This document constitutes the base prospectus of Banco BPI, S.A. in respect of non-equity securities within the meaning of Art. 22 No. 6 (4) of the Commission Regulation (EC) No 809/2004 of 29 April 2004 (the "*Prospectus*").

BANCO BPI, S.A.

(*incorporated with limited liability in the Republic of Portugal*)

EUR 7,000,000,000 Euro Medium Term Note Programme

(the "*Programme*")

for the issue of Senior Notes, Dated Subordinated Notes, Undated Subordinated Notes and Undated Deeply Subordinated Notes

This Prospectus has been approved by the *Commission de surveillance du secteur financier* (the "*CSSF*") of the Grand Duchy of Luxembourg in its capacity as competent authority under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange), and to be listed on the Official List of the Luxembourg Stock Exchange. Banco BPI, S.A. (the "Issuer") may request the CSSF to provide competent authorities in host Member States within the European Economic Area (the "*EEA*") with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the *loi relative aux prospectus pour valeurs mobilières* which implements the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "*Prospectus Directive*") into Luxembourg law.

The Notes will be issued in dematerialised book entry form (*forma escritural*) and are registered (*nominativas*) notes, integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("*Interbolsa*"), as operator of the Portuguese centralised securities system, Central de Valores Mobiliários ("*CVM*"). CVM currently has links in place with Euroclear Bank, S.A./N.V. ("*Euroclear*") and Clearstream Banking, S.A., Luxembourg ("*CBL*") through accounts held by Euroclear and CBL with Interbolsa Affiliate Members (as described below).

This Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive as amended from time to time.

SEE "RISK FACTORS" ON PAGE 20 FOR A DISCUSSION OF MATERIAL RISK FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES. IN PARTICULAR INVESTORS SHOULD SEE "RISK FACTORS" ON PAGE 20, THE "TERMS AND CONDITIONS OF THE SENIOR AND SUBORDINATED NOTES" ON PAGE 112, THE "TERMS AND CONDITIONS OF THE UNDATED DEEPLY SUBORDINATED NOTES" ON PAGE 138 AND "TAXATION" ON PAGE 167 IN RESPECT OF PROCEDURES TO BE FOLLOWED TO RECEIVE PAYMENTS UNDER THE INTERBOLSA NOTES (AS DEFINED BELOW). NOTEHOLDERS ARE REQUIRED TO TAKE AFFIRMATIVE ACTION AS DESCRIBED HEREIN IN ORDER TO RECEIVE PAYMENTS ON THE INTERBOLSA NOTES FREE FROM PORTUGUESE WITHHOLDING TAX. NOTEHOLDERS MUST RELY ON THE PROCEDURES OF INTERBOLSA TO RECEIVE PAYMENTS UNDER THE INTERBOLSA NOTES.

In respect of Undated Deeply Subrodinated Notes only and in the case of the Notes with loss absorption mechanism: If at any time the CET1 Ratio of the Issuer and/or the Group falls below 5.125 per cent., the outstanding principal amount of the Undated Deeply Subordinated Notes will be Written Down by the Write-Down Amount, as further provided in Condition 2(b)(i) (Loss Absorption Event). The outstanding principal amount may, in the sole and absolute discretion of the Issuer and subject to certain conditions, be subsequently reinstated (in whole or in part) out of any net profits generated by the Issuer or the Group, as further described in Condition 2(b)(iii) (Return to Financial Health).

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

The rating of certain Series of Notes 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 relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) 1060/2009, as amended by Regulation (EU) 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "*CRA Regulation*") will be disclosed in the Final Terms. 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 European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Dealers

Banco BPI, S.A.

CaixaBank, S.A.

The date of this Prospectus is 28 June 2019. This Prospectus is valid for a period of 12 months from its date of approval. This Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Banco BPI, S.A. (www.ir.bpi.pt)

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

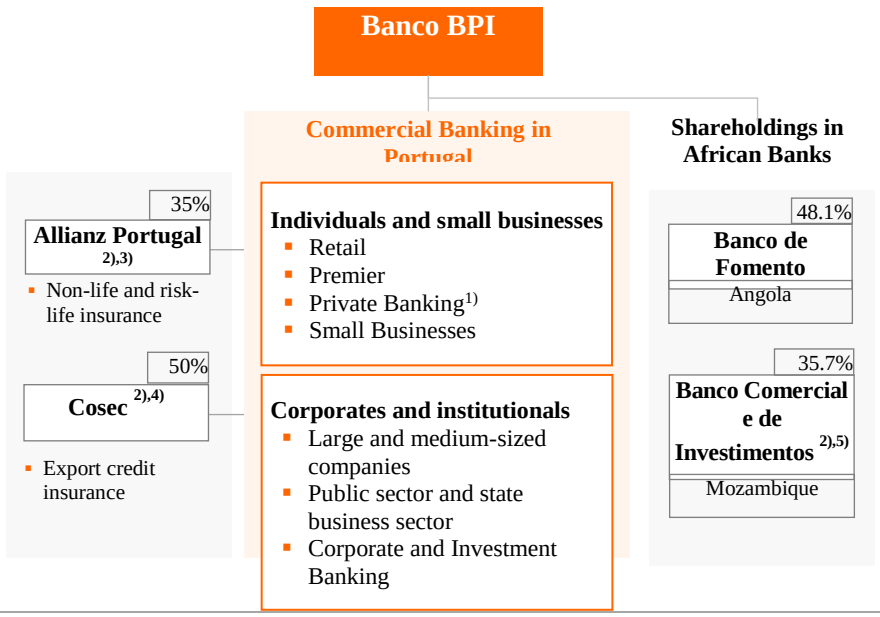
This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

This summary contains placeholders and expressions in square brackets in relation to the Programme and the Issue Specific Summary.

	Section A – Introduction and Warnings	
A.1	**Introduction:**	Warning that: • this summary should be read as introduction to the Prospectus; • any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor; • where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Notes.
A.2	**Consent:**	*[The Issuer consents to the use of this Prospectus in connection with an offer to the public of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2014/65/EU - "MiFID II") (the "Authorised Offeror") on the following basis:* *(a) the relevant offer to the public must occur during the period from and including [●] to but excluding [●](the "Offer Period");* *(b) the relevant Authorised Offeror must satisfy the following conditions: [●]* **An investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the investor (the "Terms and Conditions"). The Issuer, if applicable, will not be a party to any such arrangements with investors (other than Dealers) in connection with the offer or sale of the Notes**

		and, accordingly, this Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer and a statement on the use of the Prospectus in accordance with the consent and with the relevant conditions shall be disclosed by that Authorised Offeror on its website at the relevant time. The Issuer or any of the other Authorised Offerors have no responsibility or liability for such information.] *[Not Applicable. This offer to the public will be made only by Banco BPI, S.A. (Issuer and Dealer for these purposes) and therefore the Issuer does not consent to the use of the Prospectus by other entities in connection with this offer to the public of the Notes.*]

	Section B – Issuer	
B.1	**Legal name of the Issuer:** **Commercial name of the Issuer:**	Banco BPI, S.A. (hereinafter "Banco BPI", "BPI", the "Issuer" or the "Bank") BPI
B.2	**Domicile, legal form, legislation and country of incorporation of the Issuer:**	BPI was incorporated as a company with limited liability (*Sociedade Anónima*) in Oporto, Portugal and is organised under the laws of Portugal. BPI is domiciled in Oporto, Portugal.
B.4b	**Trend information:**	Not applicable. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the relevant Issuer's prospects for its current financial year.
B.5	**The Group**	Please refer to the following chart with a description of the group headed by Banco BPI, S.A. ("Group" or "BPI Group"): 

		1) Includes the activity of BPI Suisse (100 per cent. held). *2) Equity-accounted subsidiaries.* *3) In association with Allianz, which holds 65 per cent. of the capital.* *4) In association with Euler Hermes, a company of Allianz Group.* *5) In partnership with Caixa Geral de Depósitos (which holds 61,51 per cent. of capital).*
B.9	**Profit Estimate:**	Not applicable. The Issuer does not make profit forecasts.
B.10	**Audit Report Qualifications:**	Not applicable. The auditor's reports on the consolidated financial statements of Banco BPI for the year ended 31 December 2017 and 31 December 2018 did not include any reserves.
B.12	**Selected Key Financial Information:**	

(Amounts expressed in M.€)

	31 March 2019 – Results Presentation (Unaudited)	**31 March 2018 – Results Presentation (Unaudited)**	**31 December 2018 - Audited Results**	**31 December 2017 - Audited Report**
Total assets	32 060,9	29 364,2	31 568,0	29 640,2
Total Liabilities	28 793,1	26 431,5	28 362,1	26 816,6
Shareholders' equity attributable to the shareholders of BPI	3 267,8	2 932,7	3 206,0	2 823,6
Total Shareholders' Equity	3 267,8	2 932,7	3 206,0	2 823,6
Total Liabilities and Shareholders' Equity	32 060,9	29 364,2	31 568,0	29 640,2

(Amounts expressed in M.€)

	31 March 2019 – Results Presentation (Unaudited)	**31 March 2018 – Results Presentation (Unaudited)**	**31 December 2018 - Audited Results**	**31 December 2017 - Audited Report (Restated)[1]**
Net interest income	106,8	101,5	422,6	388,1
Net fee and comission income	60,4	65,6	277,8	264,0
Gross income	178,1	341,9	1 037,6	773,5
Operating expenses	(111,1)	(110,8)	(458,9)	(542,5)
Net operating income	67,0	231,1	578,6	231,0
Net income before income tax	69,5	242,3	557,9	243,0
Net income	49,2	209,9	490,6	10,2

There has been no material adverse change in the prospects of BPI since the publication of the 2018 Report (Audited consolidated financial statements) as of 31 December 2018.

[1] Income statement structure presented in accordance with Banco BPI management information

Not Applicable. There has been no significant change in the financial position of BPI and BPI Group since the publication of the Issuer's unaudited consolidated financial information as at 31 March 2019.		
B.13	**Recent Events:**	Not Applicable. There have been no recent events particular to the Issuer which are material to the evaluation of the Issuer's solvency since the publication of the Issuer's unaudited consolidated financial information as at 31 March 2019.
B.14	**Dependence upon other entities within the Group:**	BPI is the parent company of the BPI Group and its financial results are partially dependent upon the cash flows and dividends from its subsidiaries. Please refer to item B.5 above.
B.15	**The Issuer's Principal Activities:**	The Issuer is a commercial bank focused on commercial banking business in Portugal. Banco BPI is part of the CaixaBank Group and is the fifth largest financial institution operating in Portugal in terms of assets (€ 31.6 billion), with market shares close to 10 per cent. in loans and in Customer deposits. BPI's business is organized around two main segments: (i) Individuals and small businesses and (ii) Corporates and Institutional Clients (Sector and the State Enterprise Sector). The Issuer offers a complete range of financial products and services, tailored to the specific needs of each segment, through a specialized, multi-channel and fully integrated distribution network. The Issuer's product offering is complemented by investment and savings solutions from the CaixaBank Assets and Insurance area and also includes a range of non-life and life-risk insurance through a distribution agreement with Allianz Portugal, in which BPI has a 35 per cent.. In credit insurance, The Issuer has a stake of 50 per cent in COSEC, in partnership with Euler Hermes (a company from Allianz Group), which holds the remaining 50 per cent. The Issuer serves 1.93 million Customers in the domestic market, with relevant market shares in the various products and services offered. At the end of 2018, the distribution network comprises 495 business units, of which 421 are retail branches, 1 mobile retail unit, 39 premier centres 34 corporate and institutional centres. The distribution network articulates with virtual channels, which include homebanking services (BPI Net and BPI Net Empresas), telephone banking (BPI Directo) and mobile applications (BPI Apps). The Issuer also 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.
B.16	**Controlling Persons:**	The Issuer's share capital of € 1 293 M., comprises 1 457 million nominative and dematerialised ordinary shares with no par value. As of the date of this Prospectus Caixabank, S.A. holds 1.456.924.237 shares representing the entire share capital of the Issuer.
B.17	**Ratings assigned to the Issuer or their**	The Programme has been rated Ba1 in respect of Ordinary Senior unsecured Notes with a maturity of more than one year, Not Prime in respect of Ordinary Senior unsecured Notes with a maturity of one year or less, Ba1 in respect of Senior Non Preferred Notes and Ba1 in respect of Subordinated Notes and Ba2 in respect of

	Debt Securities:	Junior Subordinated Notes by Moody's Investors Service España, S.A. ("Moody's"), BBB in respect of Ordinary Senior unsecured Notes with a maturity of more than one year, F2 in respect of Ordinary Senior unsecured Notes with a maturity of one year or less by Fitch Ratings España, S.A.U. ("Fitch") and BBB in respect of Ordinary Senior unsecured Notes with a maturity of more than one year, A-2 in respect of Ordinary Senior unsecured Notes with a maturity of one year or less, BBB- in respect of Senior Non Preferred Notes and BB+ in respect of Subordinated Notes by Standard and Poor's Global Ratings ("Standard & Poor's"). Notes issued under the Programme (the "Notes") may be rated or unrated. The ratings of the Programme do not immediately apply to any series of Notes issued under the Programme. Ratings to each series of Notes are subject to the satisfactory review of the documentation for the series and the characteristics of each series under the Programme might result in a different rating and in accordance where a series of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Notes to be issued under the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A rating must be issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended (the "CRA Regulation"), unless the rating is provided by a credit rating agency that operated in the European Community before 7 June 2010 and which has submitted an application for registration in accordance with the CRA Regulation and such application for registration has not been refused. Each of Fitch Ratings Limited, Standard & Poor's and Moody's is established in the European Community and has been registered in accordance with the CRA Regulation. The full list of Credit Rating Agencies that are registered under the CRA Regulation can be found at European Securities and Markets Authority's website. [The Notes to be issued have been rated / The type of Notes to be issued under the Programme has the benefit of the following rating(s) [●] / The Notes to be issued will not be rated] The ratings of the Issuer at any time are available for consultation at http:// http://bpi.bancobpi.pt/index.asp?riIdArea=AreaDivida&riId=DRatingsThe long term/short term ratings currently assigned to Banco BPI are Ba1/ Not Prime (Stable outlook) by Moody's, BBB/F2 (Stable Outlook) by Fitch and BBB/A-2 (Stable outlook) by Standard & Poor's.

	Section C – The Notes	
C.1	**Type, Class of Securities and the Security Identification Number:**	**Fixed Rate Notes**: Notes may bear interests at a fixed rate (the "Fixed Rate Notes") with or without Reset Provisions applicable. **Floating Rate Notes**: Notes may bear interests at a floating rate (the "Floating Rate Notes"). **Zero Coupon Notes**: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest (the "Zero Coupon Notes"). The Notes are [*Fixed Rate Notes/ Floating Rate Notes/ Zero Coupon Notes*].

		***Security Identification Number(s)*:** [*ISIN Code: [ ]* *Common Code: [ ]*]
C.2	**Currency of the Securities Issue:**	[*The Notes are denominated in [ ]*.]
C.5	**Restrictions on Free Transferability:**	The Issuer and the Dealers have agreed certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material. There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Portugal, France, Japan, and the European Economic Area. No Noteholder will be able to transfer the Notes, or any interest therein, except in accordance with Portuguese law and regulations. Notes may only be transferred in accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued by the *Comissão do Mercado de Valores Mobiliários* ("*CMVM*" or the "Portuguese Securities Market Commission") or Interbolsa, as the case may be, and the relevant Affiliate Members of Interbolsa through which the Notes are held.
C.8	**The Rights Attaching to the Securities, including Ranking and Limitations to those Rights:**	***Negative Pledge:*** The Notes which are Ordinary Senior Notes will have the benefit of a negative pledge in respect of Indebtedness which is in the form of or represented by bonds, notes, debentures or other securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) but excluding any Covered Bonds. **Status of the Notes:** **Important: as a result of applicable laws or regulations, including any EU Directive or Regulation, establishing a framework for the recovery and resolution of credit institutions (namely 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), and any implementation thereof into Portugal, the Notes may be mandatorily written-down or converted into more subordinated instruments, including ordinary shares of the Issuer.** [*Status of the Senior Notes:* *The Senior Notes which specify their status as Ordinary Senior Notes ("**Ordinary Senior Notes**") or as Senior Non Preferred Notes ("**Senior Non Preferred Notes**", together with the Ordinary Senior Notes, the "**Senior Notes**") in the relevant Final Terms constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer. Ordinary Senior Notes will rank senior to any Senior Non-Preferred Notes and pari passu among themselves and (save for certain obligations required to be preferred by law) pari passu with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, from time to time outstanding. Senior Non-Preferred Notes will rank pari passu among themselves and with any Senior Non Preferred Liabilities.]* *If the Issuer were wound up, liquidated or dissolved, the insolvency administrator would apply the assets which are available to satisfy all claims in respect of its unsubordinated and unsecured liabilities, first to satisfy all claims of all other creditors ranking ahead of the holders of Senior Non Preferred Notes, including including, without limitation,*

		any deposits for the purposes of article 166.º- A (5) of the RGICSF which shall be paid in full before and holders of Senior Higher Priority Liabilities, and then to satisfy all claims in respect of the Senior Non Preferred Notes (and other Senior Non Preferred Liabilities). If the Issuer does not have sufficient assets to settle the claims of higher ranking creditors in full, the claims of the Holders under the Senior Non Preferred Notes will not be satisfied. Holders of Senior Non Preferred Notes will share equally in any distribution of assets available to satisfy all claims in respect of its unsubordinated and unsecured liabilities with the creditors under any other Senior Parity Liabilities if the Issuer does not have sufficient funds to make full payment to all of them. [Status of the Subordinated Notes: *The Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer as provided below and rank and will rank pari passu without any preference among themselves and at least pari passu with all other present and future obligations or securities of the Issuer which constitute Tier 2 Capital of the Issuer or are expressed to rank by law or pursuant their terms pari passu with the Subordinated Notes (if any).* *In the event of the insolvency or winding-up of the Issuer the claims of the holders of Subordinated Notes against the Issuer in respect of payments of principal and interest (if any) on the Subordinated Notes (to the extent permitted by Portuguese law) will: (i) be subordinated to the claims of all Senior Creditors; (ii) rank at least pari passu with the claims of holders of all obligations or securities of the Issuer which constitute Tier 2 Capital of the Issuer or otherwise by law rank, or by their terms are expressed to rank, pari passu with the Subordinated Notes and/or the Tier 2 Capital of the Issuer and (iii) rank senior to: (1) the claims of the holders of all obligations or securities of the Issuer which constitute Tier 1 Capital of the Issuer, (2) the claims of holders of all other obligations or securities of the Issuer which by law rank, or by their terms are expressed to rank junior to the Subordinated Notes and/or Tier 2 Capital of the Issuer and (3) claims of holders of all share capital and/or preference shares of the Issuer.* *For this purposes:* *"Senior Creditors" means creditors of the Issuer who (A) are depositors and/or other unsubordinated creditors of the Issuer or (B) whose claims are subordinated to the claims of other creditors of the Issuer other than those creditors: (i) whose claims relate to obligations which constitute Tier 1 Capital of the Issuer or Tier 2 Capital of the Issuer or (ii) whose claims rank by law, or by their terms are expressed to rank, pari passu with, or junior to, the claims of the holders of the Subordinated Notes; and* *"Tier 1 Capital" and "Tier 2 Capital" each have the respective meaning given to such terms under the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended from time to time, on prudential requirements for credit institutions and investment firms (the "CRR").]* *[Status of the Undated Deeply Subordinated Notes:* *The Undated Deeply Subordinated Notes are direct, unsecured and deeply subordinated obligations of the Issuer, and rank and will rank pari passu without any preference among themselves.* *No security or guarantee of any kind is, or shall at any time be, provided by the Issuer or any other person securing the rights of the Noteholders.*

		If the Issuer becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the holders of Undated Deeply Subordinated Notes, will be entitled to the repayment of the then outstanding nominal amount of the Undated Deeply Subordinated Notes plus accrued interest, if any, on such nominal amount from and including the Issue Date (if such event occurs in the first Interest Period after the Issue Date) or the preceding Interest Payment Date on which interest was either paid or cancelled (if such event occurs after the first Interest Period), to the extent that there are available funds to this effect after payment to the higher ranking creditors of the Issuer as described below. The claims of the Noteholders of the Undated Deeply Subordinated Notes, in the event of a voluntary or involuntary liquidation, insolvency or similar proceeding, will be subordinated in right of payment, and will rank: A) junior to present or future claims of (a) unsubordinated creditors of the Issuer and (b) subordinated creditors of the Issuer including Tier 2 holders other than the present or future claims of creditors that rank or are expressed to rank pari passu with or junior to the Undated Deeply Subordinated Notes ("Senior Creditors"); B) senior to holders of Issuer's Common Equity Tier 1 instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Undated Deeply Subordinated Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer, and C) pari passu without any preference among themselves and pari passu with (a) the existing Additional Tier 1 Instruments of the Issuer, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Undated Deeply Subordinated Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. *If a Capital Ratio Event (meaning that the Issuer's consolidated or individual common equity tier 1 capital ratio, as defined in the Own Funds Requirements Regulations, falls below 5.125 per cent. (or such other percentage specified at the issue date of the Undated Deeply Subordinated Notes in the applicable Final Terms in accordance with the* Own Funds Requirements Regulations*)) as determined at any time by the Issuer and/or the Competent Authority, the Issuer shall immediately notify the competent banking prudential supervisory authority (the "Competent Authority") of the occurrence of such Event and, within one month (or other period of time determined by the Competent Authority) from the confirmation of the occurrence of the relevant Capital Ratio Event, pro rata with the other Undated Deeply Subordinated Notes and any other Loss Absorbing Instruments (with a similar loss absorption mechanism) irrevocably (without the need for the consent of Noteholders), reduce the then Current Principal Amount of each Undated Deeply Subordinated Note by the relevant Write-Down Amount (the amount by which the then Current Principal Amount of each outstanding Note is to be Written Down on such date). A Loss Absorption Notice to Noteholders (that is, a notice which specifies that a Capital Ratio Event has occurred, the Write-Down Amount and the Loss Absorption Effective Date) should be given by the Issuer, but failure to provide such notice shall not prevent the exercise of the Write-Down. Instead of the above described writte-Down, if a specified in the applicable Final Terms, if a Capital Ratio Event occurs the Undated Deeply Subordinated Notes may be converted into Common Equity Tier 1 capital instruments of the Issuer in accordance with the Own Funds Requirements Regulations.]*

		Events of Default: [*There are no events of default under the Undated Deeply Subordinated Notes.]* *[In case of Ordinary Senior Notes not eligible to comply with TLAC/MREL Requirements, any holder of a Note may, by written notice, declare any Notes held by the holder to be forthwith due and payable together with any accrued interest thereon (i) if the Issuer fails to make payment of any principal or interest due in respect of the Notes and such failure to pay continues, in the case of principal, for a period of seven days or, in the case of interest, for a period of 14 days; or (ii) if the Issuer defaults in the performance or observance of or compliance with any other obligation on its part in respect of the Notes and (except where such default is not capable of remedy, where no such notice shall be required) such default shall continue for a period of 30 days after written notice of such default shall have been given to the Issuer by a holder of the Note; or (iii) bankruptcy or insolvency proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings or suspends payments or offers or makes a general arrangement for the benefit of all its creditors; or (iv) any order shall be made by any competent court or resolution passed for the dissolution of the Issuer, except in certain specific cases; or (v) in case the repayment of any indebtedness for borrowed money owing by the Issuer is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer defaults in any payment of any indebtedness for borrowed money or in the honouring of any guarantee or indemnity in respect of any indebtedness.*] *[In case of Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements and relating to Senior Non-Preferred Notes, then any holder of a Note may, by written notice , declare any Notes held by the holder to be forthwith due and payable together with any accrued interest thereon (i) insolvency or liquidation proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings or suspends payments or offers or makes a general arrangement for the benefit of all its creditors; (ii) if so specified in the Final Terms and if one or more of the following events of default shall occur and be continuing: i) the Issuer fails to make payment of any principal or interest due in respect of the Notes and such failure to pay continues, in the case of principal, for a period of seven days or, in the case of interest, for a period of 14 days; or ii) the Issuer defaults in the performance or observance of or compliance with any other obligation on its part in respect of the Notes and (except where such default is not capable of remedy, where no such notice shall be required) such default shall continue for a period of 30 days after written notice of such default shall have been given to the Issuer by a holder of the Note; or iii) any order shall be made by any competent court or resolution passed for the dissolution of the Issuer, , except in certain specific cases; or iv) in case the repayment of any indebtedness for borrowed money owing by the Issuer is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer defaults in any payment of any indebtedness for borrowed money or in the honouring of any guarantee or indemnity in respect of any indebtedness.]* *[In case of Subordinated Notes, any holder of a Note may, by written notice, declare any Notes held by the holder to be forthwith due and payable together with any accrued interest thereon, if (i) insolvency proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings or (ii) if otherwise than on terms previously approved in writing by the Common Representative (if any) or by an Extraordinary Resolution of the Noteholders, any order is made or an effective resolution is passed by the Issuer's shareholders for the liquidation of the Issuer.*

		The holder of a Subordinated Note (or the Common Representative (if any)) does not have the right to accelerate the future scheduled payment of interest or principal, other than in the insolvency or liquidation of the Issuer. The Issuer may only redeem such Notes prior to maturity with the prior consent of the Competent Authority.] ***Governing Law:*** The Notes and any obligation arising from it will be governed by and construed in accordance with Portuguese law. In accordance with Portuguese law, Undated Subordinated Notes and Undated Deeply Subordinated Notes are not classified as bonds (*obrigações*).
C.9	**The Rights Attaching to the Securities (Continued), Including Information as to Interest, Maturity, Yield and the Representative of the Holders:**	See C.8 for a description of the rights attaching to the Notes, ranking and limitations. ***Interest:*** ***Fixed Rate Notes:*** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such day count fraction (the "*Day Count Fraction*") as may be agreed between the Issuer and the relevant Dealer. If Reset Provisions are applicable the fixed interest will be reset on one or more date(s) as specified in the applicable Final Terms. ***Floating Rate Notes:*** Notes for which the interest rate is variable will be payable on such basis as may be agreed between the Issuer and the relevant Dealer. The margin of the Notes, if any, relating to such variable rate will be agreed between the Issuer and the relevant Dealer for each Tranche of Floating Rate Notes. The periods of interests for Floating Rate Notes will be of one, two, three, six or 12 months or such other period(s) as may be agreed between the Issuer and the relevant Dealer. [*Interest: The Notes bear interest from [ ] at a fixed rate of [ ] per cent. per annum payable in arrear on [ ]*.] *[Reset Provisions (only for Fixed Rate Notes): [Applicable] [Not Applicable]* [*Interest: The Notes bear interest from [ ] at a rate equal to the sum of [ ] per cent. per annum and [period]/[currency][EURIBOR/LIBOR][with a minimum of [□]][with a maximum of [□]]determined in respect of each Interest Period on the day which is [ ] [London business days] before] the first day of the Interest Period and payable in arrear on [ ]*. *[Interest is payable on [□] in each year, starting on [□].]* ***Maturities:*** Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the Issuer or the relevant Specified Currency, save that (i) in the case of Dated Subordinated Notes, the minimum maturity will be five years, (ii) in the case of Undated Subordinated Notes and Undated Deeply Subordinated Notes, there will be no final maturity date, (iii) in case of Senior Non Preferred Notes will have an original maturity of at least one year from their date of effective disbursement. [*Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [ ] / the Notes have no stated maturity*]

		Redemption: The Undated Subordinated Notes and the Undated Deeply Subordinated Notes will not have a stated maturity. The Dated Subordinated Notes have an original maturity of at least five years. Senior Non Preferred Notes will have an original maturity of at least one year from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Capital Regulations. The Subordinated Notes and the Undated Deeply Subordinated Notes can only be redeemed or called in accordance with (and subject) the conditions set out in Articles 77 and 78 of the CRR being met and not before five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met, or in the case of repurchase for market-moving purposes (subject to the conditions set out in Article 29 of the Commission Delegated Regulation (EU) No 241/2014 (the regulatory technical standards RTS in own funds) ("CDR"), or following an Event of Default in the case of Subordinated Notes. There are no Events of Default applicable to the Undated Deeply Subordinated Notes. The Senior Non Preferred Notes, Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements may not be redeemed at the option of the holders of any such Notes and may only be redeemed or called by the Issuer with the prior consent of the Competent Authority and the resolution authorities in accordance with the applicable Capital Regulations or other applicable banking laws and regulations in force at that time, including any Applicable TLAC/MREL Regulations. The Subordinated Notes and the Undated Deeply Subordinated Notes may not be redeemed at the option of the holders of any such Notes and only by the Issuer with the prior consent of the Competent Authority, as referred above. The Ordinary Senior Notes may be redeemed at the option of the Issuer and/or the Noteholders as specified in the applicable Final Terms or following an Event of Default upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any)) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms agreed. [*Final Redemption Amount: Unless previously redeemed, or purchased and cancelled, each Note, other than Undated Deeply Subordinated Notes will be redeemed at 100 per cent. of its nominal amount / Current Principal Amount*[2]] ***Optional Redemption:*** [*Redemption at the Option of the Issuer: The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [ ] at [ ], plus accrued interest (if any) to such date, on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders*.] [*Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Note redeem such Note on [ ] at [ ] together with interest (if any) accrued to such date, on the Noteholders' giving not less than 15 nor more than 30 days' notice to the Issuer*.] [*Not Applicable*] ***Tax Redemption:*** Except as described in "*Optional Redemption*" above, early redemption will only be permitted if: (i) the Issuer has or will become obliged to

[2] Applicable only to Undated Deeply Subordinated Notes.

		pay certain additional amounts in respect of the Notes as a result of any change in the tax laws of the country of tax residence of the Issuer (after obtaining the consent of the Competent Authority and subject to certain conditions in the case of Subordinated and Undated Deeply Subordinated Notes and Senior Non Preferred Notes) or (ii) in the case of Subordinated Notes or Undated Deeply Subordinated Notes and Senior Non Preferred Notes only, if the Issuer would not be entitled to claim a deduction in computing taxation liabilities in the country of tax residence of the Issuer in respect of any payment of interest to be made on the Notes on the occasion of the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced, in each case as a result of any change in, or amendment to, the laws or regulations of the country of tax residence of the Issuer or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the relevant Tranche of the Notes and after obtaining the consent of the Competent Authority and subject to certain conditions. In the case of (i) above such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. ***Yield:*** The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date. [*Yield: Based upon the Issue Price of [ ], at the Issue Date the anticipated yield of the Notes is [ ] per cent. per annum*.] ***Representative of the Noteholders:*** Holders of Notes may appoint a common representative.
C.10	**Derivative Components in interest payment:**	See C.9 above. Not applicable. Payments of interest on the Notes shall not involve any derivative component.
C.11	**Admission to trading of the Notes on a regulated market:**	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. [*Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange*.] [*Application has been made for the Notes to be admitted to trading and/or quotation by [ ]*.] [Not applicable: *The Issuer does not intend to make any application for the Notes to be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system*.]

	Section D – Risks	
D.2	**Risks Specific to the Issuer:**	**Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme** ***The Issuer's financial condition:*** The Notes are obligations of the Issuer and accordingly if the Issuer's financial condition were to deteriorate the Noteholders may suffer direct and materially adverse consequences. ***The Global Financial Volatility may impact the performance of the Issuer:*** The current economic environment is a source of challenges for BPI and may adversely affect its business, financial conditions and results of operations. ***United Kingdom's Exit from the European Union:*** The result of the British referendum in June 2016 and the uncertainty as to the withdrawl date may increase volatility in the markets and economic uncertainty, which may have an adverse effect directly on the value of securities, namely Notes issued by BPI. ***Eurozone debt crises:*** The possibility of another sovereign default, the continuing high levels of public and private debt in several Member States and the uncertainty regarding the robustness of the European financial sector could lead to market turbulence and instability, which could negatively impact the Bank's activity. In the event of negative developments in the financial markets, 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. ***Economic and Financial situation in Portugal may impact the condition, business and results of the Issuer:*** The economic and financial situation in Portugal, specifically the developments that led to the Economic and Financial Assistance Programme by the EU/IMF/ECB in the period 2011-2014, have affected negatively the Issuer's financial condition, business and results of operations and any further deterioration of the economic conditions may further severely affect the Issuer. Since a substantial part of its activities is performed in Portugal, the Issuer depends on the developments in the Portuguese economy, which in turn are affected by the developments of the economic and financial situation in the Eurozone. ***Banking markets and competition faced by the Issuer:*** Intense competition in all areas of BPI's operation can have an adverse effect on the Issuer's operating results. ***The Issuer's exposure to adverse political, governmental or economic developments related to its international equity holdings:*** BPI continues to pursue its international strategy, with particular emphasis on its market position in Angola and Mozambique, which operations are exposed to the risk of adverse political, governmental or economic developments in such countries and could have a material adverse effect on BPI's financial condition. ***The Issuer is subject to compliance risk with existing and future regulations, the breach of which can cause damages to the Issuer:*** Banco BPI operates in a highly regulated industry and its banking activities are subject to extensive regulation by, among others, the European Central Bank, the Bank of Portugal, the Portuguese Securities Market Commission and the Insurance and Pensions Funds Supervisory Authority. Such regulations relate to, amongst others, liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices. ***The fulfilment of both the current and future capital requirements as set out by***

		the European authorities and by the Bank of Portugal could lead BPI Group to attract additional capital and/or to face adverse consequences*:* The CRD IV has been transposed in Portugal by Decree-Law no. 157/2014, of 24 October, which has amended several laws and decree-laws, including the General Regime for Credit Institutions and Financial Companies ("RGICSF", enacted by Decree-Law no. 298/92, dated 31 December, as amended from time to time). These were accompanied by the entry into force of Bank of Portugal's Notice No. 6/2013, of 23 December 2013, which established how the transitional provisions of the CRD IV would apply to minimum capital requirements and the respective calculation. A 5 year transitory period was projected in order to adapt the previous applicable rules to the new regulations. As of 31 December 2018, the Issuer's consolidated Common Equity Tier 1 (CET I) ratio stood at 13,2 per cent.. ***Changes in the Basel Committee's recommendations, and/or new recommendations, can adversely affect the Issuer****:* Recent developments in the banking market have suggested that even stricter rules may be applied by a later framework ("Basel IV"), which is expected to follow Basel III and will require more stringent capital requirements and greater financial disclosure. Basel IV is likely to comprise higher leverage ratios to be met by the banks, more detailed disclosure of reserves and the use of standardised models, rather than banks' internal models, for the calculation of capital requirements. There is a high degree of uncertainty with regards to the Basel Committee's final calibration of the proposed reforms, and subsequently, how and when these reforms will be implemented in the EU. ***Compliance risks faced by the Issuer***: BPI is subject to rules and regulations, including related to the prevention of money laundering and terrorism financing, as well as personal data protection. A possible violation or even any suspicion of violation of these rules may have serious reputational, legal and financial consequences, which could have a material and adverse effect on the BPI's business, financial conditions or results of operations. ***The creation of a deposit protection system applicable throughout the EU may result in additional costs to the Issuer***: the creation of a deposit guarantee schemes and the harmonization of the deposit guarantee systems applicable throughout the EU may result in additional costs to BPI. ***Potential impact of the recovery and resolution measures on the Issuer's activity****:* The provisions of the Directive 2014/59/EU of 15 May 2014 aim to harmonize the resolution procedures of, among other things, credit institutions of European Union Member States and provide the authorities of such Member States with tools that aim to prevent insolvency or, when insolvency occurs, to mitigate its adverse effects, by maintaining the systemically key functions of said institutions. Additionally, in accordance with the RGICSF, financial institutions will be required to meet a minimum requirement for own funds and eligible liabilities (MREL) capable of being bailed in. Also, the Bank of Portugal decided to impose capital buffers to credit institutions identified as systemically important institutions ("O-SIIs"), as the Issuer. In order to comply with such ratios, Banco BPI may be requested in the future to issue additional liabilities capable of being bailed in, as well as capital instruments. Resolution authorities also have the power to permanently write-down or convert into equity (Common Equity Tier 1 instruments), capital instruments such as Tier 2 capital instruments (including the Subordinated Notes) and Additional Tier 1 capital

		instruments (such as the Undated Deeply Subordinated Notes) at the point of non-viability and before any other resolution action is taken. ***Minimum Requirement for own funds Eligible Liabilities could have a material effect on the Issuer:*** In accordance with Article 145-Y of the RGICSF, financial institutions will be required to meet a minimum requirement for own funds and eligible liabilities ("**MREL**") capable of being bailed in. The requirement will be equal to a percentage of total of liabilities and own fund of the financial institution. The Bank of Portugal decided to impose capital buffers to credit institutions identified as systemically important institutions. In order to comply with this ratio, the Issuer may be requested in the future to issue additional liabilities capable of being bailed in. ***The impact on BPI of the recent resolution measures in Portugal cannot be anticipated:*** Following the decision by the Bank of Portugal on 3 August 2014 to apply a resolution measure to Banco Espírito Santo, S.A. ("**BES**"), most of its business was transferred to a bridge bank, whose corporate designation is "Novo Banco", created especially for that purpose. The capitalization of "Novo Banco" was ensured by the Resolution Fund. On 18 October 2017, the Bank of Portugal and the Resolution Fund concluded the sale of Novo Banco to Nani Holdings, SGPS, S.A., with a share capital increase fully subscribed by Nani Holdings, SGPS, S.A. in the amount of € 750 million, which was followed by a further share capital increase occurred by the end of 2017 in the amount of € 250 million. Nani Holdings, SGPS, S.A. now holds 75 per cent. of Novo Banco's share capital and the Resolution Fund holds 25 per cent. of Novo Banco's share capital. The final impact the resolutions of Banif and/or of BES, as described above, may have on the Issuer cannot be anticipated. ***Changes to tax legislation and to other laws or regulation can adversely affect the Issuer***: BPI might be adversely affected by changes in the tax legislation and other laws or regulations applicable in Portugal, EU, Angola and other countries in which it operates or may operate in the future. ***Risks relating to legislation on deferred tax assets could have a material adverse effect on the Issuer****:* Law no. 61/2014, of 26 August, as amended, sets an optional system that allows for the conversion to tax credits of the deferred tax assets (DTA), generated in tax periods beginning on or after 1 January 2015, or recorded in the accounts of taxpayers for the taxation period preceding that date, provided (i) taxpayers record a net loss for the year in their annual accounts, after being approved by the governing bodies, under the terms of the relevant law; or (ii) taxpayers are liquidated on a voluntary basis, are declared insolvent by a court or, where applicable, the relevant authorisation is revoked by the competent supervisory authority. Regarding (i) above, the conversion of DTA to tax credits depends, however, on the creation of a special reserve in an amount equal to the tax credit plus 10 per cent., as well as on the issuance of conversion rights (which consist of securities giving the right to acquire shares from the share capital of the taxpayer) to the Portuguese State. Please note that Law no. 23/2016, of 19 August 2016, introduced a phasing out scheme of the optional DTA system. Under this phasing out scheme, the optional system will no longer apply to DTA computed on costs and negative net worth variations arising from credit impairment losses and post-employment or long term employment benefits recorded on or after 1 January 2016. ***Risks associated with the implementation of its risk management policies****:* Although BPI has implemented risk management policies for each of the risks that it is exposed to, such policies may not be fully effective.

