal or having a permanent establishment in Portugal, it will comply with all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (and any legislation which may replace it or complement it in this respect from time to time), any regulations issued by the CMVM, the Prospectus Regulation and the Prospectus Delegated Regulations, and other than in compliance with all such laws and regulations: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Public Sector Bonds in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code (or to any legislation which may replace it or complement it in this respect from time to time) and other applicable securities legislation and regulations, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portugal, as the case may be; (ii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed this Base Prospectus or any other offering material relating to the Public Sector Bonds to the public in Portugal. Private placements addressed by companies open to public investment (*sociedades abertas*) or by companies issuing securities listed on a regulated market shall be subsequently notified to the CMVM for statistics purposes.

Belgium

Other than in respect of Public Sector 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 Public Sector 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 Public Sector 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 Public Sector Bonds, directly or indirectly, to any Belgian Consumer.

Singapore

The 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 (the “**MAS**”). Accordingly, the 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 Public Sector Bonds or caused the Public Sector Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Public Sector Bonds or cause the Public Sector Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Public Sector 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 (Chapter 289) 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 Public Sector Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Public Sector 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)(i)(B) 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 Public Sector Bonds, all Public Sector 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 Public Sector Bonds and the Public Sector 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 Public Sector 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 Public Sector Bonds constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Public Sector Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealer following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Public Sector Bonds, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

The Dealer agrees that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Public Sector Bonds or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

None of the Issuer and the Dealer represents that the Public Sector 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 assumes any responsibility for facilitating such sale.

Secondary Market Arrangements

The Issuer may enter into agreements with the Dealer or other persons in relation to a Tranche or Series of Public Sector Bonds whereby the Dealer may agree to provide liquidity in those Public Sector 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 Public Sector 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 Public Sector 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 Public Sector Bonds.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by (i) resolution of the Board of Directors of the Issuer dated 22 April 2008, renewed by resolution of the Board of Directors of the Issuer dated 28 September 2018 and (ii) the Programme has been subsequently updated by duly authorisations of the Issuer relevant management body, the last update having been duly authorised by a resolution of the Executive Committee of the Issuer dated 18 October 2021, in accordance with the provisions of the Public Sector Bonds Law.

Listing

In respect of Public Sector Bonds which are intended to be listed, application will be made to Euronext for the admission of Public Sector Bonds issued under the Programme to trading on the regulated market Euronext Lisbon.

Interbolsa

The Public Sector Bonds have been accepted for settlement through Interbolsa. The appropriate common code (if applicable) and ISIN for each Tranche of Public Sector Bonds will be specified in the relevant Final Terms. If the Public Sector Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

Significant or Material Change

There has been (A) no material adverse change in the prospects of the Issuer since the publication of the Issuer's 2020 Report (Audited consolidated financial statements) as of 31 December 2020, and (B) no significant change in the financial performance or position of the Issuer and BPI Group since the publication of the Issuer's unaudited consolidated results as at 30 September 2021.

Litigation

On 2 February 2017, the Issuer informed the market that on 30 January 2017 was notified of a legal action challenging a corporate resolution.

Such legal action challenges the validity of the Issuer's General Meeting resolution passed on 13 December 2016 (the "**Resolution**"), which approved the Issuer's Board of Directors proposal to sell to Unitel, S.A. a stakeholding comprised of 26 111 (twenty-six thousand, one hundred and eleven) shares, representing 2 per cent. of the share capital of Banco de Fomento Angola, S.A., pursuant to the sale and purchase agreement mentioned above. The legal action was filed by 4 individuals (the "**Claimants**") who stated that they

together held 175 920 shares, representing 0.0121 per cent. of the Issuer's share capital. The Issuer understands that the merits relied on to support the invalidity of the resolution do not proceed. In July 2019, the Court of First Instance issued its decision. This decision dismissed all the grounds alleged by the Authors to sustain the Resolution's invalidity and acquitted the Issuer. This decision was appealed by the Claimants to the Court of Second Instance. This Court confirmed the decision from the Court of First Instance. The Claimants appealed the decision from the Court of Second Instance to the Supreme Court. In February 2021, the Supreme Court confirmed that the appeal was admissible and that it would therefore hear the appeal, but it has not yet issued its decision. Although trusting that its position will prevail, the Issuer cannot predict the outcome of this decision. The abovementioned legal action and the Issuer's notification in such action do not suspend the effects of the contested decision.

In 2012, the Portuguese Competition Authority ("PCA"), under the powers legally attributed to it, opened administrative infraction proceedings against 15 banks operating in the Portuguese market, including the Issuer, due to alleged competition restrictive practices. On 1 June 2015, the Issuer was served the statement of objections, where it was accused of breaching the rules on competition.

On 27 September 2017, the Issuer presented its defence. During the process, and whenever appropriate, the Issuer appealed against several interlocutory rulings issued by the Competition Authority, which the Issuer considered as susceptible of violating its rights.

On 9 September 2019, the Issuer was notified of PCA's decision which concluded that (i) the Issuer and other Portuguese banks had engaged in an exchange of information regarding past credit volumes and regarding spreads that were due to be publicly disclosed and enter into force in a matter of days and (ii) that such conduct should be considered as an infringement by object. As a result, PCA decided to impose fines to all banks involved. The fine imposed on BPI was of 30 million euros.

The Issuer appealed this decision to the Competition Court as it considers that it has not committed the infringements attributed to it by the PCA and that therefore there should be no grounds for a conviction. As it shows in its appeal, the Issuer considers that (a) not only the alleged exchange of information did not occur as it is described by PCA (b) but also that (i) the exchange of information did not meet the conditions to be considered apt to result in negative effects to competition (ii) and it did not effectively cause any negative competitive effects, namely, it did not harm consumers. Although trusting that its position will prevail, the Issuer cannot predict the outcome of this appeal.

On December 2020, BPI presented to the Court a bank guarantee in an amount corresponding to half of the amount of the fine imposed by the appealed decision. This bank guarantee was accepted by the Court and,

as a result, the decision's effects are now suspended until a final court decision is reached on the case. The case's hearing is scheduled to last at least until December 2021.

Save as disclose above, there have been no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past a significant effect on the Issuer's financial position or profitability.