		Credit risk by the Issuer**:* Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties are inherent to a wide range of BPI's business and may have a significantly adverse effect on its financial condition and results of operations. ***Market risk by the Issuer**:* The performance of financial markets may cause changes in the value of BPI's investment and trading portfolios. 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 BPI's financial condition. ***Infrastructure Risk faced by the Issuer**:* The Issuer faces the risk that computer or telecommunications systems could fail, despite efforts to maintain these systems in good working order. ***Operational risk faced by the Issuer**:* Any failure to execute BPI's risk management and control policies successfully could materially adversely affect BPI's financial condition. ***Risks relating with market transactions on BPI's own portfolio**:* BPI performs transactions in the market using its own portfolio and as a result of the periodical review it may be forced to recognise losses in the income statement in the future. ***Liquidity risk faced by the Issuer**:* A lack of liquidity in the financial markets would increase funding costs and limit BPI's capacity to increase its credit portfolio and the total amount of its assets, which could have a material adverse effect on BPI's business, financial condition or results of operations. ***Hedging Risk faced by the Issuer: If any of the hedging instruments or strategies of BPI is ineffective, BPI could incur losses that might result in a material adverse effect on its business, financial condition or results of operations. ***BPI's activity is subject to reputational Risk***: Non-compliance with applicable laws, regulations or codes could lead, besides the fines and/or substantial monetary damages, to a serious damage to reputation. ***Regulatory changes can materially affect the Issuer's business, products and services***: The Issuer is subject to financial services laws, regulations, administrative actions and policies in each location where it operates. Changes in supervision and regulation, in particular in the European Union and/or in Portugal, could materially affect the Issuer's business. ***Currency risk in International equity holdings**:* International operations are exposed to foreign exchange risk, which is reflected mainly in the statements of results and in the balance sheets of the respective subsidiaries of the Group, for the purpose of consolidation. BPI Group manages the currency risk to the extent and in the manner it deems appropriate at all times. However, it does not ensure full coverage of the currency risk associated with its international operations. ***Risks of strategy faced by the Issuer**:* Banco BPI is subject to risks of strategy. There is a possibility of Banco BPI making strategic decisions whose results may differ significantly from those intended exists. ***Risk of changes in the organization of partnerships**:* There are some activities of the BPI Group which are partially related to partnerships in various activities with other companies that are not under the control of the BPI Group, in particular the activities of bancassurance. These activities depend in part on such partners which the Group does not control.

		***Other Risks**:* BPI may be exposed to other risks or to an unexpected level of risk.
D.3	**Risks Specific to the Notes:**	***Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme*** ***The Notes may not be a suitable investment for all investors**:* Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. ***Senior Notes**:* The Issuer is not prohibited from issuing, guaranteeing or otherwise incurring further notes or debt ranking *pari passu* with its obligations under the Notes. Please refer to C8 above. ***Senior Non Preferred Notes***:The Senior Non Preferred Notes are senior non preferred obligations and are junior to certain obligations: The Senior Non Preferred Notes constitute direct, unconditional, unsubordinated and unsecured senior non preferred obligations of the Issuer in accordance with Law 23/2019. ***Senior Non Preferred Notes are new types of instruments for which there is little trading history***: On 13 March 2019, Law 23/2019 entered into force transposing Directive 2017/2399/EU of the European Parliament and of the Council, of 12 December 2017, as regards the ranking of unsecured debt instruments in insolvency hierarchy. Such law creates the legal category of unsubordinated and unsecured senior non preferred obligations in Portugal. Although certain financial institutions have issued securities with similar features in the past, there is little trading history for securities of financial institutions with this ranking. ***Subordinated Notes**:* The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment under all senior creditors. Undated Subordinated Notes will not have a stated maturity. Please refer to C8 above. ***The Subordinated Notes may be written-down or may be converted into Common Equity Tier 1 instruments***: The BRRD and the RGICSF provide for the resolution authorities to have the further power to permanently write-down or convert into equity (Common Equity Tier 1 instruments), capital instruments such as Tier 2 capital instruments (including the Subordinated Notes) and Additional Tier 1 capital instruments at the point of non-viability and before any other resolution action is taken (non-viability loss absorption). ***Undated Deeply Subordinated Notes***: The Issuer's obligations under Undated Deeply Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment under all senior creditors. Undated Deeply Subordinated Notes will not have a stated maturity. Please refer to C8 above. Any payment of interest on the Undated Deeply Subordinated Notes will be subject to a full discretionary decision of the Board of Directors or the Executive Committee of the Issuer, as the case may be. If the Board of Directors or the Executive Committee of the Issuer, as the case may be, decides not to make any payment on any Interest Payment Date, the amount of such interest payment will not be due, and will be forfeited. Distributions under the Undated Deeply Subordinated Notes are paid out of Distributable Items of the Issuer and the Issuer has full discretion at all times to cancel the payments, for an unlimited period and on a non cumulative basis, as defined below. ***The Subordinated Notes, and (if so specified in the applicable Final Terms) the Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, the***

		Senior Non Preferred Notes provide for limited events of default. Noteholders of Notes may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure: Noteholders have no ability to accelerate the maturity of their Subordinated Notes, and (if so specified in the applicable Final Terms), their Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, their Senior Non Preferred Notes . The terms and conditions of the Subordinated Notes, the Senior Non Preferred Notes and (to the extent so specified in the applicable Final Terms) the Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements do not provide for any events of default, other than in the case that an order is made by any competent court commencing insolvency proceedings against the Issuer or in case that order is made or an effective resolution is passed by the Issuer's shareholders for its liquidation. ***There are no events of default under the Undated Deeply Subordinated Notes:*** If certain events occur, the holders of Undated Deeply Subordinated Notes will not have the right to accelerate the future scheduled payment of interest or principal or to initiate insolvency or liquidation proceedings against the Issuer for failure of any payment under the Undated Deeply Subordinated Notes or to exercise or claim any right of set-off in respect of any amount owed by it to the Issuer, as described above. No security or guarantee of any kind is, or shall at any time be, provided by the Issuer or any other person securing the rights of the Noteholders. ***There is no scheduled redemption date for the Undated Deeply Subordinated Notes and Noteholders have no right to require redemption. The Issuer may redeem the Undated Deeply Subordinated Notes in certain circumstances:*** The Undated Deeply Subordinated Notes have no fixed maturity. The Issuer has no obligation at any time to redeem the Undated Deeply Subordinated Notes, and the Noteholders have no rights to require redemption or purchase of the Undated Deeply Subordinated Notes by the Issuer at any time. The Issuer may redeem the Undated Deeply Subordinated Notes (in whole but not in part) in its sole discretion, subject to the approval of the Competent Authority, if applicable, and to compliance with the Capital Regulations on any Interest Payment Date thereafter at their Final Redemption Amount. Further, following the occurrence of a Capital Event or a circumstance giving rise to the right of the Issuer to redeem the Undated Deeply Subordinated Notes for taxation reasons under Condition 6 (b), the Issuer may redeem the Undated Deeply Subordinated Notes (in whole but not in part) in its sole discretion, subject to the approval of the Competent Authority, if applicable, and to compliance with the Capital Regulations, at any time at their Final Redemption Amount, which may be lower than the Original Principal Amount if the Undated Deeply Subordinated Notes have previously been the subject of a Write-Down. ***The Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements may be redeemed prior to maturity upon the occurrence of a Capital Event or a TLAC/MREL Disqualification Event:*** The Issuer may, at its option, redeem all, but not some only, of the Subordinated Notes, the Senior Non Preferred Notes or Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms, as applicable, at any time at their early redemption amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, upon or following the occurrence of a Capital Event (in the case of Tier 2 Subordinated Instruments only) or a TLAC/MREL Disqualification Event.

		The Undated Deeply Subordinated Notes may be written-down on a permanent or temporary basis or may be converted to Common Equity Tier 1 instruments (CET1): The Undated Deeply Subordinated Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer (see Condition 2 of the Terms and Conditions of the Undated Deeply Subordinated Notes). ***The Undated Deeply Subordinated Notes are undated securities and need not be redeemed by the Issuer****:* The Undated Deeply Subordinated Notes are not redeemable at the option of the holders and have no fixed redemption date, and the Issuer shall have the right to call, redeem, repay or repurchase the Undated Deeply Subordinated Notes only in accordance (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met. ***The qualification of the Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements as TLAC/MREL-Eligible Instruments is subject to uncertainty:*** The Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements may be intended to be TLAC/MREL-Eligible Instruments (as defined in the Terms and Conditions) under the Applicable TLAC/MREL Regulations. However, there is uncertainty regarding the final substance of the Applicable TLAC/MREL Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that the Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements will or may be (or thereafter remain) TLAC/MREL-Eligible Instruments. ***The Noteholders may be subject to substitution and/or variation without Noteholder consent:*** The (i) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, Senior Non Preferred Notes and Subordinated Notes subject as provided herein, in particular to the provisions of Condition 6(c), (b) (f), if a Capital Event, a TLAC/MREL Disqualification Event or a circumstance giving rise to the right to early redeem the Notes for taxation reasons, occurs, and (ii) Undated Deeply Subordinated Notes subject as provided herein, in particular to the provisions of Condition 6(b) and (d), if a Capital Event, or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons, occurs, the Issuer may, at its option, and without the consent or approval of the Noteholders, elect either (1) to substitute all (but not some only) of the Notes or (2) to modify the terms of all (but not some only) of such Notes, in each case so that they are substituted for, or varied to, become, or remain Qualifying Notes or in the case of (ii) above) Qualifying Additional Tier 1 Notes, as applicable. ***Risks related to the structure of a particular issue of Notes****:* A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features. ***Notes subject to optional redemption by the Issuer****:* An optional redemption feature is likely to limit the market value of the Notes. Please refer to C.9 above. ***Fixed/Floating Rate Notes****:* An issuer's ability to convert such Notes will affect the secondary market and the market value of such Notes. ***Notes issued at a substantial discount or premium****:* The market value of Notes of this type tends to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

		The Terms and Conditions of the Notes contains a waiver of set-off rights: The Terms and Conditions provide that Noteholders waive any set-off, netting or compensation rights against any right, claim, or liability the Issuer has, may have or acquire against any holder, directly or indirectly, howsoever arising. As a result, Noteholders will not at any time be entitled to set-off the Issuer's obligations under the Notes against obligations owed by them to the Bank. ***Subordinated Notes:*** The Issuer's obligations under Subordinated Notes are subordinated: The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment under all Senior Creditors. ***Undated Deeply Subordinated Notes***: The Undated Deeply Subordinated Notes are direct, unsecured and deeply subordinated obligations of the Issuer, and rank and will rank pari passu without any preference among themselves. ***The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Undated Deeply Subordinated Notes***: The Issuer will cancel any payment of interest (in whole or in part) which could otherwise be paid on an Interest Payment Date if and to the extent that payment of such interest would, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer. The Issuer's Distributable Items, and therefore the Issuer's ability to make interest payments under the Undated Deeply Subordinated Notes, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. ***Payments on the Undated Deeply Subordinated Notes cannot exceed the Maximum Distributable Amount*** No payments will be made on the Undated Deeply Subordinated Notes if and to the extent that such payment would, when aggregated together with other Relevant Distributions, any obligation referred to in Article 141 of the CRD IV or any analogous payment restrictions arising in respect of capital buffers under the Capital Regulations or the BRRD and the amount of any Discretionary Reinstatement, where applicable, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or ***the*** Group to be exceeded. ***Any failure by the Issuer and/or the Group to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including interest payments on the Undated Deeply Subordinated Notes:*** Further amendments included in the MREL Proposal include changes to the calculation of MREL – which should be expressed as a percentage of the total risk exposure amount and of the leverage ratio exposure measure of the relevant institution – and MREL eligibility criteria, which could affect the level of future MREL as well as the level of reported MREL capacity. It is proposed that the MREL Requirements should be determined by the resolution authorities at an amount to allow banks to absorb losses expected in resolution and recapitalise the bank post-resolution. In addition, the MREL Proposals introduce consequences of breaching MREL requirements. A failure by the Issuer to comply with MREL requirements means the Issuer could become subject to the Maximum Distributable Amount restrictions on certain discretionary payments, including payments on Additional Tier 1 Capital instruments such as the Undated Deeply

		Subordinated Notes, as the required amount of MREL 'sits below' the combined buffer requirements. ***The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors, any of which may be outside the Issuer's control, that could affect the CET1 ratio of the Issuer and/or the Group****:* The occurrence of a Capital Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. The CET1 ratio of the Issuer and the Group can be expected to fluctuate on an on-going basis and could be affected by one or more factors, including, among other things, changes in the mix of the business of the Issuer and/or the Group, major events affecting their respective earnings, distributions payments, regulatory changes (including changes to definitions and calculations of the CET1 ratio and its components, including CET1 capital). ***The Issuer, in its full discretion, may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Undated Deeply Subordinated Notes***: The Issuer may at any time elect, in its full and sole discretion, to cancel any interest payment (in whole or in part) on the Undated Deeply Subordinated Notes which would otherwise be due on any Interest Payment Date. Additionally, the Competent Authority may have the power to direct the Issuer to exercise its discretion to cancel any interest payment (in whole or in part) on the Undated Deeply Subordinated Notes. ***The Undated Deeply Subordinated Notes may be traded with accrued interest, but (i) under certain circumstances described above, such interest will be cancelled and not paid on the relevant Interest Payment Date and (ii) the Issuer retains full discretion to cancel interest otherwise scheduled to be paid on the relevant Interest Payment Date:*** The Undated Deeply Subordinated Notes may trade, and/or the prices for the Undated Deeply Subordinated Notes may appear, in any trading systems and/or on any stock exchange on which the Notes are for the time being quoted, with accrued interest. If this occurs, purchasers of Undated Deeply Subordinated Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Undated Deeply Subordinated Notes. ***Because the Notes are held through accounts of affiliate members of Interbolsa, investors will have to rely on various Interbolsa procedures with respect to the following*****:** Form and Transfer of the Notes, Payment Procedures of the Notes, Notice to the Noteholders Meetings of holders of Notes are governed by the Portuguese Commercial Companies Code ("Código das Sociedades Comerciais"), Risks related to Withholding Tax. ***Risks related to Notes generally:*** Modification, waivers and substitution, EU Savings Directive, OECD CRS and Directive 2014/107/EU, U.S. Foreign Account Tax Compliance Withholding, Ratings ***Benchmark regulations***: LIBOR, EURIBOR and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, including in the European Union, pursuant to Regulation (EU) 2016/1011 of 8 June 2016, the manner of administration of benchmarks will change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

		There are also certain risks relating to the Notes generally, such as modification and waivers, OECD CRS and Directive 2014/107/EU and change of law. Investments in the Notes will be subject to Interbolsa procedures and Portuguese law with respect to the form and transfer of the Notes, payments on the Notes and Portuguese tax rules. Holders of the Notes must ensure that they comply with all procedures to ensure the correct tax treatment of the Notes. ***Risks related to the market generally*:** The secondary market generally, Exchange rate risks and exchange controls, Market Price Risk, Risk of Early Redemption, Interest rate risks, Credit ratings may not reflect all risks, Legal investment considerations may restrict certain investments.

E.2b	**Reasons for the Offer and Use of Proceeds:**	The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of their general financing requirements.
E.3	**Terms and Conditions of the Offer:**	Notes may be issued at any price and on a fully paid basis. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any offer to the public shall be published by the relevant Authorised Offeror on its website at the relevant time. [*The Issue Price of the Notes is [ ] per cent. of their principal amount*.] [*The offer period is from [¨] to [¨] and will take place in [include market]*]. [*The offer is addressed to [qualified / retail] investors*].
E.4	**Interests Material to the Issue:**	[*A description of any interest that is material to the issue/offer including conflicting interests*.] The Issuer has appointed Banco BPI, S.A., CaixaBank, S.A. and any other Dealer appointed from time to time (the "Dealers") as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement made between the Issuer and the Dealers. [*Syndicated Issue: The Issuer has appointed [ ], [ ] and [ ] (the "Managers") as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Managers are set out in the Subscription Agreement made between the Issuer and the Managers*] [*Non-Syndicated Issue: The Issuer has appointed [ ] (the "Dealer") as Dealer in respect of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Dealer are set out in the Programme Agreement made between, amongst others, the Issuer and the Dealer*]
E.7	**Estimated Expenses:**	Not applicable. No expenses will be chargeable by the Issuer to an investor in connection with any offer of Notes. Any expenses chargeable by an Authorised Offeror to an Investor shall be charged in accordance with any contractual arrangements agreed between the investor and such Authorised Offeror at the time of the relevant offer.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes 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.

In addition, factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

The Issuer's financial condition

The Notes are obligations of the Issuer and accordingly if the Issuer's financial condition were to deteriorate the Noteholders may suffer direct and materially adverse consequences, including non-payment of principal and/or interests due under the Notes. An investment in the Notes involves a reliance on the creditworthiness of the Issuer. In addition, an investment in the Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Notes.

The Global Financial Volatility may impact the performance of the Issuer

The Issuer's performance is reliant on and influenced by economic activity and the conditions of global financial markets. After the economic and financial credit crisis of 2007-2008, global growth has recovered and financial markets stabilized on the basis of proactive economic policies around the globe, with particular emphasis on central banks' policies in developed economies. Short term interest rates have been slashed to the minimum threshold, in some cases turned negative, and the major central banks supplied ample funding and liquidity to the world financial system, embarking on so-called non-conventional monetary policies. Since 2015, healthier growth and improvements on the inflation front have dictated a gradual move towards the reduction of global monetary policy stimuli. These moves continued to be made on a cautious way, as inflation and inflation expectations remain below central bank's comfortable levels and targets. Since December of 2015, the U.S. Federal Reserve ("**Fed**") has been gradually increasing its key rate, reaching 2,5 per cent (upper bound), in December 2018. For 2019, the bias remains in favour of additional hikes in the fed-funds, but its materialization will be strongly dependent on the progress of economic activity. Moreover, last year the Fed continued the process of balance sheet normalization, which started in October 2017, by reducing the amount of reinvested securities in the portfolio that reach maturity. The European Central Bank ("**ECB**") has also reduced the ultra-accommodative nature of its policy, finishing the monthly purchases under the Public Sector Purchase Programme in December 2018. Despite the cautious stance of central banks in the process of monetary policy normalization, abrupt market changes in perception could eventually occur, causing shifts in risk premia, especially regarding assets or regions perceived to me more vulnerable, and impact the issuer. Political factors also continue to constrain the outlook, adding uncertainty. There are still relevant doubts relating to the Brexit process and adverse effects related to the adoption of protectionist measures

(see *United Kingdom's Exit from the European Union*).

The outlook for the global economy in 2019 remains positive, but the downside risks are significant. On the macrofinancial side, central banks face the challenge of ensuring that monetary normalisation does not adversely affect the macrofinancial conditions. In the geopolitical sphere, protectionist risks will remain prominent and in the euro area, Brexit and Italy, will continue to be important factors of uncertainty. In the US, the reduction/end of the fiscal stimuli package should led to a slower growth in 2019. Negative developments in the international trade area due to the implementation of protectionist policies may also occur, as well as any disruption with a major global player (especially China) causing unexpected dislocations in geopolitical risks, although low probabilities are attributed to these events.

In the Eurozone, the ECB confirmed the end of its net purchases of assets. However, the ECB will proceed with a very accommodative policy, reinvesting the amounts of securities in the portfolio that reach maturity. Regarding interest rates, the ECB is strongly committed to maintain them at the very low levels, not considering any upward movement before the Summer of 2019. However, monetary policy path is subject to a certain degree of uncertainty, namely in which refers to the normalization of interest rates. Although the economy is expected to continue to grow, risks are biased on the downside and its materialization will delay the beginning of the normalization of interest rates. On the other hand, the ECB will face during 2019 changes in the Board composition, and this is an additional factor of uncertainty. In these circumstances volatility may increase, with negative impact in the risk premia of peripheral countries perceived to be more vulnerable, such as Portugal. Hence, the sovereign risk premium would increase, with negative implications for financing costs internally. In the case of the US Federal Reserve there is a risk that further increases of the fed-funds rate are perceived as a restrictive measure, causing higher volatility in the financial markets.

A worst-case scenario might include a disorderly increase in long term interest rates, with negative impacts on households' and firms' confidence indices and economic growth. In an adverse scenario, this could have a negative impact on balance-sheet valuations and risk perceptions might change, with impact on the capacity of the Issuer to access international wholesale financial markets which may adversely affect the performance of the Issuer.

United Kingdom's Exit from the European Union

On 23 June 2016, the United Kingdom held a referendum, which voted in favour of an exit from the European Union, creating several uncertainties within the United Kingdom, and regarding its relationship with the European Union. On 29 March 2017, the United Kingdom served notice, in accordance with Article 50 of the Treaty on European Union, of its intention to withdraw from the European Union. The process for the United Kingdom's departure from the EU appeared to be well set out when, back in December 2017, the EU and the United Kingdom laid down the foundations of the exit agreement. Both parties also agreed, in March 2018, to establish a transition period after Brexit – until December 2020 – during which the two parties would negotiate their future relationship. In particular, it was agreed that, during this period, the United Kingdom would remain within the Single Market and the Customs Union in order to minimise any disruption and to help the economic agents to adjust to the new post-Brexit scenario. However, the entry into force of this transition period is conditional on both sides reaching a definitive exit agreement, which should be ratified by the UK Parliament and take place until 29 March 2019.

Moreover, as the withdrawal date ([October]) approaches, there is an increasing risk that the United Kingdom and the European Union part ways without any agreement regarding such crucial matters as trade in goods and services, security and immigration cooperation, in which case Brexit could become very problematic for both the United Kingdom and the European Union member-states. The consequences of Brexit are uncertain with respect to the European Union integration

process, the relationship between the United Kingdom and the European Union, and the impact on economies and European businesses. Should international trade between the United Kingdom and the Member States become significantly restricted in the future, the Portuguese economy could be adversely affected, given the importance of the United Kingdom as a market for the export of goods, with a 6,8 per cent. average share in 2017 and as a source of tourism, with 22,3 per cent. of tourists arriving in Portugal from the United Kingdom in January – December 2017[3].

Regardless of the outlines of the United Kingdom's exit from the European Union, it is not possible to determine the impact of the United Kingdom's departure from the European Union and/or any related matters may have on the Issuer and on the Programme. Furthermore, the process of the United Kingdom departing from the European Union may introduce significant new uncertainties and instability in the financial markets, as well as political instability in Europe, and it may also materially affect the economies of countries, including Portugal, which have political and economic ties with the United Kingdom.

Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and no assurance can be given that such matters would not adversely affect the Issuer and/or its ability to satisfy its obligations, including under the Notes.

Eurozone debt crises

The possibility of another sovereign default, the continuing high levels of public and private debt in several Member States and the uncertainty regarding the robustness of the European financial sector could lead to market turbulence and instability, which could negatively impact the Bank's activity. Additional risks to the stability of the European Union could arise from the negotiations in connection with the United Kingdom's exit from the European Union and from the growing electoral weight of anti-European and Eurosceptic political parties in several Member States, including Italy, where the general elections of early 2018 led to the formation of a government supported by two anti-establishment political parties that may challenge the European fiscal rules or put in jeopardy European-wide policies in the areas of immigration or foreign affairs, from which might stem risks to the stability and even the integrity of the European Union. If any or all these risks were to materialise, it could result in severe pressure on the conditions and financing costs of Portuguese banks (particularly regarding deposits) and asset depreciation, with a significant impact on the net interest margin and results of the Bank, credit impairments and mark-to-market valuation of financial assets.

Moreover, the mere existence of a risk to the integrity of the European Union or the Economic and Monetary Union might lead the Bank's customers to reallocate their savings towards other countries that are perceived to be fundamentally more stable than Portugal, thereby posing additional pressure on the financing costs of Portuguese banks and thus adversely affecting the net interest margin and the results of the Bank. Any of the foregoing could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. Finally, the completion of the Asset Quality Review in the European banking system and the progress in the Banking Union, including the launch of the Single Supervisory Mechanism and of the Single Resolution Mechanism, also gave more resilience to the monetary union architecture. In this field it is worth mentioning that the Banking Union is still uncompleted, namely the mechanisms for banking resolution as well as the deposit guarantee scheme, given the absence of a more integrated risk and burden sharing among Eurozone peers,

[3] Source: Portugal's National Statistics Institute (INE), July 2018

situation that may pose some challenges in case some disruptive event occurs.

Additionally, the banking sector is stronger and healthier than in the past but continues to face high levels of non-performing loans ("**NPLs**"), especially in the peripheral countries, situation that hinders further significant progress regarding the completion of the Banking Union. Nevertheless, the respective ratios are declining on a sustainable way, namely in Italy where total NPL ratio fell to 10,2 per cent. in June 2018 from 16,5 per cent. in the 2015[4]. In Portugal, the restructuring of the sector is advancing, with the biggest bank – Caixa Geral de Depósitos – being recapitalized and the sale of Novo Banco being concluded. Additionally, Novo Banco, Caixa Geral de Depósitos and Millennium BCP agreed to create a platform to tackle unproductive credit. The current market perception towards the Portuguese banking system is now more favourable but some worries regarding non-productive assets remain, as the NPL ratio stands high: 11,3 per cent. in September 2018 (17,5 per cent. in 2015)[5].

In a hypothetical scenario of huge financial instability in the international financial markets, a more disruptive framework might return and create difficulties in the access of peripheral markets institutions to the international capital markets, especially given the incomplete nature of the European Banking Union and the lack of a properly capitalized mechanism within the EMU framework, that would provide help at the country level, in a crises scenario. In the case of Portugal, the eligibility of public debt to participate in the Public Sector Purchase Programme ("PSPP") depends on maintaining an investment grade rating, which is currently assigned by all the credit rating agencies recognized by the ECB, DBRS Ratings Limited ("**DBRS**"), Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Ltd ("**Moody's**").

In the event of negative developments in the financial markets, the Issuer's ability to access the capital markets and obtain funding to support its business activities on acceptable terms may be adversely affected. A lack of ability 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.

An eventual deterioration of the financial and economic environment is a source of challenges for the Issuer, and may adversely affect its business, financial conditions and results of operations in the following ways:

- Since the economic and financial crisis of 2007-2008, whose consequences have been aggravated by the European sovereign debt crisis in 2010-2012, the business was affected notably through higher funding costs, both wholesale and retail, and by the depreciation of its shares price and asset values. In case of further deteriorations on market conditions, the Issuer will be affected. Any worsening of the current economic climate could jeopardise the Issuer's strategy and adversely affect its profitability;
- The decline in interest rates in the developed reference markets, including the euro, with negative interest rates registered in the whole spectrum of the yield curve (negative Euribor rates) constitutes also a challenge for the Issuer;
- The Issuer is exposed to potential losses if certain financial institutions, or other counterparties to the Issuer, become insolvent or are not able to meet their financial obligations to the Issuer;
- Numerous banks worldwide have been and are being supported in part by various "rescue plans" and other types of support by their home country governments or are perceived to have huge amounts of capitalisation

[4] Source: "Non-performing loans: the market, the rules and a stronger system" - Speech by the Deputy Director General for Financial Supervision and Regulation at the Bank of Italy, Rome 9 October 2018

[5] Source: Banco de Portugal, Sistema bancário português, 3º trimestre 2018.

needs. The Issuer is uncertain as to how much longer governmental support will be needed to keep these banks solvent and whether governments will have the means or the political will to continue this support. Any failure of government support to continue could result in more bank failures and heightened lack of confidence in the global banking system, thus increasing the challenges faced by the Issuer and other financial institutions.

Economic and financial situation in Portugal may impact the condition, business and results of the Issuer

The economic and financial crisis in Portugal, specifically the developments that have been on the basis of the Economic and Financial Assistance Programme (*Programa de Assistência Económica e Financeira*, the "**PAEF**") by the Troika in the period 2011-2014, have affected negatively the Issuer's financial condition, business and results of operations and any further deterioration of the economic conditions may further affect the Issuer.

Since a substantial part of the Issuer's activities is performed in Portugal, the Issuer depends on the developments in the Portuguese economy, which in turn is affected by the developments of the economic and financial situation in the Eurozone.

After steady economic growth during the years of 1995 – 2000, the Portuguese economy registered a small and unbalanced expansion in the first decade of the 21st century, mainly driven by domestic demand while several imbalances emerged, namely as far as the external situation and debt levels are concerned. As a consequence of the international financial crisis and consequent great recession, the Portuguese economic framework deteriorated and by 2009 Portugal's GDP contracted by 3 per cent.[6]. The economy recovered in 2010, but the intensification of the euro sovereign debt crisis exposed the domestic vulnerabilities, particularly the lack of external competitiveness reflected in high debt across private and public sectors and external financing needs, imbalances that urged to be corrected in order to achieve a more sustainable growth path.

The Portuguese economy registered a contraction of 6,8 per cent.[7], from the end of 2010 to 2013, during the period of external financial assistance. Domestic demand has been particularly affected, having dropped 14,3 per cent. in this period with emphasis to investment whose contraction was particularly abrupt, above 30 per cent. Private consumption has also receded, about 10 per cent., reflecting the fall in disposable income and the deterioration seen in the labour market. Indeed, in the same period, unemployment reached historical highs, at 17,5 per cent.[8] in the first quarter of 2013. The economy returned to growth in the second half of 2013 whereas unemployment fell despite remaining high compared with the historical pattern.

The economy started to recover in mid-2013 and gradually accelerated its pace of expansion in the following years, reaching 2,8 per cent. in 2017, the highest pace of growth in more than a decade. Besides competitiveness gains and structural reforms implemented in the years of external intervention, this performance benefited from strong growth of the external partners, as well as tailwinds in the form of low interest rates, low oil prices and the depreciation of the currency. The labour market improved steadily in this period: the unemployment rate stood at 6,7 per cent. in Q3 2018[9], supporting domestic demand, in particular private consumption. Near term growth prospects keep favourable, as the domestic economy should continue to benefit from past reforms. However, the expected deceleration of external demand

[6] Source: INE data
[7] Source: INE data.
[8] Source: INE data.
[9] Source: INE.

as well as less expansionary monetary policy suggests a deceleration of GDP from 2,1 per cent. estimated for 2018 to slightly less than 2 per cent in 2019 (Banco de Portugal anticipates 1,9 per cent.)[10].

Despite the favourable positive scenario – growth close to 2 per cent, comparing to almost stagnation since 2000 – there are several obstacles and risks to consider that may cause economic growth to disappoint. Apart from external factors that may have a negative impact on growth – sudden increase in interest rates, return of risk aversion, instability in international financial markets, stronger than expected deceleration of external demand – internally the stock of capital continues at low levels. Hence, for the present positive momentum to be sustained it would be necessary a continuous increase in investment, in particular in machinery and equipment, and the reinforcement of human capital (the qualifications of the labour force continue to compare adversely with European peers), in order to boost productivity and increase potential growth. The eventual failure of this process will dictate the country's probable vulnerability once the global economic cycle turns and will jeopardize the process of convergence towards core EMU countries' standards of living. Additionally, domestic demand continues to be hindered by structural factors, related to high debt level at the private and public sectors. The external openness degree has been gradually increasing, which is by itself positive on a long term prospective given the small dimension of the Portuguese economy vis a vis its peers. Nevertheless, a greater exports intensity also increases the sensibility to external shocks which could arise if external demand disappoints, or if financial instability returns due to faster than expected pace of tightening by the U.S. Federal Reserve, due to an eventual lack of support from the ECB (tapering effect), or eventually by the intensification of geopolitical risks. All these are potentially adverse developments that would impact negatively the economic activity, eventually pressuring financing costs for domestic agents and putting at stake some of the improvements already achieved, with unfavourable consequences for the Issuer.

Portugal has successfully restored market access, issuing annually between €15 billion to €20 billion long term debt in the period 2014-2018 through syndications and auctions[11], excluding debt exchanges. In 2019, total issue of *Obrigações do Tesouro* ("OT's") is expected to reach €15.4 billion, according to the Treasury financing programme. These issues have met strong demand by foreign investors reflecting the optimism regarding domestic fundamentals. A new issue of €4 billion in debt by Portugal through syndication was concluded in January 2019 representing circa 30 per cent of the financing expected in the year. Given the significant decrease in funding costs, Portugal obtained authorization to make several early repayments of the IMF assistance loan. By the end of 2018, Portugal repaid the remainder of the loan to IMF; we recall that it represented circa 1/3 of the total financial assistance package, circa 26 bn euros, with comparatively higher cost and lower maturities than the remainder of the package[12].

The ECB PSPP has been one of the main supports for the Portuguese sovereign bond market in recent years, promoting declining financing costs for the State. By the end of 2018, the ECB held more than 10 per cent of public debt outstanding – considering non-consolidated debt (official creditors held circa 23 per cent), an amount which is similar to the weight of retail debt (*Certificados do Aforro, Certificados do Tesouro* and *OTRV*'s)[13]. Central bank intervention is expected to be cautiously scaled down (the monetary authority will keep its holdings of government deb steady, reinvesting issues maturing), avoiding pressures on sovereign risk premia evaluation. However, any disturbance in this process, or a bad management of the central bank communication might have consequences on financial stability, adding pressure to

[10] Source: Banco de Portugal, Boletim Económico, Dez 2018.
[11] Source: Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E. ("**IGCP**").
[12] Source: IGCP.
[13] Source: BPI research calculations using data from IGCP – Boletim Mensal, and Bank of Portugal – Boletim Estatístico or BPStat.

Portuguese financing costs. In this regard, the scheduled replacement of the ECB President, in October 2019, as well as eventual renewed doubts concerning the fiscal consolidation process in Italy, can also cause some disturbances.

Additionally, there are also domestic factors that may induce further deterioration in the Portuguese sovereign risk perception. In particular, despite of the significant progresses achieved in the fiscal front and the decline seen in debt ratios, the government does not have significant leeway to deal with an eventual negative shock on the economy given the higher rigidity of public expenditure, in particular as far as staff costs are concerned. According to the State Budget 2019, fiscal deficit should have reached 0,7 per cent of GDP in 2018 whilst the public debt ratio declined to 121,3 per cent.[14], circa 4 p.p. below 2017 level. Furthermore, the Government plans to continue to diminish the fiscal deficit, to 0,2 per cent in 2019, while the public debt to GDP ratio is projected to decline to 118,5 per cent.[15]. Those are ambitious targets, especially considering the ongoing economic deceleration and possible pressures on expenditures related with the general elections, scheduled for next October. Additionally, this scenario is subject to several risks, including the fact that fiscal consolidation is being achieved mostly via the increase in fiscal revenues (through economic growth and labour market improvements), the containment of interest costs and also the restraint in public investment. Indeed, some recent policies have contributed to add some rigidity to current expenditure (especially through personnel expenditure and pension allowances) on a longer term perspective, hindering the leeway to activate counter-cyclical fiscal policy options in case of negative shocks.

Failure to achieve a sustained growth standard or to proceed with fiscal consolidation would negatively impact the sovereign's risk perception. Additionally, any further deterioration of global economic conditions, including the return of strong instability to international financial markets, adverse changes in the credit risk of other countries in the EU, problems related to the solvency of Portuguese or international banks or changes in the Eurozone's scenario, may lead to additional concerns relating to Portugal's economy and state financing. Furthermore, in case global risk perceptions worsen substantially, the structural imbalances that persist – visible on high debt levels both at public and private sector level and on negative net foreign assets position, one of the worst among developed countries (circa -102,8 per cent. of GDP[16] in Q3 2018) – would highlight the still high vulnerability of the Portuguese economy and be reflected on the deterioration of the risk premia. Thus, the mentioned uncertainties had and may continue to have a significant impact in the Issuer's financial condition, business and results of operations.

Regarding the banking system, the regulatory regime in force established that credit institutions and investment firms should preserve a common equity tier 1 ("**CET1**") capital ratio not below 7 per cent.. According to the Bank of Portugal, the CET1 ratio reached 13,5 per cent. for the Portuguese banking system in the Q3 2018, down from 13,9 per cent.[17] registered in December 2017. The banking system is adjusting but continues to operate in a difficult environment. Balance-sheet challenges persist largely on account of the heavily indebted corporate sector. Even though weak credit fundamentals, in combination with extremely low interest rates on mortgage portfolios and declining lending volumes, continue to constrain the performance of the sector, there are signs of improving profitability based on the reduction of provisions and operational costs. Developments relating to Portugal's banking system include the recapitalization programme of CGD (Caixa Geral de Depósitos, S.A.), a bank totally held by the State, through a public capital injection of €2.5 billion and the issuance of 0.93 billion debt taken by private investors. The public capital injection and €0.5 billion

[14] Source: Source: Bank of Portugal
15 Source: Ministry of Finance, State Budget 2019
[16] Source: Bank of Portugal – data available in BPStat.
[17] Source: Bank of Portugal "Sistema Bancário Português: desenvolvimentos recentes- 2º trimestre 2018"

of the private debt issue were concluded in March 2017. Additionally, in October 2017 the US equity fund Lone Star signed the agreement to acquire 75 per cent of Novo Banco, concluding a 3 year long process with success and adding to the current more benign perception on the Portuguese banking system. Despite the Novo Banco completed sale, there are still eventual contingent costs for the public sector, as the Resolution Fund kept a position of 25 per cent of the bank and eventual legacy costs might arise, with potential costs for the public sector. Eventual major negative surprises in this front would be negatively reflected both in the sovereign risk premia as well as on the banking sector perceptions abroad, with an eventual negative impact for the Issuer.

Between 2011 and 2012 the rating classification of the Republic's sovereign debt suffered several downgrades and was classified as sub-investment asset by all rating agencies with the exception of DBRS rating agency, a Toronto based rating provider, also recognized by the ECB as far as collateral eligibility is concerned. However, since 2017 the sovereign rating classification by major credit agencies has been gradually upgraded in line with the better fundamentals of the Portuguese economy and in 2018 all the major agencies classifications returned to investment grade. Current ratings of the Portuguese Republic are as follows: S&P: BBB, upgraded from BBB- as of 15 March 2019, with a stable outlook; Moody's: Baa3, upgraded from Ba1 as of 12 October 2018, with a stable outlook; Fitch: BBB as of 15 December 2017, with a positive outlook as of 24 May 2019; and DBRS: BBB as of 20 April 2018, with stable outlook and reaffirmed as of 5 April 2019, with a positive outlook. Further increases in the sovereign's classification should be contingent on the prolonging of a sustained and healthy growth path as well as on additional structural improvements, namely as far as the major imbalances are concerned. On the contrary, in case of much weaker economic growth, changes in the fiscal policy stance, or a retracement on the banking system situation the positive trends seen in the sovereign's risk classification might change and eventually reverse, undermining the basis for the positive outlook or eventually even causing downgrades[18].

Current economic conditions in Portugal entail the containment in the demand for credit and for financial products and services in the markets in general. Alongside with financial assets quality deterioration, these may have an adverse effect on the financial condition and results of the Issuer.

Banking Markets and Competition faced by the Issuer

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. Mergers and acquisitions involving the largest Portuguese banks have resulted in a significant concentration of market share. According to data collected from APB – Portuguese Banking Association, currently, the Portuguese financial system is quite concentrated. In 2017, the five largest banks controlled 84,6 per cent. of total assets, and the two largest, 46,6 per cent.. The principal competitors of the Issuer in the banking sector (ranking in terms of assets as of 31 December 2017) are Caixa Geral de Depósitos, the Millennium BCP group, the Novo Banco and the Santander/Totta group.

Although the Issuer believes that it is in a strong position to continue to compete in the Portuguese market, there is no assurance that it 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.

[18] Source: Bloomberg data

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.

The Issuer's exposure to adverse political, governmental or economic developments related to its international equity holdings

Since 2014, when the oil price started a prolonged decline from levels above 100 $/barrel, the Angolan economy suffered strong adjustments, which are apparent in the decline of its GDP, or total imports (measured in US dollars): respectively circa 30 per cent. and 50 per cent. 19. After the national elections of August 2017, the economy entered a renewed adjustment phase under the administration of the new President, João Lourenço. The government intends to diversify the economy and reduce the dependence on the oil sector, promoting foreign direct investment, improving the institutions governance, fostering the environment for doing business, reducing bureaucracy and red tape; some examples are the changes in the Competition Law, the announced changes in the Private Investment Law or the simplification of tourist visas, among others. On the economic front, the government enacted an economic stabilization programme, which entailed among others, changes in the foreign exchange policy, more strict rules for the banking system and the enacting of an external assistance programme with the IMF, among others.

The developments in the oil sector keep conditioning the economic activity in Angola, as oil still represents close to 97 per cent. of total exports and 74 per cent. of the Executive's tax revenues20, emphasizing the need to accelerate the diversification process. After years of exceedingly low oil prices in 2016 and 2017, there was a recovery to levels close to USD 70 in 2018, higher than the 2018 State Budget assumption of USD 50. However, on average, according to data collected from the Angolan Ministry of Finance, oil production recorded a 9,9 per cent. decrease in 2018, in comparison to 2017, reaching 1.46 mbd in 2018 (1.62 mbd in 2017), partially compensating the positive boost on revenue coming from oil prices. The decrease in oil production was due to the underinvestment seen in the sector in the previous years and the fact that some oil fields were reaching maturity. So, it will be important to analyse how the Angolan oil output is going to evolve during 2019, considering past restrictions in production, the restraints in production imposed under the OPEC agreement and the implementation of some new projects that will come on stream.

According to the last information published by the Government, the budget deficit should have improved to +0,6 per cent. of GDP in 2018, from -6,3 per cent. of GDP in 2017. In 2018, fiscal revenues increased in comparison to the previous year, especially due to oil taxes. In fact, the increase in oil price should have contributed to the 93 per cent. rise in oil taxes in 2018. For 2019, the Government is expecting an improvement of the overall fiscal balance to +1,5 per cent. of GDP in line with the IMF's estimate (+1,3 per cent.). In the 2019 Budget, the Executive assumes the level for oil prices at USD 68 for 2019 and expects that oil production will increase to 1.57 mbd. Considering the past deviations between the assumption for oil production and the observed value, it is important to consider the possibility that oil production may not reach the official target (1.57 mbd) in 2019. Additionally, it is also important to analyse how the oil price will evolve in the international markets: if prices record similar values to the ones seen since the beginning of this year, oil revenues would stay below the projections. Angola reached an agreement with the IMF for a 3-years financing program

[19] Source: International Monetary Fund, "IMF"
[20] Source: Ministry of Finance of Angola

(USD 3.8 billion), with conditionality, and one of the focus will be the fiscal policy, especially, the diversification of non-oil revenues (adoption of VAT in July 2019), eliminating subsidies and clearing domestic arrears. The agreement with the IMF is positive for the transparency of the public accounts and the measures imposed by the Fund should contribute for an improvement of fiscal environment. However, there are some risks, including the eventual negative impact on economic activity, given the heavy reliance of the economy on public investment and public sector activity. Additionally, the IMF also highlights other risks for the public accounts, especially contingent costs associated to state-owned enterprises (including Sonangol - Sociedade Nacional de Combustíveis de Angola), the possibility of weak developments in the oil sector (lower production and/or price), more restrictive global financial conditions, resistance to reforms, shocks to the debt trajectory and adverse developments in the domestic financial sector.

Recent years of systematic public deficits, in a context of lower oil prices and feeble economic growth, and, more recently, the depreciation of the domestic currency, led to a substantial increase in the public debt ratio. In fact, the IMF estimated an increase to 91 per cent. of GDP in 2018, from 39,8 per cent. in 2014[21]. This evolution was mainly due to the external debt, boosted by financing agreements with other countries and the depreciation of the kwanza against the dollar. One of the most relevant conditions of the agreement with the IMF includes a gradual fiscal consolidation with the aim of achieving a sustainable debt ratio; the goal is to reach 65 per cent. of GDP in 2023. However, according to the IMF, it is expected that total debt service will continue at high levels, around 81,5 per cent. of fiscal revenues per year during the program. Angolan public debt will continue vulnerable to the economic growth outlook, oil prices and contingent liabilities. Additionally, another source of risk is related to the debt denominated or indexed to foreign currency, which will continue exposed to the currency risk.

The exchange rate was kept artificially constant against the dollar since April 2016 to the end of 2017, despite the pressures coming from falling reserves and a challenging current account deficit. The new Government, that took power after August 2017 elections, announced the aim to reduce the gap between the so-called informal exchange rate (by end 2017 the kwanza traded close to 400 against the USD22) and the official rate. Hence, in January 2018, the monetary local authority (Banco Nacional de Angola, "BNA") announced the adoption of a floating exchange rate regime (controlled), and the currency devalued circa 47 per cent against the euro, the new reference for Angola and the central bank, in 2018. It is expected that the adjustment continues in 2019, although at a more gradual pace, in line with the goal to diminish the gap between the parallel and official exchange rate to levels around 25 per cent. (in the previous year, the gap stood at around 36 per cent.). Although this policy is considered the wisest given the present imbalances in the macroeconomic front, it cannot be excluded adverse developments in the future, with potential negative impacts for the Issuer's results.

Growth outlook is still grim: according to the Angolan INE's figures, the economy contracted 2,8 per cent. in the first three quarters of 2018, due to the decline seen in the oil sector (-8,7 per cent. in this period). For 2019, the Government anticipates a 2,8 per cent. growth rate; the oil sector should increase 3,0 per cent., while the non-oil sector should reach a 2,6 per cent. expansion rate. This scenario seems optimistic given present levels of the oil price and considering the constraints for oil production, (official targets are USD 68 and 1.57 mbd, respectively). Going forward, diversification is expected to accelerate and growth should be probably driven by the non-oil part of the economy; in fact, one of the ambitious of the IMF agreement is to improve the business environment, which might incentivize the private non-oil sector.

[21] Source: IMF Country Report, December 2018
[22] Source: Site Kinguila Hoje

Having said this, the largest negative risk to Angola is connected to developments in the oil sector, including the unfavourable evolution of Brent prices in the international markets. Moreover, other negative risks are not negligible, especially the ones related to the more adverse international macro financial context, as well as some risks related to the Angolan financial sector. A potential deterioration of the scenario includes the possibility that access to financing is restricted in the international financial markets (less probable given the IMF program), situation that might imperil the Issuer's capacity to generate value from the Angolan market.

Regarding the external accounts, according to data released by BNA, the goods balance improved 39 per cent. in 2017, valued in US$, relative to 2016, as the rise in exports (25 per cent.) surpassed the increase in imports (11 per cent.) – the performance of exports was fully supported by the oil price increase in 2017, as volume of oil exported dropped 6 per cent.. For the first three quarters of 2018, exports rose 25 per cent. in comparison to the same period of 2017 (measured in USD), while imports dropped by 6 per cent. year over year ("y-o-y"); the trade balance improved almost 44 per cent. in this period of analysis. The favorable evolution of the trade balance should contribute to a surplus of the current account in 2018; in fact, in the first two quarters of 2018, the current account recorded a USD 5.2 billion surplus, equivalent to 10 per cent. of GDP (in the same period of 2017, the current account recorded a 1.7 billion deficit). Despite the positive numbers, it is also important to highlight the heavy dependence of external accounts on the oil exports (97 per cent of total exports).

Economic Indicators and Forecasts

	2012	2013	2014	2015	2016	2017	2018P	2019F
Real Gross Domestic Product growth (yoy, %)	5.2	6.8	4.8	3.0	-2.5	-0.1	-1.1	2.8
Oil Sector	4.3	-0.9	-2.6	6.5	-2.7	-5.2	-6.9	3.0
Non-oil sector	5.6	10.9	8.2	1.6	-2.2	3.1	1.0	2.6
Oil production (million barrels/day)	1.72	1.73	1.63	1.76	1.72	1.62	1.46	1.57
Price of Angolan oil (average, USD/barrel)	111.0	107.5	100.8	51.4	40.6	52.6	70.7	68.0
Consumer Price Index (yoy change, end-of-period)	9.0	7.7	7.5	14.3	42.0	26.2	18.2	15.0
Fiscal Balance (% GDP)	6.7	0.3	-6.6	-3.3	-3.8	-6.3	0.6	1.5
Non-oil Primary Fiscal Balance (% GDP)	-55.5	-48.3	-44.6	-21.9	-12.6	-16.2	-13.0	-13.8
Gross International Reserves (million of USD, end of period)	32,155	32,213	27,739	24,419	24,353	18,059	16,638	17,513
Average exchange rate (USD/AOA)	95.3	96.5	98.3	108.3	165.7	165.9	252.4	352.0

Source: INE, BNA, Ministry of Finance, IMF (country report, December 2018), BPI calc..
Note: P - preliminar; F - Forecast

According to BNA data, net foreign reserves continued to decrease during 2018, standing at USD 11.1 billion in December 2018, a 17 per cent. drop in comparison to December 2017. The context of lower oil prices (in comparison to 2011-14), the increase of frequency of Foreign Exchange auctions to decrease arrears, and the continuous pressure coming from the demand for foreign exchange to import goods and services (given Angola's high dependence from imports to meet domestic demand needs) explain this unfavourable evolution of international reserves.

Given the adverse external framework since mid-2014, due to the deep fall in oil prices, BNA took a pre-emptive restrictive stance as far as the monetary policy is concerned in an attempt to counter external accounts pressure as well as the upward trend in inflation. Accordingly, BNA raised its benchmark rate by 900 b.p. since 2015, to 18 per cent. at the end 2017. During 2018, the central bank shaved the reference rate once, by 150 basis points to 16,5 per cent. in an attempt to stimulate the economy. However, going forward the central bank should keep a restrictive monetary stance, in line with the IMF program, with the aim of controlling the negative effects on inflation rate coming from the depreciation of the currency and adjustments in utilities and fuels prices. According to the Angolan national statistics office (INE), annual inflation reached an average of 32,2 per cent. in 2017, and 20,3 per cent in 2018. Despite the depreciation of the kwanza, inflation recorded a descending trend as the pass-through effect was compensated by the significant weakness of domestic

demand. This downward trajectory should continue, although more gradually, over the next years, but the inflation rate should remain at double-digit levels in the middle run.

As of November 2018, total lending to the economy[23] registered a 16 per cent. y-o-y increase, reflecting a 9 per cent. y-o-y rise in credit to the private sector. At the same time, total deposits recorded a 17 per cent. increase until November, with a significant increase in deposits denominated in foreign currency (48 per cent. y-o-y).

The kwanza is not freely convertible and may not, except in the limited circumstances, be exported from or imported into Angola. This means that cross-border payments and transfers need to be effected in foreign currency, which may result in an additional risk to the Issuer.

Contribution of the equity holdings in BFA and BCI to consolidated net income

Amounts in m million

		2017	2018
BFA Contribution	1	(119.5)	73.2
Of which			
Impact from sale of 2% of BFA and deconsolidation		(211.6)*	
Impact of BFA reclassification			(138.6)
BCI Contribution	2	8.1	20.5
Other **	3	(2.1)	0.6
Total *[= 1 + 2 + 3]*	4	(113.5)	94.4

* From the €212 million negative impact of the sale of 2% of BFA and deconsolidation, - €182 million corresponded to the transfer to the year's net income of negative foreign currency reserves accumulated on conversion of BFA's financial statements from AKZ to EUR

** Contribution of BPI Moçambique (sold in Dec. 17) and BPI Capital África (wound up in Dec. 18)

Source: Issuer's 2018 Annual Report

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.

The Issuer is subject to compliance risk with existing and future regulations, the breach of which can cause damages to the Issuer

The Issuer operates in a highly regulated industry and its banking activities are subject to extensive regulation by, among others, the ECB, the Bank of Portugal, the European Banking Authority ("**EBA**"), the European Securities and Markets Authority ("**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. Such regulations relate to liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices.

Those regulations are complex and its fulfilment entails high costs 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 financial market tensions and increasing difficulties in the transmission mechanism of the central banking system for the Euro ("**Eurosystem**") monetary policy have created the need for the establishment of integrated supervision in the

[23] Source: Banco Nacional de Angola.

euro area (the Single Supervisory Mechanism) as a first step towards a banking union and the materialisation of a true economic and monetary union. The Banking Union should rely – in the long term – on three complementary pillars: the Single Supervisory Mechanism, the Single Resolution Mechanism and the European Deposit Insurance Scheme. The Council Regulation (EU) No. 1024/2013, of 15 October 2013, established the Single Supervisory Mechanism composed of the ECB and competent national authorities (NCAs) of participating Member States. The Single Supervisory Mechanism is further regulated by Regulation (EU) No. 468/2014, of the ECB, of 16 April 2014. The ECB will be responsible for the prudential supervision of credit institutions in the euro area, with a view to contributing to the safety and soundness of credit institutions and the stability of the financial system within the EU and each Member State, with full regard and duty of care for the unity and integrity of the internal market. The Regulation (EU) No. 806/2014, of the European Parliament and of the Council, of 15 July 2014, established uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (comprised of the Single Resolution Board and the national resolution authorities) and a Single Resolution Fund. The Single Resolution Mechanism of banks will contribute to the resolution of institutions without affecting systemic stability and the financial situation of the countries where they operate. A proposal for a Regulation of the European Parliament and of the Council amending the Regulation (EU) No. 806/2014 in order to establish an European Deposit Insurance Scheme is currently under discussion at a EU level. A common system of deposit protection will help reduce the likelihood of potential deposit runs, which, in a contagion situation, would rapidly constrain banking liquidity. These three pillars of the Banking Union are based on the assumption that a single prudential rulebook will be maintained, which may be more flexible for macro-prudential policy purposes, under the European Union coordination.

Article 45 of 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 (the "**EU Crisis Management Directive**", the "**BRRD**" or the "**Bank Recovery and Resolution Directive**") provides that Member States shall ensure that institutions meet, at all times, a minimum requirement for own funds and eligible liabilities (known as "**MREL**"). The MREL shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. The EBA was in charge of drafting regulatory technical standards on the criteria for determining MREL (the "**MREL RTS**"), which was set up in the Commission Delegated Regulation (EU) 2016/1450, of 23 May 2016, with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities (the "**Delegated Regulation**").

The level of capital and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on certain criteria including systemic importance. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written-down or converted under that law (including through contractual provisions).

The MREL requirement was scheduled to come into force by January 2016. However, the EBA has recognised the impact which this requirement may have on banks' funding structures and costs. Therefore, it has proposed a long phase-in period of 48 months (four years) until 2020.

If the resolution authority finds that there could exist any obstacles to resolvability by the Issuer, a higher MREL requirement could be imposed. Any failure by the Issuer to comply with its MREL may have a material adverse effect on

the Issuer's business, financial conditions and results of operations.

As part of the EU banking reforms, the EC published on 23 November 2016 a proposal for a Directive of the European Parliament and the Council on amendments to the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy (the "**MREL Proposal**"). On 25 May 2018, the Council of the EU adopted a General Approach with amendments to the European Commission's above package of proposals. On 19 June 2018, the European Parliament adopted its reports with amendments to the European Commission's package of proposals, and, following trilogue negotiations from July 2018 to February 2019, the Council of the EU and the European Parliament reached a final agreement on the package of proposals (the "**Political Agreement**"). The Political Agreement has been endorsed (i) on 15 February 2019, by the COREPER and (ii) on 26 February 2019, by the European Parliament's Committee on Economic and Monetary Affairs and will undergo a legal linguistic revision before the final adoption. (the European Commission's package of proposals dated 23 November 2016, together with the Council of the EU's General Approach dated 25 May 2018, the European Parliament's reports dated 19 June 2018, the Political Agreement and its endorsements by the COREPER dated 15 February 2018 and by the European Parliament's Committee on Economic and Monetary Affairs dated 26 February 2019, together, the "**EU Banking Reforms**"). The timing for the final implementation of these reforms as of the date of this Base Prospectus is unclear. As of the date of this Base Prospectus, the EU Banking Reforms are subject to further discussions and possible amendments at the European Parliament, the Council of the EU and the European Commission. Among the European Commission's package of reforms, the MREL Proposal aimed at harmonising national laws on recovery and resolution of credit institutions and investment firms, in particular as regards their loss-absorbency and recapitalisation capacity in resolution and proposes the creation of a new asset class of "non-preferred" senior debt that should only be bailed-in after other capital instruments but before other senior liabilities. In result of the MREL Proposal, on 27 December 2017, Directive 2017/2399/EU of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal and has been transposed to national law through Law 23/2019 of 13 March.Additionally, as a consequence of the persistence of the financial crisis and the subsequent government intervention, regulation in the financial services sector has increased substantially and is expected to continue to do so, which may include the imposition of higher capital requirements, demanding duties of information and restrictions on certain types of activity or transaction. Also, new regulations may restrict or limit the type or volume of transactions in which the Issuer participates, or that the fees or commissions that the Issuer charges on certain loans or other products must be changed, and consequently any of these events may have a material adverse effect on the Issuer's business, financial condition and the results of its operations.

The fulfilment of both the current and future capital requirements as set out by the European authorities and by the Bank of Portugal could lead the Issuer's Group to attract additional capital and/or to face adverse consequences

The own funds requirements represent a measure of the activity risk, notably of the credit risk, market (currency and trading portfolio risks included) and operational risks, which are calculated according to the prudential regulations in force.

Regarding credit risk, the Issuer's Group applies the standard approach to obtain the prudential capital requirements. As to the operational risk, the Issuer's Group uses the basic indicator approach. The capital should not only cover the applicable requirements on current activity (such as the solvability ratio requirements and any other requirements imposed by the supervisory authorities) but also take into account the strategic needs of growth, subject to market conditions (such

as the cost of capital and cost of debt) as well as preserve a solid reputation among its customers, shareholders and other stakeholders.

The own funds required to meet those objectives are calculated taking into account the financial statements of the Issuer, pursuant to the applicable law or regulations in force. Basel III Recommendations were enacted as European Union law through the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions (the "**CRD IV**") and the Regulation 575/2013 of the European Parliament and of the Council of 26 June establishing new and detailed prudential requirements to be observed by institutions (the "**CRR**"). The CRR is directly applicable to the Member States since 1 January 2014 and includes provisions regarding, for instance, own funds requirements, minimum capital ratios, liquidity ratios.

Regarding capital ratios, the banks were obliged to a minimum compliance with a gradually increase until 1 January 2019. Pilar 1 minimum requirements stand at 4,5 per cent. for Core Tier 1, 6 per cent. For Tier 1 and 8 per cent. For total capital ratio.

CRD IV includes general rules and supervision powers, wages, governance and disclosure requirements as well as an introduction of 5 additional capital buffers:

- A capital conservation buffer of 2,5 per cent. of risk-weight assets;
- Countercyclical capital buffer rate between 0 and 2,5 per cent. of Core Tier 1 assets, pursuant to the conditions to be established by the competent authorities;
- Systemic risk buffer: i) applicable to the institutions with a global systemic importance: between 1 and 3,5 per cent.; ii) applicable to other institutions with a systemic importance: between 0 and 2 per cent.; and iii) macroprudential systemic risk: between 1 and 3 per cent. or between 3 and 5 per cent., depending on the economical conjecture.

These buffers, apart from the macroprudential systemic risk, were determined to apply gradually from 2016, although the Member States could anticipate this.

The Bank of Portugal, in the exercise of its powers as national macro-prudential authority, has decided that the capital conservation buffer would be phased-in; as of January 2017, the buffer was set at 1,25 per cent., as of January 2018, the buffer is set at 1,875 per cent; and as of January 2019, the buffer is set at 2,5 per cent..

The Bank of Portugal, in the exercise of its powers as national macro-prudential authority, has set the countercyclical buffer rate at 0 per cent. of the total risk exposure amount, which started in 1 January 2016. This buffer applies to all credit exposures to the domestic private non-financial sector of credit institutions and investments firms in Portugal subject to the supervision of Bank of Portugal or the ECB (Single Supervisory Mechanism), as applicable. The Bank of Portugal reviews this decision on a quarterly basis.

Considering the minimum capital levels already defined on both the CRR and CRD IV, banks shall comply with:

- Minimum CET1 ratio: 7 per cent. (4,5 per cent. base value and an additional 2,5 per cent. of capital conservation buffer);
- Minimum Tier 1 ratio: 8,5 per cent. (6 per cent. base value and an additional 2,5 per cent. capital conservation buffer);
- Total ratio: 10,5 per cent. (8,0 per cent. base value and an additional 2,5 per cent. capital conservation

buffer).

The CRD IV has been transposed in Portugal by Decree-Law no. 157/2014 which has amended several laws and decree-laws, including the General Regime for Credit Institutions and Financial Companies ("**RGICSF**", enacted by Decree-Law no. 298/92, dated 31 December, as amended from time to time). On 1 January 2014, the adoption of CRD IV was complemented by the entering into force of the Notice 6/2013 of Banco de Portugal, which established how the transitional provisions of the CRR would apply to minimum capital requirements and the respective calculation, and pursuant to CRR, Banco de Portugal has established that banks should permanently ensure the maintenance of a CET1 capital ratio level of at least 7 per cent.. Notice 6/2013 of Banco de Portugal has been revoked by Notice 10/2017 of Banco de Portugal, which regulates the prudential treatment of qualified holdings outside the financial sector when certain limits are exceeded, the percentage applicable for the purposes of calculation of the liquidity outflows corresponding to stable retail deposits, as well as the percentages applicable for the purposes of calculating the deduction from CET 1 capital for deferred tax assets, existing before 1 January 2014, that rely on future profitability.

A five year transitory period was projected in order to adapt the previous applicable rules to the new regulations.

According to the Supervisory Review and Evaluation Process (SREP) decision for 2019, the following are the minimum capital ratios that BPI has to meet from 1 January 2019:

	Capital ratios at 31.12.2018	Minimum capital ratios requirements (2)							
			Of which:				Of which:		
Banco BPI consolidated	Fully loaded (1)	Phase-in	Pilar 1	Pilar 2	Buffers(3)	Fully loaded	Pilar 1	Pilar 2	Buffers(3)
CET1	13.2%	9.25%	4.5%	2.0%	2.75%	9.5%	4.5%	2.0%	3.0%
T1	13.2%	10.75%	6.0%	2.0%	2.75%	11.0%	6.0%	2.0%	3.0%
Total ratio	14.9%	12.75%	8.0%	2.0%	2.75%	13.0%	8.0%	2.0%	3.0%

(1) As from the 1st January 2018, Banco BPI calculates the capital ratios as fully loaded only.
(2) The SREP Decision for 2019 only applies to Banco BPI's ratios on a consolidated basis. Thus, from the 1st January 2019, the CET1 requirement on an individual basis is 7.25%, less restrictive than the consolidated one. At 31 December 2018, CET1 fully loaded on an individual basis was 12.8%.
(3) The capital conservation buffer for 2019 is 2.5%, reaching the maximum foreseen for this buffer. The counter-cyclical buffer is kept at 0% for Portugal. The O-SII buffer increases linearly over 4 years starting in 2018 to reach 0.5% by 2021, standing at 0.25% in 2019.

Changes in the Basel Committee's recommendations, and/or new recommendations, can adversely affect the Issuer

Recent developments in the banking market have suggested that even stricter rules may be applied by a later framework ("**Basel I**V"), which is expected to follow Basel III and will require more stringent capital requirements and greater financial disclosure. Basel IV is likely to comprise higher leverage ratios to be met by the banks, more detailed disclosure of reserves and the use of standardised models, rather than banks' internal models, for the calculation of capital requirements.

The Basel Committee is working on several policy and supervisory measures aimed at enhancing the reliability and comparability of risk-weighted capital ratios. These measures include revised standardised approaches for credit risk and for operational risk, a set of constraints on the use of internal model approaches for credit risk, including exposure-level, model-parameter floors, and a leverage ratio minimum requirement, and aggregate capital floors for banks that use internal models based on the proposed revised standardised approaches.

In 2014, the Basel Committee issued a final regulatory text for a new standardised approach for measuring counterparty credit risk exposures, which is included in the Proposals (as defined below). Moreover, in January 2016, the Basel Committee completed the Fundamental Review of the Trading Book, a comprehensive revision of the capital adequacy standard for market risk, which is also included in the Proposals. The new standard entails substantial revisions to both the standardised approach and the internal models approach. Furthermore, in March 2016, the Basel Committee published a proposal for a new standardised measurement approach for operational risk, which would replace all existing approaches for operational risks, including the Advanced Measurement Approach, which is the internal model-based approach for measuring operational risk in the current framework.

In December 2014, the Basel Committee issued a consultative document on the design of a capital floor framework. The framework would be based on the proposed revised standardised approaches, to limit the risk of capital requirements being too low due to the use of internal models. The new floor framework would replace the current capital floor, based on the Basel I standard, for banks using internal models.

In December 2015, the Basel Committee published its second consultative document on a revised standardised approach for credit risk. The document proposes, among other things, to reduce reliance on external credit ratings, increasing risk sensitivity and reducing national discretions.

In March 2016, the Basel Committee proposed constraints on the use of internal model approaches for credit risk. In particular, the Basel Committee proposed to remove the option of using the IRB approaches for certain exposures; to adopt exposure-level, model-parameter floors; and to provide greater specification of parameter estimation practices.

The new framework is in the process of being finalised for all relevant workstreams and there is a high degree of uncertainty with regards to the Basel Committee's final calibration of the proposed reforms, and subsequently, how and when these reforms will be implemented in the EU. It is thus too early to draw firm conclusions regarding the impact on future capital requirements.

Compliance Risks faced by the Issuer

The Issuer is subject to rules and regulations related to the prevention of money laundering and terrorism financing. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the Issuer believes that its current anti-money laundering and anti-terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, the Issuer cannot ensure that it will comply at all times with all rules applicable to money laundering and terrorism financing as extended to the whole group and applied to its workers in all circumstances. A possible violation, or even any suspicion of a violation of these rules, may have serious reputational, legal and financial consequences, which could have a material and adverse effect on the Issuer's business, financial condition or results of operations.

On 25 May 2018, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (the "**General Data Protection Regulation**") entered into force. Being a regulation, it is directly effective in all Member States without the need for the implementation of additional national legislation. The implementation and compliance with this regulation (and any additional national legislation passed in the context of the General Data Protection Regulation) is complex and entails significant costs and time, given that the General Data Protection Regulation

introduces substantial and ambitious changes. Additionally, non-compliance with the General Data Protection Regulation may cause reputational damages and the application of very significant fines.

The creation of a deposit protection system applicable throughout the EU may result in additional costs to the Issuer

On 2 July 2014, Directive 2014/49/EU providing for the establishment of deposit guarantee schemes (the "**recast DGSD**") and the harmonization of the deposit guarantee systems throughout the EU entered into force. The recast DGSD introduces harmonised funding requirements (including risk-based levies), protection for certain types of temporary high balances, a reduction in pay-out deadlines, harmonisation of eligibility categories (including an extension of scope to cover deposits by most companies regardless of size) and new disclosure requirements and was transposed in Portugal through Law no. 23-A/2015, of 26 March 2015, amended by Law no. 66/2015, of 6 July 2015. The recast DGSD also sets the harmonised coverage level at EUR 100,000 and retains the principle of a harmonised limit per depositor rather than per deposit (such limit to be applied, in principle, to each identifiable depositor, except for collective investment undertakings subject to special protection rules). Each institution's contribution to a deposit guarantee scheme will be based on the amount of covered deposits and the degree of risk incurred by the respective member.

According to the BRRD, and consequently the RGICSF, with the amendments of Law No. 23-A/2015, of 26 March 2015, banks must ensure that by 3 July 2024 the financial resources available to a deposit guarantee scheme amount to a target-level of 0.8 per cent. of the amount of Deposit Guarantee Fund covered deposits.

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

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

Furthermore, a proposal for a Regulation of the European Parliament and of the Council amending the Regulation (EU) No. 806/2014 in order to establish an European Deposit Insurance Scheme ("**EDIS**") is currently under discussion at a EU level.

The establishment of EDIS is contingent on certain political decisions, in particular as to whether it should be a system based on the reinsurance between the several national deposit guarantee funds or a mutualisation mechanism at the European level. The decision and implementation processes of the guarantee scheme may have material adverse effects on the Bank's business activity, liquidity, financial condition, results of operations and prospects.As a result of these developments, the Issuer's Group may incur additional costs and liabilities which may adversely affect the Issuer's operating results, financial condition and prospects. The additional indirect costs of the deposit guarantee systems may also be significant, even if they are much lower than the direct contributions to the fund, as in the case of the costs associated with the provision of detailed information to clients about products, as well as compliance with specific

regulations on advertising for deposits or other products similar to deposits, thus affecting the activity of the relevant banks and consequently their business activities, financial condition and results of operations.

Potential impact of the recovery and resolution measures on the Issuer's activity

Decree-Law no. 31-A/2012, of 10 February, introduced the legal framework for the adoption of resolution measures into the RGICSF. Such resolution framework has been further amended by Decree Law no. 114-A/2014, of 1 August, Decree Law no. 114-B/2014, of 4 August, Law no. 23-A/2015, of 26 March, and Decree-Law no. 140/2015, of 31 July, which have transposed the BRRD into the Portuguese framework.

The provisions of the BRRD aim at harmonizing the resolution procedures of, among other things, credit institutions of European Union Member States and provide the authorities of such Member States with tools that aim to prevent insolvency or, when insolvency occurs, to mitigate its adverse effects, by maintaining the systemically key functions of said institutions.

This new framework provides for, among others, the following features:

- Preparation and planning stage: Preparation for adopting measures of recovery and resolution, including (a) drawing up and submitting recovery plans by credit institutions to the competent authority for evaluation, which shall provide for the measures to be taken for restoring their financial position following a significant deterioration of their financial position and (b) drawing up of a resolution plan for each credit institution or group;

- Early intervention stage: When the institution breaches the applicable legal requirements governing its activity or is likely to breach them in the near future, the competent authority is conferred with power to, among others: (a) limit or modify exposure to risk; (b) require additional information; (c) set restrictions or prohibitions on certain activities and changes to group structures; (d) restrict or prohibit the distribution of dividends to shareholders or the payment of interest to holders of additional tier 1 instruments; (e) replace managers or directors; and (f) require credit institutions to transfer assets that constitute an excessive or undesirable risk to the soundness of the institution.

- Resolution measures: The resolution measures that may be implemented by the resolution authority, either individually or in conjunction, are:

    - Sale of business tool**:** transfer to a purchaser, by virtue of a decision of the resolution authority, of shares or other instruments of ownership or of some or all of the rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution, without the consent of the shareholders of the institution under resolution or of any third party other than the acquirer;

    - Bridge institution tool**:** establishment of a bridge institution by the resolution authority, to which shares or other instruments of ownership or some or all of the 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 the shareholders of the institution under resolution or of any third party;

    - Asset separation tool (to be used only in conjunction with another resolution measure): transfer, by virtue of a 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. The asset management vehicles are legal persons owned in total or partially by the relevant resolution fund;

- Bail-in tool: write-down or conversion by the resolution authority of any obligations of an institution under resolution, except for the some obligations, as defined under the applicable law. 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 in case it is 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 the relevant institution and/or certain other members of the institution's group meet the following conditions ("**Resolution Conditions**"): (a) such institutions and/or certain other members of the respective institution's group 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 any measures by the relevant institutions and/or certain other members of the relevant institution's group, the application of early intervention measures or through the application 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:

- ensures the continuity of essential financial services for the economy;
- prevents serious consequences to financial stability, including by preventing contagion between financial entities and maintaining market discipline;
- protects the interests of taxpayers and the public treasury by minimising the use of public funds;
- protects the funds and assets held for and on behalf of clients and related investment services; and
- safeguards the confidence of depositors and investors protected by any applicable depositors and investors compensation schemes.

For the purposes of applying resolution measures, an institution, and/or certain other members of the institution's group, is considered to be failing or likely to fail when either: (a) it is, or is likely in the near future to be, in breach of requirements for maintaining its licence; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (d) it requires extraordinary public financial support, except when, in order to remedy a serious disturbance in the Portuguese economy and preserve financial stability, the extraordinary public financial support takes the form of: (i) a State guarantee to back facility agreements, including liquidity facilities provided by central banks according to the central banks' conditions and newly issued liabilities; or (ii) a public investment capitalisation transaction, subject to, at the time such public investment is carried out, none of the Resolution Conditions, nor any of the Non-viability Loss Absorption Tool Conditions (as defined below) having to be met by the relevant institution.

Upon the entry into force of Regulation (EU) no. 806/2014 of 15 July 2014 on 1 January 2016, the Bank of Portugal's powers as resolution authority in relation to BPI were transferred to the Single Resolution Board.

The implementation of resolution measures is not subject to the prior consent of the credit institution's shareholders, nor that of the contractual parties related to assets, liabilities, off-balance sheet items and assets under management to be sold

or transferred.

Finally, pursuant to the RGICSF, prior to the application of a resolution measure, the resolution authority shall engage an independent entity for the purposes of carrying out a valuation of an institution's assets, liabilities and off-balance sheet items. In the application of any resolution measure, the resolution authority shall ensure that an institution's first losses are borne by the respective shareholders, followed by the creditors (save for depositors covered by a deposit guarantee scheme) of an institution, in an equitable manner and in accordance with the order of priority of the various classes of creditors under normal insolvency proceedings.

As regards the bail-in resolution tool, it may be used alone or in combination with other resolution tools where the relevant resolution authority considers that an institution meets the Resolution Conditions and gives such resolution authority the power to write down certain claims of unsecured creditors of a failing institution and/or to convert certain unsecured debt claims into equity, which could also be subject to any future application of the general bail-in tool. In addition to the resolution tools described above, the RGICSF provides for the resolution authorities to have the further power to permanently write-down, or convert into equity (common equity tier 1 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**"). Any shares issued upon any such conversion into equity may also be subject to any application of the bail-in tool.

For the purposes of the application of any Non-viability Loss Absorption Measure, the point of non-viability under the RGICSF is the point at which any of the following conditions (the "Non-viability Loss Absorption Tool Conditions") is met:

- the resolution authority determines that an institution or such institution's group meets any of the Resolution Conditions and no resolution measure has been applied yet;
- the resolution authority determines that an institution or such institution's 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 powers of the resolution authority set out in the RGICSF following the implementation of the BRRD have an impact on the manner in which institutions are managed as well as, in certain circumstances, on the rights of their creditors.

The exercise of any resolution power under the RGICSF and/or any write down on conversion into equity could, therefore, materially adversely affect the rights of any holders of the Notes, the price or value of their investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

Minimum Requirement for own funds and Eligible Liabilities could have a material effect on the Issuer

In accordance with Article 145-Y of the RGICSF, financial institutions will be required to meet a minimum MREL capable of being bailed in. The requirement will be equal to a percentage of total of liabilities and own fund of the financial institution. The Bank of Portugal, in the exercise of its powers as national macro-prudential authority and having duly notified the ECB, under Article 5 of Council Regulation (EU) No. 1024/2013, of 15 October 2013, which did not object to such decision, and after having also consulted the National Council of Financial Supervisors, under Article 2 (3) (b) of Decree-Law No. 228/2000, of 23 September, as amended from time to time, decided to impose capital buffers to credit institutions identified as systemically important institutions ("O-SIIs"). For that purpose, as set out in the legal and regulatory provisions, the Bank of Portugal published on 29 December 2015 a table with the names of the banking groups identified as O-SIIs in 2015 and the respective capital buffers, as a percentage of the total risk exposure amount. These

buffers shall consist of CET1 capital on a consolidated basis and are applicable since 1 January 2017 onwards. In the case of the Issuer the buffer is 0,50 per cent., after the phasing-in period – see below. Simultaneously, the Bank of Portugal also published a more detailed document on the methodology for identification and calibration of the O-SII´s buffer. Later, on 30 November 2016, the Bank of Portugal published a table with the names of the banking groups identified as O-SIIs in 2016 and the respective capital buffers, as a percentage of the total risk exposure amount. These O-SIIs buffers shall consist of CET1 capital on a consolidated basis on the date hereof, are applicable to BPI as follows: from 1 January 2018, 0,125 per cent; from 1 January 2019, 0.25 per cent.; from 1 January 2020, 0,375 per cent.; from 1 January 2021, 0,50 per cent..