Ratings Information

The ratings assigned to the Issuer from time to time are available for consultation at <https://bpi.bancobpi.pt/index.asp?riIdArea=AreaDivida&riChgLng=1&riLang=en&riId=IRatings&riIdTo> po. The long term/short term ratings currently assigned to the Issuer are Baa2/P-2 with stable outlook by Moody's, BBB / F2 with stable outlook by Fitch and BBB/A-2 with stable outlook by S&P.

Pursuant to Moody's rating definitions, the long-term issuer rating assigned to Banco BPI means that "obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics". The modifier "2" indicates a mid-range ranking in this generic rating category and "stable outlook" indicates the likely direction of the rating over the medium term.

Pursuant to Fitch's rating definitions, the long-term issuer rating assigned to Banco BPI means that "BBB ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity". "Negative outlook" indicates the direction the rating is likely to move over a one- to two-year period.

Pursuant to Standard & Poor's rating definitions, the long-term issuer rating assigned to Banco BPI means that "an obligor rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments". "Stable outlook" indicates that the rating is not likely to change over the intermediate term (typically six months to two years).

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection at <https://bpi.bancobpi.pt/index.asp>:

- (a) a copy of this Base Prospectus (which will also be available on the website of Banco BPI (www.ir.bpi.pt));
- (b) the articles of association (in Portuguese) of Banco BPI (https://rep.bancobpi.pt/RepMultimedia/getMultimedia.asp?channel=Multimedia%20-%20RI%20-%20Informa%E7%E3o%20Obrig%20Investidores&content=Estatutos_Contrato_BancoBPI_PT);
- (c) the consolidated audited financial statements of Banco BPI and Auditors' reports contained in Banco BPI's Annual Report in respect of the financial years ended 31 December 2019 (<https://bpi.bancobpi.pt/pt/ficheiros/RC/BancoBPIRelatorioContas2019.pdf>), 31 December 2020 (<https://bpi.bancobpi.pt/storage/download/ficheiro.54C95FF4-1295-42C6-A4F3-BBC3C15A35F2.1.pt.asp?id=F17CF7B5-1C27-43D4-B119-AE12FDD55E23>);
- (d) the consolidated financial statements of Banco BPI and Auditors' review report on the Condensed Consolidated Financial Statements for the period ended 30 June 2021 contained in Banco BPI's First half 2021 Report (which can be found at <https://bpi.bancobpi.pt/storage/download/ficheiro.54C95FF4-1295-42C6-A4F3-BBC3C15A35F2.1.pt.asp?id=F290C486-54A1-4571-80E2-CEF775DDC55F>) and
- (e) the results presentation relating to the unaudited consolidated results as of 30 September 2021 (<https://bpi.bancobpi.pt/storage/download/ficheiro2.54C95FF4-1295-42C6-A4F3-BBC3C15A35F2.1.pt.asp?id=878C3CD6-D584-4E4B-8572-6E732F98DD0D>);
- (f) the Programme Agreement;
- (g) the Agency and Payments Procedures;
- (h) the Common Representative Appointment Agreement;
- (i) any offering circulars, information memoranda and supplements, including the Final Terms (other than the Final Terms relating to Public Sector Bonds which are not listed on any stock exchange), to this Base Prospectus and any other documents incorporated herein or therein by reference;
- (j) any relevant Final Terms (save that Final Terms relating to Public Sector Bonds which are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where

a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Public Sector Bonds and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of Public Sector Bonds and identity); and

- (k) in the case of an issue of Public Sector Bonds subscribed pursuant to a subscription agreement, the relevant subscription agreement (or equivalent document);

Copies of the Base Prospectus, any supplements and any relevant Final Terms are available on the official CMVM's website (www.cmvm.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.

Post-issuance reporting

Any information which the Issuer is required by law or regulation to provide in relation to itself or securities issued by it, including the Public Sector Bonds, will be made available at www.cmvm.pt.

The Issuer publishes quarterly investor reports on the outstanding Public Sector Bonds, including information on the Cover Pool and the applicable overcollateralisation. Such reports are available at: <https://bpi.bancobpi.pt/index.asp?riIdArea=AreaDivida&riId=ProgramaEmissoesSP2>.

The following information could be found on the September 2021 Investor Report:

| 1. Current Credit Ratings | Long Term | Short Term |
|--|--|--|
| Banco BPI Public Sector Covered Bond Programme | A1 (Moody's) | n/a |
| Banco BPI Portugal | Baa2 / BBB / BBB (Moody's / S&P / Fitch) Baa2 / BBB / BBB / BBBH (Moody's / S&P / Fitch / DBRS) | P-2 / A-2 / F2 (Moody's / S&P / Fitch) P-2 / A-2 / F2 / R-1L (Moody's / S&P / Fitch / DBRS) |

| 2. Covered Bonds | Issue Date | Coupon | Maturity Date | Soft Bullet Date ¹ | Remaining Term (years) | Nominal Amount (EUR) |
|----------------------------------|------------|----------|---------------|-------------------------------|------------------------|-----------------------|
| Covered Bonds Outstanding | | | | | 1,21 | 600.000.000,00 |
| Private Placements | | | | | | 600.000.000,00 |
| Series 3 (ISIN PTBBPROE0032) | 07/10/2015 | Floating | 07/10/2022 | 07/10/2023 | 1,02 | 100.000.000,00 |
| Series 4 (ISIN PTBBPGOE0035) | 15/06/2016 | Floating | 15/06/2023 | 15/06/2024 | 1,71 | 150.000.000,00 |
| Series 5 (ISIN PTBBPGOE0038) | 20/10/2017 | Floating | 20/10/2022 | 20/10/2023 | 1,05 | 350.000.000,00 |
| CRD Compliant (yes/no) | | | | | | Yes |

| 3. Asset Cover Test | Remaining Term (years) | Nominal Amount (EUR) |
|---|------------------------|-----------------------|
| Public Sector Credit Pool | 11,04 | 797.252.818,47 |
| Other Assets² (cash, deposits and securities) | 0,00 | 1.599.479,73 |
| Cash and deposits | 0,00 | 1.599.479,73 |
| Other securities | 0,00 | 0,00 |
| Total Cover Pool | 11,01 | 798.852.298,20 |
| % of ECB eligible assets | 11,04 | 99,80% |
| Current overcollateralisation³ (%) | | 33,14% |

| | |
|---|---------------|
| Committed overcollateralisation (%) | 7,00% |
| Required overcollateralisation (Moody's) (%) | 20,00% |
| Legal minimum overcollateralisation (%) | 0,00% |