The Single Resolution Board has not yet defined the Issuer‘s internal MREL requirement, which is expected to occur by the end of 2019 or beginning of 2020.

In order to comply with this ratio, the Issuer may be requested in the future to issue additional liabilities capable of being bailed in.

The impact on BPI of the recent resolution measures in Portugal cannot be anticipated

Following the decision by the Bank of Portugal on 3 August 2014 to apply a resolution measure to Banco Espírito Santo, S.A. ("**BES**"), most of its business was transferred to a bridge bank, whose corporate designation is "Novo Banco", created especially for that purpose. The capitalization of "Novo Banco" was ensured by the Resolution Fund.

The Resolution Fund has its own resources as provided for in the RGICSF. Nevertheless, the implementation of the Single Resolution Mechanism had a significant impact in this regard as the initial and periodic contributions from the participating institutions have been (by reference to the date of the implementation of the BRRD in Portugal) and are now fully transferred to the Single Resolution Fund. Therefore, in order to understand what are exactly the resources of the Resolution Fund, the provisions of the RGICSF in this regard must be construed in conjunction with the provisions of the Regulation (EU) No. 806/2014.

In this context, the Resolution Fund can count with the resources arising from the following sources: (a) contributions over the banking sector, (b) initial, periodic and special contributions from institutions participating in the Resolution Fund and collected before the implementation of the BRRD in Portugal, (c) initial, periodic and special contributions from institutions participating in the Resolution Fund collected pursuant to Decree-Law no. 24/2013, of 19 February, and due under the transitional regime provided for in Law no. 23-A/2015, of 26 March (aimed at enabling compliance with the obligations undertaken by the Resolution Fund in the context of the application of resolution measures before 31 December 2014), (d) initial, periodic and special contributions from the investment firms not subject to the ECB's supervision, branches of credit institutions of third countries, entities relevant for the payments system not subject to the ECB's supervision, (e) proceeds derived from investment applications and from the Resolution Fund activity, (f) donations, (g) loans, and (h) other proceeds legally or contractually allocated to the Resolution Fund.

In the specific case of the resolution measure relating to BES, the Resolution Fund provided € 4.9 billion to pay up the share capital of "Novo Banco". Of this amount, € 377 million corresponded to the Resolution Fund's own financial resources, resulting from the contributions already paid by the participating institutions, € 3.9 billion corresponded to a loan granted by the Portuguese State to the Resolution Fund which will subsequently be repaid and remunerated by the Resolution Fund and € 700 million corresponded to a banking syndicated loan made to the Resolution Fund, with the contribution of each credit institution depending on various factors, including their size. As of 31 December 2018, the Issuer's share of this loan was € 116.2 million. If only BPI 's share of €116.2 million, of the €700 million loan, granted

by the credit institutions to the Resolution Fund to capitalise Novo Banco, is considered, BPI 's participation would be in the region of 16,6 per cent..

The periodic contributions to the Resolution Fund required from each participating institution shall be determined by applying a contribution rate to an amount corresponding to (i) the average monthly balance of the total liabilities of each participating institution, minus (ii) such institution's own funds and liabilities for deposits covered by the Deposit Guarantee Fund ("Fundo de Garantia de Depósitos"). The applicable contribution rate is determined based on a base rate adjusted to reflect the risk profile, the systemic relevance and the solvency position of each participating institution.

The periodic contribution rate to be applied is set by the Bank of Portugal. For 2014 and 2015, the rate was 0,015 per cent. For 2016, the rate was 0,02 per cent. For 2017, the rate was 0,0291 per cent. For 2018 the rate was 0,0459 per cent. For 2019 the rate is defined at 0,057 per cent. by Bank of Portugal Instruction no. 32/2018, of 19 December.

On 21 March 2017, the Resolution Fund announced the completion of an amendment agreement between the parties to the 2014 Portuguese State Loan, the 2015 Portuguese State Loan and the Participants Loan (jointly, the "Loans") whereby (i) the maturity dates of the Loans have been extended to 31 December 2046, the date on which the Resolution Fund is required to pay the full principal amount of the Loans, (ii) the parties have agreed that the new maturity dates of the Loans would be further adjusted in the future to the extent required to ensure that the Resolution Fund would be able to perform its payment obligations under the Loans based only on the proceeds from the regular revenues of the Resolution Fund, (iii) the parties have further agreed that the Loans would rank *pari passu* without any preference among themselves and (iv) the Resolution Fund has undertaken that, before the full payment of any amounts due and payable in respect of the Loans, it would not make any payments of principal or interest under any other loans obtained by it after 31 December 2016 to fund any contingent liabilities arising in connection with the resolution measures applied to BES and Banif – Banco Internacional do Funchal, S.A. ("**Banif**"). A press release confirming the completion of this amendment agreement was also published by the Ministry of Finance on the same date. The agreement reached between the parties to the Loans was designed with the goal of ensuring that the Resolution Fund would be able to fully perform all of its actual or contingent liabilities in connection with the resolutions of BES and Banif, using the ordinary contributions made by the participating institutions and the contribution from the banking sector, thereby avoiding the need for any special contributions.

On 31 March 2017, the Bank of Portugal announced that a share purchase and subscription agreement relating to the share capital of Novo Banco was entered into between the Resolution Fund and Lone Star. On 18 October 2017, the Bank of Portugal and the Resolution Fund concluded the sale of Novo Banco to Nani Holdings, SGPS, S.A. (a 100 per cent. subsidiary of LSF Nani Investments S.à.r.l), with a share capital increase fully subscribed by Nani Holdings, SGPS, S.A. in the amount of € 750 million, which was followed by a further share capital increase occurred by the end of 2017 in the amount of € 250 million. Nani Holdings, SGPS, S.A. now holds 75 per cent. of Novo Banco's share capital and the Resolution Fund holds 25 per cent. of Novo Banco's share capital.

According to the information contained in the statement of the Bank of Portugal regarding the sale of Novo Banco, which may be consulted at www.bportugal.pt, and in the European Commission's press release, which may be consulted at www.europa.eu, the agreed conditions for the sale of Novo Banco include a contingent capital mechanism, under which the Resolution Fund, as shareholder, undertakes to make capital injections of up to € 3.89 billion in case certain cumulative conditions materialise related to: (i) the performance of an identified set of assets of Novo Banco; and (ii) the evolution of Novo Banco's capitalisation levels. The possible capital injections to be made under this contingent mechanism benefit from a capital buffer resulting from the capital injection to be made under the terms of the transaction and are subject to

a maximum absolute limit. On 28 March 2018, the Resolution Fund made a communication on the activation of the contingent mechanism, following the disclosure of the 2017 annual results by Novo Banco, totalling EUR 792 million.
On 24 May 2018 the Resolution Fund communicated having disbursed to Novo Banco the abovementioned funds, of which EUR 430 million stemming from a loan from the State and the remaining amount from the Fund's own resources.
On 1 March 2019, the Resolution Fund made a communication on the activation of the contingent mechanism, following the disclosure of the 2018 annual results by Novo Banco, totalling EUR 1.149 million. The payment due in 2019 by the Resolution Fund will be made after the legal certification of Novo Banco's accounts and following a certification procedure, to be carried out by an independent entity, with the objective to confirm that the amount payable by the Resolution Fund has been correctly calculated. In order to make the payment, the Resolution Fund will use, firstly, the available financial resources, resulting from the contributions paid, directly or indirectly, by the banking sector. These resources will be complemented by the use of a loan agreed with the Portuguese State in October 2017, with the credit line of up to a credit line of up to EUR 1000 million and the annual ceiling, then set, of 850 million eurosThe loans mature in 31 December 2046.
According to publicly available information, the volume of litigation associated with the BES resolution process is high. The losses that the Resolution Fund may incur as a result of any such uncertainties (including, inter alia, litigation associated with the sale of Novo Banco and, in particular, the above-mentioned contingent capitalisation mechanism) have not been clearly quantified and, therefore, it is not possible as at this date to quantify the impacts that the resolution of BES may have on the Bank. In the event of a shortage of funds, a negative financial impact, of an uncertain nature, on the Resolution Fund and, indirectly, on the Portuguese banking sector, could occur. The definition of the financing structure of a possible shortage (in terms of type of contribution, its distribution in time and any recourse to temporary loans) will depend on the amount of such hypothetical shortage.
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 € 125 million tranche in December 2014.
Banif's sale process was previous 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. As of May 2018, this loan amounts to € 365 million.
As mentioned above, the Resolution Fund is ultimately financed by the banking system, and thus the outcome of any disposals to be made by or on behalf of the Resolution Fund will ultimately be borne by the institutions required to fund

the Resolution Fund, including BPI. However, given the aforementioned agreement between the State and the Resolution Fund, BPI and the other institutions participating in the Resolution Fund are not expected to be required to make special contributions to the Resolution Fund as a result of any actual or potential liabilities incurred or to be incurred by the Resolution Fund in connection with the resolution measures applied to Banif.

The Resolution Fund has disclosed on its website (www.fundoderesolucao.pt) its annual management report and accounts for the financial year ended on 31 December 2017 ("**Resolution Fund 2017 Accounts**"), from which the information below has been summarised or extracted.

By law, the financing of any eventual losses incurred by the Portuguese Resolution Fund in the pursuit of its statutory purpose is of the exclusive responsibility of the participating institutions. On 31 December 2017, these losses amounted to EUR 5,104 million, corresponding to the Portuguese Resolution Fund's own negative resources, according to the last publicly disclosed information in this regard (see pages 13, 14 and 19 of the Resolution Fund's 2017 Accounts with respect to the Portuguese Resolution Fund's activity, and pages 33, 34 and 35 with respect to its financial statements of the same document). The conditions which led to such reduction of the own resources of the Resolution Fund in 2017 are essentially the following: (1) contributions received by the Resolution Fund from the banking sector in the total amount of EUR 219 million; (2) the financial effects arising of the resolution measures which the net total amount allocated for 2017 ascended to EUR -459 million, resulting from the combined effect of the provision of EUR 792 million related to the contingent funding mechanism concluded with Novo Banco and the valuation in EUR 333 million of the holding after completion of the sale of said bank; (3) the costs related to the funding of the Resolution Fund with a total value of EUR 104 million which is reflected in the net result for the financial year (see page 14 of the Resolution Fund's 2017 Accounts).It should further be noted that, as at 31 December 2017, the Portuguese Resolution Fund was involved in several legal proceedings, either as a defendant or as an interested counterparty. In particular, the resolution measure applied to BES, in the form of a transfer of the majority of its activity and assets to a bridge bank (Novo Banco), can be identified as the main underlying cause of the increasing number of judicial lawsuits against the Portuguese Resolution Fund. It should be noted that lawsuits regarding the application of resolution measures are legally unprecedented, which makes it impossible to apply related case-law in their assessment and to estimate the possible associated contingent financial effect (see page 50, note 25 of the Resolution Fund 2017 Accounts).

On 30 March 2016, the Memorandum of Understanding on the Dialogue Procedure with Unqualified Investors which are Holders of Commercial Paper of the Espírito Santo Group (*Memorando de Entendimento sobre um Procedimento de Diálogo com os Investidores não Qualificados Titulares de Papel Comercial do Grupo Espírito Santo*) was signed between the Portuguese Government, the Bank of Portugal, CMVM), BES and AIPEC - Associação de Indignados e Enganados do Papel Comercial. The work developed in the context of this dialogue procedure resulted in a solution framework which implies the express renunciation, by those investors in agreement, of all rights, claims and legal proceedings against the Portuguese Resolution Fund, and against Novo Banco S.A. and its future shareholders. This solution is currently at the final stage of implementation. All regulatory approvals were granted, the funding of the first tranche was ensured and the granting of the State guarantee was authorised bearing in mind the following payment instalments. This solution will contribute to reduce possible legal contingencies that may affect the Resolution Fund as it is expected a high level of acceptance by the investors (see page 51, note 25.2 of the Resolution Fund 2017 Accounts).

In accordance with the law, the Portuguese Resolution Fund shall pay compensation to the shareholders and to the creditors of a credit institution subject to a resolution measure in the event that it is determined that they have borne losses superior to those they would have borne had the resolution measure not been applied and had the credit institution subject

to resolution entered into liquidation at the moment this measure was applied. Furthermore, in accordance with the law, the Bank of Portugal has designated an independent entity for the purposes of carrying out an estimate of the credit recovery levels of each class of creditors of BES in the hypothetical scenario of liquidation on 3 August 2014, had the resolution measure not been applied. As announced in a Bank of Portugal statement published on 6 July 2016, given the independent character of the designated entity, the contents of its report and respective conclusions do not necessarily correspond to the opinion or position of the Bank of Portugal. This statement also presents a summary of the results of the independent estimate carried out by the designated entity, and clarifies that BES' secured and privileged credits were transferred to Novo Banco under the terms of the resolution measure established by the Bank of Portugal. The right to compensation by the Portuguese Resolution Fund, with respect to the ordinary creditors whose credits were not transferred to Novo Banco, will only be decided at the close of BES' process of liquidation. Until then, it will still be necessary to further clarify a complex set of legal and operational questions, notably concerning entitlement to the right to compensation by the Portuguese Resolution Fund. As such and all things considered, it is impossible for the time being to estimate the compensation amount to be paid upon termination of the BES liquidation. The Portuguese Resolution Fund considers that there are still insufficient elements to assess the existence and/or value of this potential liability, both in terms of the resolution measure applied to BES and the resolution measure applied to Banif (see pages 51 and 52, note 26.2 of the Resolution Fund 2017 Accounts).

On 29 December 2015, the Bank of Portugal clarified that the Portuguese Resolution Fund is responsible for neutralising, by way of payment of compensation to Novo Banco, any possible negative effects of future decisions arising from the resolution procedure, and which result in liabilities or contingencies for the bank. Said contingent and liabilities framework has not changed with the sale of Novo Banco, completed on 18 October 2017. The agreements relating to such sale have specific clauses to ensure that the Portuguese Resolution Fund is responsible for neutralizing any possible negative effects of future decisions arising from the resolution procedure, as previously clarified by the Bank of Portugal. Considering the lack of judicial precedent in this regard, it is impossible to reliably estimate the potential contingent financial effect (see page 52, note 26.3 of the Resolution Fund 2017 Accounts).

As mentioned above, the sale of Novo Banco included the aforementioned contingent capital mechanism and the Resolution Fund accepted to retain 25 per cent. of Novo Banco's share capital.

In light of the foregoing, the final impact the resolutions of Banif and/or of BES, as described above, may have on the Issuer cannot be anticipated.

Changes to tax legislation and to other laws or regulation can adversely affect the Issuer

The Issuer might be adversely affected by changes in the tax legislation and other laws or regulations applicable in Portugal, EU, Angola and other countries in which it operates or may operate in the future, as well as by changes of interpretation by the competent tax authorities or courts of legislation and regulation. The measures taken by the Portuguese Government to balance public accounts and to stimulate the economy may result in higher taxes or lower tax benefits. Further changes or difficulties in the interpretation of or compliance with new tax laws and regulations might negatively affect the Issuer's business, financial condition and results of operations.

Risks relating to changes in legislation on deferred tax assets could have a material adverse effect on the Issuer

The CRR – which reflects the international regulatory framework for Banks developed by the Basel Committee in 2010 (the so-called Basel III), in relation to capital requirements and computation of solvency ratios of credit institutions – requires Deferred Tax Assets (DTA) to be deducted from Common Equity Tier 1 capital.

Article 39 of the CRR, however, contains an exception for DTA that do not rely on future profitability, foreseeing that such DTA are not deducted from Common Equity Tier 1 capital. For such purposes, DTA are deemed not to rely on future profitability when:

a) They are automatically and mandatorily replaced without delay with a tax credit in the event that the institution reports a loss when the annual financial statements of the institution are formally approved, or in the event of liquidation or insolvency of the institution;

b) The abovementioned tax credit may, under national tax law, be offset against any tax liability of the institution or any other undertaking included in the same consolidation as the institution for tax purposes under that law or any other undertaking subject to the supervision on a consolidated basis;

c) Where the amount of tax credits referred to in point (b) exceeds the tax liabilities referred to in that point, any such excess is replaced without delay with a direct claim on the central government of the Member State in which the institution is incorporated.

The deduction of DTA to Common Equity Tier 1 capital would thus have a special impact on credit institutions established in Member States where national tax law imposes a time mismatch between the accounting and tax recognition of certain gains and losses – namely Italy, Spain and Portugal.

In this regard, the Italian and Spanish Governments enacted, in 2011 (Italy) and 2013 (Spain, with retroactive effects to 2011), amendments to national tax law that allow the conversion of DTA into tax credits, with the aim of fulfilling the requirements for non-deductibility of DTA from Common Equity Tier 1 capital of resident credit institutions.

The Portuguese Government approved Law no. 61/2014, of 26 August 2014, as amended from time to time, which implements a similar regime, allowing Corporate Income Taxpayers to convert DTA arising from credit impairment losses and post-employment and long-term employment benefits into tax credits.

This Law foresees that any DTA arising from the abovementioned items, accounted in taxable periods starting on or after 1st January 2015, or registered in the taxpayers accounts in the last taxable period prior to that date, may be converted into tax credits when the taxpayer: (i) reports an annual accounting loss when the annual financial statements of the institution are formally approved by the competent corporate bodies; or (ii) enters into a liquidation procedure, as a result of voluntary dissolution, court-ordered insolvency or, if applicable, cancellation of authorisation by the regulator or supervisory body. The conversion of DTA depends, however, on the constitution of a special reserve, equivalent to the amount of the tax credit obtained increase by 10 per cent, as well as on the issuance of warrants to the Portuguese Republic. The tax credits obtained with the conversion of DTAs may be offset against any State taxes on income and on assets payable by the taxpayer or any companies included in the same tax group or in the same group for purposes of prudential consolidation under the CRR.

The amendments to the DTA conversion regime enacted by Law no. 23/2016, of 19 August, establish that the DTA conversion is not applicable to any DTA arisen from the mismatch between the accounting and tax regimes from 1st January, 2016 onwards, without precluding its applicability to DTA generated concerning previous fiscal years.

As at 31 December 2018, BPI had in its accounts € 327 million DTA, of which € 19 million related to reported losses and € 308 million related to temporary mismatches. Of these, € 185 million are dependent on future profitability and € 123

million are protected under the Portuguese fiscal regime. An adverse development could result if part of these DTA's are not recovered and consequently impact on the profitability and equity of BPI.

The DTA related to reported losses are deducted from regulatory capital, and the DTA related to temporary mismatches that depend on future profitability are partially deducted to capital (the portion that exceeds the threshold of 10 per cent. of CET1) and partially weighed at 250 per cent. Finally, the DTA related to temporary mismatches protected by the Portuguese fiscal regime are weighed at 100 per cent. Eventual changes to the Portuguese fiscal regime could negatively affect the protected DTA (that would eventually be converted into DTA related to temporary mismatches that depend on future profitability). However, at this point, there are no expected changes in the fiscal regime that could negatively affect the calculation of DTA on capital ratios.

Risks associated with the implementation of its risk management policies

Within its normal activity the Issuer is exposed to a number of risks that include market risk, credit risk, country risk, liquidity risk, counterparty risk, operational risk and legal risk. The Issuer has implemented management policies and procedures designed to ensure that each of those risks is duly monitored and controlled.

Although the Issuer has follows what it deems to be the best practices in risk management and mitigation and although it takes into account what it believes to be worst case scenarios in performing its risk calculations, the policies and procedures it employs to identify and manage these risks may not be fully effective.

Credit Risk faced by the Issuer

The Issuer faces the risk of its borrowers and counterparties being unable to fulfil their payment obligations. Exposures against limits and counterparts' creditworthiness are monitored to ensure that the risks are at an acceptable level, and collateral is actively demanded from counterparts not fulfilling credit requirements.

However, unexpected adverse changes in the credit quality of Issuer' borrowers and counterparties; a general deterioration in Portuguese or global economic conditions; or increased systemic risks in financial systems, could affect the recovery and value of the Issuer's assets and require an increase of impairment losses on loans and advances to Customers and/or other impairments and provisions. This would have a material adverse effect on the Issuer's financial condition and results.

While the Issuer analyses its exposure to such borrowers and counterparties on a regular basis, as well as its exposure to certain economic sectors and regions which the Issuer believes to be particularly critical, and conducts its credit policy taking these analyses into account, payment defaults may result from circumstances which are unforeseeable or difficult to predict. In addition, the security and collateral provided to the Issuer may eventually prove to be insufficient to cover its exposure, for instance, as a result of sudden unexpected depreciations in the market which dramatically reduce the value of that collateral. As such, in case borrowers or other material counterparties fail to comply with their payment obligations to the Issuer, this would have a material adverse effect on each of the Issuer’s financial condition and results of operations. The Issuer is strongly dedicated to the management of credit risks and to the analysis of credit transactions.

Credit portfolio management is an ongoing process that requires interaction between the various teams responsible for the management of risk during the consecutive stages of the credit process, with the purpose of improving risk control methodologies, risk assessment and control tools, as well as in procedures and decision circuits.

The Issuer continues to record credit-quality indicators at relatively good levels, having an adequate provision coverage of credit risk.

“Non-performing exposures” in the activity in Portugal (EBA criteria) Amounts in million

		31 Dec. 14	31 Dec. 15	31 Dec. 16	31 Dec. 17	31 Dec. 18
Gross credit risk exposure	*1*	28 741	26 842	27 081	27 520	29 721
Non-performing exposures (NPE) [1]	*2*	2 581	2 074	1 790	1 408	1 055
NPE Ratio *[= 2 / 1]*	*3*	9.0%	7.7%	6.6%	5.1%	3.5%
Impairments for loans and guarantees	*4*	977	895	706	603	561
Coverage by impairments *[= 4 / 2]*	*5*	38%	43%	39%	43%	53%
Coverage by impairments and collaterals	*6*	-[2]	-[2]	110%	117%	127%

Source: Issuer's 2018 Annual Report

Notwithstanding the above, factors such as unexpected deterioration of global economic conditions, unexpected political events or a general lack of liquidity in economy may result in credit losses which exceed the amount of provisions of the Issuer or the maximum expected losses planned through the risk management procedures.
To the extent that the Issuer's Group transactions are mainly located in Portugal, the Issuer is particularly exposed to the risk of a general economic contraction or to another event affecting default rates in Portugal.
If the economic environment continues to weaken, unemployment continues to increase and interest rates start to rise sharply, the financial condition of the Issuer customers and their ability to repay their loans may have a significant adverse effect on the Issuer's financial condition and results of operations.

An increase in the Issuer Group's losses resulting from defaulted loans or possible losses which exceed the amount of impairment losses accumulated in the balance sheet may have a significantly adverse effect on the Issuer.

As of 31 December 2018 credit risk exposures of the consolidated position are spread across a wide range of private individuals (36,4 percent), small and medium-sized enterprises (15,7 percent), industrial counterparties (7,6 percent), and financial institutions (3,8 percent). Exposure is mainly to Euro Zone residents (97,0 percent) with EU other countries (0,7 percent) and Other Countries (2,3 percent). The majority of exposure is to Portuguese counterparties (88,5 percent). Exposure to international financial institutions represents 2,7 percent of the total exposure.

A particular care is taken regarding the Counterparty Credit Risk coming from the derivatives transactions with clients. All transactions must be under a specific contract that includes a netting clause and the legal requirements of the EMIR regulations are met. The Issuer is also very careful about the type of derivatives it trades with each client, having in mind all the regulations on this subject. However, there can be no assurance that the Issuer will not sustain losses as a result of default, litigation or other actions by one or more of its counterparties. Should this occur, it may negatively impact the ability of the Issuer to fulfil its obligations under the Notes issued under the Programme.

Market Risk faced by the Issuer

The most significant market risks the Issuer faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods intended to mitigate and control these 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 financial condition and results of operations.

Infrastructure Risk faced by the Issuer

The Issuer faces the risk that computer or telecommunications systems could fail, despite efforts to maintain these systems in good working order. Given the high volume of transactions the Issuer process on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures of the Issuer's internal processes, employees or systems, including any of its financial, accounting or other data processing systems, could lead to financial loss and damage to the Issuer's reputation. In addition, despite the contingency plans it has in place, the Issuer's ability to conduct business may be adversely affected by disruption to the infrastructure that supports its operations and the communities in which it does business.

Operational Risk faced by the Issuer

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).

Legal risk is also included in the above definition. Legal risk represents the risk of losses arising from non-compliance with the regulations in force (due to inadequate document retention, failure to change processes as required by new legislation and/or differences in the interpretation of the law) 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, natural disasters or the failure of external systems such as, for example, those of the Issuer's suppliers or counterparties. Although the Issuer has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in controlling each of these operational risks.

Risks relating with market transactions on Banco BPI's own portfolio

The Issuer performs transactions in the market using its own portfolio, which includes entering into interest rate, credit, equity markets and currency rates derivative instruments, as well as the sale and purchase of bonds and shares issued in the domestic and in the international markets and the participation in transactions in the primary and secondary public capital debt markets.

Transactions on the Issuer's own portfolio involve a certain degree of risk. The future results of such transactions will mainly depend on market conditions, and the Issuer may incur losses which may negatively affect its financial condition and results.

At the end of December 2018 total assets (net) of the domestic activity amounted to €30.9 billion, and accounting shareholders' equity was €2 658 million[24]. Net loans to Customers, in the amount of €22.9 billion, represented 74 per

[24] Banco BPI held 150 896 own shares since the beginning of 2018 that were sold on 27 December 2018 through CaixaBank's exercise of its right of squeeze-out, at the price of €1.47 per share

cent. of assets, and on-balance sheet Customer resources (€22.1 billion) were the main source of balance sheet funding (71 per cent. of assets).

The Issuer maintains a comfortable liquidity position and balanced funding structure:

- the loan to deposit ratio[25] was 100 per cent.;
- BPI holds a portfolio of short-term Portuguese sovereign debt securities amounting to €0.5 billion with an average maturity of 0.5 years;
- the portfolio of medium- and long-term sovereign debt securities totalled €2.6 billion (of which 34 per cent. corresponded to Portugal, 40 per cent. to Spain and 26 per cent. to Italy) and had an average residual maturity of 2.0 years;
- funding from the ECB amounted to €1.4 billion; the Bank also has €9.5 billion in high-quality liquid assets and assets eligible as collateral in additional funding from the ECB;
- the liquidity coverage ratio (LCR) stands at 167 per cent.[26].

The Issuer has a policy of reviewing the status of its portfolio of available for sale financial assets every quarter, notably as regards the possible recognition of impairments. As a result of this periodical review the Bank may be forced to recognise losses in the income statement in the future.

Liquidity Risk faced by the Issuer

Since the second half of 2007, the wholesale funding markets (including the international debt capital markets) experienced significant disruptions. Such disruptions have resulted in an increase in the cost and a reduction in the availability of wholesale market funding across the financial services sector. The businesses of the Issuer and its respective abilities to access sources of liquidity have been constrained as a result. During this period, the Issuer has continued to manage its respective funding requirements closely. If the wholesale funding markets deteriorate further, it may have a material adverse effect on the liquidity and funding of financial services institutions including the Issuer. There can be no assurance that the wholesale funding markets will not deteriorate further.

Considering the inability to access the market, for short or medium long-term funding, the liquidity operations with the ECB are very important. The ECB establishes the valuation and the eligibility criteria for collateral assets to be used on repo transactions with financial institutions. Changes to these valuations or the eligibility criteria can have a negative impact on the amount of available assets for that purpose, and reduce the liquidity lines available from the ECB.

The rules on asset eligibility for Eurosystem operations were made more flexible, allowing for the creation of portfolios made up of mortgage, corporate loans and consumer credit. As of 31 December 2018, the Issuer had a portfolio of available assets eligible for obtaining additional funding from the ECB, totalling € 9.5 billion.

The Issuer continuously tracks the evolution of its liquidity, monitoring incoming and outgoing funds in real time. Projections of short and medium term liquidity are carried out in order to help plan the funding strategy in the monetary and capital markets. Total funding obtained by the Issuer from the ECB amounted to € 1.4 billion at the end of December 2018, corresponding entirely to funds raised under the TLTRO (Targeted Longer-term Refinancing Operations). The

[25] (Net loans to Customers – Funding obtained from the EIB, which is used to provide credit) / Deposits.

[26] 12-month average, in accordance with the EBA guidelines. Average value (last 12 months) of the LCR calculation components: Liquidity reserves (€3 930 million); Total net outflows (€2 348 million).

refinancing needs for medium and long-term debt up till the end of 2021 are fully covered by the redemptions of the bonds portfolio.

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

As of 31 December 2018 (as per Issuer's 2018 Annual Report), the Issuer's LCR (average 12 months, according to EBA guidance) was 167 per cent. (average amount (last 12 months) of LCR components calculation: Liquidity Reserves (3 930 M.€); Total net outflows (2 348 M.€).

The performance of the financial assets is in general inversely correlated with its liquidity. The fulfilment of those ratios by the Issuer may lead to the constitution of portfolios with high liquidity assets but low profitability. Additionally, it may lead to an increase in the financing costs, since the ratios favours the long-term financing over the short-term. These changes may have a negative impact on the Issuer's results.

Hedging Risk faced by the Issuer

The Issuer engages in hedging transactions to reduce its exposure to various types of risks associated with its business. Hedging transactions normally involve taking an offsetting position in a related security or instrument.

Hedging transactions involves financial instruments whose valuation at each moment depends on a number of factors, including interest rates, exchange rates, etc., and are effective as long as the financial instruments represent opposite positions. Even though the Issuer enters into hedging positions in order to mitigate its risk, unexpected market developments may therefore adversely affect the effectiveness of its hedging strategies.

Moreover, the Issuer does not hedge all of its risk exposure in all market environments or against all types of risk. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in its reported earnings.

If any of its hedging instruments or strategies is ineffective, the Issuer could incur losses that might result in a material adverse effect on its business, financial condition or results of operations.

BPI's activity is subject to reputational risk

The Issuer, the members of its Board of Directors and Supervisory Board and its employees are subject to extensive regulation, such as mandatory or soft law rules, regulations, contracts, codes of conduct, corporate governance codes and duties of behaviour towards its customers.

Non-compliance with applicable laws, regulations or codes could lead, besides the fines and/or substantial monetary damages, to a serious damage to reputation.

In order to mitigate such risk, the Issuer continuously inspects and evaluates the adequacy of its activities to the aforementioned. Moreover, each company of the Issuer's Group has available a code of conduct that its members of the Board of Directors and of the Supervisory Board and its employees are committed to respect.

According to the applicable laws and regulations envisaged to impede the utilisation of financial entities in money laundering operations and in activities associated with economic-financial and organised crime, or terrorism financing, the companies of the Issuer's Group have identification mechanisms, internal control and communication systems, as

well as human and material resources, in order to prevent such money laundering and terrorism financing operations and provide to their directors and employees proper training for recognising operations which may be related to the aforesaid activities and the persons perpetrating those activities.

The internal regulations of the Issuers' Group companies already comprise most of the applicable legislation and regulations.

The Issuer's Compliance Division is responsible for analysing any occurrence. Without prejudice to the investigations and control actions that the Board of Directors may develop at its own initiative, employees of the Issuer's Group have instructions to inform the Compliance Division about any operation (completed or to be completed) which, due to their amount or characteristics, could reveal any illicit activities.

The Compliance Division is, as stated above, responsible for the analysis of such occurrences and take or implement the adequate measures in order to prevent the Issuer's Group from becoming involved in operations associated with money laundering and funding of terrorism. Also, the Compliance Division is empowered to take any action necessary to comply with all other duties arising from the applicable laws or regulations against organised and economic-financial crime.

Both the Supervisory Board and the Audit and Internal Control Committee are systematically informed about those occurrences and its follow-up.

The Issuer's Group provides training to all employees (immediately after their admission and on a continuous basis pursuant to audits made within the Issuer's Group and also the technical staff forming part of the commercial networks) about prevention of money laundering.

Although the Issuer believes that its current anti-money laundering and anti-terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, the Issuer cannot ensure that it will comply at all times with all rules applicable to money laundering and terrorism financing as extended to the whole Group and applied to its workers in all circumstances, despite of its efforts to provide adequate training.

A possible violation, or even any suspicion of a violation of these rules and any occurrence of money laundering operations and /or activities associated with economic-financial, organised crime or terrorism financing by any of its customers, without a proper approach being taken by the Issuer, may have serious reputational, legal and financial consequences, which could have a material and adverse effect on the Issuer's business, financial condition or results of operations.

Regulatory changes can materially affect the Issuer's business, products and services

The Issuer is subject to financial services laws, regulations, administrative actions and policies in each location where it operates. Changes in supervision and regulation, in particular in the European Union and/or in Portugal, could materially affect the Issuer's business, the products and services it offers and/or the value of its assets.

On 16 August 2012, Regulation (EU) No 648/2012 on over-the-counter (OTC) derivatives, central counterparties and trade repositories entered into force ("**EMIR**"). EMIR introduced a number of requirements, including clearing obligations for certain classes of OTC derivatives, exchange of initial and variation margin and various reporting and disclosure obligations. Some of the elements of EMIR may lead to changes which may negatively impact the Issuer's Group profit margins, require it to adjust its business practices or increase its costs (including compliance costs).

The new Markets in Financial Instruments legislation (which comprises Regulation (EU) No 600/2014 ("**MiFIR**") and Directive 2014/65/EU ("**MiFID II**")), introduces a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardised. Additionally, it includes other requirements such as enhancing the investor protection regime and governance and reporting obligations. It also extends transparency requirements to OTC operations in non-equity instruments. MiFID II entered into effect on 3 January 2018 and has been transposed to Portuguese Law by Law 35/2018, of 20 July, which entered into force on 1 August 2018.

Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

If the Issuer's Group financial condition were to deteriorate due to the above mentioned risks, investors in Notes may suffer direct and materially adverse consequences, including non-payment of principal and/or interests due under the Notes.

Currency risk in International equity holdings

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.

Risks of strategy faced by the Issuer

The Issuer is subject to risks of strategy. Exists the possibility that the Issuer makes strategic decisions whose results may differ significantly from those intended. The strategies adopted reflect decisions made in a given economic environment, market, competition, statutory, regulatory, and others, which includes variables that the Issuer is not able to influence. These strategies can prove to be inadequate to achieve the results envisaged by the Issuer and therefore have a negative impact on BPI.

Risk of changes in the organization of partnerships

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.

Described below are some of the business relationship established by the Issuer's Group:

Caixabank: the Issuer and Caixabank have a partnership embodied in a range of products and services to support companies operating in the Iberian Peninsula, allowing them to conduct international financial operations identical to those held in its domestic market conditions.

Allianz Group: the Issuer and Allianz Group have a partnership for insurance of real life and risk classes, based on a 35 per cent stake in Allianz Portugal and in the insurance distribution agreement through the commercial network of the Issuer. The Issuer also provides a supply credit insurance for domestic and foreign customers, through a collaboration protocol with COSEC, 50 per cent owned by the Issuer in partnership with Euler Hermes (Allianz Group entity), which holds the remaining 50 per cent.

Unitel: the Issuer in conjunction with Unitel have a strategic partnership with BFA. Unitel holds 51,9 per cent equity of BFA and BPI the remaining 48,1 per cent stake. This partnership aims at the development of banking activity of BFA in Angola. In October 2016, a shareholders' agreement between the Issuer and Unitel was concluded containing, among others, rules on the composition of the governing bodies and on the transfer of shares of BFA.

Other Risks

As mentioned above, Banco BPI may be exposed to other risks or to an unexpected level of risk. Notwithstanding the implementation of extensive procedures regarding the management of risks and types of risk identified by Banco BPI and to which the Bank is exposed, Banco BPI may not ensure that it will not be affected by the materialization of risks currently unknown. Banco BPI cannot further ensure that, in the event of the occurrence of exceptionally adverse scenarios, the proceedings used by it in the identification, monitoring and management of risks will be totally effective.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Important: as a result of applicable laws or regulations, including any EU Directive or Regulation, establishing a framework for the recovery and resolution of credit institutions (namely 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), and any implementation thereof into Portugal, the Notes may be mandatorily written-down or converted into more subordinated instruments, including ordinary shares of the Issuer.

Senior Notes

The Issuer is not prohibited from issuing, guaranteeing or otherwise incurring further notes or debt ranking *pari passu* with its obligations under the Notes. The terms of the Senior Notes contain a negative pledge provision as further described in Condition 3 of the Terms and Conditions of the Senior and Subordinated Notes.

The obligations of the Issuer under the Senior Notes are subject to the exercise of any power pursuant to the BRRD and the RGICSF, or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Portugal. In accordance with the BRRD and the RGICSF, the relevant resolution authorities may write-down and/or convert into more subordinated instruments or obligations, including ordinary shares of the Issuer (which instruments, obligations or ordinary shares could also be subject to any further write-down or conversion) any obligations of an institution under resolution, including Senior Notes, except for some obligations, as defined under the applicable law. Other powers contained in the BRRD and in the RGICSF could materially affect the rights of the Noteholders under, and the value of, any Senior Notes.

In accordance with applicable laws, all deposits benefit from creditor privilege (including all deposits not guaranteed by the deposit guarantee fund) constituting secured liabilities of the Issuer ranking ahead of the Senior Notes in respect of the Issuer's assets.

Senior Non Preferred Notes

The Senior Non Preferred Notes are senior non preferred obligations and are junior to deposits, to other obligations under any Ordinary Senior Notes and to other unsecured and unsubordinated obligations of the Issuer.

The Senior Non Preferred Notes constitute direct, unconditional, unsubordinated and unsecured senior non preferred obligations of the Issuer in accordance with Law 23/2019. Upon the insolvency of the Issuer, the payment obligations of the Issuer in respect of principal and interest under the Senior Non Preferred Notes rank, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), (a) *pari passu* among themselves and with any Senior Non Preferred Liabilities (as defined in the Terms and Conditions), (b) junior to the Senior Higher Priority Liabilities (as defined in the Terms and Conditions) and, accordingly, upon the insolvency of the Issuer, the claims in

respect of Senior Non Preferred Notes will be met after payment in full of the Senior Higher Priority Liabilities, and (c) senior to any present and future subordinated obligations (*créditos subordinados*) of the Issuer.