4. Other Triggers

| | | |
|---|----------------|----|
| Net Present Value of Assets (incl. derivatives) ⁴ | 843.074.645,31 | |
| Net Present Value of Liabilities (incl. derivatives) ⁴ | 605.671.437,94 | |
| Net Present Value of Assets (incl. derivatives) - Net Present Value of Liabilities (incl. derivatives) >=0 | | OK |
| Net Present Value of Assets (incl. derivatives) - Net Present Value of Liabilities (incl. derivatives) >=0 (stress of +200 bps) | | OK |
| Net Present Value of Assets (incl. derivatives) - Net Present Value of Liabilities (incl. derivatives) >=0 (stress of -200 bps) | | OK |
| Other Assets <= 20% (Credit Pool + Other Assets) | | OK |
| Deposits with a remaining term > 100 days <= 15% | | OK |
| Covered Bonds Nominal | | OK |
| Estimated Interest from Public Sector Credit and Other Assets - Estimated Interest from Covered Bonds >= 0 | | OK |
| Public Sector Credit + Other Assets WA Remaining Term - Covered Bonds WA Remaining Term >= 0 | | OK |

5. Currency Exposure

Cover Pool includes:

| | |
|--|-----|
| Assets in a currency different than Euro (yes/no) | No |
| Liabilities in a currency different than Euro (yes/no) | No |
| Cross currency swaps (yes/no) | No |
| Currency Exposure Detail | n/a |

6. Public Sector Credit Pool

Main Characteristics

| | |
|--|------------------|
| Number of loans | 561 |
| Original principal balance (EUR) | 1.360.565.768,25 |
| Current principal balance (EUR) | 797.252.818,47 |
| Average original principal balance per loan (EUR) | 2.425.250,92 |
| Average current principal balance per loan (EUR) | 1.421.128,02 |
| Current principal balance of the 5 largest borrowers (EUR) | 275.998.133,81 |
| Weight of the 5 largest borrowers (current principal balance) (%) | 34,62% |
| Current principal balance of the 10 largest borrowers (EUR) | 384.284.598,71 |
| Weight of the 10 largest borrowers (current principal balance) (%) | 48,20% |
| Weighted average seasoning (months) | 78 |
| Weighted average remaining term (months) | 132 |
| Weighted average interest rate (%) | 1,22% |
| Weighted average spread (%) | 1,30% |
| Max maturity date (YYYY-MM-DD) | 05/12/2048 |

| Interest Rate Type | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
|--------------------|-----------------|---------------------|-------------------|-----------------|
| Fixed | 22 | 3,92% | 76.915.357,80 | 9,65% |
| Floating | 539 | 96,08% | 720.337.460,67 | 90,35% |

| Repayment Type | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
|------------------|-----------------|---------------------|-------------------|-----------------|
| Annuity / French | 309 | 55,08% | 213.078.136,92 | 26,73% |
| Bullet | 1 | 0,18% | 10.000.000,00 | 1,25% |

| | | | | |
|------------------------|-----|--------|----------------|--------|
| Increasing instalments | 0 | 0,00% | 0,00 | 0,00% |
| Interest-only | 0 | 0,00% | 0,00 | 0,00% |
| Linear | 0 | 0,00% | 0,00 | 0,00% |
| Other | 251 | 44,74% | 574.174.681,55 | 72,02% |

6. Public Sector Credit Pool (continued)

| Seasoning | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
|-----------------------|----------------------------|--------------------------------|------------------------------|----------------------------|
| Up to 3 months | 4 | 0,71% | 7.094.280,32 | 0,89% |
| 3 - 6 months | 2 | 0,36% | 2.806.685,18 | 0,35% |
| 6 - 9 months | 2 | 0,36% | 7.229.404,55 | 0,91% |
| 9 - 12 months | 2 | 0,36% | 3.132.713,01 | 0,39% |
| 12 - 18 months | 8 | 1,43% | 27.066.699,70 | 3,39% |
| 18 - 24 months | 19 | 3,39% | 58.872.161,12 | 7,38% |
| 24 - 36 months | 44 | 7,84% | 126.034.409,49 | 15,81% |
| 36 - 48 months | 29 | 5,17% | 92.942.201,64 | 11,66% |
| 48 - 60 months | 42 | 7,49% | 81.602.296,32 | 10,24% |
| More than 60 months | 409 | 72,91% | 390.471.967,14 | 48,98% |
| Remaining Term | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
| Up to 3 months | 6 | 1,07% | 592.844,68 | 0,07% |
| 3 - 6 months | 6 | 1,07% | 513.071,90 | 0,06% |
| 6 - 12 months | 22 | 3,92% | 7.675.252,25 | 0,96% |
| 12 - 18 months | 23 | 4,10% | 2.969.324,07 | 0,37% |
| 18 - 24 months | 28 | 4,99% | 21.852.994,55 | 2,74% |
| 24 - 36 months | 52 | 9,27% | 11.531.687,18 | 1,45% |
| 36 - 48 months | 58 | 10,34% | 51.712.667,69 | 6,49% |
| 48 - 60 months | 48 | 8,56% | 54.833.634,18 | 6,88% |
| 60 - 72 months | 59 | 10,52% | 35.640.481,06 | 4,47% |
| 72 - 84 months | 44 | 7,84% | 73.710.946,45 | 9,25% |
| 84 - 96 months | 27 | 4,81% | 26.025.067,25 | 3,26% |
| 96 - 108 months | 52 | 9,27% | 83.972.691,27 | 10,53% |

| | | | | |
|----------------------|-----|--------|----------------|--------|
| 108 - 120 months | 32 | 5,70% | 44.297.902,97 | 5,56% |
| More than 120 months | 104 | 18,54% | 381.924.252,97 | 47,91% |

| Debtor Type | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
|--------------------|------------------------|----------------------------|--------------------------|------------------------|
| Autonomous Regions | 8 | 1,43% | 103.119.277,30 | 12,93% |
| Municipalities | 552 | 98,40% | 615.850.351,74 | 77,25% |
| State Guarantee | 1 | 0,18% | 78.283.189,43 | 9,82% |