If the Issuer were wound up, liquidated or dissolved, the insolvency administrator would apply the assets which are available to satisfy all claims in respect of its unsubordinated and unsecured liabilities, first to satisfy all claims of all other creditors ranking ahead of the holders of Senior Non Preferred Notes, including, without limitation, any deposits for the purposes of article 166.º- A (5) of the RGICSF which shall be paid in full before and holders of Senior Higher Priority Liabilities, and then to satisfy all claims in respect of the Senior Non Preferred Notes (and other Senior Non Preferred Liabilities).

If the Issuer does not have sufficient assets to settle the claims of higher ranking creditors in full, the claims of the Holders under the Senior Non Preferred Notes will not be satisfied. Holders of Senior Non Preferred Notes will share equally in any distribution of assets available to satisfy all claims in respect of its unsubordinated and unsecured liabilities with the creditors under any other Senior Parity Liabilities if the Issuer does not have sufficient funds to make full payment to all of them.

In addition, if the Issuer enters into resolution, its eligible liabilities (including the Senior Non Preferred Notes) will be subject to bail-in, meaning potential write-down or conversion into equity securities or other instruments. The sequence of any resulting write-down or conversion of eligible instruments under Article 48 of the BRRD provides for claims to be written-down or converted into equity in accordance with the hierarchy of claims provided in the applicable insolvency legislation. Because the Senior Non Preferred Notes are senior non preferred liabilities, the Issuer expects them to be written down or converted in full after any subordinated obligations of the Issuer.

As a consequence, holders of the Senior Non Preferred Notes would bear significantly more risk and could lose all or a significant part of their investment if the Issuer were to become (i) subject to resolution under the BRRD and the Senior Non Preferred Notes become subject to the application of the bail-in or (ii) insolvent.

Senior Non Preferred Notes are new types of instruments for which there is little trading history

On 13 March 2019, Law 23/2019 entered into force transposing Directive 2017/2399/EU of the European Parliament and of the Council, of 12 December 2017, as regards the ranking of unsecured debt instruments in insolvency hierarchy. Such law creates the legal category of unsubordinated and unsecured senior non preferred obligations in Portugal. Although certain financial institutions have issued securities with similar features in the past, there is little trading history for securities of financial institutions with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non preferred securities. The credit ratings assigned to senior non preferred securities such as Senior Non Preferred Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non preferred securities such as Senior Non Preferred Notes will be lower than those expected by investors at the time of issuance of Senior Non Preferred Notes. If so, Noteholders may incur losses in respect of their investments in Senior Non Preferred Notes.

Subordinated Notes

Subordinated Notes are complex financial instruments and may not be a suitable investment for all investors. Each potential investor in the Subordinated Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Subordinated Notes, including the possibility that the entire principal amount of the Subordinated Notes could be lost. A potential

investor should not invest in the Subordinated Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Subordinated Notes will perform under changing conditions, the resulting effects on the market value of the Subordinated Notes, and the impact of this investment on the potential investor's overall investment portfolio.

The Subordinated Notes are direct and unsecured obligations of the Issuer subordinated as provided below and rank and will rank *pari passu* without any preference among themselves, as described under the risk factor "*The Issuer's obligations under Subordinated Notes are subordinated"*.

The Dated Subordinated Notes have an original maturity of at least five years. The Undated Subordinated Notes do not have a stated maturity (*perpetual*). The Issuer shall have the right to call, redeem, repay or repurchase the Subordinated Notes only in accordance (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met and not before five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met or, in the case of repurchase for market-making purposes, where the conditions set out in Article 29 of the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 (the regulatory technical standards RTS in own funds) ("**CDR**") are met and particularly with respect to the predetermined amount defined by the Competent Authority as per Article 29(3)(b) of the CDR.

Holders of Subordinated Notes have no right to accelerate the future scheduled payment of interest or principal, other than in the insolvency or liquidation of the Issuer.

No Noteholder of a Subordinated Note may exercise or claim any right of set-off in respect of any amount owed by it to the Issuer arising under or in connection with the Subordinated Notes and each Noteholder of a Subordinated Note shall, by virtue of its subscription, purchase or holding of any Subordinated Note, be deemed to have waived all such rights of set-off.

The obligations of the Issuer under the Subordinated Notes are subject to the exercise of any power pursuant to the BRRD and the RGICSF, or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Portugal. The Subordinated Notes may be subject to the exercise of a bail-in by the relevant resolution authorities as described under the risk factor "*Potential impact of the recovery and resolution measures"*.

The Subordinated Notes may be written-down or may be converted into Common Equity Tier 1 instruments

The BRRD and the RGICSF provide for the relevant resolution authorities to have the further power to permanently write-down or convert into equity (Common Equity Tier 1 instruments), capital instruments such as Tier 2 capital instruments (including the Subordinated Notes) and Additional Tier 1 capital instruments at the point of non-viability and before any other resolution action is taken (non-viability loss absorption). Any shares issued to holders of the Subordinated Notes upon any such conversion into equity may also be subject to any application of the bail-in tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant resolution authorities determines that the institution meets the conditions for resolution or that the institution will no longer be viable unless the relevant capital instruments (such as the Subordinated Notes) are written-down or converted or extraordinary public support is required and without such support the institution would no longer be viable.

Other powers contained in the BRRD and in the RGICSF could materially affect the rights of the Noteholders under, and the value of, any Subordinated Notes as described under the risk factor "*Potential impact of the recovery and resolution measures"*.

Undated Deeply Subordinated Notes

The Undated Deeply Subordinated Notes are deeply subordinated obligations and will be subordinated to all of the Issuer's existing and future indebtedness and rank and will rank pari passu without preference among themselves.

The Undated Deeply Subordinated Notes are by their terms deeply subordinated in right of payment to all current and future unsubordinated and subordinated (other than deeply subordinated) indebtedness of the Issuer. In the event of a distribution of the assets in the dissolution or liquidation of the Issuer the rights of payment of the holders of Undated Deeply Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors (as specified in the Terms and Conditions) including subordinated debt of the Issuer, to which a higher ranking has been assigned, will rank in priority to the ordinary share capital of the Issuer and other instruments which are treated as CET1 of the Issuer in accordance with the requirements of Article 28 of the CRR and *pari passu* with the credits arising from other instruments which are treated as additional tier 1 capital in accordance with the requirements of Article 52 of the CRR. In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Undated Deeply Subordinated Notes will be terminated. Although the Undated Deeply Subordinated Notes may pay a higher rate of interest than comparable notes which are not deeply subordinated, there is a greater potential risk that an investor in the Undated Deeply Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Undated Deeply Subordinated Notes or on the amount of securities that it may issue that rank *pari passu* with the Undated Deeply Subordinated Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the insolvency or liquidation of the Issuer. If the Issuer's financial condition were to deteriorate, the holders of Undated Deeply Subordinated Notes could suffer direct and materially adverse consequences, including cancellation of interest and reduction of interest and principal and, if the Issuer was liquidated (whether voluntarily or involuntarily), the holders of Undated Deeply Subordinated Notes could suffer loss of their entire investment.

No Noteholder of an Undated Deeply Subordinated Note may exercise or claim any right of set-off in respect of any amount owed by it to the Issuer arising under or in connection with the Undated Deeply Subordinated Notes and each Noteholder of an Undated Deeply Subordinated Note shall, by virtue of its subscription, purchase or holding of any Undated Deeply Subordinated Note, be deemed to have waived all such rights of set-off. No security or guarantee of any kind is, or shall at any time be, provided by the Issuer or any other person securing the rights of the Noteholders.

The Subordinated Notes, and (if so specified in the applicable Final Terms) the Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, the Senior Non Preferred Notes provide for limited events of default. Noteholders of Notes may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure.

Noteholders have no ability to accelerate the maturity of their Subordinated Notes, and (if so specified in the applicable Final Terms), their Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, their Senior Non Preferred Notes. The terms and conditions of the Subordinated Notes, and (to the extent so specified in the applicable Final Terms), the Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, the Senior Non Preferred Notes do not provide for any events of default, other than in the case that an order is made by any competent court commencing insolvency proceedings against the Issuer or in case that order is made or an effective resolution is passed by the Issuer’s shareholders

for its liquidation. Accordingly, in the event that any payment on the Subordinated Notes, (to the extent so specified in the applicable Final Terms), the Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements and or, as the case may be, the Senior Non Preferred Notes, is not made when due, each Noteholder may have a claim only for amounts then due and payable on their Subordinated Notes, their Senior Non Preferred Notes and (if so specified in the applicable Final Terms) their Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements.

As mentioned above, the Issuer may be subject to a procedure of early intervention or resolution pursuant to the BRRD. The adoption of any early intervention or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the Issuer to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the exercise of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied.

Any enforcement by a Noteholder of its rights under the above Notes upon the occurrence of an event of default following the adoption of any early intervention or any resolution procedure will, therefore, be subject to the relevant provisions of the Capital Regulations or other banking laws and regulations in force at that time, in relation to the exercise of the relevant measures and powers pursuant to such procedure. There can be no assurance that the taking of any such action would not adversely affect the rights of such Noteholders, the price or value of their investment in such Notes and/or the ability of the Issuer to satisfy its obligations under such Notes and the enforcement by a Noteholder of any rights it may otherwise have on the occurrence of any event of default may be limited in these circumstances.

There are no events of default under the Undated Deeply Subordinated Notes.

If certain events occur, the holders of Undated Deeply Subordinated Notes will not have the right to accelerate the future scheduled payment of interest or principal or to initiate insolvency or liquidation proceedings against the Issuer for failure of any payment under the Undated Deeply Subordinated Notes or to exercise or claim any right of set-off in respect of any amount owed by it to the Issuer, as described above.

In a winding-up of the Issuer, the Noteholder of any Undated Deeply Subordinated Note may prove or claim in such proceedings in respect of such Undated Deeply Subordinated Note, such claim being for payment of the Current Principal Amount of such Undated Deeply Subordinated Notes at the time of commencement of such winding-up together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the notes) from (and including) the Interest Payment Date immediately preceding commencement of such winding-up and any other amounts payable on such Undated Deeply Subordinated Note under the Conditions.

There is no scheduled redemption date for the Undated Deeply Subordinated Notes and Noteholders have no right to require redemption. The Issuer may redeem the Undated Deeply Subordinated Notes in certain circumstances

The Undated Deeply Subordinated Notes have no fixed maturity. The Issuer has no obligation at any time to redeem the Undated Deeply Subordinated Notes, and the Noteholders have no rights to require redemption or purchase of the Undated Deeply Subordinated Notes by the Issuer at any time.

The Issuer may redeem the Undated Deeply Subordinated Notes (in whole but not in part) in its sole discretion, subject to the approval of the Competent Authority, if applicable, and to compliance with the Capital Regulations on any Interest Payment Date thereafter at their Final Redemption Amount.

Further, following the occurrence of a Capital Event or a circumstance giving rise to the right of the Issuer to redeem the Undated Deeply Subordinated Notes for taxation reasons under Condition 6 (b), the Issuer may redeem the Undated Deeply Subordinated Notes (for taxation reasons in whole but not in part, for a Capital Event only in whole) in its sole discretion, subject to the approval of the Competent Authority, if applicable, and to compliance with the Capital Regulations, at any time at their Final Redemption Amount, which may be lower than the Original Principal Amount if the Undated Deeply Subordinated Notes have previously been the subject of a Write-Down.

At any time when the Undated Deeply Subordinated Notes may be redeemed by the Issuer or the market anticipates that the redemption right will become available, the market price of the Notes is unlikely to substantially exceed the price at which the Issuer may elect to redeem the Undated Deeply Subordinated Notes. If the Issuer redeems the Undated Deeply Subordinated Notes in any of the circumstances mentioned above, there is a risk that the Undated Deeply Subordinated Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Undated Deeply Subordinated Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in Undated Deeply Subordinated Notes with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem the Undated Deeply Subordinated Notes, and if so whether or not the Issuer will satisfy the conditions, or elect, to redeem the Undated Deeply Subordinated Notes. The Issuer may be more likely to exercise its option to redeem the Undated Deeply Subordinated Notes at a time when its funding costs would be lower than the prevailing interest rate payable in respect of the Undated Deeply Subordinated Notes. If the Notes are so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon any redemption at a rate that will provide as favourable a rate of return as their investment in the Undated Deeply Subordinated Notes.

The Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements may be redeemed prior to maturity upon the occurrence of a Capital Event or a TLAC/MREL Disqualification Event as applicable

The Issuer may, at its option, redeem all, but not some only, of the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms, as applicable, at any time at their early redemption amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, upon or following the occurrence of a Capital Event (in the case of Tier 2 Subordinated Instruments only) or a TLAC/MREL Disqualification Event (as these terms are defined in the Terms and Conditions).

The early redemption of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms upon the occurrence of a Capital Event or a TLAC/MREL Disqualification Event, as applicable,

will be subject to the prior consent of the Competent Authority if and as required therefor under Capital Regulations and may only take place in accordance with Capital Regulations in force at the relevant time.

The current EU Banking Reforms provide that the redemption of eligible liabilities prior to the date of their contractual maturity is subject to the prior permission of the resolution authority. According to the current EU Banking Reforms, such consent will be given only if either of the following conditions is met:

(i) earlier than or at the same time of such redemption, the institution replaces the eligible liabilities instruments with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(ii) the institution has demonstrated to the satisfaction of the resolution authority that the own funds and eligible liabilities of the institution would, following such redemption, exceed the requirements laid down in the CRR, the CRD IV and the BRRD by a margin that the resolution authority in agreement with the competent authority considers necessary.

It is not possible to predict whether or not the Subordinated Notes, the Senior Non Preferred Notes or Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements will or may qualify as TLAC/MREL-Eligible Instruments or if any further change in the laws or regulations of Portugal, Capital Regulations, Applicable TLAC/MREL Regulations or in the application or official interpretation thereof will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Subordinated Notes, the Senior Non Preferred Notes or Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements, and if so whether or not the Issuer will elect to exercise such option to redeem such Notes or any prior consent of the Competent Authority, if required, will be given.

Early redemption features (including any redemption of the Notes pursuant to Condition 6(f) or pursuant to Condition 6(c) are likely to limit the market value of the Notes. During any period when the Issuer may redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or at any time where there is any actual increase in the likelihood that the Issuer will be able to redeem the Notes early. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. 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 Notes 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.

The Undated Deeply Subordinated Notes may be written-down on a permanent or temporary basis or may be converted to Common Equity Tier 1 instruments (CET1)

The Undated Deeply Subordinated Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer (see Condition 2 of the Terms and Conditions of the Undated Deeply Subordinated Notes). Such eligibility depends upon a number of conditions being satisfied, which are reflected in the "*Terms and Conditions of the Undated Deeply Subordinated Notes*". One of these relates to the ability of the Undated Deeply Subordinated Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, in certain circumstances and/or upon the occurrence of certain events, payments of interest under the Undated Deeply Subordinated Notes may be restricted and, in certain cases, forfeited and the amount of interest and the principal

amount of the Undated Deeply Subordinated Notes may be reduced (see Conditions 2 and 4 of the "*Terms and Conditions of the Undated Deeply Subordinated Notes"*).

Under the mentioned conditions, the Undated Deeply Subordinated Notes will be available and may be used to absorb losses of the Issuer, if that is necessary for the Issuer to continue its business activities, through (i) a write down or (ii) a conversion into CET1 instruments.

In the circumstances mentioned in (i) above the nominal amount of the Undated Deeply Subordinated Notes will be reduced to the extent necessary to absorb the Issuer's losses, whenever the Issuer is at risk of non-compliance with the Own Funds Requirements Regulations (as defined in the "*Terms and Conditions of the Undated Deeply Subordinated Notes*"). The nominal amount so reduced will only be reinstated and recorded as a subordinated credit in certain specified circumstances. The potential reduction of the nominal amount will very likely negatively affect the market value of the Undated Deeply Subordinated Notes then outstanding and will increase the risk of capital loss under the investment in the Undated Deeply Subordinated Notes, either in whole or in part, considering that such reduced amount will only be reinstated in certain circumstances.

For avoidance of any doubt, upon the occurrence of any Writte-Down (i) the claim of the holders of the Undated Deeply Subordinated Notes in the insolvency or liquidation of the Issuer; (ii) the amount required to be paid by the Issuer in the event of call or redemption of the Undated Deeply Subordinated Notes; and (iii) the payment of interest (if any), will be calculated based on the Current Principal Amount of each outstanding Undated Deeply Subordinated Note at the time of such claim or payment.

The Undated Deeply Subordinated Notes are undated securities and need not be redeemed by the Issuer

The Undated Deeply Subordinated Notes are not redeemable at the option of the holders and have no fixed redemption date, and the Issuer shall have the right to call, redeem, repay or repurchase the Undated Deeply Subordinated Notes only in accordance (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met and not before five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met or, in the case of repurchase for market-making purposes, where the conditions set out in Article 29 of the CDR are met and particularly with respect to the predetermined amount defined by the Competent Authority as per Article 29(3)(b) of the CDR. The holders of Undated Deeply Subordinated Notes have no right to file for the insolvent judicial liquidation of the Issuer for reason of no payment of any amounts under the Undated Deeply Subordinated Notes.

The qualification of the Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements as TLAC/MREL-Eligible Instruments is subject to uncertainty

The Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements may be intended to be TLAC/MREL-Eligible Instruments (as defined in the Terms and Conditions) under the Applicable TLAC/MREL Regulations. However, there is uncertainty regarding the final substance of the Applicable TLAC/MREL Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that the Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements will or may be (or thereafter remain) TLAC/MREL-Eligible Instruments.

There currently are no European laws or regulations implementing the total loss absorbing capacity concept ("**TLAC**"), which is set forth in the FSB TLAC Term Sheet (as defined in the Terms and Conditions). The EU Banking Reforms propose

directives and regulations intended to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility. While the Terms and Conditions may be consistent with the EU Banking Reforms, these proposed reforms have not yet been interpreted and when finally adopted the final Applicable TLAC/MREL Regulations may be different from those set forth in these proposed reforms.

Because of the uncertainty surrounding the substance of the final regulations implementing the TLAC requirements and their interpretation and application and any potential changes to the regulations giving effect to MREL, the Issuer cannot provide any assurance that the Subordinated Notes, the Senior Non Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements will or may ultimately be TLAC/MREL-Eligible Instruments.

If for any reasons the Subordinated Notes, the Senior Non Preferred Notes and the Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms are not TLAC/MREL-Eligible Instruments or if they initially are TLAC/MREL-Eligible Instruments and subsequently become ineligible due to a change in Portuguese law or Applicable TLAC/MREL Regulations, then a TLAC/MREL Disqualification Event (as defined in the Terms and Conditions) will occur, with the consequences indicated in the Terms and Conditions.

The Noteholders may be subject to substitution and/or variation without Noteholder consent

The (i) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, Senior Non Preferred Notes and Subordinated Notes subject as provided herein, in particular to the provisions of Condition 6(c), (b) (f), if a Capital Event, a TLAC/MREL Disqualification Event or a circumstance giving rise to the right to early redeem the Notes for taxation reasons, occurs, and (ii) Undated Deeply Subordinated Notes subject as provided herein, in particular to the provisions of Condition 6(b) and (d), if a Capital Event, or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons, occurs, the Issuer may, at its option, and without the consent or approval of the Noteholders, elect either (1) to substitute all (but not some only) of the Notes or (2) to modify the terms of all (but not some only) of such Notes, in each case so that they are substituted for, or varied to, become, or remain Qualifying Notes or in the case of (ii) above) Qualifying Additional Tier 1 Notes, as applicable. While Qualifying Notes or Qualifying Additional Tier 1 Notes, as applicable, generally must contain terms that are materially no less favourable to Noteholders as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Notes or Qualifying Additional Tier 1 Notes, as applicable, will be viewed by the market as equally favourable, or that the Qualifying Notes or Qualifying Additional Tier 1 Notes, as applicable, will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

Further, prior to the making of any such substitution or variation, the Issuer shall not be obliged to have regard to the tax position of individual Noteholders or to the tax consequences of any such substitution or variation for individual Noteholders. No Noteholder shall be entitled to claim, whether from the Issuer, the Paying Agent, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or variation upon individual Noteholder of Notes.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

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

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend 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.

The Terms and Conditions of the Notes contains a waiver of set-off rights

The Terms and Conditions provide that Noteholders waive any set-off, netting or compensation rights against any right, claim, or liability the Issuer has, may have or acquire against any holder, directly or indirectly, howsoever arising. As a result, Noteholders will not at any time be entitled to set-off the Issuer’s obligations under the Notes against obligations owed by them to the Bank.

Subordinated Notes

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment under all Senior Creditors, as specified below.

The Subordinated Notes are direct, unsecured and subordinated obligations of the Issuer, and rank and will rank pari passu without any preference among themselves, as described under the risk factor “*Subordinated Notes*”.

In the event of insolvency or winding-up of the Issuer the claims of the holders of Subordinated Notes against the Issuer in respect of payments of principal and interest (if any) on the Subordinated Notes (to the extent permitted by Portuguese law) will: (i) be subordinated in the manner described in the *Terms and Conditions of the Senior and the Subordinated Notes* to the claims of all Senior Creditors; (ii) rank at least *pari passu* with the claims of holders of all obligations or securities of the Issuer

which constitute Tier 2 Capital of the Issuer or otherwise by law rank, or by their terms are expressed to rank, *pari passu* with the Subordinated Notes and/or the Tier 2 Capital of the Issuer and (iii) rank *senior* to: (1) the claims of the holders of all obligations or securities of the Issuer which constitute Tier 1 Capital of the Issuer, (2) the claims of holders of all other obligations or securities of the Issuer which by law rank, or by their terms are expressed to rank *junior* to the Subordinated Notes and/or Tier 2 Capital of the Issuer and (3) claims of holders of all share capital and/or preference shares of the Issuer.

"*Senior Creditors*" means creditors of the Issuer who (A) are depositors and/or other unsubordinated creditors of the Issuer or (B) whose claims are subordinated to the claims of other creditors of the Issuer other than those creditors: (i) whose claims relate to obligations or securities which constitute Tier 1 Capital of the Issuer or Tier 2 Capital of the Issuer or (ii) whose claims rank by law, or by their terms are expressed to rank, pari passu with, or junior to, the claims of the holders of the Subordinated Notes.

"*Tier 1 Capital*" and "*Tier 2 Capital*" each have the respective meaning given to such terms under the CRR.

Undated Deeply Subordinated Notes

The Undated Deeply Subordinated Notes are direct, unsecured and deeply subordinated obligations of the Issuer, and rank and will rank *pari passu* without any preference among themselves.

If the Issuer becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding (to the extent permitted by applicable law), the holders of Undated Deeply Subordinated Notes will be entitled to the repayment of the then outstanding nominal amount of the Undated Deeply Subordinated Notes (being the nominal amount prevailing at the relevant time) plus accrued interest, if any, on such nominal amount from and including the Issue Date (if such event occurs in the first Interest Period after the Issue Date) or the preceding Interest Payment Date on which interest was either paid or cancelled pursuant to Condition 4 (if such event occurs after the first Interest Period), to the extent that there are available funds to this effect after payment to the higher ranking creditors of the Issuer as described below. The claims of the holders of the Undated Deeply Subordinated Notes will, in the event of a voluntary or involuntary liquidation, insolvency or similar proceeding, be subordinated in right of payment in the manner provided herein, and will rank:

A. Junior to present or future claims of (a) unsubordinated creditors of the Issuer and (b) subordinated creditors of the Issuer including Tier 2 holders other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Undated Deeply Subordinated Notes ("*Senior Creditors*"),

B. Senior to holders of Issuer's Common Equity Tier 1 instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Undated Deeply Subordinated Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer, and

C. *Pari passu* without any preference among themselves and *pari passu* with (a) the existing Additional Tier 1 instruments of the Issuer, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Undated Deeply Subordinated Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

No security or guarantee of any kind is, or shall at any time be, provided by the Issuer or any other person securing the rights of the Noteholders.

The subordination of the Notes is for the benefit of the Issuer and all Senior Creditors.

In the event of any voluntary or involuntary liquidation, insolvency or similar proceeding with respect to the Issuer, no holder of an Undated Deeply Subordinated Note will, if such holder is indebted or under liability to the Issuer be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Deeply Subordinated Note.

If a Capital Ratio Event occurs, as defined in the Terms and Conditions, the Issuer shall immediately notify the Competent Authority of the occurrence of such Event and, within one month (or other period of time determined by the Competent Authority) from the confirmation of the occurrence of the relevant Capital Ratio Event, *pro rata* with the other Notes and any other Loss Absorbing Instruments (with a similar loss absorption mechanism, as defined in the Terms and Conditions) irrevocably (without the need for the consent of Noteholders), reduce the then Current Principal Amount of each Note by the relevant Write-Down Amount (as specified in the Terms and Conditions). Instead, if a specified in the applicable Final Terms, if a Capital Ratio Event occurs the Undated Deeply Subordinated Notes may be converted into Common Equity Tier 1 capital instruments of the Issuer in accordance with the Own Funds Requirements Regulations.

A Loss Absorption Notice or a conversion notice (as applicable) to Noteholders (in accordance with Condition 11 of the Terms and Conditions of the Undated Deeply Subordinated Notes) should be given by the Issuer, but failure to provide such notice shall not prevent the exercise of the *Write-Down* or conversion (as applicable).

Any payment of interest on the Undated Deeply Subordinated Notes will be made subject to the provisions of the Condition 4 and will be subject to a full discretionary decision of the Board of Directors or the Executive Committee of the Issuer, as the case may be. If the Board of Directors or the Executive Committee of the Issuer, as the case may be, decides not to make any payment on any Interest Payment Date, the amount of such interest payment will not be due, and will be forfeited. Distributions under the Undated Deeply Subordinated Notes are paid out of Distributable Items of the Issuer and the Issuer has full discretion at all times to cancel the payments, for an unlimited period and on a non cumulative basis, as defined below.

See Conditions 2, 4 and 6 of the Terms and Conditions of Undated Deeply Subordinated Notes for a full description of deeply subordination and the payment obligations of Banco BPI under the Undated Deeply Subordinated Notes.

The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Undated Deeply Subordinated Notes

The Issuer will cancel any payment of interest (in whole or in part) which could otherwise be paid on an Interest Payment Date if and to the extent that payment of such interest would, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer.

Distributable Items relate to the Issuer’s profits and distributable reserves determined on the basis of the Issuer’s non-consolidated accounts as further described in the Conditions. The level of the Issuer's Distributable Items is affected by a number of factors. The Issuer's future Distributable Items, and therefore the ability of the Issuer to make interest payments under the Notes, are a function of the Issuer's existing Distributable Items and its future profitability. The Issuer's Distributable Items may be adversely affected, inter alia, by the servicing of more senior instruments or parity ranking instruments, including by other discretionary interest payments on other (existing or future) capital instruments, including CET1 Capital distributions and any write-ups of principal amounts of other Loss Absorbing Instrument (if any).

The level of the Issuer's Distributable Items may also be affected by changes to the law, accounting rules, regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

The Issuer's Distributable Items, and therefore the Issuer's ability to make interest payments under the Notes, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control.

Payments on the Undated Deeply Subordinated Notes cannot exceed the Maximum Distributable Amount

No payments will be made on the Undated Deeply Subordinated Notes if and to the extent that such payment would, when aggregated together with other Relevant Distributions, any obligation referred to in Article 141 of the CRD IV or any analogous payment restrictions arising in respect of capital buffers under the Capital Regulations or the BRRD and the amount of any Discretionary Reinstatement, where applicable, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Group to be exceeded.

Under Articles 138 AA and 138 AB of the RGICSF, institutions which fail to fully meet their combined buffer requirement will be subject to restricted "discretionary payments", including payments relating to common equity and additional tier 1 capital instruments (such as the Undated Deeply Subordinated Notes) and variable remuneration to staff. The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the relevant institution since the last distribution of profits or other relevant "discretionary payment". Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary payments" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement by the Issuer and/or the Group, it may be necessary to reduce discretionary payments, including potentially cancelling (in whole or in part) interest payments in respect of the Notes.

Pursuant to Article 23(5) of Decree-Law no. 157/2014, restrictions on "discretionary payments" will also apply during the phase-in period to institutions which fail to fully meet their phased-in combined buffer requirements.

Moreover, institutions which fail to fully meet their combined buffer requirements (including those applicable during the phase-in period) will be required to prepare and submit to the competent supervisory authorities a capital conservation plan as provided in Article 138-AD of the RGICSF. If the competent supervisory authorities consider that the implementation of the plan would not be reasonably likely to conserve or raise sufficient capital to enable the institution to meet its combined buffer requirements within a period deemed appropriate, the plan will not be approved and the competent supervisory authorities shall require the institution to increase own funds to specified levels within specified periods and/or impose more stringent restrictions on "discretionary payments".

Any actual or perceived indication that the relevant Maximum Distributable Amount may not be sufficient to make part or all discretionary payments which otherwise could have been done at the discretion of the Bank can be expected to have a material adverse effect on the market price of the Undated Deeply Subordinated Notes.

"**Relevant Distributions**" means, on any Undated Deeply Subordinated Notes, the sum of:

(i) any interest payments on the Notes made or scheduled to be made by the Issuer in the then current financial year of the Issuer; and

(ii) any interest payments or distributions made or scheduled to be made by the Issuer on other instruments qualifying as Additional Tier 1 Capital and (to the extent permitted by prevailing Capital Regulations) CET1 Capital, in the then current financial year of the Issuer;

Any failure by the Issuer and/or the Group to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including interest payments on the Undated Deeply Subordinated Notes

Further amendments included in the MREL Proposal include changes to the calculation of MREL – which should be expressed as a percentage of the total risk exposure amount and of the leverage ratio exposure measure of the relevant institution – and MREL eligibility criteria, which could affect the level of future MREL as well as the level of reported MREL capacity. It is proposed that the MREL requirements should be determined by the resolution authorities at an amount to allow banks to absorb losses expected in resolution and recapitalise the bank post-resolution. In addition, the MREL Proposals introduce consequences of breaching MREL requirements. A failure by the Issuer to comply with MREL requirements means the Issuer could become subject to the Maximum Distributable Amount restrictions on certain discretionary payments, including payments on Additional Tier 1 Capital instruments such as the Undated Deeply Subordinated Notes, as the required amount of MREL 'sits below' the combined buffer requirements. Furthermore, it is proposed that resolution authorities may require institutions to meet higher levels of MREL in order to cover losses in resolution above the level of the existing own funds requirements and to ensure a sufficient market confidence in the entity post-resolution (i.e. on top of the required recapitalisation amount). These higher levels will take the form of "MREL guidance", and it is currently envisaged that institutions that fail to meet the MREL guidance shall not be subject to Maximum Distributable Amount restrictions.

The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors, any of which may be outside the Issuer's control, that could affect the CET1 ratio of the Issuer and/or the Group

The occurrence of a Capital Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. The CET1 ratio of the Issuer and the Group can be expected to fluctuate on an on-going basis and could be affected by one or more factors, including, among other things, changes in the mix of the business of the Issuer and/or the Group, major events affecting their respective earnings, distributions payments, regulatory changes (including changes to definitions and calculations of the CET1 ratio and its components, including CET1 capital).

It will be difficult to predict when, if at all, a Capital Event may occur. Accordingly, the trading behaviour of the Undated Deeply Subordinated Notes is not necessarily expected to follow the trading behaviour of other types of securities without this feature. Any actual or perceived indication that a Capital Event may occur can be expected to have a material adverse effect on the market price of the Undated Deeply Subordinated Notes.

The Issuer, in its full discretion, may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Undated Deeply Subordinated Notes

The Issuer may at any time elect, in its full and sole discretion, to cancel any interest payment (in whole or in part) on the Undated Deeply Subordinated Notes which would otherwise be due on any Interest Payment Date. Additionally, the Competent Authority may have the power to direct the Issuer to exercise its discretion to cancel any interest payment (in whole or in part) on the Undated Deeply Subordinated Notes.

Furthermore, the Issuer will cancel any interest payment (in whole or in part) which would otherwise fall due on an Interest Payment Date if and to the extent that payment of such interest would: (i) when aggregated with other Relevant Distributions and the amount of any Reinstatement, where applicable, exceed the Distributable Items of the Issuer; or (ii) when aggregated with other Relevant Distributions, other relevant distributions referred to in Article 141 of the CRD IV or any analogous payment restrictions arising in respect of capital buffers under the Capital Regulations or the BRRD and the amount of any Discretionary Reinstatement, cause the Maximum Distributable Amount then applicable to the Issuer and/or the Group to be exceeded.

In addition, if a Capital Ratio Event occurs, the Issuer will cancel all interest accrued up to (and including) the relevant date of Write-Down.

Any interest which is cancelled as a result of optional or mandatory cancellation as described above shall not accumulate and shall no longer be due and payable by the Issuer. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Undated Deeply Subordinated Notes for any purpose and shall not entitle Noteholders to petition for the winding-up of the Issuer, and Noteholders will have no right to such cancelled interest, or any amount in respect thereof, at any time (including in a winding-up of the Issuer).

If the Issuer elects to cancel, or is prohibited from paying, interest on the Notes at any time, there is no restriction under the terms of the Undated Deeply Subordinated Notes on the Issuer from otherwise paying dividends, interest or other distributions on, or redeeming or repurchasing, any of its other liabilities (including liabilities which rank *pari passu* with, or junior to, the Undated Deeply Subordinated Notes) or any of its share capital. The obligations of the Issuer under the Undated Deeply Subordinated Notes are senior in ranking to the ordinary shares of the Issuer. It is the Issuer's current intention that, whenever exercising its discretion to propose any dividend or distributions in respect of its ordinary shares, or its discretion to cancel any payment of interest, it will take into account the relative ranking of these instruments in its capital structure. However, the Issuer may at any time decide otherwise at its sole discretion and without notice to any person (including the Noteholders), and as further set out in this risk factor, in accordance with the Capital Regulations and the Conditions, it may in its discretion elect to cancel any payment of interest in respect of the Undated Deeply Subordinated Notes at any time and for any reason.

The Undated Deeply Subordinated Notes may be traded with accrued interest, but (i) under certain circumstances described above, such interest will be cancelled and not paid on the relevant Interest Payment Date and (ii) the Issuer retains full discretion to cancel interest otherwise scheduled to be paid on the relevant Interest Payment Date

The Undated Deeply Subordinated Notes may trade, and/or the prices for the Undated Deeply Subordinated Notes may appear, in any trading systems and/or on any stock exchange on which the Notes are for the time being quoted, with accrued interest. If this occurs, purchasers of Undated Deeply Subordinated Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Undated Deeply Subordinated Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Undated Deeply Subordinated Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

Because the Notes are held through accounts of affiliate members of Interbolsa, investors will have to rely on various Interbolsa procedures with respect to the following*:*

Form and Transfer of the Notes

Notes held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book entry form(*forma escritural*) and are registered (*nominativas*) notes. The Notes will be registered in the issue account opened by the Issuer with Interbolsa and will be held in control accounts by the Affiliate Members of Interbolsa on behalf of the relevant Noteholders. Such control accounts will reflect at all times the aggregate number of Notes held in the individual securities accounts opened by the clients of the Affiliate Members of Interbolsa which include Euroclear and CBL. The transfer of Notes and their beneficial interests will be made through Interbolsa.

Payment Procedures of the Notes

Payments inherent to the Notes (including the payment of accrued interest, coupons and principal) will be (i) **if made in euro** (a) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and CBL, to the accounts with Euroclear and CBL of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL as the case may be; (ii) **if made in currencies other than euro** (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the 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 Notes or through Euroclear and CBL to the accounts with Euroclear and CBL of the owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL, as the case may be.

The Noteholders must rely on the procedures of Interbolsa to receive payment under the Notes. The Issuer will have no responsibility or liability for the records relating to payments made in respect of beneficial interests in the Notes.

Notice to the Noteholders

Notices to the Noteholders may be given in accordance with Portuguese Securities Code and Interbolsa's rules on notices to investors, notably the disclosure of information through the CMVM official website (www.cmvm.pt).

Meetings of holders of Notes are governed by the Portuguese Commercial Companies Code ("Código das Sociedades Comerciais")

Mandatory provisions of the Portuguese Commercial Companies Code apply to meetings of holders of Notes. Meetings of holders of such Notes may be convened by a common representative. If the holders of Notes have not appointed a common representative or if the same refuses to convene a Noteholders meeting, holders of such Notes holding not less than 5 per cent. in principal amount of such Notes for the time being outstanding may request the chairman of the general meeting of shareholders of Banco BPI to convene a Noteholders meeting.

The quorum required for a meeting convened to pass a resolution other than an extraordinary resolution will be any person or persons holding or representing Notes then outstanding, regardless of the principal amount thereof; and the quorum required for a meeting convened to pass an extraordinary resolution will be a person or persons holding or representing at least 50 per cent. of the Notes then outstanding or, at any adjourned meeting, any person or persons holding or representing any of such Notes then outstanding, regardless of the principal amount thereof.

The number of votes required to pass a resolution other than an extraordinary resolution is a majority of the votes cast at the relevant meeting; the majority required to pass an extraordinary resolution, including, without limitation, a resolution relating to the modification or abrogation of certain of the provisions of the Conditions, is at least 50 per cent. of the principal amount of the Notes then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting regardless of any quorum. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

Risks related to Withholding Tax

Investment income derived from Notes issued by Banco BPI are currently subject to Portuguese withholding tax (except where the Noteholder is either a Portuguese resident financial institution or a non-resident financial institution having a permanent establishment in the Portuguese territory to which the income is attributable or benefits from a reduction or withholding tax exemption as specified by current Portuguese tax law) and there will be no gross-up for amounts withheld on such Notes.

Pursuant to Decree-Law no. 193/2005, of 7 November 2005, as amended from time to time (the "*Decree-Law*"), including the evidence requirements of non-residence status foreseen therein, investment income obtained in Portuguese territory and paid to beneficiaries of Notes held through an EU or EEA based international clearing system (provided, in the latter case, that the EEA State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States) that are non-residents in the Republic of Portugal, as well as capital gains derived from a sale or other disposition of such Notes, will be exempt from Portuguese income tax.

Under the Decree-Law, the obligation to collect from the Noteholders proof of their non-Portuguese resident status and of compliance with the other requirements for the exemption rests with the direct registering entities (*entidades registadoras*

diretas) or with their representatives (resident entity designated by non-resident direct registering entities or by entities managing the international clearing systems) and with the entities managing the international clearing systems.

The procedures and certifications are set out in "*Taxation*" beginning on page 167 hereof and may be revised from time to time in accordance with Portuguese law and regulations, further clarification from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems.

Failure to comply with these procedures and certifications will result in the application of Portuguese withholding tax at a rate of 25 per cent. (in case of non-resident entities), or a rate of 28 per cent. (in case of non-resident individuals) or at a rate of 35 per cent. (in case of investment income payments (i) to individuals or companies domiciled in a "low tax jurisdiction" list approved by Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time, or (ii) to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties, in which the relevant beneficial owner(s) of the income is/are not identified), as the case may be, at the date of this Prospectus, or if applicable, at reduced withholding tax rates pursuant to tax treaties signed by the Republic of Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with (see "*Taxation*").

Banco BPI will not gross up payments in respect of any such withholding tax in any of the cases indicated in Condition 7 of the Terms and Conditions of the Notes including failure to deliver the certificate or declaration referred to above. Accordingly, Noteholders must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of the Notes. None of Banco BPI, the Dealers, the Paying Agent or the clearing systems assume any responsibility therefor.

Risks related to Notes generally

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

Modification, waivers and substitution

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

EU Savings Directive, OECD CRS and Directive 2014/107/EU

On 10 November 2015 the Council of the European Union adopted the Council Directive (EU) 2015/2060/EU of 10 November 2015, repealing Directive 2003/48/EC, as amended, on the taxation of savings income (the "EU Savings Directive") from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States of the European Union (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council

Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

Portugal has implemented the above Savings Directive on taxation of savings income into the Portuguese law through Decree-Law no. 62/2005, of 11 March 2005, as amended by Law no. 39-A/2005, of 29 July 2005, and Law no. 37/2010, of 2 September 2010. Accordingly, it is expected that Decree-Law no. 62/2005, of 11 March 2005, as amended by Law no. 39-A/2005, of 29 July 2005, and Law no. 37/2010, of 2 September 2010, will be revoked.

Moreover, Council Directive 2014/107/EU was transposed to Portuguese national law, on October 2016, by Decree-Law no. 64/2016, of 11 October 2016 ("Portuguese CRS Law"), which amended Decree-Law no. 61/2013, of 10 May 2013, which transposed 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 2017.

Under such law, the Issuer will be required to collect information regarding certain accountholders and report such information to Portuguese Tax Authorities which, in turn, will report such information to the relevant Tax Authorities of EU Member States or States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-US financial institutions through which payments on the Notes are made may be required to withhold US tax at a rate of 30 per cent. or at a rate resulting from multiplying 30 per cent. by the positive "passthrough percentage" (as defined in US Foreign Account Tax Compliance Act ("FATCA")) of the Issuer or of the other non-US financial institutions through which payments on the Notes are made, to the payments made after 31 December 2014 in respect of (i) any Notes issued after 18 March 2012 and (ii) any Notes which are treated as equity for US federal tax purposes, whenever issued, pursuant to the FATCA.

This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("FFI") (as defined in FATCA) which enters into and complies with an agreement with the US Internal Revenue Service ("IRS") to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a participating FFI), and (ii) (a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a US person or should otherwise be treated as holding a "United States Account" of the Issuer, or (b) any FFI through which payment on such Notes is made is not a participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear and additional legislation needs to be in force and published to complete the implementation process.

If an amount in respect of US withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

Portugal has recently implemented, through Law no. 82-B/2014, of 31 December 2014, 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 2016, amended by Law no. 98/2017, of 24 August 2017, 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 2016, amended by Ministerial Order (*Portaria*) no. 169/2017, of 25 May 2017.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations that are subject to change

Ratings

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Senior Notes, the Subordinated Notes and the Undated Deeply Subordinated Notes to be issued under the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any ratings assigned to Senior Notes, the Subordinated Notes and the Undated Deeply Subordinated Notes as at the date hereof are not indicative of future performance of the Issuer's business or its future creditworthiness.

Change of law

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

Benchmark regulation

So-called benchmarks such as the London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and other interest rates, equity indices, foreign exchange rates and other types of rates and indices which are deemed to be "benchmarks" (each a "Benchmark" and together, the "Benchmarks"), to which the interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause the manner of administration of benchmarks to change, the relevant benchmarks to perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted, which may have a material adverse effect on the value of and the amount payable under the Notes.

For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of

administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

International proposals for reform of Benchmarks include the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") which was published in the Official Journal on 29 June 2016 entered into force the following day and into application on 1 January 2018. In addition to the aforementioned regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks. This and other reforms may cause benchmarks to reform differently than in the past, or to disappear entirely, or have other consequences which cannot be fully anticipated which introduces a number of risks for the Group. These risks include (i) legal risks arising from potential changes required to documentation for new and existing transactions; (ii) financial risks arising from any changes in the valuation of financial instruments linked to benchmark rates; (iii) pricing risks arising from how changes to benchmark indices could impact pricing mechanisms on some instruments; (iv) operational risks arising from the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes; and (v) conduct risks arising from the potential impact of communication with customers and engagement during the transition period. The replacement benchmarks, and the timing of and mechanisms for implementation have not yet been confirmed by central banks.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have the following effects on certain "benchmarks" (including LIBOR and EURIBOR): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect the Issuer. However, the implementation of alternative benchmark rates may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

The Benchmark Regulation will apply to "contributors", "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to have satisfied certain "equivalence" conditions in its local jurisdiction, to be "recognised" by the competent authority of the applicable Member State pending an equivalence decision or to be "endorsed" for such purpose by an EU competent authority) and to comply with requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" rates and indices such as LIBOR and EURIBOR, will apply to many other interest rates, as well as equity indices and foreign exchange rates and other rates and indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments (securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or "systematic internaliser"), certain financial contracts and investment funds.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks, which may impact the value of and the amount payable under the Notes as compared to the situation where such factors would be absent.

The potential elimination of the LIBOR benchmark or any other Benchmark, or changes in the manner of administration of any Benchmark, as a result of the Benchmark Regulation or otherwise, could require an adjustment to the Terms and Conditions, or result in other consequences, in respect of any Notes linked to such Benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain Benchmarks including EURIBOR and LIBOR: (i) discourage market participants from continuing to administer or contribute to the Benchmark; (ii) trigger changes in the rules or methodologies used in the Benchmark or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing to a Benchmark.

In relation to Reset Notes and, where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined, in relation to Floating Rate Notes, the Terms and Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Terms and Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Reset Determination Date or Interest Determination Date, as the case may be, before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Reset Notes and Floating Rate Notes.

If a Benchmark Event (as defined in Condition 4(d)(vii) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. After consulting with the Independent Adviser, the Issuer shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate

performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

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

If a Successor Rate or Alternative Rate is determined by the Issuer, the Terms and Conditions also provide that an Adjustment Spread may be determined by the Issuer and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or refencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or is unable to determine a Successor Rate or Alternative Rate before the next Reset Determination Date or Interest Determination Date, as the case may be, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Reset Determination Date or Interest Determination Date, respectively, before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Reset Determination Date or Interest Determination Date, as the case may be, the Rate of Interest will be the Initial Rate of Interest.

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 Reset Period or 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 Reset Determination Date or 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.

Applying the Initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Reset Determination Date or Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the Initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Reset Determination Date or Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply

to maturity. This will result in the Reset Notes and Floating Rate Notes, as the case may be, becoming, in effect, fixed rate Notes.

No Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Subordinated Notes or TLAC/MREL-Eligible Instruments for the purposes of the Capital Regulations.

Where ISDA Determination is specified as the manner in which the Rate of Interest is to be determined, in respect of Floating Rate Notes, the Terms and Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 Definitions of the International Swaps and Derivatives Association, Inc. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a Benchmark.

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes 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 Notes.

Exchange rate risks and exchange controls

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

Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Market Price Risk

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. An investor in the Notes is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the investor sells the Notes prior to the final maturity of such Notes. If an investor decides to hold the Notes until final maturity the Notes will be redeemed at the amount set out in the relevant Final Terms.

Risk of Early Redemption

The applicable Final Terms will indicate whether the Issuer may have the right to call the Notes prior to maturity (optional call right) or whether the Notes will be subject to early redemption in case of the occurrence of an event specified in the applicable Final Terms (early redemption event). The Issuer may have the right to redeem the Notes if such Issuer is required to make additional (gross-up) payments for reasons of taxation. If the Issuer redeems the Notes prior to maturity or the Notes are subject to early redemption due to an early redemption event, an investor in such Notes is exposed to the risk that due to early redemption his investment will have a lower than expected yield. The Issuer might exercise his optional call right if the yield on comparable Notes in the capital market falls which means that the investor may only be able to reinvest the redemption proceeds in notes with a lower yield.

Interest rate risks

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. Prospective investors in the Notes should verify the credit ratings of BPI and the Notes at all times. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. In addition, rating agency methodologies, and therefore the ratings themselves, may change without warning at any time. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No 1060/2009 (the "*CRA Regulation*") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU 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 non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU 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). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

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 advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

RESPONSIBILITY STATEMENT

Banco BPI (the "*Responsible Person*") is responsible for the information contained in this Prospectus. The Responsible Person declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best knowledge of the Responsible Person, in accordance with the facts and contains no omission likely to affect the import of such information.

The Dealers have not independently verified the information contained herein, any document incorporated herein by reference, or any supplement to the Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Programme. The Dealers do not accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

IMPORTANT NOTICE

This Prospectus should be read and understood in conjunction with any supplement to this Prospectus and with any other documents incorporated herein by reference (see "*Documents Incorporated by Reference*"). Full information on the Issuer and any Tranche of Notes is only available on the basis of the combination of the Prospectus and the relevant Final Terms (as defined herein).

Under this EUR 7,000,000,000 Euro Medium Term Note Programme, Banco BPI may from time to time issue notes (the "*Notes*", which will include Senior Notes, Dated Subordinated Notes, Undated Subordinated Notes and Undated Deeply Subordinated Notes (as such terms are defined below)) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined herein).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 7,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Final Terms (as defined below) for each Tranche (as defined in the Terms and Conditions (the "*Terms and Conditions*" which term shall include, depending of the Tranche (whether it is a Senior Note, a Subordinated Note or an Undated Deeply Subordinated Note), the *Terms and Conditions of the Senior and Subordinated Notes* or the *Terms and Conditions of the Undated Deeply Subordinated Notes*) of Notes will state whether the Notes of such Tranche are to be (i) senior Notes ("*Senior Notes*"), (ii) dated subordinated Notes ("*Dated Subordinated Notes*"), (iii) undated subordinated Notes ("*Undated Subordinated Notes*"), or (v) undated deeply subordinated notes ("*Undated Deeply Subordinated Notes*"). Dated Subordinated Notes and Undated Subordinated Notes are together referred to as "*Subordinated Notes*".

The Notes will be issued on a continuing basis to one or more of the Dealers specified under "*Summary*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "*Dealer*" and together the "*Dealers*"), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the *relevant Dealer* shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament an of the Council of 15 May 2014 - "MiFID II").

Notice of the aggregate nominal amount or principal amount of, the interest (if any) payable in respect of, the issue price of, and any terms and conditions which are applicable to each Tranche (as defined under "*Terms and Conditions*") of Notes will be completed and set out in the final terms of each Tranche (the "*Final Terms*") which, with respect to Notes to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and to be listed on the Official List of the Luxembourg Stock Exchange, will be filed with the Luxembourg Stock Exchange and the CSSF. Each Final Terms will contain the final terms of each Tranche of Notes for the purposes of Article 5.4 of the Prospectus Directive as amended (which includes the amendments made by Directive 2010/73/EU (the "*2010 PD Amending Directive*")). The Programme provides that Notes may, after notification in accordance with Article 18 of the Prospectus Directive, be admitted to trading on the regulated markets of and/or admitted to listing on the stock exchanges

of a number of member states of the EEA and/or offered to the public within the EEA. Unlisted Notes and/or Notes not admitted to trading on any market may also be issued.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer.

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 Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Arranger.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme nor the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus or any document incorporated herein by reference nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "*Securities Act*"), or any U.S. State securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S, unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see "*Subscription and Sale*" below). Neither this Prospectus nor any Final Terms constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Prospectus, any document incorporated herein by reference and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this document in any jurisdiction outside the European Economic Area (the "*EEA*") where action for that purpose is required. Accordingly, no Notes may be offered or sold,

directly or indirectly, and neither this Prospectus, any document incorporated herein by reference nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the Republic of Portugal ("*Portugal*"), Spain, Belgium, Singapore, France, Japan, Republic of Italy and the EEA (see "*Subscription and Sale*" on page 211 of this Prospectus).

Prohibition of sales to EEA Retail Investors – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EC) 1286/2014 of 26 November 2014 (the "PRIIPs Regulation") for offering or selling securities within the scope of such regulation or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer, the Managers or the Financial Intermediaries, as the case may be.

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the *applicable* Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part 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 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 of Notes 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 of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

A determination shall be made at the time of issue of certain Notes about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593/EU (the "MiFID Product Governance Rules"), any Dealer is a manufacturer in respect of that Notes, but otherwise no Dealers 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 Notes 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 Notes and which channels for distribution of the Notes are appropriate. Any person

subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("EURIBOR") or the London Interbank Offered Rate ("LIBOR") which are provided by the European Money Markets Institute ("EMMI") and the ICE Benchmark Administration Limited ("ICE") respectively or any other benchmark, in each case as specified in the applicable Final Terms. As at the date of this Prospectus, EMMI does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011 of 8 June 2016) (the "BMR"). As at the date of this Prospectus, ICE does appear on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the BMR. As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply such that EMMI is not currently required to obtain authorisation or registration.

If a benchmark (in particular, other than EURIBOR or LIBOR) is specified in the applicable Final Terms, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the BMR.

All references in this document to U.S. dollars, U.S. and $ refer to United States dollars and to Sterling and £ refer to pounds sterling. In addition, all references in this document to euro, EUR and € refer to the single currency of certain member states of the European Union. All references in this Prospectus to the United States refer to the United States of America, its territories and possessions.

Certain figures in this Prospectus have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures which precede them.

The language of this Prospectus is English.

Where information has been sourced from a third party, the Responsible Persons confirm that to the best of their knowledge this information has been accurately reproduced and that so far as the Responsible Persons are aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information contained in the description of ratings contained in the "*Summary*" on page 7 and beginning on page 80 was sourced from the websites of Moody's, Fitch and Standard & Poor's (each as defined herein), respectively.

If so specified in the Final Terms in respect to any issue of Notes, the Issuer consents to the use of this Prospectus in Luxembourg and in Portugal in connection with an offer to the public of the Notes by any of the Dealers of the Programme or by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament an of the Council of 15 May 2014 - "MiFID II") ("*Authorised Offeror*") and accepts responsibility for the content of this Prospectus also with respect to subsequent resale or final placement of securities by any Dealer which was given consent to use the Prospectus.

Information with respect to new Dealers of the Programme or additional Authorised Offerors will be disclosed by the relevant means, including in the applicable Final Terms for such offer and / or the website of the Issuer and the relevant Dealer or Authorised Offeror.

The consent referred to above relates to Offer Periods occurring during 12 months from the date of this Prospectus.

An investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the investor (the "*Terms and Conditions*"). The Issuer, if applicable, will not be a party to any such arrangements with investors (other than Dealers) in connection with the offer or sale of the Notes and, accordingly, this Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer and a statement on the use of the Prospectus in accordance with the consent and with the relevant conditions shall be disclosed by that Authorised Offeror on its website at the relevant time. The Issuer or any of the other Authorised Offerors have no responsibility or liability for such information.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer, subject as set out herein, to be purchased by qualified or non-qualified investors (retail investors). A summary of the terms and conditions of the Programme and the Notes is set out in "*Summary*" above. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out either in the "*Terms and Conditions of the Senior and Subordinated Notes*" or in the "*Terms and Conditions of the Undated Deeply Subordinated Notes*" endorsed on, attached to, or incorporated into, the Notes, as completed by Part A of the applicable Final Terms attached to, endorsed on or incorporated into such Notes, as more fully described under "Form of the Notes" below.

This Prospectus and any supplement to this Prospectus will only be valid for listing Notes on the Official List of the Luxembourg Stock Exchange, or any other stock exchange in the European Economic Area, in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed EUR 7,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time, the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of Final Terms*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London and Lisbon, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation.

DESCRIPTION OF THE ISSUER

The Issuer is a commercial bank focused on commercial banking business in Portugal.

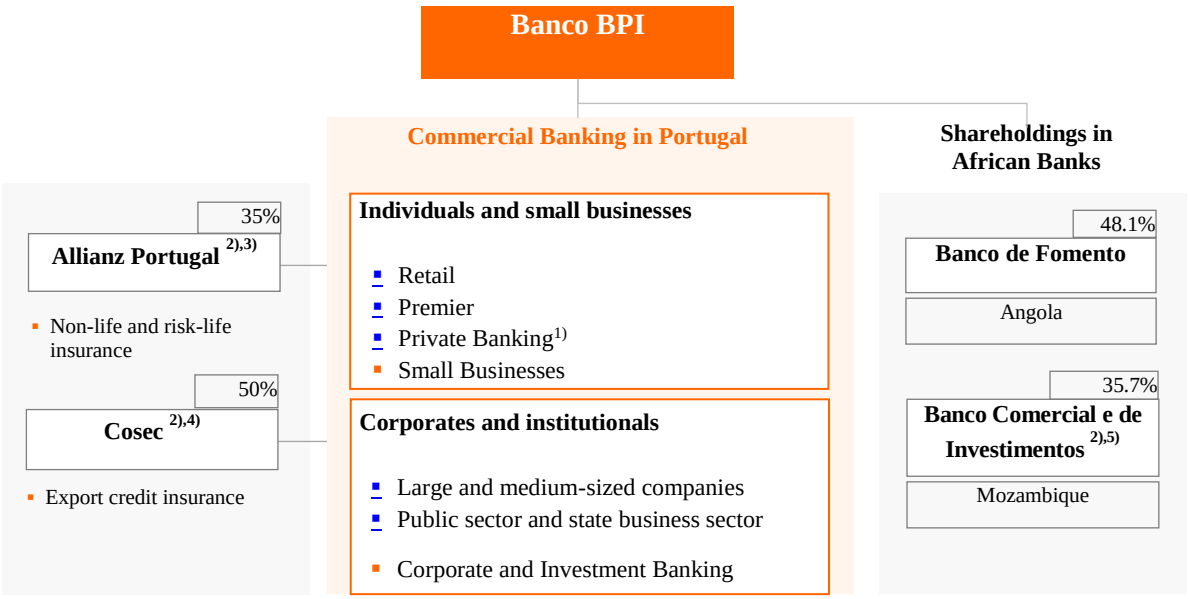
Banco BPI is part of the CaixaBank Group and is the fifth largest financial institution operating in Portugal27 in terms of assets (€ 31.6 billion28), with market shares close to 10 per cent. in loans and in Customer deposits.

BPI's business is organized around two main segments: (i) Individuals and small businesses and (ii) Corporates and Institutional Clients (Sector and the State Enterprise Sector). The Issuer offers a complete range of financial products and services, tailored to the specific needs of each segment, through a specialized, multi-channel and fully integrated distribution network. The Issuer's product offering is complemented by investment and savings solutions from the CaixaBank Assets and Insurance area and also includes a range of non-life and life-risk insurance through a distribution agreement with Allianz Portugal, in which BPI has a 35 per cent.. In credit insurance, The Issuer has a stake of 50 per cent in COSEC, in partnership with Euler Hermes (a company from Allianz Group), which holds the remaining 50 per cent.

The Issuer serves 1.93 million Customers in the domestic market, with relevant market shares in the various products and services offered.

At the end of 2018, the distribution network comprises 495 business units, of which 421 are retail branches, 1 mobile retail unit, 39 premier centres 34 corporate and institutional centres.

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



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

2) Equity-accounted subsidiaries.

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

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

[27] In terms of total assets as of 31 December 2017. Source Associação Portuguesa de Bancos (APB - Portuguese Banking Association), Statistics; and banks earnings disclosure

[28] As of 31 December 2018. Source: BPI calculations using public information

5) In partnership with Caixa Geral de Depósitos (which holds 61,51 per cent. of capital).

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.

From the end of 2007, in the context of the severe international financial crisis that had meanwhile flared up, the Bank's management focused on four priorities: protecting and reinforcing capital; sustaining liquidity levels; reducing risks; and strengthening the relationship with the Clients. At the same time and in each new phase, it sought to strike a balance between three key pillars: safety and solidity, protection of the customer base, and business profitability.

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, S.A., 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.

ESTABLISHMENT AND DOMICILE

Banco BPI is domiciled in Rua Tenente Valadim, 284, 4100-476 Porto, telephone number +351 22 2075000.

LEGAL FORM

Banco BPI is registered as a bank with the Bank of Portugal and operates under the legal name of "*Banco BPI, S.A.*". Banco BPI 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.

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.

SHAREHOLDERS

The Issuer's sole shareholder as of 31 March 2019 is:

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

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.

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 Committe. These internal procedures and rules comply with applicable laws and regulations in force and governance best practices.

BUSINESS OVERVIEW OF BANCO BPI

The Issuer's Group is focused on the activity of commercial banking developed in Portugal and is organised around two main segments: (i) Individuals and small businesses and (ii) Corporates and Institutional Clients.

Individuals and Small Businesses

Individuals, Premier and Small Businesses Banking network is responsible for commercial initiatives with individual Customers, small businesses and companies with turnover of up to € 5 million. For this purpose, it relies on a distribution network of retail, Premier Centres and virtual branches - homebanking and telephone banking and mobile applications - which is geared towards mass-market and affluent Customers and small businesses. In BPI Premier Centres and in other specific retail branches, financial advisors offer a personalised financial advisory service to affluent Customers - high net worth Customers or Customers with potential for wealth creation.

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

Corporates and Institutional Banking network is responsible for: (i) SME and large corporates with a turnover of more than 5 million (if turnover between € 2 million and € 5 million, corporate banking operates in parallel with the Individuals, Premier and Small Business network) and (ii) institutional clients, namely entities of the Public Sector, Public and Municipal Companies, the State Business Sector, or other institutional entities with a turnover of more than € 2 million or liabilities in BPI of more than € 500 thousand.

The relationship with the largest domestic business groups, insurance companies and the subsidiaries of the largest Spanish companies is managed by the Corporate and Investment Banking, created in 2017, aiming to provide a better service by assuring an Iberian view.

This segment operates through a specialised distribution network of corporate and investment banking centres (3), corporate centres (29) and institutional centres (2).

SHARE CAPITAL

As at 31 March 2019 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 table contains selected key financial information for the years ended 31 December 2017 and 2018 and for the first quarter of 2018 and 2019 (financial information presented for the first quarter of 2018 and 2019 is unaudited).

There have been no recent events particular to the Issuer which are material to the evaluation of the Issuer's solvency since the publication of the Issuer's unaudited consolidated financial information as at 31 March 2019.

Consolidated income statement

In M.€	Mar.18	Mar.19
Net interest income	101,5	106,8
Dividend income	0,0	0,1
Equity accounted income	108,6	9,1
Net fee and commission income	65,6	60,4
Gains/(losses) on financial assets and liabilities and other	66,7	(1,1)
Other operating income and expenses	(0,5)	2,9
Gross income	**341,9**	**178,1**
Staff expenses	(63,8)	(60,9)
Of which: Recurring staff expenses	(61,1)	(60,9)
Non-recurring costs[1)]	(2,7)	0,0
Other administrative expenses	(41,8)	(37,0)
Depreciation and amortisation	(5,2)	(13,1)
Operating expenses	**(110,8)**	**(111,1)**
Net operating income	**231,1**	**67,0**
Impairment losses and other provisions	11,3	1,2
Gains and losses in other assets	(0,1)	1,3
Net income before income tax	**242,3**	**69,5**
Income tax	(34,8)	(20,3)
Net income from continuing operations	**207,4**	**49,2**
Net income from discontinued operations	2,5	
Income attributable to non-controlling interests		
Net income	**209,9**	**49,2**

EARNINGS PER SHARE

	Mar.18	Mar.19
Earnings per share (€)	**0,14**	**0,03**
Net income from continuing operations (€)	0,14	0,03
Net income from discontinued operations (€)	0,00	
Average weighted nr. of shares (in millions)	1 457	1 457

Consolidated balance sheet

In M.€	31 Dec. 18	31 Mar. 19
ASSETS		
Cash and cash balances at central banks and other demand deposits	2 452,9	2 238,0
Financial assets held for trading, at fair value through profit or loss and at fair value through other comprehensive income	2 330,5	2 761,2
Financial assets at amortised cost	25 671,9	25 940,6
Of which:		
Loans to Customers	22 949,1	23 024,8
Investments in joint ventures and associates	209,1	221,0
Tangible assets	67,3	178,3
Intangible assets	55,1	51,8
Tax assets	352,8	339,9
Non-current assets and disposal groups classified as held for sale	33,9	32,4
Other assets	394,5	297,7
Total assets	**31 568,0**	**32 060,9**
LIABILITIES		
Financial liabilities held for trading	141,3	149,2
Financial liabilities at amortised cost	27 515,7	27 819,4
Deposits - Central Banks and Credit Institutions	3 206,3	3 324,8
Deposits - Customers	22 960,3	22 680,3
Technical provisions		
Debt securities issued	1 118,2	1 596,8
Memorandum items: subordinated liabilities	304,5	300,3
Other financial liabilities	231,0	217,5
Provisions	65,5	65,6
Tax liabilities	73,8	78,2
Liabilities included in disposal groups classified as held for sale	0,0	0,0
Other liabilities	565,7	680,7
Total Liabilities	28 362,1	28 793,1
Shareholders' equity attributable to the shareholders of BPI	3 206,0	3 267,8
Non controlling interests	0,0	0,0
Total Shareholders’ equity	3 206,0	3 267,8
Total liabilities and Shareholders' equity	**31 568,0**	**32 060,9**

BANCO BPI, S.A.

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousand euros)

	Notes	31-12-2018	31-12-2017 Restated
ASSETS			
Cash and cash balances at central banks and other demand deposits	**9**	**2 452 916**	**1 094 150**
Financial assets held for trading	**10**	**226 772**	**294 481**
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	**11**	**228 582**	
Equity instruments		168 594	
Debt securities		59 988	
Financial assets designated at fair value through profit or loss	**12**		**6 055**
Financial assets at fair value through other comprehensive income	**13**	**1 875 160**	
Equity instruments		597 740	
Debt securities		1 277 420	
Available-for-sale financial assets	**14**		**3 875 370**
Financial assets at amortised cost	**15**	**25 671 943**	**22 506 670**
Debt securities		3 516 814	1 306 130
Loans and advances - Central Banks and other Credit Institutions		790 659	816 783
Loans and advances - Customers		21 364 470	20 383 757
Derivatives - Hedge accounting	**16**	**14 320**	**12 740**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**16**	**26 719**	**20 574**
Investments in joint ventures and associates	**17**	**209 144**	**794 483**
Tangible assets	**18**	**67 252**	**45 309**
Intangible assets	**19**	**55 126**	**42 315**
Tax assets	**27**	**352 763**	**453 183**
Other assets	**20**	**353 422**	**487 615**
Non-current assets and disposal groups classified as held for sale	**21**	**33 896**	**7 264**
Total assets		**31 568 015**	**29 640 209**
LIABILITIES			
Financial liabilities held for trading	**10**	**141 335**	**170 048**
Financial liabilities at amortised cost	**22**	**27 515 745**	**25 961 415**
Deposits - Central Banks		1 352 843	1 995 374
Deposits - Credit Institutions		1 853 501	1 982 648
Deposits - Customers		22 960 252	20 713 633
Debt securities issued		1 118 195	1 019 977
Memorandum items: subordinated liabilities		304 514	305 077
Other financial liabilities		230 954	249 783

Derivatives - Hedge accounting	**16**	**56 010**	**69 880**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**16**	**3 594**	**218**
Provisions	**23**	**65 457**	**64 238**
Pending legal issues and tax litigation		42 245	42 367
Commitments and guarantees given		23 212	18 441
Other provisions			3 430
Tax liabilities	**27**	**73 802**	**70 622**
Other liabilities	**24**	**506 120**	**475 731**
Liabilities included in disposal groups classified as held for sale	**21**		**4 471**
Total Liabilities		**28 362 063**	**26 816 623**
SHAREHOLDERS' EQUITY			
Capital	**26**	**1 293 063**	**1 293 063**
Other equity	**26**	**371**	**2 276**
Accumulated other comprehensive income	**26**	**(253 402)**	**(163 559)**
Items that will not be reclassified to profit or loss		(232 788)	(313 417)
Tangible assets		703	703
Actuarial gains/ (losses) on defined benefit pension plans		(288 248)	(312 310)
Share of other recognised income and expense of investments in joint ventures and associates		(1 858)	(1 810)
Fair value changes of equity instruments measured at fair value through other comprehensive income		56 615	
Items that may be reclassified to profit or loss		(20 614)	149 858
Foreign currency translation		(35 802)	43 104
Fair value changes of debt instruments measured at fair value through other comprehensive income		1 927	
Available-for-sale financial assets			84 150
Share of other recognised income and expense of investments in joint ventures and associates		13 261	22 604
Retained earnings	**26**	**1 548 458**	**944 225**
Other reserves	**26**	**126 824**	**737 934**
Treasury shares	**26**		**(377)**
Other accumulated comprehensive income relating to discontinued operations			**(185)**
Profit/(loss) attributable to owners of the parent		**490 638**	**10 209**
Total Equity		**3 205 952**	**2 823 586**
Total Equity and Total Liabilities		**31 568 015**	**29 640 209**

BANCO BPI, S.A.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED ON 31 DECEMBER 2018 AND 2017 RESTATED

(Amounts expressed in thousand euros)

	Notes	31-12-2018	31-12-2017 Restated
Interest income	**29**	510 264	482 077
Interest expenses	**29**	(87 688)	(94 018)
NET INTEREST INCOME		**422 576**	**388 059**
Dividend income		1 723	6 525
Share of profit/(loss) of entities accounted for using the equity method	**17**	271 556	124 753
Fee and commission income	**31**	319 009	313 454
Fee and commission expenses	**31**	(41 239)	(49 489)
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**32**	1 457	4 342
Gains/(losses) on financial assets and liabilities held for trading, net	**32**	39 027	(1 469)
Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net	**32**	60 321	
Gains/(losses) on financial assets and liabilities measured at fair value through profit or loss, net	**32**		129
Gains/(losses) from hedge accounting, net	**32**	1 398	1 438
Exchange differences (gain/loss), net		(25 328)	10 008
Other operating income	**33**	11 487	4 426
Other operating expenses	**33**	(24 427)	(28 699)
GROSS INCOME		**1 037 560**	**773 477**
Administrative expenses		**(435 092)**	**(520 634)**
Staff expenses	**34**	(262 214)	(369 710)
Other administrative expenses	**35**	(172 878)	(150 924)
Depreciation and amortisation		**(23 827)**	**(21 877)**
Provisions or reversal of provisions	**23**	**(1 072)**	**2 109**
Commitments and guarantees given		(4 161)	4 031
Other provisions		3 089	(1 922)
Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss	**36**	**48 967**	**(2 259)**
Available-for-sale financial assets			(2 772)
Financial assets at amortised cost		48 967	513
Impairment/(reversal) of impairment in subsidiaries joint ventures and associates	**17**	**(6 689)**	
Impairment/(reversal) of impairment on non-financial assets	**37**	**(1 672)**	**4 759**
Gains/(losses) on derecognition of non-financial assets, net	**38**	**(55 181)**	**7 451**

Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		**(5 131)**	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**557 863**	**243 026**
Tax expense or income related to profit or loss from continuing operations		(131 439)	(51 775)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**426 424**	**191 251**
Profit/(loss) after tax from discontinued operations	**39**	**64 214**	**(181 031)**
Profit/(loss) before tax from discontinued operations		64 955	(137 273)
Tax expense or income related to profit or loss from discontinued operations		(741)	(43 758)
PROFIT/(LOSS) FOR THE PERIOD		**490 638**	**10 220**
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE NO NON-CONTROLLING INTERESTS			**(11)**
Profit/(loss) of non-controlling interests			(11)
PROFIT OR LOSS (-) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**40**	**490 638**	**10 209**

Earnings per share (euros)			
Basic	**6**	0.337	0.007
Diluted	**6**	0.337	0.007
Earnings per share from continuing operations (euros)			
Basic	**6**	0.293	(0.009)
Diluted	**6**	0.293	(0.009)
Earnings per share from discontinued operations (euros)			
Basic	**6**	0.044	0.016
Diluted	**6**	0.044	0.016

BANCO BPI, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON 31 DECEMBER 2018 AND 2017 RESTATED

(Amounts expressed in thousand euros)

	31-12-2018			31-12-2017 Restated		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Cash flows from/(used in) operating activities						
Interest, commissions and other income received	891 005	17 450	908 455	753 391	434 789	1 188 180
Interest, commissions and other expenses paid	(299 528)	(22 323)	(321 851)	(184 307)	(397 792)	(582 099)
Recovery of overdue loans and interest and gains/(losses) on the sale of real estate received in settlement of defaulting loans	138 521		138 521	37 219		37 219
Payments to staff and suppliers	(415 300)	(1 961)	(417 261)	(486 535)	(6 973)	(493 508)
Net cash flow from income and expenses	314 698	(6 834)	307 864	119 768	30 024	149 792
Decreases (increases) in:						
Financial assets held for trading, at fair value through profit or loss, at fair value through other comprehensive income and available-for-sale	2 439 666		2 439 666	176 031	(974 155)	(798 124)
Financial assets at amortised cost - Central Banks and other Credit Institutions	55 727		55 727	(416 272)	190 904	(225 368)
Financial assets at amortised cost - Customers	(3 104 644)		(3 104 644)	(612 195)	864 960	252 765
Other operating assets	(118 736)	560	(118 176)	176 824	10 086	186 910
Net cash flow from operating assets	(727 987)	560	(727 427)	(675 612)	91 795	(583 817)
Increases (decreases) in:						
Financial liabilities measured at amortised cost - Central Banks and other Credit Institutions	(765 982)		(765 982)	5 796		5 796
Financial liabilities measured at amortised cost - Customers and other	2 193 081	6 536	2 199 617	783 539	95 446	878 985
Financial liabilities held for trading	(28 713)		(28 713)	(42 665)		(42 665)
Other operating liabilities	152 977	(215)	152 762	(55 550)	(12 786)	(68 336)
Net cash flow from operating liabilities	1 551 363	6 321	1 557 684	691 120	82 660	773 780
Contributions to Pension Funds	(13 142)		(13 142)	(84 157)	(199)	(84 356)
Income tax paid	39 395	(137)	39 258	(24 403)	(7 401)	(31 804)
	1 164 327	**(90)**	**1 164 237**	**26 716**	**196 879**	**223 595**
Cash flows from/(used in) investing activities						
Sale of equity holding in BPI Vida				135 000		135 000
Sale of 2% equity holding in Banco de Fomento Angola				28 000		28 000
Sale of equity holding in BPI Gestão de Activos (Note 21)	75 000		75 000			
Sale of equity holding in BPI GIF (Note 21)	8 000		8 000			

Impact of deconsolidation of equity holdings sold		90	90		(183 889)	(183 889)
Purchase of other tangible assets and intangible assets	(65 120)		(65 120)	(36 925)		(36 925)
Sale of other tangible assets	1 800		1 800	44		44
Dividends received from Banco de Fomento Angola	63 763		63 763	38 855	9	38 864
Foreign currency hedge of BFA dividends	31 060		31 060			
Dividends received and other income	14 969		14 969	19 416		19 416
	129 472	**90**	**129 562**	**184 390**	**(183 880)**	**510**
Cash flows from /(used in) financing activities						
Repurchases and reimbursements of securitisation operations (Note 22.3)	(232 628)		(232 628)	(77 308)		(77 308)
Issuance of debt securities and subordinated debt (Note 22.3)	550 452		550 452	310 090		310 090
Redemption of debt securities (Note 22.3)	(216 956)		(216 956)	(287 572)		(287 572)
Purchase and sale of own debt securities and subordinated debt (Note 22.3)	(1 082)		(1 082)	(1 945)		(1 945)
Sale/purchase of preferred shares				(1 756)		(1 756)
Interest on debt instruments and subordinated debt	(16 758)		(16 758)	(10 629)	(1)	(10 630)
Preferred share dividends				(29)		(29)
Dividends received by BPI				12 635	(12 635)	
Purchase and sale of treasury shares	377		377	4 372		4 372
	83 405		**83 405**	**(52 142)**	**(12 636)**	**(64 778)**
Net increase / (decrease) in cash and cash equivalents	**1 377 204**		**1 377 204**	**158 964**	**363**	**159 327**
Cash and cash equivalents at beginning of the period	1 398 569		1 398 569	1 239 604		1 239 604
Cash and cash equivalents at the end of the period	**2 775 773**		**2 775 773**	**1 398 569**	**363**	**1 398 932**

Cash and deposits at Central Banks (Note 9)	2 229 087	2 229 087	909 851		909 851
Deposits at other credit institutions (Note 9)	223 992	223 992	184 299	363	184 662
Cheques for collection and other cash items (Note 15.2)	51 428	51 428	92 055		92 055
Very short term applications (Note 15.2)	271 266	271 266	212 364		212 364
Cash and cash equivalents	**2 775 773**	**2 775 773**	**1 398 569**	**363**	**1 398 932**
Cash and cash equivalents by currency					
EUR	2 406 107	2 406 107	1 123 785	363	1 124 148
USD	251 221	251 221	193 549		193 549
AKZ	30 293	30 293			
Other currencies	88 152	88 152	81 234		81 234
Cash and cash equivalents	**2 775 773**	**2 775 773**	**1 398 569**	**363**	**1 398 932**

The auditor's reports on the consolidated financial statements of Banco BPI for the years ended 31 December 2017 and 31 December 2018 did not include any reserves.

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

INVESTMENTS

There have been no material investments by Banco BPI since 31 December 2018 and no new material investments have been approved as at the date of this Prospectus.