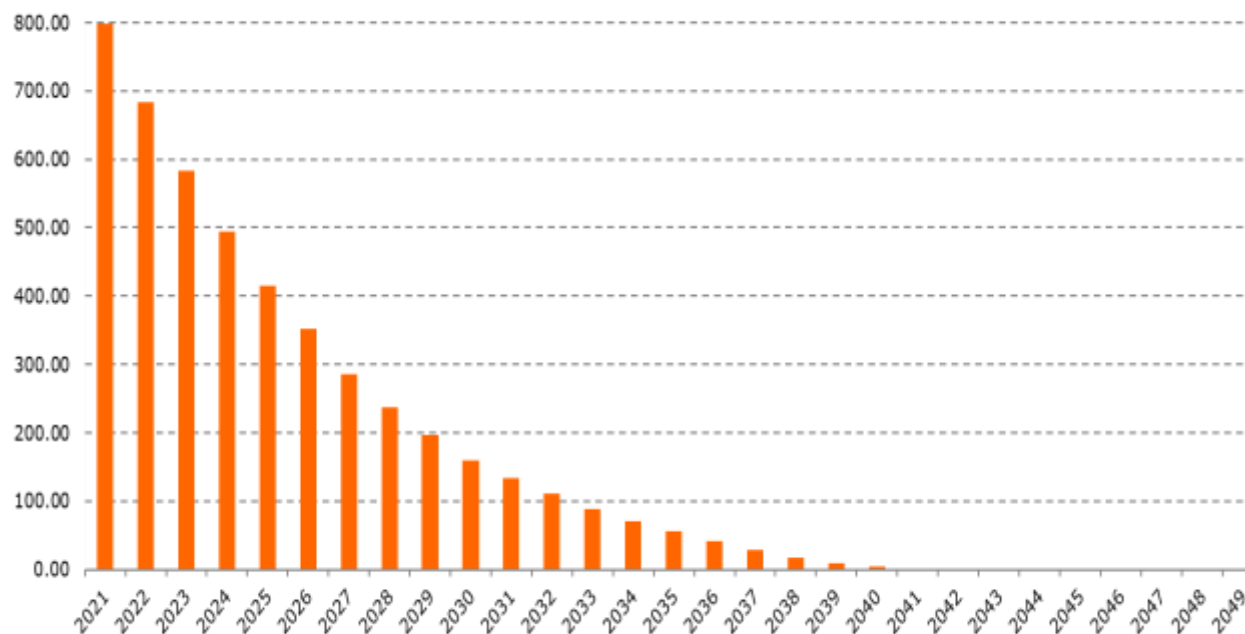
| Debtor Rating⁵ | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
|----------------------------------|------------------------|----------------------------|--------------------------|------------------------|
| Ba1 | 5 | 0,89% | 66.978.228,50 | 8,40% |
| Ba3 | 3 | 0,53% | 36.141.048,80 | 4,53% |
| Baa2 | 1 | 0,18% | 78.283.189,43 | 9,82% |
| Without Rating | 552 | 98,40% | 615.850.351,74 | 77,25% |

| Geographical Distribution | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
|----------------------------------|------------------------|----------------------------|--------------------------|------------------------|
| Portugal | 561 | 100,00% | 797.252.818,47 | 100,00% |
| Lisboa | 47 | 8,38% | 257.747.092 | 32,33% |
| Centro | 220 | 39,22% | 176.373.862 | 22,12% |
| Norte | 150 | 26,74% | 143.386.582 | 17,99% |
| Alentejo | 90 | 16,04% | 82.894.114 | 10,40% |
| Região Autónoma dos Açores | 18 | 3,21% | 74.620.311 | 9,36% |
| Região Autónoma da Madeira | 4 | 0,71% | 36.310.319 | 4,55% |
| Algarve | 32 | 5,70% | 25.920.538 | 3,25% |

| Delinquencies⁶ | Number of Loans | Number of Loans (%) | Loan Amount (EUR) | Loan Amount (%) |
|----------------------------------|------------------------|----------------------------|--------------------------|------------------------|
| > 30 to 60 days | 0 | 0,00% | 0,00 | 0,00% |
| > 60 to 90 days | 0 | 0,00% | 0,00 | 0,00% |
| > 90 days | 0 | 0,00% | 0,00 | 0,00% |

Projected Outstanding Amount^a

EUR millions



Amortisation Profile

| Date | Principal Balance (EUR) |
|--------|-------------------------|
| Sep/21 | 798.852.298,20 |
| Sep/22 | 684.235.756,03 |
| Sep/23 | 582.404.429,41 |
| Sep/24 | 494.661.820,63 |
| Sep/25 | 414.157.866,13 |
| Sep/26 | 351.276.327,60 |
| Sep/27 | 285.092.357,09 |
| Sep/28 | 237.392.128,88 |
| Sep/29 | 196.095.879,61 |
| Sep/30 | 159.534.687,66 |
| Sep/31 | 133.938.876,62 |
| Sep/32 | 110.266.694,59 |
| Sep/33 | 88.529.055,18 |
| Sep/34 | 70.561.856,81 |
| Sep/35 | 55.255.960,85 |
| Sep/36 | 41.464.686,47 |
| Sep/37 | 28.800.429,55 |
| Sep/42 | 63.450,02 |
| Sep/47 | 5.768,22 |

^aIncludes public sector credit pool and other assets; assumes no prepayments (constant prepayment rate of 0%)

7. Expected Maturity Structure

In EUR

| 0-1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | 5-10 years | >10 years |
|----------|-----------|-----------|-----------|-----------|------------|-----------|
|----------|-----------|-----------|-----------|-----------|------------|-----------|

| | | | | | | | |
|-----------------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Public Sector Credit ^b | 113.017.062,44 | 101.831.326,62 | 87.742.608,78 | 80.503.954,50 | 62.881.538,53 | 217.337.450,98 | 133.938.876,62 |
| Other Assets | 1.599.479,73 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Total Cover Pool | 114.616.542,17 | 101.831.326,62 | 87.742.608,78 | 80.503.954,50 | 62.881.538,53 | 217.337.450,98 | 133.938.876,62 |
| Total Covered Bonds | 0,00 | 600.000.000,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |

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*).

“Additional Security” means any other encumbrances or guarantees the benefit of which is vested in the Issuer as security for the repayment of a Public Sector Credit.

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of Public Sector Bonds as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which: (1) 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 (if no such recommendation has been made, or in the case of an Alternative Rate); (2) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); (3) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

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

“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) dated 19 June 2008 and made and agreed by Banco BPI, S.A. (acting in its capacity as Agent, which expression shall include any successor)

and by any subsequent agent, paying agent, transfer agent and/or agent bank appointed by the Issuer, as amended.

“**Agent**” means Banco BPI, S.A., with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto.

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in accordance with Condition 4.5(B) of the Terms and Conditions is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the same Specified Currency as the Public Sector Bonds.

“**Arranger**” means Banco BPI, S.A., with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto.

“**BPI**” means Banco BPI, S.A., with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto.

“**Bank of Portugal Regulations**” means the legislation passed by the Bank of Portugal regulating certain aspects of the Public Sector Bonds Law, namely Notice 5/2006, Notice 6/2006, Notice 8/2006 and Instruction 13/2006 and any relevant regulations or instructions that may be issued by the Bank of Portugal in the future.

“**Base Prospectus**” means this base prospectus dated 16 December 2021, prepared in connection with the Programme.

“**Benchmark Amendments**” has the meaning given to it in Condition 4.5(D) of the Terms and Conditions.

“**Benchmark Event**” means:

- (1) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days in relation to a Rate of Interest of Floating Rate; or
- (2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing 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); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Public Sector Bonds, in each case within the following six months; or

(5) it has become unlawful for the Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder of Public Sector Bonds using the Original Reference Rate, the occurrence of any such events (1) to (5) above to be determined by the Issuer.

“**BPI Group**” means the Issuer and its subsidiaries.

“**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 TARGET System is open.

“**Calculation Agent**” except if and where defined otherwise in this Base Prospectus, has the meaning ascribed to in the Final Terms.

“**Central de Valores Mobiliários**” means the Portuguese Centralised System of Registration of Securities.

“**Clearing System**” means Interbolsa.

“**Clearstream, Luxembourg**” means Clearstream Banking société anonyme, Luxembourg.

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

“**Collateralisation Percentage**” means 107 per cent. or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor, provided that the Collateralisation Percentage shall not, for so long as there are Public Sector Bonds outstanding and rated by Moody’s, be reduced by the Issuer below 107 per cent.

“**Common Representative**” means Bondholders, S.L., in its capacity as representative of the holders of the Public Sector Bonds pursuant to Article 14 of the Public Sector Bonds Law in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement, having its registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain.

“**Common Representative Appointment Agreement**” means the agreement dated 28 December 2020 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 from time to time.

“**Condition**” means a reference to a particular numbered condition set out in the “Terms and Conditions of the Public Sector Bonds.

“**Cover Pool**” means the pool of assets maintained by the Issuer and allocated to the issue of Public Sector Bonds under the Programme, held to the benefit of the holders of Public Sector Bonds and the Other Preferred Creditors, and including the Public Sector Credits, the Hedging Contracts and the Other Assets, as specified in the Register.

“**Cover Pool Monitor**” means 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 and, and registered with the CMVM with registration number 20161485, with its registered office at Palácio Sotomayor, Rua Sousa Martins, no. 1, 3rd, 1069-316 Lisbon, Portugal.

“**Cover Pool Monitor Agreement**” means the agreement dated 19 June 2008 entered into between the Issuer and the Cover Pool Monitor, as amended from time to time.

“**CRA Regulation**” means Regulation (EC) no. 1060/2009 of the European Parliament and of the Council, of 16 September, as amended from time to time;

“**CRD IV**” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June, on access to the activity of credit institutions and the prudential supervision of credit institutions and investments firms, as amended from time to time;

“**Credit Institutions General Regime**” means Decree-Law no. 298/92 of 31 December, as amended from time to time.

“**CRR**” means Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June, on prudential requirements for credit institutions and investment firms, as amended from time to time.

“CSD” means a central securities depository.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “**Actual/Actual (ICMA)**” 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/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) 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;
- (v) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vii) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (viii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

“**DBRS**” means DBRS Ratings GmbH, which is established in the EEA and registered under the CRA Regulation and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation, or any of its affiliates or successor.

“**Dealer**” means Banco BPI, S.A., with head office at Avenida da Boavista, n.º 1117, 4100-129, Porto.

“**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).

“**Distribution Compliance Period**” means, in respect of Public Sector Bonds held through Euroclear and Clearstream, Luxembourg, the period that ends 40 days after the completion of the distribution of each Tranche of Public Sector Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue).

“**EBA**” means the European Banking Authority.

“**EC**” means the European Commission.

“**ECB**” means the European Central Bank.

“**EEA**” means the European Economic Area.

“**ESMA**” means the European Securities and Markets Authority.

“**EU**” means the European Union.

“**Euro**”, “**€**” or “**euro**” means the lawful currency of Member States of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Council Regulation (EC) no. 974/98, of 3 May, on the introduction of the euro, as amended from time to time.

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

“**Euronext Lisbon**” means the regulated market managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

“**Eurosystem**” means the monetary authority which comprises the ECB and the national central banks of the EU Member States whose currency is the Euro.

“**Final Settlement Date**” means the date which the financial settlement becomes definitive and irrevocable after the Bank of Portugal’s confirmation to Interbolsa;

“**Final Terms**” means, in relation to each Tranche, the applicable final terms attached to, or endorsed on, such Public Sector Bonds.

“**Fitch**” means Fitch Ratings Ireland Limited, which is established in the EEA and registered under the CRA Regulation and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation, or any of its affiliates or successor.

“**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.

“**GBP**”, “**£**” or “**pounds sterling**” means pounds sterling, the lawful currency of the United Kingdom.

“**GDP**” means gross domestic product.

“**Hedge Counterparties**” means the party or parties that, from time to time, will enter into Hedging Contracts with the Issuer in accordance with the Public Sector Bonds Law.

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

“**IGCP**” means the Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E.

“**IMF**” means the International Monetary Fund.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in the international capital markets, in each case appointed by the Issuer under Condition 4.5(A) of the Terms and Conditions.

“**INE**” means the Statistics Portugal.