RATINGS

The ratings of the Issuer at any time are available for consultation at:

http://http://bpi.bancobpi.pt/index.asp?riIdArea=AreaDivida&riId=DRatings

The long term/short term ratings currently assigned to Banco BPI are Ba1/ Not Prime (stable outlook) by Moody's, BBB/F2 (stable outlook) by Fitch and BBB/A-2 (stable outlook) by Standard & Poor's.

Each of Fitch Ratings Limited, Standard & Poor's and Moody's is established in the European Community and has been registered in accordance with the CRA Regulation. The full list of Credit Rating Agencies that are registered under the CRA Regulation can be found at European Securities and Markets Authority's website.

According to the information made available by Moody's, Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.. Obligations rated B are considered speculative and are subject to high credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect the likelihood of a default on contractually promised payments. Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations. Information available at:

https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

According to Fitch, '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.Short term ratings of"F2" indicate good intrinsic capacity for timely payment of financial commitments... Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as "short term" based on market convention. Typically, this means up to 13 months for corporate, sovereign, and structured obligations, and up to 36 months for obligations in U.S. public finance markets. 'B' speculative short-term credit quality indicates minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions. Information available at: https://www.fitchratings.com/site/definitions.

According to Standard & Poor's, Obligations rated 'BB' and 'B' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. An obligation rated 'B' is more vulnerable to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments. Information available at: https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352A 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.

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, three specialist commissions function, composed exclusively of non-executive members: (i) the Audit and Internal Control Committee; (ii) the Risk Committee and (iii) the Nominations, Evaluation and Remuneration Committee. In September 2017, as foreseen in the corporate statues a Corporate Social Responsibility Committee was created.
- the oversight functions are attributed to the Supervisory Board ("*Conselho Fiscal*") – whose key terms of reference include overseeing management, supervising compliance with the Law and the Issuer's Articles of Association, verifying the accounts, supervising the independence of the Statutory Auditor and the external auditor, as well as evaluating the work of the latter - and to the Statutory Auditor ("*Revisor Oficial de Contas*"), whose prime function is to examine and then certify the accounts.
- 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 Remuneration Committee, comprising three members, is elected by the General Shareholders' Meeting. The Committee sets out the remuneration of the officers serving on the Issuer's governing bodies. It is bound to observe the limits defined by the General Shareholders' Meeting as regards the fixed compensation of the members of the Board of Directors and the variable compensation of the Executive Committee.
- 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 [29,30]

The following is a list of the members of the Board of Directors, approved in the General Meeting held on 26 April 2017, for the 2017/2019 term of office. The business address of each of the below-mentioned members of the Board of Directors is Banco BPI, S.A., Largo Jean Monnet, 1, 1269-067 Lisbon, Portugal.

Board of Directors:

Chairman:	Fernando Ulrich
Deputy-Chairman and chief executive officer ("CEO"):	Pablo Forero Calderon
Non-executive Deputy-Chairman:	António Lobo Xavier
Members:	
Executive member	Alexandre Lucena e Vale
Executive member	António Farinha de Morais
Non-executive member	António José Andrade Cabral
Non-executive member	Cristina Rios Amorim
Executive member	Francisco Manuel Barbeira
Non-executive member	Gonzalo Gortázar Rotaeche
Executive member	Ignacio Alvarez-Rendueles
Executive member	João Oliveira e Costa
Executive member	José Pena do Amaral
Non-executive member	Javier Pano Riera
Non-executive member	Lluís Vendrell Pi
Non-executive member	Maria de Fátima Barros Bertoldi
Non-executive member	Natividad Pifarre
Executive member	Pedro Barreto
Non-executive member	Tomas Jervell

The members of the Board of Directors were elected on April, 26, 2017 and took up office on July 21, 2017.

Maria de Fátima Barros Bertoldi was co-opted to the Board of Directors in February 23, 2018 and took up office in the same date.

António José Cabral elected in the General Meeting in April 20, 2018 took up office in July 9, 2018.

Natividad Capella Pifarre co-opted to the Board of Directors in June 29, 2018 took up office in October 19, 2018.

Positions held by the members of the Board of Directors in other companies

Board of Directors	Positions in commercial companies	Other positions

[29] Each of the following members of the Board of Directors issued a declaration in the terms and for the purposes of Article 245 (1) (c) of the Securities Code, regarding the Annual Report in respect of the financial year ended on 31 December 2016: Artur Santos Silva, Fernando Ulrich, Alfredo Rezende de Almeida, António Lobo Xavier, Carla Bambulo, Ignacio Alvarez-Rendueles, João Pedro Oliveira e Costa, José Pena do Amaral, Lluís Vendrell, Manuel Ferreira da Silva, Maria Celeste Hagatong, Mário Leite da Silva, Pedro Barreto, Tomas Jervell and Vicente Tardio Barutel.

[30] Each of the following members of the Board of Directors issued a declaration in the terms and for the purposes of Article 245 (1) (c) of the Securities Code, regarding the Annual Report in respect of the financial year ended on 31 December 2017: Fernando Ulrich, António Lobo Xavier, Pablo Forero, Alexandre Lucena e Vale, António Farinha Morais, Carla Bambulo, Cristina Rios Amorim, Fátima Barros, Francisco Barbeira, Gonzalo Gortázar, Ignacio Alvarez-Rendueles, Javier Pano, João Pedro Oliveira e Costa, José Pena do Amaral, Juan Alcaraz, Lluís Vendrell, Pedro Barreto, Tomás Jervell, Vicente Tardio Barutel.

Chairman		
Fernando Ulrich	Does not hold other positions in commercial companies	Member of the Board of Associação Portuguesa de Bancos; Chairman of the Founders Assembly of the Portugal-Africa Foundation
Deputy-Chairmen		
Pablo Forero	Does not hold other positions in commercial companies	Does not hold any other positions
António Lobo Xavier	Non-executive Director at NOS SGPS, S.A. Non-executive Director at Mota Engil, S.A. Non-executive Director at Fábrica Téxtil Riopele, S.A.	Non-executive Director at Casa da Música Foundation Chairman of the Board of the General Meeting of Têxtil Manuel Gonçalves, S.A.
Members		
António José Cabral	Does not hold other positions in commercial companies	Does not hold any other positions
Alexandre Lucena e Vale	Does not hold other positions in commercial companies	Member of the Board of Associação de Empresas Emitentes de Valores Cotados em Mercado (Portuguese Issuers Association) Member of the General Board of the Portuguese Corporate Governance Institute Chairman of the Board of the General Meeting of Leacok – Investimentos, SGPS, S.A. Chairman of the Board of the General Meeting of Prestibel – Empresa de Segurança, S.A.
António Farinha Morais	Does not hold other positions in commercial companies	Does not hold any other positions
Cristina Rios Amorim	Deputy-Chairman of the Board of Directors and CFO of Amorim Investimentos e Participações, SGPS, S.A. Non-executive Director at Corticeira Amorim, SGPS, S.A.	Member of the General Board of AEP – Associação Empresarial de Portugal Member of the Board of BCSD Portugal – Business Council for Sustainable Development Member of the General Board of Associação de Empresas Emitentes de Valores Cotados em Mercado
Fátima Barros	Non-executive Director at Brisa Concessão Rodoviária, S.A. Member of the Supervisory Board of Warta – Retail & Services Investments B.V.	Director at Francisco Manuel dos Santos Foundation Member of the Governance and Social Responsibility Committee of Jerónimo Martins, SGPS, S.A.
Francisco Barbeira	Non-executive Director at UNICRE - Instituição de Crédito, S.A. Non-executive Director at SIBS, SGPS, S.A.	Chairman of the Supervisory Board of INEGI - Instituto de Ciência e Inovação em Engenharia Mecânica e Engenharia Industrial
Gonzalo Gortázar	CEO of CaixaBank, S.A. Chairman of VidaCaixa	
Ignacio Alvarez-Rendueles	Does not hold other positions in commercial companies	Does not hold any other positions
Javier Pano	Non-executive Director at CECABANK, S.A.	Chief Financial Officer of CaixaBank, S.A.
João Oliveira Costa	Non-executive Director at BPI Suisse Non-executive Director at Companhia de Seguros Allianz Portugal, S.A.	Does not hold any other positions
José Pena do Amaral	Non-executive Director at Companhia de Seguros Allianz Portugal, S.A.	Chairman of the Board of Directors of the Casa da Música Foundation Chairman of the Advisory Board of The Lisbon MBA
Lluís Vendrell	Non-executive Director at BPI Suisse	Does not hold any other positions
Natividad Capella	Non-executive Director at GDS CUSA Non-executive Director at CaixaBank Payments	Head of Global Risk at CaixaBank, S.A.

Pedro Barreto	Deputy-Chairman of the Board of Directors of BCI – Banco Comercial e de Investimento, S.A. Chairman of the Board of Directors of BPI Madeira, SGPS, Unipessoal, S.A.	Does not hold any other positions
Tomás Jervell	Chief Executive Officer at Nors, S.A. Non-executive Director at Ascendum, S.A.	Does not hold any other positions

Executive Committee of the Board of Directors:

Chairman:	Pablo Forero Calderon
Members:	Alexandre Lucena e Vale
	António Farinha de Morais
	Francisco Manuel Barbeira
	Ignacio Alvarez-Rendueles
	João Oliveira e Costa
	José Pena do Amaral
	Pedro Barreto

CERTAIN RELATIONSHIPS

Banco BPI is not aware of any potential conflicts of interests between any duties to the Bank of the members of either the Board of Directors or the Executive Committee of the Board of Directors and their private interests or other duties.

SUPERVISORY BOARD

The Supervisory Board 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 Supervisory Board[31], approved in the General Meeting held on 20 April 2018, until the end of the current term of office (2017-2019). The business address of each of the below-mentioned members of the Supervisory Board is Banco BPI, S.A., Av. Casal Ribeiro n.º 59, 9 º andar, 1049-053 Lisbon, Portugal.

Chairman:	Manuel Sousa Sebastião
Members:	Rui Manuel Campos Guimarães
	Elsa Maria Rancon Santos
	Ricardo Filipe de Frias Pinheiro
Alternate Member	Luís Manuel Roque de Pinho Patricio
	Manuel Joaquim das Neves Correia de Pinho

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

[31] Abel Pinto dos Reis, Rui Manuel Campos Guimarães and Jorge de Figueiredo Dias have been responsible for the report and opinion on BPI Group's 2016 and 2017 consolidated accounts.

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

- Overseeing the process involving the preparation and disclosure of any financial information;
- Reviewing the effectiveness of internal-control, internal-audit and risk-management systems;
- Receiving reports of irregularities submitted by shareholders, company employees or others;
- Monitoring the statutory audit; and
- Reviewing and overseeing the independence of the statutory auditor, namely whenever the statutory auditor provides other services to the Company.

The Supervisory Board meets at least every two months.

The Issuer is not aware of any potential conflicts of interest between any duties *vis-à-vis* the Issuer of the members of the Supervisory Board and their private interests or other duties.

STATUTORY AUDITOR

Taking in consideration that the term of office of the Statutory Auditor ("*Revisor Oficial de Contas*") is of four years, the General Meeting of Shareholders elected on April 26, 2017:

- Deloitte & Associados, SROC, S.A. as the Statutory Auditor for the fiscal year of 2017; and
- PricewaterhouseCoopers, SROC, S.A. as the Statutory Auditor for the remaining years of the 2018-2020 mandate.

Deloitte & Associados, SROC, S.A., member of the Portuguese Association of the Chartered Accountants ("*Ordem dos Revisores Oficiais de Contas*"), with registered office at Avenida Eng.º Duarte Pacheco, 7, 1070-100 Lisbon, Portugal, has designated Paulo Alexandre Rosa Pereira Antunes (Statutory Auditor – "*Revisor Oficial de Contas*") to represent it, who is also a member of the Portuguese Association of the Chartered Accountants. The alternate member is Carlos Luís Oliveira de Melo Loureiro.

Paulo Alexandre de Sá Fernandes has been responsible for the legal certification of accounts and audit report for the year ended 31 December 2016. Paulo Alexandre Rosa Pereira Antunes has been responsible for the audit report for the year ended 31 December 2017.

PricewaterhouseCoopers, SROC, S.A., member of the Portuguese Association of the Chartered Accountants ("*Ordem dos Revisores Oficiais de Contas*"), with registered office at Palácio Sottomayor, Rua Sousa Martins, 1-3º, 1069-316 Lisbon, has designated José Manuel Henriques Bernardo to represent it, who is also a member of the Portuguese Association of the Chartered Accountants. The alternate member is Ana Carla Ávila de Oliveira Lopes Bertão. José Manuel Henriques Bernardo has been responsible for the audit report for the period of six months ended 30 June 2018.

EMPLOYEES

As at 30 June 2018 the BPI Group's workforce numbered 4,843 employees, including employees with term contracts and excluding temporary work provided by individuals without a labour contact with BPI Group.

PENSION OBLIGATIONS

Decree-Law no. 127/2011, of 31 December 2011, established the transfer to the Social Security of the liability for costs with the retirement and survivor pension liabilities of retired personnel and pensioners that were in that situation at 31 December 2011 and were covered by the substitute social security regime included in the collective labour regulations instrument in force for the banking sector, as well as the transfer to the Portuguese State of the corresponding pension fund assets covering those liabilities.

Through its pension fund, Banco BPI maintains the liability for payment of (i) the amount of the updates of the pensions mentioned above, in accordance with the criteria set out in the Collective Labour Agreement (*Acordo Colectivo de Trabalho*); (ii) the benefits complementary to the retirement and survivor pensions assumed by the Collective Labour Agreement for the Banking Sector; (iii) the contribution on the retirement and survivor pensions for the Social Medical Support Services (*Serviços de Apoio Médico-Social*); (iv) death subsidy; (v) survivor pensions to children and surviving spouse related to the same employee and (vi) survivor pensions due to the family of current retired employees, in which the conditions for granting the pensions occurred as from 1 January 2012.

As at 30 June 2018 the past service liability for pensioners and employees of the BPI Group totalled € 1,592 million and the respective coverage by the Pension Fund pension funds in the amount of € 1,668 million, represented 105 per cent.

In June 2018 Banco BPI discount rate for pension liabilities, was 2.02 per cent. The main actuarial assumptions used to calculate the pension liability as of 30 June 2018 were as follows: (i) discount rate of 2.02 per cent.; (ii) salary growth rate of 1.00 per cent; (iii) pensions growth rated of 0.50 per cent. and (iv) mortality tables under the regulations defined by the Insurance and Pension Funds Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões): male population: TV 88/90; female population: TV 88/90, less 3 year.

In the first half 2018, the Bank's pension funds posted a 7.5 per cent. return (non annualized) with a positive impact of € 102 million in actuarial deviations.

RISK MANAGEMENT

The following is a summary of certain aspects of the business of Banco BPI of which prospective investors of Banco BPI should be aware. The following information should be carefully considered in connection with the other information contained in this Prospectus.

Risk management at the BPI Group is based on the ongoing identification and analysis of exposure to different risks (counterparty, country, market, liquidity, operating and legal risks) and on the execution of strategies aimed at maximising results vis-à-vis risks, within pre-set and duly supervised limits.

CREDIT RISK

As at 31 December 2018, non-performing exposures (EBA criteria) totalled € 1,055 million, which corresponded to a NPE ratio of 3.5 per cent..

As of 31 December 2018, the amount of cumulated impairments recognised in the balance sheet totalled € 561 million, which corresponded to 53 per cent. of the gross loan portfolio.

The cost of credit risk in 2018, measured by loan impairment recognised in the period, net of recoveries of loans previously written-off, was € -45 million, which corresponds to -0.20 per cent. of the loan portfolio (representing a gain).

FINANCIAL RISK ASSESSMENT AND CONTROL

Country Risk

The individual evaluation of each country's risk is carried out with the aid of external ratings, external reports and in-house studies conducted by the Finance Division. Countries considered eligible for investment are required to be large emerging markets embracing market economy principles which are open to international trade and which have strategic importance within the context of international politics. Operations considered eligible are those involving the short-term financing of foreign trade, loans to certain multilateral banks, medium-term operations with political risk cover or which, owing to their structuring, are not subject to transfer risk.

The country-risk exposures include international equity investments (BFA and BCI).

Market Risk

Market risk (interest rates, exchange rates, share prices, commodity prices and spreads) is defined as the possibility of incurring losses due to unexpected variations in the price of instruments or operations ("*price includes index value, interest rate or exchange rate*"). Spread risk is the risk resulting from the variability of interest rates of some counterparties in relation to the interest rate used as reference.

The assessment of treasury positions (short-term) and structural risk positions relating to interest or foreign exchange rates (long-term) is based on gap schedules (currency gaps, repricing gaps, duration gaps).

The evaluation of exposure in trading operations is carried out daily through the recourse to a routine for calculating the Value at Risk ("*VaR*") according to standardised assumptions, generally forming part of the Bank for International Settlements' set of recommendations.

Liquidity risk

Globally, the definition of the risk appetite framework (RAF) and the liquidity risk management policy and strategy at the Issuer is decided and monitored by the Board of Directors and its specialist Committees (ALCO,Executive Committee, Risk Committee and Audit and Internal Control Committee). The governance of liquidity risk management and control is based on a three-lines-of defence model.

The first line of defence is responsible for maintaining liquidity levels that allow to timely meet all commitments and develop the Bank's business, within the existing planning framework and the limits set by the internal risk framework (RAF). The ALCO Committee is responsible for liquidity risks management, monitoring and control, evaluating the development of the Bank's position and the external environment. In functional terms, the liquidity management is carried out by the Financial Department. Within the first line of defence, the Analysis and Special Projects Unit ensures the coordination of the ILAAP process (internal liquidity adequacy assessment).

The second line of defence is responsible for an independent control and monitoring of the liquidity risks. The Global Risk Committee is responsible for that control, which is, in functional terms, ensured by the Global Risk Management Division. The Model Validation Unit ensures the quality and efficiency of the models used, both for the first and the second lines.

The third line of defence is responsible for conducting an independent review of the management and control of the liquidity risks. The Audit and Internal Control Committee is responsible for that new control, which is functionally

ensured by the Audit and Inspection Division. Liquidity risk is managed and monitored in its various aspects: i) the ability to monitor assets growth and to meet cash requirements without incurring exceptional losses; ii) the maintenance in the portfolio of tradable assets that constitute a sufficient liquidity buffer; (iii) compliance with the various regulatory requirements in the context of liquidity risk.

With respect to the portfolio of assets, the various managers keep constant watch over possible transactions in the various instruments, according to several indicators (BPI market shares, number of days to unwind positions, size and volatility of spreads, etc.), duly observing the limits set for each market. Liquidity management seeks to optimise the balance sheet structure in order to keep under control the time frame of maturities between assets and liabilities, considering the expected growth and the various market situations. The management is also subject to the need to maintain an appropriate level of liquidity buffer to

maintain the levels of liquidity coverage requirements, in compliance with prudential and internal requirements.

The Issuer maintained a balanced liquidity position throughout 2018:

- Customer resources are the main source of funding. The loan to deposits ratio stood at 100%;
- the Bank reduced the amount of funding from the ECB by €0.64 billion, to €1.36 billion, upon the maturity in June of the TLTRO first series;
- at the end of the year, the Bank held a portfolio of eurozone countries sovereign debt of €3 billion, of which €0.5 billion of short-term debt in Treasury Bills issued by the Portuguese Republic. This portfolio is fully discountable at the ECB for liquidity operations;
- the portfolio of eligible assets for Eurosystem funding amounted to €10.9 billion at the end of the year.
- Of that sum, the amount not yet used and therefore capable of being converted into immediate liquidity with the ECB was €7.4 billion;
- the average LCR throughout the year was 167%.

FORM OF THE NOTES, CLEARING AND PAYMENTS

Form of the Notes

The Notes will be represented in dematerialised book entry form (*forma escritural*) and are registered (*nominativas*). The Notes will be held through the accounts of affiliate members of the Portuguese central securities depositary and the manager of the Portuguese settlement system, *Interbolsa–Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* ("*Interbolsa*"), as operator and manager of the "*Central de Valores Mobiliários*" (the "*CVM*").

Clearing and Settlement

Interbolsa manages the operation of the central securities depositary in the Republic of Portugal known as *sistema centralizado* in which securities in book entry form can be registered (the "*Book Entry Registry*" and each entry a "*Book Entry*"). The CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred. Issuer of securities, financial intermediaries which are Affiliate Members (Direct Registration Entities) of Interbolsa and the Bank of Portugal, all participate in the CVM.

The CVM provides for all the procedures which allow the owners of securities to exercise their rights.

In relation to each issue of securities, CVM comprises *inter alia*, (i) the issue account, opened by the issuer in the CVM and which reflects the full amount of securities issued and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect, at all times, the aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa (as defined below).

Title to the Notes passes upon registration in the records of an Affiliate Member of Interbolsa. Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded.

The expression "*Affiliate Member of Interbolsa*" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by: (i) Euroclear and CBL, for the purposes of holding accounts on behalf of Euroclear and CBL with Interbolsa; or (ii) other financial intermediaries that do not hold control accounts directly with Interbolsa, but which hold accounts with an Affiliate Member of Interbolsa, which in turn has an account with Interbolsa.

Notes registered with Interbolsa will be attributed an International Securities Identification Number (ISIN) code through Interbolsa's codification system and will be accepted for clearing through CVM, the clearing system operated at Interbolsa as well as through the clearing systems operated by Euroclear and CBL and settled by Interbolsa's settlement system.

Payments

Payment of principal and interest in respect of the Notes will be subject to Portuguese laws and regulations, notably the regulations from time to time issued and applied by the CMVM and Interbolsa.

The Issuer must give Interbolsa advance notice of all payments and provide all necessary information for that purpose, notably the identity of the financial intermediary integrated in Interbolsa appointed by the Issuer to act as the paying agent in respect of the Notes (the "*Paying Agent*") responsible for the relevant payment.

Prior to any payment the Paying Agent shall provide Interbolsa with a statement of acceptance of its role of Paying Agent.

Interbolsa must notify the Paying Agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the account balances of the accounts of the Affiliate Members of Interbolsa.

On the date on which any payment in respect of the Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa in the Bank of Portugal current accounts held by the Paying Agent and by the Affiliate Members of Interbolsa.

Accordingly, payments of principal and interest in respect of the Notes will be (i) **if made in euro** (a) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and CBL, to the accounts with Euroclear and CBL of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL as the case may be; (ii) **if made in currencies other than euro** (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the 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 Notes or through Euroclear and CBL to the accounts with Euroclear and CBL of the owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL, as the case may be.

In the case of Notes admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and listed on the Official List of the Luxembourg Stock Exchange or offered to the public in the Grand Duchy of Luxembourg, the Final Terms will be displayed on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Notes listed on any other stock exchange or offered to the public in one or more member states of the European Economic Area other than the Grand Duchy of Luxembourg, the Final Terms will be displayed on the website (www.ir.bpi.pt) of the Issuer or in accordance with the requirements of the laws and regulations of that member state.

FORM OF FINAL TERMS

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

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – *The Notes are not intended to be offered, sold or otherwise made available to (and should not be offered, sold or otherwise made available to) any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended "MiFID II"), (b) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) 1286/2014 of 26 November 2014 (the "PRIIPs Regulation"), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA might be unlawful under the PRIIPs Regulation.]* [32]

[***MIFID II product governance*** – *Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii)[all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]* [33]

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

[32] *Legend to be included on front of the Final Terms if the Notes 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".*

[33] *Legend to be included on front of the Final Terms of Notes not intended to be offered to EEA retail investors, to outline the product approval process of any applicable manufacturer.*

manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].] [34]

*[Amounts payable under the Notes 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) 2016/1011) ("**Benchmark Regulation**").*
[As far as the Issuer is aware, [specify benchmark (as this term is defined in the Benchmark Regulation)] [does not fall within the scope of the Benchmark Regulation / the transitional provisions in Article 51 of the Benchmark Regulation apply] such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]]

[*Date*]

Banco BPI, S.A.

(*incorporated with limited liability in the Republic of Portugal*)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 7,000,000,000

Euro Medium Term Note Programme

for the issue of Senior Notes, Dated Subordinated Notes, Undated Subordinated Notes and Undated Deeply Subordinated Notes

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 Senior and Subordinated Notes*"/"*Terms and Conditions of the Undated Deeply Subordinated Notes*" (the "*Conditions*") set forth in the Prospectus dated 28 June 2019 [and the supplement dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC), as amended (which includes the amendments made by Directive 2010/73/EU (the "*2010 PD Amending Directive*")). This document (including any Schedule hereto) constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [as so supplemented] [*Insert for Notes listed on the Official List of the Luxembourg Stock Exchange or offered to the public in Luxembourg:* and the Final Terms] [is][are] available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at www.ir.bpi.pt, and for collection from Rua Tenente Valadim, 284, Porto, Portugal. [*For Notes listed on a stock exchange other than Luxembourg Stock Exchange insert:* The Final Terms are available for

[34] *Legend to be included on front of the Final Terms of Notes intended to be offered to EEA retail investors, to outline the product approval process of any applicable manufacturer.*

viewing on the website of [*Insert details of the relevant stock exchange and website address*], and for collection from Rua Tenente Valadim, 284, Porto, Portugal.] A summary of the individual issue is annexed to the Final Terms.

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

[*When 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 Prospectus under Article 16 of the Prospectus Directive*.]

1.	(a) Series Number:	[ ]
	(b)Tranche Number:	[ ]
	(c) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*Series number*] on [*insert date*/the Issue Date]]
2.	Specified Currency or Currencies[35]:	[ ]
3.	Aggregate Nominal Amount [of Notes admitted to trading]:	
	(a) [Series:	[ ]]
	(b) [Tranche:	[ ]]
4.	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)
5.	(a) Specified Denomination:	[ ] *(N.B. the minimum denomination of each Note admitted to trading on a European Economic Area exchange or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency*.) (*N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [EUR 1,000] minimum denominations is not required.* *(N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in*

[35] The minimum denomination of the Notes will be, if in euro, EUR 1,000, if in any currency other than euro, in an amount in such other currency exceeding the equivalent of EUR 1,000 at the time of the issue of the Notes.

			order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.) *The Notes will only be tradeable in one Specified Denomination)*
	(b)	Calculation Amount:	[ ]
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for Zero Coupon Notes*.)
7.	Maturity Date[36]:		[*Fixed rate - specify date/ Floating rate* - Interest Payment Date falling in or nearest to [*specify month and year*] (the "*Scheduled Maturity Date*")/ Not Applicable]
8.	Interest Basis:		[[ ] per cent. Fixed Rate, Reset provisions [Applicable/Not applicable]] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
9.	Redemption/Payment Basis:		[Redemption at par[37] / Current Principal Amount[38]]
10.	Put/Call Options:		[Investor Put][39] [Issuer Call] [Not Applicable] [(further particulars specified below)]
11.	(a)	Status of the Notes:	[Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements / Senior Non Preferred Notes / Senior/[Dated/Undated] [[Dated/Undated] Subordinated/Undated Deeply Subordinated] [If Undated Deeply Subordinated: [Condition 2(c) Conversion: [Applicable][Not Applicable]]
	(b)	Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements – Events of Default	Condition 9 (b) (ii) is [not] applicable[40]
	(c)	Non Preferred Senior Notes – Events of Default	Condition 9 (b) (ii) is [not] applicable[41]
	(d)	[Date [Board] approval for issuance of Notes obtained:	[ ] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
12.	Method of distribution:		[Syndicated/Non-syndicated]

[36] There will be no final Maturity Date in the case of Undated Subordinated Notes and Undated Deeply Subordinated Notes.
[37] Applicable to all Notes, other than Undated Deeply Subordinated Notes.
[38] Applicable only to Undated Deeply Subordinated Notes.
[39] Not applicable to Subordinated Notes and to Undated Deeply Subordinated Notes.
[40] To be deleted in case of Notes other than Ordinary Senior Notes not elegible to comply with TLAC/MREL Requirements.
[41] To be deleted in case of Notes other than Non Preferred Senior Notes.

13. Capital Ratio Event (if different from Conditition 2(b)(i)):	(*N.B. Only applicable to the Undated Deeply Subordinated Notes. Please specify the relevant percentage if higher than 5.125 per cent.]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a) Rate(s) of Interest:	[ ] per cent. per annum / [as per 14. (b) below] [payable [annually/semi-annually/quarterly/monthly] in arrear] (*If payable other than annually, consider amending Condition 4*)
(i) Fixed Coupon Amount:	[ ]
(ii) Broken Amount(s):	[ ]/[Not Applicable]
(b) Reset Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining lines of this subparagraph)*
(i) Rate of Interest before the First Reset Date:	[ ] per cent. per annum payable in arrears
(ii) First Margin	[[+/-][ ] per cent. per annum]/[Not Applicable]
(iii) Fixed Coupon Amount up to (but excluding) the First Reset Date:	[ ]
(iv) Subsequent Margin:	[+/-][ ] per cent. per annum /[Not Applicable]
(v) First Reset Date	[ ]
(vi) Second Reset Date:	[ ]/[Not Applicable]
(vii) Subsequent Reset Date(s):	[ ]/[Not Applicable]
(viii) Determination Procedure:	[screen page determination/*give details*]
(ix) Relevant Screen Page	[ ]
(x) Reset Determination Date(s):	[ ]
(xi) Mid-Swap Rate:	[ ]
(xii) Mid-Swap Maturity:	[ ]
(xiii) Reference Banks:	[ ]
(xiv) Calculation Agent:	[ ]
(xv) Mid-Swap Floating Leg Benchmark Rate:	[ ]
(xvi) Other terms relating to the method of calculating interest:	[None]/[give details]
(c) Interest Payment Date(s):	[Subject to Condition 4][42] [[ ] in each year] (*N.B. This will need to be completed in the case of long or short coupons*)
(d) Day Count Fraction:	[30/360 / Actual/Actual (ICMA)/ Actual /Actual (ICMA Rule 251) / 1/1]]

(e)	Determination Date(s):	[Not Applicable/ [ ] in each year] [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.* *N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration.* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*]
15.	Floating Rate Note Provisions:	[Applicable/Not Applicable] [Subject to Condition 4][43] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(f)	Screen Rate Determination:	[Applicable / Not Applicable]
	• Reference Rate:	[ ] (*Either LIBOR or EURIBOR – including fallback provisions in the Agency Agreement*)
	• Interest Determination Date(s):	[ ] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
	• Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(g)	ISDA Determination:	[Applicable / Not Applicable]
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ]
(h)	Margin(s):	[+/-] [ ] per cent. per annum
(i)	Minimum Rate of Interest:	[Not Applicable / [ ] per cent. per annum]

[43] To be included in case of Undated Deeply Subordinated Notes.

(j)	Maximum Rate of Interest:	[Not Applicable / [ ] per cent. per annum]
(k)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30E/360 30E/360 (ISDA) 1/1 (*See Condition 4 for alternatives*)
16. Zero Coupon Note Provisions:[44]		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]

PROVISIONS RELATING TO REDEMPTION

17. Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
(c)	If redeemable in part:	
	• Minimum Redemption Amount:	[ ]
	• Maximum Redemption Amount:	[ ]
(d)	Notice period:	[From [*date*] until [*date*]/ On [*date*]]
18. Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
(c)	Notice period:	[From [*date*] until [*date*]/ On [*date*]]
19. Final Redemption Amount:		[ ] per Calculation Amount
20. (i) TLAC/MREL Disqualification Event		[Applicable/Not Applicable]
(ii) Early Redemption Amount payable on redemption for taxation or regulatory reasons or on event of default, if applicable, or on an illegality and/or the method of calculating the same or upon the occurrence of a Capital Event or a TLAC/MREL Disqualification Event (if required or if different from that set out in Condition 6(c and h) regarding the		[ ] per Calculation Amount

[44] Not applicable to Undated Deeply Subordinated Notes.

Terms and Conditions of the Senior and Subordinated Notes and Condition 6(e) regarding the Terms and Conditions of the Undated Deeply Subordinated Notes)):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:	Dematerialised book entry form, registered (*nominativas)* Notes
22. Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/*give details*] (*Note that this item relates to the place of payment and not Interest Period end dates to which item 15(c) relates*)

DISTRIBUTION

23. (a) If syndicated, names and addresses of Managers [and underwriting commitments]:	[Not Applicable/*give names and addresses [and underwriting commitments*]] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a* "*best efforts*" *basis if such entities are not the same as the Managers*)
(b) Date of [Subscription] Agreement:	[ ]
(c) Stabilising Manager (if any):	[Not Applicable/*give name*]
24. If non-syndicated, name [and address] of relevant Dealer:	[Not Applicable/Name [and address]]
25. Total commission and concession:	[ ] per cent. of the Aggregate Nominal Amount
26. U.S. Selling Restrictions:	[Reg. S Compliance Category/ Not Applicable]
27. Non-exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known*]] (together with the Managers, the "*Financial Intermediaries*") other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published*)] ("*Public Offer Jurisdictions*") during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [•] Business Days thereafter*"] ("*Offer Period*") See Part B below (*N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only*

	be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)
28. Prohibition of Sales to EEA Retail Investors:	[Applicable / Not Applicable]
29. 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]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [offer to the public in the Public Offer Jurisdictions] [and] admission to Listing on [the Official List of the Luxembourg Stock Exchange/[*other*]] and to trading on the regulated market of [the Luxembourg Stock Exchange/[*other*]] of the Notes described herein pursuant to the EUR 7,000,000,000 Euro Medium Term Note Programme of Banco BPI, S.A..

THIRD PARTY INFORMATION

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

Signed on behalf of the Issuer:

By: .....

Duly authorised

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange from [ ]. [Application will be made by the Issuer (or on its behalf) for the Notes to be admitted to listing to the Official List of the [Luxembourg Stock Exchange/OTHER] and to be admitted to trading on the [non/regulated market of the [Luxembourg Stock Exchange/OTHER] from [ ].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original notes are already admitted to trading.)

2. RATINGS

Ratings:

[The Notes to be issued have not been and are not expected to be rated] / [The Notes 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)*].]

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

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

[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (as amended) (the "*CRA Regulation*"). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (as amended) (the "*CRA Regulation*"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and

Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i)	Reasons for the offer	[[ ]/ Not Applicable]
[(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:	[ ]. (*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".)]*

5. YIELD *(Fixed Rate Notes only)*

Indication of yield:	*[Based upon the Issue Price of [ ], at the Issue Date the anticipated yield of the Notes is [ ] per cent. per annum./ Not Applicable]*

6. HISTORIC INTEREST RATES (*Floating Rate Notes Only*)

[Details of historic [LIBOR/EURIBOR] rates can be obtained from Reuters/ Not Applicable.]

7. OPERATIONAL INFORMATION

ISIN Code:	[ ]
Common Code:	[ ]
Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or Interbolsa and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)/Central de Valores Mobiliários identification number]
Delivery:	Delivery [against/free of] payment
Names and addresses of Additional Paying Agent(s) (if any):	[ ]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity as a securities settlement system, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*Include this text if "Yes" is selected*]

8. TERMS AND CONDITIONS OF THE OFFER

Offer Period:	[From [ ] to [ ]/ Not applicable]
Offer Price:	[Issue Price/Not applicable/*specify*]
[Conditions to which the offer is subject:]	[Not applicable/*give details*]
[Description of the application process]:	[Not applicable/*give details*]
[Details of the minimum and/or maximum amount of application]:	[Not applicable/*give details*]
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants]:	[Not applicable/*give details*]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not applicable/*give details*]
[Manner in and date on which results of the offer are to be made public:]	[Not applicable/insert manner and date]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not applicable/*give details*]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not applicable/*give details*]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not applicable/*give details*]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[Not applicable/*give details*]

SUMMARY OF THE ISSUE

*This summary relates to [insert description of Notes] described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Notes together with the relevant information from the Final Terms.*

[Insert completed summary by completing the summary of the base prospectus as appropriate to the terms of the specific issue].

FORM OF FINAL TERMS

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

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – *The Notes are not intended to be offered, sold or otherwise made available to (and should not be offered, sold or otherwise made available to) any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended "MiFID II"), (b) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) 1286/2014 of 26 November 2014 (the "PRIIPs Regulation"), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA might be unlawful under the PRIIPs Regulation.]* [45]

[***MIFID II product governance*** – *Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii)[all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]* [46]

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

[45] *Legend to be included on front of the Final Terms if the Notes 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".*
[46] *Legend to be included on front of the Final Terms of Notes not intended to be offered to EEA retail investors, to outline the product approval process of any applicable manufacturer.*

manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].] [47]

*[Amounts payable under the Notes 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) 2016/1011) ("**Benchmark Regulation**").*
[As far as the Issuer is aware, [specify benchmark (as this term is defined in the Benchmark Regulation)] [does not fall within the scope of the Benchmark Regulation / the transitional provisions in Article 51 of the Benchmark Regulation apply] such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]]

[Date]

Banco BPI, S.A.

(*incorporated with limited liability in the Republic of Portugal*)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 7,000,000,000

Euro Medium Term Note Programme

for the issue of Senior Notes, Dated Subordinated Notes, Undated Subordinated Notes and Undated Deeply Subordinated Notes

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 Senior and Subordinated Notes*"/"*Terms and Conditions of the Undated Deeply Subordinated Notes*"] (the "*Conditions*") set forth in the Prospectus dated 28 June 2019 [and the supplement dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC), as amended (which includes the amendments made by Directive 2010/73/EU (the "*2010 PD Amending Directive*")). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [as so supplemented] [*For Notes listed on the Official List of the Luxembourg Stock Exchange or offered to the public in Luxembourg insert:* and the Final Terms] [is][are] available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and at www.ir.bpi.pt, and for collection from Rua Tenente Valadim, 284, Porto. [*For Notes listed on a stock exchange other than Luxembourg Stock Exchange insert:* The Final Terms are available for viewing on the website of [*Insert details of the relevant stock exchange and website address*], and for collection from Rua Tenente Valadim, 284, Porto, Portugal.]

[47] *Legend to be included on front of the Final Terms of Notes intended to be offered to EEA retail investors, to outline the product approval process of any applicable manufacturer.*

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

[*When 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 Prospectus under Article 16 of the Prospectus Directive*.]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*Series number*] on [*insert date*/the Issue Date]]
2.	Specified Currency or Currencies:[48]		[ ]
3.	Aggregate Nominal Amount		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(if applicable)*
5.	(a) Specified Denominations:		[ ] *(N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)* *(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [EUR 100,000] minimum denomination is not required.* *The Notes will only be tradeable in one Specified Denomination)*
	(b)	Calculation Amount:	[ ]
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable (*NB: Not relevant for Zero Coupon Notes*]

[48] The minimum denomination of the Notes will be, if in euro, EUR 100,000, if in any currency other than euro, in an amount in such other currency exceeding the equivalent of EUR 100,000 at the time of the issue of the Notes.