“**Insolvency Event**” means the winding-up and dissolution of the Issuer under any applicable laws and regulations (including under Decree-Law no. 199/2006, of 25 October, Decree-Law no. 298/92, of 31 December and/or (if applicable) under the Code for the Insolvency and Recovery of Companies introduced by Decree-Law no. 53/2004, of 18 March).

“**Instruction 13/2006**” means the regulatory instruction (“*Instrução*”) no. 13/2006 issued by the Bank of Portugal and published on 15 November 2006, relating to certain information duties applicable in relation to the issue of public sector bonds in accordance with the Public Sector Bonds Law.

“**Interbolsa**” means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*).

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

“**ISDA**” means the International Swaps and Derivatives Association Inc.

“**Issue Date**” means the date so specified in the applicable Final Terms being, in respect of any Public Sector Bond, the date of issue and purchase of such Public Sector Bond pursuant to and in accordance with the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s).

“**Issuer**” means Banco BPI, S.A.

“**Maturity**” means the final legal maturity of any outstanding Public Sector Bonds, Public Sector Credits, Hedging Contracts or Other Assets, as applicable.

“**Moody's**” means Moody's Investors Service España, S.A., which is established in the EEA and registered under the CRA Regulation and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation, or any of its affiliates or successor.

“**Non-Performing Public Sector Credits**” means, with respect to a Public Sector Credit, that such Public Sector 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 are referable to a period of 90 days or more.

“**Notice 5/2006**” means the regulatory notice (“Aviso”) no. 5/2006 issued by the Bank of Portugal and published on 11 October 2006, relating to the valuation of real estate assets serving as security for mortgage credits comprised in cover pools allocated to the issue of public sector bonds in accordance with the Public Sector Bonds Law.

“**Notice 6/2006**” means the regulatory notice (“Aviso”) no. 6/2006 issued by the Bank of Portugal and published on 11 October 2006, relating to the prudential limits applicable in relation to the issue of public sector bonds in accordance with the Public Sector Bonds Law.

“**Notice 8/2006**” means the regulatory notice (“Aviso”) no. 8/2006 issued by the Bank of Portugal and published on 11 October 2006, relating to the insolvency, winding-up or dissolution of a credit institution which has issued public sector bonds issued in accordance with the Public Sector Bonds Law.

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof), as applicable, on the Public Sector Bonds.

“**Other Assets**” means all assets other than Public Sector Credits and Hedging Contracts which comply with the eligibility criteria established in the Public Sector Bonds Law and which are included in the Cover Pool as specified in the Register, including:

- (a) deposits with the Bank of Portugal, in cash or in securities eligible for credit transactions in the Eurosystem;

- (b) current or term account deposits with credit institutions (which are not in a control or group relationship with the Issuer) having a rating equal to or higher than the minimum rating required at any time by the Rating Agencies, provided that such minimum rating shall in any event be at least «A-» or equivalent; and
- (c) other assets meeting both the low risk and high liquidity requirements of the Bank of Portugal;

For the avoidance of doubt, the Other Assets do not include any cash collateral that may be transferred under the Hedging Contracts.

“**Other Preferred Creditors**” means the Common Representative (or any successor thereof) and Hedge Counterparties.

“**Paying Agent**” means Banco BPI, S.A.

“**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 Public Sector Bonds under the Agency and Payments Procedures.

“**Portuguese Resolution Fund**” means the Portuguese resolution fund, as created by Decree-Law no. 31-A/2012, of 10 February.

“**Portuguese Commercial Companies Code**” means the commercial companies code approved by Decree-Law no. 262/86, dated 2nd September, as amended from time to time.

“**Portuguese Securities Code**” means Decree-Law no. 486/99, of 13 November, as amended from time to time.

“**Principal Amount Outstanding**” means in respect of a Public Sector Bond the principal amount of that Public Sector Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of Public Sector Bonds in respect thereof.

“**Programme**” means the €2,000,000,000 public sector bonds programme established on 19 June, 2008 for the issuance of Public Sector Bonds by the Issuer as described in this Base Prospectus.

“**Programme Agreement**” means the agreement dated 19 June 2008 entered into between the Issuer and the Dealers, as amended from time to time.

“**Programme Documents**” means the Base Prospectus, the Programme Agreement, the Agency and Payments Procedures, the Common Representative Appointment Agreement, the Cover Pool Monitor

Agreement and any other agreement or document entered into from time to time by the Issuer pursuant thereto and in relation to the Programme.

“**Programme Resolution**” means any Resolution directing the Common Representative to accelerate the Public Sector 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 Public Sector Bonds of all Series then outstanding.

“**Prospectus Regulation**” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June, as amended from time to time.

“**Public Sector Bond**” means any public sector bond issued by the Issuer pursuant to the Public Sector Bonds Law in the form specified in the applicable Final Terms and “**Public Sector Bonds**” shall be construed accordingly.

“**Public Sector Bonds Law**” means the Portuguese legal framework applicable to the issuance of public sector bonds, enacted by Decree-Law no. 59/2006, of 20 March, as amended.

“**Public Sector Credit**” means credits receivables over the central administrations, regional or local authorities of any EU Member State or credits receivables guaranteed by the central administrations, regional or local authorities of any EU Member State.

“**Rating Agencies**” means DBRS and Moody’s, which are established in the EEA and registered under the CRA Regulation and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

“**Rating**” means the then current rating of rated Public Sector Bonds given by the relevant Rating Agency and “**Ratings**” means all of such Ratings; “**Reference Price**” means the reference price appearing in the relevant Final Terms.

“**Register**” means the register of the Cover Pool and associated collateral maintained by the Issuer in accordance with the Public Sector Bonds Law and the Bank of Portugal Regulations;

“**Registered Public Sector Bond**” means any definitive Public Sector Bond in registered form.

“**Regulation S**” means the United States Regulation S under the 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 Public Sector Bonds in accordance with Condition 11 (*Notices*).

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

(1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

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

“**Reserved Matter**” means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Public Sector 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 Public Sector Bonds of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Public Sector Bonds of all or of a given Series on redemption or maturity; (iii) to effect the exchange, substitution or conversion of the Public Sector Bonds of all or of a given Series into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Public Sector 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 Public Sector Bonds of all or of a given Series; (vi) any other provided for pursuant to Portuguese law; or (vii) to amend this definition.

“**Resolution**” means a resolution adopted at a duly convened meeting of holders of Public Sector Bonds and approved in accordance with the applicable provisions.

“**Securities Act**” means the United States Securities Act of 1933, as amended from time to time.

“**S&P**” means S&P Global Ratings Europe Limited which is established in the EEA and registered under the CRA Regulation and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation. “**Series**” means a Tranche of Public Sector Bonds together with any further Tranche or Tranches of Public Sector 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.

“**Single Resolution Board**” means resolution authority within the Banking Union established by the SRM Regulation.

“**Single Resolution Mechanism**” means the central institution for bank resolution in the EU, which is the second pillar of the banking union and which applies to banks covered by the Single Supervisory Mechanism.

“**SRM Regulation**” means Regulation (EU) no. 806/2014 of 15 July, as amended.

“**Stabilising Manager**” means the Dealer or Dealers (if any) named as the stabilising manager(s) for a particular Tranche of Public Sector Bonds.

“**Stock Exchange**” means Euronext Lisbon or any other stock exchange where Public Sector Bonds may be listed as per the relevant Final Terms and references herein to the relevant Stock Exchange shall, in relation to any Public Sector Bonds, be references to the stock exchange or stock exchanges on which such Public Sector Bonds are from time to time, or are intended to be, listed.

“**Substitute Credit Institution**” means the credit institution appointed in case of an Insolvency Event to manage the Cover Pool allocated to the outstanding Public Sector Bonds and to ensure the payments of the amounts due to the holders of such Public Sector Bonds.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

“**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.

“**TARGET System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer Payment System which utilises a single shared platform and which was launched on 19 November 2007 (TARGET 2).

“**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 and Customs Authority, the Irish Revenue Commissioners and H.M. Revenue and Customs.

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

“**Terms and Conditions**” means in relation to the Public Sector Bonds, the terms and conditions to be endorsed on or applicable to the Public Sector Bonds and any reference to a particular numbered Condition shall be construed in relation to the Public Sector Bonds accordingly.

“**Treaty**” means the Treaty on the Functioning of the European Union, as amended from time to time.

“**Tranche**” means Public Sector Bonds which are identical in all respects (including as to listing).

“**US**” or “**USA**” means the United States of America.

“**U.S.\$**”, “**USD**” or “**US dollars**” means United States dollars, the lawful currency of the United States of America.

“**UCITS Directive**” means Directive 2009/65/EC of the European Parliament and of the Council of 13 July, relating to undertakings for collective investment in transferable securities, as amended from time to time.

“**Value**” means:

- (a) in relation to a Public Sector Credit, for the purpose of the Collateralisation Percentage, an amount equal to the book value of such Public Sector Credit entered on the Register, together with any matured and accrued interest;
- (b) in relation to any Other Assets:
 - (i) the aggregate amount of any deposits together with any matured and accrued interest, as entered on the Register;
 - (ii) the value resulting from the rules regarding valuation of margins defined by the Eurosystem for securities eligible for Eurosystem credit transactions or, if lower, the nominal value of such securities, including matured and accrued interests.

ANNEX – ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information prepared in accordance with the International Financial Reporting Standards (IFRS), BPI uses a number of indicators in the analysis of the performance and financial position which are classified as Alternative Performance Indicators (APM) in accordance with the guidelines set by the European Securities and Markets Authority or ESMA about the disclosure of Alternative Performance Measures by entities published on 5 October 2015 (ESMA / 2015/ 1415). These indicators, which were not audited, are considered additional disclosures and in no case replace the financial information prepared in accordance with the IFRS. In addition, the way the Issuer defined and calculated these indicators may differ from the way similar indicators are computed by other companies and may therefore not be comparable. The following is a list of alternative performance indicators used by the Issuer, together with a reconciliation between certain management indicators and the consolidated financial statements and their notes prepared in accordance with IFRS.

ESMA Guidelines define an APM as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Following the recommendations of ESMA Guidelines, the Issuer has copied hereunder its latest list of APMs.

Reconciliation of the consolidated profit & loss account structure

| Structure used in the Results' Presentation | Sep 21 | Sep 21 | Structure presented in the financial statements and respective notes |
|--|---------------|---------------|--|
| Net interest income | 342,4 | 342,4 | Net interest income |
| Dividend income | 99,7 | 99,7 | Dividend income |
| Equity accounted income | 31,9 | 31,9 | Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method |
| Net fee and commission income | 204,3 | 220,9 | Fee and commission income |
| | | -16,5 | Fee and commission expenses |
| Gains/(losses) on financial assets and liabilities and other | 24,5 | 0,1 | Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net |
| | | 2,5 | Gains or (-) losses on financial assets and liabilities held for trading, net |
| | | 3,0 | Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net |
| | | -1,3 | Gains or (-) losses from hedge accounting, net |
| | | 20,3 | Exchange differences [gain or (-) loss], net |
| Other operating income and expenses | -38,4 | 29,7 | Other operating income |
| | | -68,1 | Other operating expenses |
| Gross income | 664,4 | 664,4 | GROSS INCOME |
| Staff expenses | -187,0 | -187,0 | Staff expenses |
| Other administrative expenses | -108,1 | -108,1 | Other administrative expenses |
| Depreciation and amortisation | -45,1 | -45,1 | Depreciation |
| Operating expenses | -340,1 | -340,1 | Administrative expenses and depreciation |
| Net operating income | 324,3 | 324,3 | |
| Impairment losses and other provisions | -32,1 | -3,0 | Provisions or (-) reversal of provisions |
| | | -29,2 | Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss |
| Gains and losses in other assets | 0,5 | | Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates |
| | | | Impairment or (-) reversal of impairment on non-financial assets |
| | | 0,0 | Gains or (-) losses on derecognition of non financial assets, net |
| | | 0,5 | Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations |
| Net income before income tax | 292,7 | 292,7 | PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS |
| Income tax | -50,8 | -50,8 | Tax expense or income related to profit or loss from continuing operations |
| Net income from continuing operations | 242,0 | 242,0 | PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS |

| | | | |
|--|--------------|--------------|---|
| Net income from discontinued operations | | | Profit or (-) loss after tax from discontinued operations |
| Income attributable to non-controlling interests | | | Profit or (-) loss for the period attributable to non-controlling interests |
| Net income | 242,0 | 242,0 | PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT |

EARNINGS, EFFICIENCY AND PROFITABILITY INDICATORS

The following earnings, efficiency and profitability indicators are defined by reference to the above structure of the profit and loss account used in this document.

| | |
|---|--|
| Gross income | Net interest income + Dividend income + Net fee and commission income + Equity accounted income + Gains/(losses) on financial assets and liabilities and other + Other operating income and expenses |
| Commercial banking gross income | Net interest income + Dividend income + Net fee and commission income + Equity accounted income excluding the contribution of stakes in African banks |
| Operating expenses | Staff expenses + Other administrative expenses + Depreciation and amortisation |
| Net operating income | Gross income – Operating expenses |
| Net income before income tax | Net operating income – Impairment losses and other provisions + Gains and losses in other assets |
| Cost-to-income ratio (efficiency ratio)¹⁾ | Operating expenses / Gross income |
| Cost-to-core income ratio (core efficiency ratio)¹⁾ | Operating expenses, excluding costs with early-retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) – Income from services rendered to CaixaBank Group (recorded under Other operating income and expenses) / Commercial banking gross income |
| Return on Equity (ROE)¹⁾ | Net income for the period, less the interest cost of AT1 capital instruments recorded directly in shareholders' equity / Average value in the period of shareholders' equity attributable to BPI shareholders, excluding AT1 capital instruments |
| Return on Tangible Equity (ROTE)¹⁾ | Net income for the period, less the interest cost of AT1 capital instruments recorded directly in shareholders' equity / Average value in the period of shareholders' equity attributable to BPI shareholders (excl. AT1 capital instruments) after deduction of intangible net assets and goodwill of equity holdings |
| Return on Assets (ROA)¹⁾ | (Net income attributable to BPI shareholders + Income attributable to non-controlling interests - preference shares dividends paid) / Average value in the period of net total assets |
| Unitary intermediation margin | Loan portfolio average interest rate, excluding loans to employees – Deposits average interest rate |

BALANCE SHEET AND FUNDING INDICATORS

| | |
|---|--|
| | Deposits + Capitalisation insurance of fully consolidated subsidiaries + Participating units in consolidated mutual funds |
| On-balance sheet Customer resources²⁾ | <ul style="list-style-type: none"> ▪ Deposits = Demand deposits and other + Term and savings deposits + Interest payable + Retail bonds (Fixed rate bonds placed with Customers) ▪ Capitalisation insurance of fully consolidated subsidiaries (BPI Vida e Pensões sold on Dec.17) |

| | |
|---|---|
| Assets under management³⁾ | <p>Mutual funds + Capitalisation insurance + Pension plans</p> <ul style="list-style-type: none"> ▪ Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans (PPR and PPA) + Hedge funds + Assets from the funds under BPI Suisse management + Third-party unit trust funds placed with Customers. ▪ Capitalisation insurance⁴⁾ = Third-party capitalisation insurance placed with Customers ▪ Pension plans⁴⁾ = Pension plans under BPI management (includes BPI pension plans) |
|---|---|

Subscriptions in public offerings Customers subscriptions in third parties' public offerings

BALANCE SHEET AND FUNDING INDICATORS (continuation)

| | |
|---|--|
| Total Customer resources | On-balance sheet Customer resources + Assets under management + Subscriptions in public offerings |
| Gross loans to customers | Gross loans and advances to Customers (financial assets at amortised cost), excluding other assets (guarantee accounts and others) and reverse repos + Gross debt securities issued by Customers (financial assets at amortised cost) <i>Note: gross loans = performing loans + loans in arrears + receivable interests</i> |
| Net loans to Customers | Gross loans to Customers – Impairments for loans to Customers |
| Loan-to-deposit ratio (CaixaBank criteria) | (Net loans to Customers - Funding obtained from the EIB, which is used to provide credit) / Deposits and retail bonds |

ASSET QUALITY INDICATORS

| | |
|---|---|
| Impairments and provisions for loans and guarantees (income statement) | Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss relative to loans and advances to Customers and to debt securities issued by Customers (financial assets at amortised cost), before deduction of recoveries of loans previously written off from assets, interest and others + Provisions or reversal of provisions for commitments and guarantees |
| Cost of credit risk | Impairments and provisions for loans and guarantees - Recoveries of loans previously written off from assets, interest and other |
| Cost of credit risk as % of loan portfolio¹⁾ | (Impairments and provisions for loans and guarantees - Recoveries of loans previously written off from assets, interest and other) / Average value in the period of the gross loans and guarantees portfolio. |
| Performing loans portfolio | Gross Customer loans - (Overdue loans and interest + Receivable interests and other) |
| NPE Ratio | Ratio of non-performing exposures (NPE) in accordance with the EBA criteria (prudential perimeter) |

| | |
|---|---|
| Coverage of NPE | [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] / Non-performing exposures (NPE) |
| Coverage of NPE by impairments and associated collaterals | [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments + Collaterals associated to NPE] / Non-performing exposures (NPE) |
| Non-performing loans ratio (“credito dudoso”, Bank of Spain criteria) | Non performing loans (“credito dudoso”, Bank of Spain criteria) / (Gross Customer loans + guarantees) |
| Non-performing loans coverage ratio | [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] / Non performing loans (“credito dudoso”, Bank of Spain criteria) |
| Coverage of non-performing loans by impairments and associated collaterals | [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments + Collateral associated to credit] / Non performing loans (“credito dudoso”, Bank of Spain criteria) |
| Impairments cover of foreclosed properties | Impairments for real estate received in settlement of defaulting loans / Gross value of real estate received in settlement of defaulting loans |

- (1) Ratio referring to the last 12 months, except when indicated otherwise. The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms.
- (2) The amount of on-balance sheet Customer resources is not deducted from the applications of off-balance sheets products (mutual funds and pension plans) in on-balance sheet products.
- (3) Amounts deducted from participating units in the Group banks' portfolios and from off-balance sheet products investments (mutual funds and pension plans) in other off-balance sheet products.
- (4) Following the sale of BPI Vida e Pensões in Dec.17, the capitalisation insurance placed with BPI's Customers are recorded off balance sheet, as "third-party capitalisation insurance placed with customers" and pension funds management is excluded from BPI's consolidation perimeter.

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