7.	Maturity Date[49]:	[Fixed rate - specify date/ *Floating rate* - Interest Payment Date falling in or nearest to [*specify month and year*] (the "*Scheduled Maturity Date*")/ Not applicable]
8.	Interest Basis:	[[ ] per cent. Fixed Rate, Reset provisions [Applicable/Not applicable]] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
9.	Redemption/Payment Basis:	[Redemption at par[50] / Current Principal Amount[51]]
10.	Put/Call Options:	[Investor Put[52] [Issuer Call] [Not Applicable] [(further particulars specified below)]
11.	(a) Status of the Notes:	[Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements / Senior Non Preferred Notes / Senior/[Dated/Undated] [Subordinated/Deeply Subordinated] [If undated Deeply Subordinated: [Condition 2(c) Conversion: [Applicable][Not Applicable]]
	(b) Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements – Events of Default	Condition 9 (b) (ii) is [not] applicable[53]
	(c) Non Preferred Senior Notes – Events of Default	Condition 9 (b) (ii) is [not] applicable[54]
	(d) [Date [Board] approval for issuance of Notes obtained:	[ ] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes.*)
12.	Method of distribution:	[Syndicated/Non-syndicated]
13.	Capital Ratio Event (if different from Condition 2(b)(i)):	(*N.B. Only applicable to the Undated Deeply Subordinated Notes. Please specify the relevant percentage if higher than 5.125 per cent.]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions:	[Applicable/ [as per 14 (b) below]/ Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear] (*If payable other than annually, consider amending Condition 4*)
	(i) Fixed Coupon Amount:	[ ]

[49] There will be no final Maturity Date in the case of Undated Subordinated Notes and Undated Deeply Subordinated Notes.
[50] Applicable to all Notes, other than Undated Deeply Subordinated Notes.
[51] Applicable only to Undated Deeply Subordinated Notes.
[52] Not applicable to Subordinated Notes and to Undated Deeply Subordinated Notes.
[53] To be deleted in case of Notes other than Ordinary Senior Notes not elegible to comply with TLAC/MREL Requirements.
[54] To be deleted in case of Notes other than Non Preferred Senior Notes.

(ii) Broken Amount(s):	[ ]/[Not Applicable]
(b) Reset Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining lines of this subparagraph)*
(i) Rate of Interest before the First Reset Date:	[ ] per cent. per annum payable in arrears
(ii) First Margin	[[+/-][ ] per cent. per annum]/[Not Applicable]
(iii) Fixed Coupon Amount up to (but excluding) the First Reset Date:	[ ]
(iv) Subsequent Margin:	[+/-][ ] per cent. per annum /[Not Applicable]
(v) First Reset Date	[ ]
(vi) Second Reset Date:	[ ]/[Not Applicable]
(vii) Subsequent Reset Date(s):	[ ]/[Not Applicable]
(viii) Determination Procedure:	[screen page determination/*give details*]
(ix) Relevant Screen Page	[ ]
(x) Reset Determination Date(s):	[ ]
(xi) Mid-Swap Rate:	[ ]
(xii) Mid-Swap Maturity:	[ ]
(xiii) Reference Banks:	[ ]
(xiv) Calculation Agent:	[ ]
(xv) Mid-Swap Floating Leg Benchmark Rate:	[ ]
(xvi) Other terms relating to the method of calculating interest	[None]/[give details]
(c) Interest Payment Date(s):	[Subject to Condition 4][55] [[ ] in each year] (*N.B. This will need to be completed in the case of long or short coupons*)
(d) Day Count Fraction:	[30/360 / Actual/Actual (ICMA)/ Actual /Actual (ICMA Rule 251) / 1/1]]
(e) Determination Date(s):	[Not Applicable/ [ ] in each year] [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.* *N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration.* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
14. Floating Rate Note Provisions:	[Applicable/Not Applicable] [Subject to Condition 4] [56] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

[56] To be included in case of Undated Deeply Subordinated Notes.

(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Paying Agent):	[ ]
(f)	Screen Rate Determination:	[Applicable / Not Applicable]
	• Reference Rate:	[ ] (*Either LIBOR or EURIBOR – including fallback provisions in the Agency Agreement*)
	• Interest Determination Date(s):	[ ] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
	• Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(g)	ISDA Determination:	[Applicable / Not Applicable]
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ]
(h)	Margin(s):	[+/-] [ ] per cent. per annum
(i)	Minimum Rate of Interest:	[Not Applicable / [ ] per cent. per annum]
(j)	Maximum Rate of Interest:	[Not Applicable / [ ] per cent. per annum]
(k)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) 1/1] (*See Condition 4 for alternatives*)

15. Zero Coupon Note Provisions: [57] [Applicable/Not Applicable]

[57] Not applicable to Undated Deeply Subordinated Notes.

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a) Accrual Yield: [ ] per cent. per annum

(b) Reference Price: [ ]

PROVISIONS RELATING TO REDEMPTION

16. Issuer Call: [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

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

(b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount

(c) If redeemable in part:

(i) Minimum Redemption Amount: [ ]

(ii) Maximum Redemption Amount: [ ]

(d) Notice period: [From [*date*] until [*date*]/ On [*date*]]

17. Investor Put: [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

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

(b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount

(c) Notice period: [From [*date*] until [*date*]/ On [*date*]]

18. Final Redemption Amount: [ ] per Calculation Amount

19. (i) TLAC/MREL Disqualification Event [Applicable/Not Applicable]

(ii) Early Redemption Amount payable on redemption for taxation or regulatory reasons or on event of default, if applicable, or on an illegality and/or the method of calculating the same or upon the occurrence of a Capital Event or a TLAC/MREL Disqualification Event (if required or if different from that set out in Condition 6(c and h) regarding the Terms and Conditions of the Senior and Subordinated Notes and Condition 6(e) regarding the Terms and Conditions of the Undated Deeply Subordinated Notes)): [ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: Dematerialised book entry form, registered (*nominativas)* Notes

21. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/*give details*]

(*Note that this item relates to the place of payment and not Interest Period end dates to which item 15(c) relates*)

DISTRIBUTION

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

(b) Date of [Subscription] Agreement: [ ]

(c) Stabilising Manager (if any): [Not Applicable/give name]

25.	If non-syndicated, name [and address] of relevant Dealer:	[Not Applicable/Name [and address]]
26.	Total commission and concession:	[ ] per cent. of the Aggregate Nominal Amount
27.	U.S. Selling Restrictions:	[Reg. S Compliance Category/ Not Applicable]
28.	Prohibition of Sales to EEA Retail Investors:	[Applicable / Not Applicable]
29.	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]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] admission to Listing on [the Official List of the Luxembourg Stock Exchange/[*OTHER*]] and to trading on the regulated market of the [Luxembourg Stock Exchange/[*OTHER*]] of the Notes described herein pursuant to the EUR 7,000,000,000 Euro Medium Term Note Programme of Banco BPI, S.A..

THIRD PARTY INFORMATION

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

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and Admission to Trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange from [ ] [Application will be made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the [Official List of the Luxembourg Stock Exchange/OTHER] and to be admitted to trading on the [non/regulated market [of the Luxembourg Stock Exchange/OTHER] from [ ].] [Not Applicable.]
(b)	Estimate of total expenses relating to admission to trading:	[ ]

2. RATINGS

Ratings: [The Notes to be issued have not been and are not expected to be rated] / [The Notes 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)*].]

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

[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and not registered under Regulation (EC) No 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (as amended) (the "*CRA Regulation*"). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*][126] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation.[As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 (as amended) (the "*CRA Regulation*") but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA

Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

4. YIELD *(FIXED RATE NOTES ONLY)*

Indication of yield:	[Based upon the Issue Price of [ ], at the Issue Date the anticipated yield of the Notes is [ ] per cent. per annum./ Not Applicable]

5. OPERATIONAL INFORMATION

ISIN Code:	[ ]
Common Code:	[ ]
Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or Interbolsa and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)/Central de Valores Mobiliários identification number*]
Delivery:	Delivery [against/free of] payment
Names and addresses of Additional Paying Agent(s) (if any):	[ ]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] *[Note that the designation "yes" simply means that the Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity as a securities settlement system, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [Include this text if "Yes" is selected]*

TERMS AND CONDITIONS OF THE SENIOR AND THE SUBORDINATED NOTES

The following are (i) the Terms and Conditions of the Senior Notes and (ii) the Terms and Conditions of the Subordinated Notes, which will be incorporated into each Note settled by Central de Valores Mobiliários, the clearing system operated at Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários S.A.. ***The Terms and Conditions of the Subordinated Notes referred in (ii) above have not been approved by the competent banking prudential supervisory authority (the "Competent Authority"), in this case the European Central Bank, the Bank of Portugal, or such other or successor authority which is responsible for prudential supervision and/or empowered by national law to supervise the Issuer and Group as part of the supervisory system in operation in Portugal.***. *If any amendments to the Terms and Conditions of the Subordinated Notes are required by the Competent Authority, a new Supplement to the Prospectus will be made by the* Banco BPI, S.A. (the "*Issuer*" or "*Banco BPI*"). *The Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes are hereinafter referred as the "Terms and Conditions of the Senior and the Subordinated Notes". The applicable Final Terms in relation to any Tranche of Notes may specify terms and conditions which shall, to the extent so specified in the following Terms and Conditions, complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be incorporated into and applicable to each Note.*

This Note is one of a Series (as defined below) of Notes issued by the *Issuer* pursuant to the Agency Agreement (as defined *below).*

References herein to the "*Notes*" shall be references to the Notes of this Series and shall mean any Note. In accordance with Portuguese Law, Undated Subordinated Notes are not classified as bonds (*obrigações*).

The Notes have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "*Agency Agreement*") dated 28 June 2019, and made between, *inter alia*, the Issuer, Banco BPI, S.A. as paying agent in Portugal (the "*Paying Agent*" which expression shall include any successor paying agent) and Deutsche Bank AG, London Branch as agent bank (the "*Agent*", which expression shall include any successor agent).

The Final Terms for this Note (or the relevant provisions thereof) are incorporated into this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified in these Terms and Conditions, complete these Terms and Conditions for the purposes of this Note. References to the "*Applicable Final Terms*" mean the Final Terms (or the relevant provisions thereof) incorporated into this Note in relation to a specific issue and following the "*Form of Final Terms*".

The applicable final terms for each Tranche of Notes will state in particular whether this Note is (i) an Ordinary Senior Note ("**Ordinary Senior Note**"), (ii) a Non Preferred Senior Note ("**Non Preferred Senior Note**")(Ordinary Senior Notes and Non Preferred Senior Notes are together referred as "**Senior Notes**"), (iii) a dated subordinated Note (a "*Dated Subordinated Note*") or (iv) an undated subordinated Note (an "*Undated Subordinated Note*"). Dated Subordinated Notes and Undated Subordinated Notes are together referred as "*Subordinated Notes*".

Any reference to "*Noteholders*" or "*holders*" in relation to any Notes shall mean each person shown in the book entry records of a financial institution, which is licensed to act as a financial intermediary under the Portuguese Securities Code ("*Código dos Valores Mobiliários*" or the "*Portuguese Securities Code*") and the regulations issued by Comissão do

Mercado de Valores Mobiliários (Portuguese Securities Market Commission, the "*CMVM*"), by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("*Interbolsa*"), as operator of the Portuguese centralised securities system (*"CVM"*), or otherwise applicable rules and regulations and which is entitled to hold control accounts (each such institution an "*Affiliate Member of Interbolsa*"), as having an interest in the principal amount of the Notes.

As used herein, "*Tranche*" means Notes which are identical in all respects (including as to listing) and "*Series*" means a Tranche of Notes together with any further Tranche or Tranches of Notes 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 and/or Issue Prices.

Copies of the Agency Agreement are available for viewing during normal business hours at the specified office of the Paying Agent. Copies of the applicable Final Terms are available for viewing and obtainable during normal business hours at the registered office of the Issuer and of the Paying Agent save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of such Notes and identity. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement 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 Agreement.

Words and expressions defined in the Agency Agreement 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 Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION, TITLE AND TRANSFER

The Notes are represented in dematerialised book entry (*forma escritural*) and registered (*nominativas*), in the currency ("*Specified Currency*") [58] and denomination ("*Specified Denomination"*) as specified in the applicable Final Terms. This Note may be a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note, as indicated in the applicable Final Terms.

This Note may be a Fixed Rate Note (with or without Reset Provisions applicable), a Floating Rate Note or a Zero Coupon Note, depending upon the interest basis shown in the applicable Final Terms.

References to Euroclear and/or CBL and/or Interbolsa shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Title to the Notes will be evidenced by book entries in accordance with the Portuguese Securities Code and the regulations issued by the CMVM, by Interbolsa or otherwise applicable thereto. Each person shown in the book entry records of an

[58] The minimum denomination of Notes will be, if in euro, EUR 1,000, or if in any currency other than Euro, in an amount in such other currency equal to or exceeding the equivalent of EUR 1,000.

Affiliate Member of Interbolsa as having an interest in the Notes shall be deemed to be the holder of the principal amount of the Notes recorded.

Title to the Notes is subject to compliance with all rules, restrictions and requirements applicable to the activities of Interbolsa.

One or more certificates in relation to the Notes (each, a "*Certificate*") will be delivered by the relevant Affiliate Member of Interbolsa in respect of a registered holding of Notes upon the request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures pursuant to Article 78 of the Portuguese Securities Code.

The Notes will be registered in the relevant issue account of the Issuer with Interbolsa and will be held in control accounts opened by each Affiliate Member of Interbolsa on behalf of the Noteholders. The control account of a given Affiliate Member of Interbolsa will reflect at all times the aggregate principal amount of Notes held in the individual securities' accounts of the Noteholders with that Affiliate Member of Interbolsa.

The person or entity registered in the book entry registry of the Central de Valores Mobiliários (the "*Book Entry Registry*" and each such entry therein, a "*Book Entry*") as the holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein).

The Issuer and the Paying Agent may (to the fullest extent permitted by applicable law) deem and treat the person or entity registered in the Book Entry Registry as the holder of any Note and the absolute owner for all purposes. Proof of such registration is made by means of a Certificate issued by the relevant Affiliate Member of Interbolsa pursuant to Article 78 of the Portuguese Securities Code.

No Noteholder will be able to transfer Notes, or any interest therein, except in accordance with Portuguese law and regulations. Notes may only be transferred in accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued by the CMVM or Interbolsa, as the case may be, and the relevant Affiliate Members of Interbolsa through which the Notes are held.

2. STATUS OF THE NOTES

Important: as a result of applicable laws or regulations, including any EU Directive or Regulation, establishing a framework for the recovery and resolution of credit institutions (namely 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) and any implementation thereof into Portugal, the Notes may be mandatorily written-down or converted into more subordinated instruments, including ordinary shares of the Issuer.

(a) Status of the Senior Notes

The Senior Notes which specify their status as Ordinary Senior Notes ("**Ordinary Senior Notes**") or as Senior Non Preferred Notes ("**Senior Non Preferred Notes**", together with the Ordinary Senior Notes, the "**Senior Notes**") in the relevant Final Terms constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer. Ordinary Senior Notes will rank senior to any Senior Non-Preferred Notes and *pari passu* among themselves and (save for certain obligations required to be preferred by law) *pari passu* with all other

present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, from time to time outstanding. Senior Non-Preferred Notes will rank *pari passu* among themselves and *pari passu* with Senior Non Preferred Liabilities, from time to time outstanding. Accordingly, the payment obligations in respect of principal and interest rank:

(i) in the case of Ordinary Senior Notes:

(a) *pari passu* among themselves and with any Senior Higher Priority Liabilities; and

(b) senior to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (créditos subordinados) of the Issuer; and

(ii) in the case of Senior Non Preferred Notes:

(a) *pari passu* among themselves and with any Senior Non Preferred Liabilities;

(b) junior to the Senior Higher Priority Liabilities (and, accordingly, upon the insolvency of the Issuer the claims in respect of Senior Non Preferred Notes will be met after payment in full of the Senior Higher Priority Liabilities); and

(c) senior to any present and future subordinated obligations (créditos subordinados) of the Issuer.

(b) *Status of the Subordinated Notes*

The Subordinated Notes are direct, unsecured and subordinated obligations of the Issuer as provided below and rank and will rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future obligations or securities of the Issuer which constitute Tier 2 Capital of the Issuer or are expressed to rank by law or pursuant their terms *pari passu* with the Subordinated Notes (if any).

In the event of insolvency or winding-up of the Issuer the claims of the holders of Subordinated Notes against the Issuer in respect of payments of principal and interest (if any) on the Subordinated Notes (to the extent permitted by Portuguese law) will: (i) be subordinated in the manner described in these Conditions to the claims of all Senior Creditors; (ii) rank at least *pari passu* with the claims of holders of all obligations or securities of the Issuer which constitute Tier 2 Capital of the Issuer or otherwise by law rank, or by their terms are expressed to rank, *pari passu* with the Subordinated Notes and/or the Tier 2 Capital of the Issuer and (iii) rank *senior* to: (1) the claims of the holders of all obligations or securities of the Issuer which constitute Tier 1 Capital of the Issuer, (2) the claims of holders of all other obligations or securities of the Issuer which by law rank, or by their terms are expressed to rank *junior* to the Subordinated Notes and/or Tier 2 Capital of the Issuer and (3) claims of holders of all share capital and/or preference shares of the Issuer.

No Noteholder of a Subordinated Note may exercise or claim any right of set-off in respect of any amount owed by it to the Issuer arising under or in connection with the Subordinated Notes and each Noteholder of a Subordinated Note shall, by virtue of its subscription, purchase or holding of any Subordinated Note, be deemed to have waived all such rights of set-off.

The Dated Subordinated Notes will have a minimum maturity of at least five years.

The Undated Subordinated Notes will not have a stated maturity.

(c) *Definitions*

For the purpose of Condition 2(a):

"**Senior Higher Priority Liabilities**" means any obligations in respect of principal and interest of the Issuer under any Ordinary Senior Notes and any other unsecured and unsubordinated obligations (*créditos comuns*) of the Issuer, other than the Senior Non Preferred Liabilities; and

"**Senior Non Preferred Liabilities**" means any unsubordinated and unsecured senior non preferred obligations of the Issuer under article 8-A of Decree-law 199/2006, of 25 October, as amended by Law 23/2019, of 13 March, which provides for the legal recognition of unsubordinated and unsecured senior non preferred obligations in Portugal.

For the purpose of Condition 2(b):

"*Senior Creditors*" means creditors of the Issuer who (A) are depositors and/or other unsubordinated creditors of the Issuer or (B) whose claims are subordinated to the claims of other creditors of the Issuer other than those creditors: (i) whose claims relate to obligations or securities which constitute Tier 1 Capital of the Issuer or Tier 2 Capital of the Issuer or (ii) whose claims rank by law, or by their terms are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Subordinated Notes.

"*Tier 1 Capital*" and "*Tier 2 Capital*" each have the respective meaning given to such terms under the CRR.

In accordance with article 145-I of the RGICSF and the BRRD, the resolution authority may, in the exercise of its powers, and subject to the conditions therein, including to restore the credit institution's viability, (a) reduce (up to zero) the nominal amount of the Subordinated Notes or (b) convert them to ordinary shares of the Issuer.

In accordance with article 145-U (bail-in) of the RGICSF and the BRRD, the resolution authority may, in the exercise of its powers, and subject to the conditions therein, including to restore the credit institution's viability, (a) reduce (up to zero) the nominal amount of the Senior Non-Preferred Notes (as well as other Senior Notes) or (b) convert them to ordinary shares of the Issuer.

This Condition 2 describes the legal and regulatory regime applicable to the Notes and accordingly the provisions of this Condition 2 are subject to any changes in that legal and regulatory regime.

3. NEGATIVE PLEDGE

This Condition 3 shall apply only to Ordinary Senior Notes and references to "*Notes*" and "*Noteholders*" shall be construed accordingly.

So long as any of the Notes remains outstanding, the Issuer shall not create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Indebtedness (as defined below) or any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of an encumbrance or security interest, at the same time and, in any other case, promptly according to the Noteholders an equal and rateable interest in the same or providing to the Noteholders such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

As used herein:

"*Indebtedness*" means any borrowings having an original maturity of more than one year in the form of or represented by bonds, notes, debentures or other securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) but excluding any Covered Bonds (as defined below):

(i) where more than 50 per cent. in aggregate principal amount of such bonds, notes, debentures or other securities are initially offered outside the Republic of Portugal by or with the authorisation of the Issuer; and

(ii) which with the authorisation of the Issuer are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other organised market for securities (whether or not initially distributed by way of private placing).

"*Covered Bonds*" means any bonds or notes issued by the Issuer, the obligations of which benefit from a special creditor privilege ("*privilégio creditório especial*") as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other loans permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation.

4. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the interest commencement date (i.e. the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms and hereinafter "*Interest Commencement Date*") at a certain rate of interest (i.e. the rate or rates (expressed as a percentage per annum) payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these conditions and/or the relevant Final Terms. Hereinafter "*Rate of Interest*"). Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. Interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes and will be paid to Interbolsa for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures.

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 the full nominal amount outstanding of the Fixed Rate Notes and, in each case, 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(a):

(i) if "*Actual/Actual (ICMA Rule 251)*" is specified in the applicable Final Terms, the number of days in the Accrual Period (as defined below) divided by the number of days in the Fixed Interest Period;

(ii) if "*Actual/Actual (ICMA)*" is specified in the applicable Final Terms;

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(iii) 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; and

(iv) if "*1/1*" is specified in the applicable Final Terms, 1.

(b) Reset Provisions on Fixed Rate Notes

These provisions are applicable to the Notes only if Reset Provisions are specified in the relevant Final Terms as being applicable:

(i) Each Fixed Rate Reset Note bears interest (a) from (and including) the interest commencement date (i.e. the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms and hereinafter "*Interest Commencement Date*") to (but excluding) the First Reset Date at the rate per annum equal to the Rate of Interest before the First Reset Date; (b) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and (c) for each subsequent interest period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest, payable in each case, in arrears on the Interest Payment Date(s) so specified in the relevant Final Terms.

(ii) If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 12 (noon) in the Relevant Financial Centre of the Specified Currency on the Reset Determination Date in question. If two or more of the

Reference Banks provide the Calculation Agent with Mid- Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Rate of Interest before the First Reset Date.

For the purposes of these Terms and Conditions:

"*Determination Date*" means the date specified as such in the applicable Final Terms;

"*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);

"*First Margin*" means the margin specified as such in the relevant Final Terms;

"*First Reset Date*" means the date specified in the relevant Final Terms;

"*First Reset Period*" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date;

"*First Reset Rate of Interest*" means, in respect of the First Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin;

"*Mid-Swap Maturity*" has the meaning given in the relevant Final Terms;

"*Mid-Market Swap Rate*" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent) of a fixed for floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent);

"*Mid-Market Swap Rate Quotation*" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"*Mid-Swap Floating Leg Benchmark Rate*" means the rate as specified in the relevant Final Terms;

"*Mid-Swap Rate*" means, in relation to a Reset Determination Date and subject to Condition 4(b)(ii), either:

(a) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

a. with a term equal to the relevant Reset Period; and

b. commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(b) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

a. with a term equal to the relevant Reset Period; and

b. commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Relevant Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"*Reference Banks*" has the meaning given in the relevant Final Terms or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute;

"*Relevant Screen Page*" means the page specified in the relevant Final Terms;

"*Reset Date*" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the relevant Final terms) in accordance with Condition 4 as if the relevant Reset Date was an Interest Payment Date;

"*Reset Determination Date*" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period, or in each case as specified in the relevant Final Terms;

"*Reset Note*" means a Note on which interest is calculated at reset rates payable in arrear on a fixed date or dates in each year and/or at intervals of one, two, three, six or 12 months or at such other date or intervals as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"*Reset Period*" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"*Second Reset Date*" means the date specified in the relevant Final Terms;

"*Subsequent Margin*" means the margin specified as such in the relevant Final Terms;

"*Subsequent Reset Date*" means the date or dates specified in the relevant Final Terms;

"*Subsequent Reset Period*" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

"*Subsequent Reset Rate of Interest*" means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin. For avoidance of doubt, if the Subsequent Reset Rate of Interest is a floating interest provisions regarding Floating Rate Notes shall apply and if the Subsequent Reset Rate of Interest is a fixed interest provisions regarding Fixed Rate Notes shall apply; and

"*sub-unit*" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means 1 cent.

(c) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

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

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "*Interest Payment Date*") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or the first) Interest Payment Date). Interest will be calculated on the full nominal amount outstanding of the relevant Notes and will be paid to Interbolsa for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 4(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last 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 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

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next 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

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

In these Terms and Conditions,

"*Business Day*" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Lisbon and each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the "*TARGET 2 System*") is open.

"*Business Day Convention*", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(A) "*Following Business Day Convention*" means that the relevant date shall be postponed to the first following day that is a Business Day;

(B) "*Modified Following Business Day Convention*" or "*Modified Business Day Convention*" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(C) "*Preceding Business Day Convention*" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(ii) Rate of Interest

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

(A) ISDA Determination for Floating Rate Notes

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 (A), "*ISDA Rate*" for an Interest

Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent 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 Notes (the "*ISDA Definitions*") and under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms;

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("*LIBOR*") or on the Euro-zone inter-bank offered rate ("*EURIBOR*"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (A), "*Floating Rate*", "*Calculation Agent*", "*Floating Rate Option*", "*Designated Maturity*" and "*Reset Date*" have the meanings given to those terms in the ISDA Definitions.

"*Margin*" has the meaning given in the applicable Final Terms.

(B) Screen Rate Determination for Floating Rate Notes

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; or

(2) the arithmetic mean (rounded if necessary to, if the Reference Rate is EURIBOR, the third decimal place, with 0.0005 being rounded upwards or, if the Reference Rate is not EURIBOR, 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. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. 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) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

(iii) 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 (ii) 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 (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "*Interest Amount*") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the full nominal amount outstanding of the relevant Notes and, in each case, 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. Where the Specified Denomination of a Floating Rate Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

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

(A) if "*Actual/Actual (ISDA)*" or "*Actual/Actual*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (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);

(B) if "*Actual/365 (Fixed)*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(C) if "*Actual/365 (Sterling)*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "*Actual/360*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

DayCount Fraction=([360×(Y2-Y1)]+[30×(M2-M1)]+(D2-D1))/([360])

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

DayCount Fraction=([360×(Y2-Y1)]+[30×(M2-M1)]+(D2-D1))/([360])

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

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

DayCount Fraction=([360×(Y2-Y1)]+[30×(M2-M1)]+(D2-D1))/([360])

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"*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; and

(H) if "*1/1*" is specified in the applicable Final Terms, 1.

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 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 prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. 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.

(vi) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(c), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the Paying Agent and all Noteholders, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, or the Noteholders, shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

For the avoidance of doubt, any amount of interest calculated and due on the Subordinated Notes will not be amended pursuant to these Conditions on the basis of the credit standing of the Issuer.

(d) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption.

(e) Benchmark discontinuation

(i) *Independent Adviser*

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 (e), failing which an Alternative Rate (in accordance with Condition 4(e)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(e)(iii)) and any Benchmark Amendments (in accordance with Condition 4(e)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(e) 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 Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(e)(i).

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(e)(i) prior to the relevant Reset Determination Date or Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Reset Period or Interest Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Reset Period or 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 First Margin or Subsequent Margin is to be applied to the relevant Reset Period or Interest Period, as applicable, from that which applied to the last preceding Reset Period or Interest Period, respectively, the First Margin orSubsequent Margin, relating to the relevant Reset Period or Interest Period, respectively, shall be substituted in place of the First Margin or Subsequent Margin, relating to that last preceding Reset Period or Interest Period, respectively. For the avoidance of doubt, this Condition 4(e)(i) shall apply to the relevant next succeeding Reset Period or Interest Period only and any subsequent Reset Periods or Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(e)(i).

(ii) *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(e)(iii) 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 Notes (subject to the operation of this Condition 4(e); 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(e)(iii) 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 Notes (subject to the operation of this Condition 4(e).

(iii) *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).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(e) 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(e)(v),

without any requirement for the consent or approval of Noteholders, vary these Terms and Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(e), no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Subordinated Notes or TLAC/MREL-Eligible Instruments for the purposes of the Capital Regulations.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(e) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agentsand, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4(e)(i), 4(e)(ii),4(e)(iii) and 4(e)(iv), 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(e) shall prevail.

(vii) Notwithstanding any other provision of this Condition 4(e), 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(e), 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.

(viii) Notwithstanding any other provision of this Condition 4(e) neither the Agent, nor the Calculation Agent shall be obliged to concur with the Issuer and / or the Independent Advisor 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/or these Conditions.

(ix) *Definitions:*

As used in this Condition 4(e):

"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 Noteholders 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.

"**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(e)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(e)(iv).

"**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 Notes or 5 Reset Business Days in relation to a Reset Notes; 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 Notes, 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 Noteholder using the Original Reference Rate,

the occurrence of any such events (1) to (5) above to be determined by the Issuer.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(e)(i).

"**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 Notes.

"**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.

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

5. PAYMENTS

(a) *Fiscal and other laws*

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

(b) Payments in respect of the Notes

Payment of principal and interest in respect of Notes will be (i) **if made in euro** (a) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and CBL, to the accounts with Euroclear and CBL of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL as the case may be; (ii) **if made in currencies other than euro** (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the 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 Notes or through Euroclear and CBL to the accounts with Euroclear and CBL of the owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL, as the case may be.

The holders of Notes are reliant upon the procedures of Interbolsa to receive payment in respect of Notes.

(c) General provisions applicable to payments

The Issuer will be discharged by payment to Interbolsa in respect of each amount so paid. Each of the entities shown in the records of Interbolsa as the beneficial holder of a particular nominal amount of Notes must look solely to Interbolsa for his share of each payment so made by the Issuer to, or to the order of, the holder of such Notes.

(d) Payment Day for the Notes

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "*Payment Day*" means any day which (subject to Condition 9) is:

a. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Lisbon; and

b. either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Financial Centre) or (B) in relation to any sum payable in euro, a day on which the TARGET 2 System is open and Interbolsa, Euroclear and/or CBL, as the case may be, are open for general business.

(e) Interpretation of principal and interest

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

(i) any additional amounts which may be payable with respect to principal under Condition 7;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

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

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

(a) Redemption

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at the amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date (if applicable) (the "**Final Redemption Amount**").

Senior Non-Preferred Notes and Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements

Senior Non Preferred Notes and ***Ordinary Senior Notes elegible to comply with TLAC/MREL Requirements*** will have an original maturity of at least one year from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Capital Regulations or other applicable banking laws and regulations in force at that time, including any Applicable TLAC/MREL Regulations. Notes will not be issued with a maturity of less than 398 (three hundred and ninety eight) days.

Subordinated Notes

The Dated Subordinated Notes have an original maturity of at least five years. The Undated Subordinated Notes do not have a stated maturity (*perpetual*).

The Subordinated Notes can only be early redeemed or called in accordance with (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met and not before five years from issuance.

The Subordinated Notes can only be early redeemed or called before five years from the issuance where the conditions set out in Article 78(4) of the CRR are met or if the Issuer becomes insolvent or liquidated.

Accordingly, the Subordinated Notes are only subject to be called or early redeemed within 5 years from its issue date pursuant to Condition 6(b), 6(f) and 9(b).

Any call option or early redemption in respect of the Subordinated Notes are subject to both of the following conditions:

(i) The Issuer obtaining prior permission of the Competent Authority in accordance with Article 78 of the CRR, where either:

1. The Issuer has replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer earlier than, or at the same time as, the call or early redemption; or

2. The Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would following such call or early redemption exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in Portuguese legislation transposing point (6) of Article 128 of the CRD IV by a margin that the Competent Authority considers necessary on the basis of Portuguese legislation transposing Article 104(3) of the CRD IV;

(ii) In addition to (i), in respect of a redemption prior to the fifth anniversary of the issuance, if and to the extent required under Article 78(4) of the CRR:

1. In the case of Condition 6(b) *Redemption for Tax Reasons*, the Issuer has demonstrated to the satisfaction of the Competent Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

2. In the case of Condition 6(f) *Redemption due to the occurrence of a Capital Event*, the Issuer has demonstrated to the satisfaction of the Competent Authority that the change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

For this purposes a "*Capital Event*" is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes under the Capital Regulations that was not reasonably foreseeable at the time of the Subordinated Notes issuance and that would result in their exclusion in full or in part from the Issuer's own funds (other than as a consequence of write-down or conversion, where applicable) or in reclassification as a lower quality form of the Issuer's own funds and that the Competent Authority considers to be sufficiently certain.

"Capital Regulations" means at any time any requirements of Portuguese law or contained in the relevant rules of European Union law that are then in effect at the Issue Date in Portugal relating to capital adequacy and applicable to the Issuer or to its Group, including but not limited to the CRR, MREL regulations, national laws and regulations implementing the CRD IV and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the EBA, as amended from time to time, or such other acts as may come into effect in place thereof.

For the avoidance of doubt, the Competent Authority is not obliged to provide such permission (if requested by the Issuer) and there is no assurance that the Competent Authority will provide such permission (if requested). For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with Article 78 of the CRR shall not constitute a default for any purpose.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer, in whole or in part, on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 11, the Noteholders (which notice shall be irrevocable):

(i) (A) If, with the exception of Notes issued by the Issuer, which are not issued by the Issuer within the scope of the Decree-Law no. 193/2005, of 7 November, as amended (the "*Decree-Law*"), on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in each case as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or (B) if in the case of Subordinated Notes and Senior Non Preferred Notes eligible to comply with TLAC/MREL Requirements, the Issuer would not be entitled to claim a deduction in computing taxation liabilities in the Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) in respect of any payment of interest to be made on the Notes on the occasion of the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced, in each case as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of a Series of Notes or the Issuer would be adversely affected by a material change in the applicable tax treatment of the Notes; and

(ii) In case of Subordinated Notes subject also to the requirements described under Condition 6. (a) *Redemption* (i) and (ii).

(iii) In the case of (i)(A) above such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due; and

(iv) In the case of Senior Non Preferred Notes or Ordinary Notes eligible to comply with TLAC/MREL Requirements, subject to the applicable prior consent of the Competent Authority and the resolution authorities in accordance with the applicable Capital Regulations or other applicable banking laws and regulations in force at that time, including any Applicable TLAC/MREL Regulations.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (i) has or will become obliged to pay such additional amounts as a result of such change or amendment or (ii) will not be entitled to claim a deduction in computing taxation liabilities of the Tax Jurisdiction (as defined in Condition 7) or the value of such redemption would be materially reduced, as applicable.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption due to TLAC/MREL Disqualification Event

If, in the case of Senior Non Preferred Notes and of Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms only, following the TLAC/MREL Requirement Date, a TLAC/MREL Disqualification Event has occurred and is continuing, then the Issuer may, at its option, elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes (as applicable). Any such election and redemption is subject to the applicable prior consent of the Competent Authority and the resolution authorities in accordance with the applicable Capital Regulations or other applicable banking laws and regulations in force at that time, including any Applicable TLAC/MREL Regulations.

Notes redeemed pursuant to this Condition 6 (c) will be redeemed at their early redemption amount (the "**Early Redemption Amount**") (which shall be their principal amount or such other Early Redemption Amount as may be specified in or determined in accordance with the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(d) Definitions

"**Applicable TLAC/MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Portugal giving effect to the MREL and the principles set forth in the FSB TLAC Term Sheet or any successor principles then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies giving effect to the MREL

and the principles set forth in the FSB TLAC Term Sheet or any successor principles then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**FSB TLAC Term Sheet**" means the Total Loss-absorbing Capacity (TLAC) term sheet set forth in the document dated 9 November 2015 published by the Financial Stability Board, entitled "Principles on Loss-absorbing and Recapitalisation Capacity of G-SIIs in Resolution", as amended from time to time;

A "**TLAC/MREL Disqualification Event**" occurs in respect of Senior Non Preferred Notes or Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements if, on or following the TLAC/MREL Requirement Date, all or part of the outstanding nominal amount of the relevant Notes does not fully qualify as TLAC/MREL Eligible Instruments of the Issuer and/or the Group, except where such non-qualification (a) was reasonably foreseeable as at the Issue Date of the Notes, (b) is due solely to the remaining maturity of the relevant Notes being less than any period required for such Notes to be considered TLAC/MREL Eligible Instruments by Applicable TLAC/MREL Regulations then in force, or (c) is as a result of the relevant Notes being bought back by (or on behalf of) the Issuer or by a third party funded by the Issuer.

For the purposes of paragraph (a) above, the circumstances where any non-qualification of the Notes as TLAC/MREL Eligible Instruments shall not be "reasonably foreseeable" shall, without limitation, be deemed to include where such non-qualification arises as a result of (i) any legislation which gives effect in Portugal to the European Commission's proposals to amend and supplement certain provisions of the CRD IV, the CRR, the SRM Regulation and the BRRD (the "**EC Proposals**") differing in any respect from the form of the EC Proposals as published by the European Commission on 23 November 2016 or, if applicable, any further form of the EC Proposals that may supersede such form and is made public thereafter but before the relevant Issue Date of the Notes (the "**Draft EC Proposals**") (including if the EC Proposals are not implemented in full in Portugal), or (ii) the official interpretation or application of the Draft EC Proposals or the EC Proposals and/or any legislation which gives effect to the same in Portugal existing as at the relevant Issue Date (including any interpretation or pronouncement by any relevant court or authority) differing in any respect from the manner in which the same has been reflected in the conditions of the Notes.

"**Early Redemption Amount**" means, in respect of any Note, its principal amount or such other amount (expressed as a percentage of the principal amount) as may be specified in the relevant Final Terms.

"**TLAC/MREL-Eligible Instrument**" means an instrument that complies with the TLAC/MREL Requirements;

"**TLAC/MREL Requirement Date**" means the time from which the Issuer and/or the Group is obliged to meet any TLAC/MREL Requirements; and

"**TLAC/MREL Requirements**" means the total loss-absorbing capacity requirements and/or minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under the Applicable TLAC/MREL Regulations.

(e) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may (after obtaining the consent of the Competent Authority and only after 5 (five) years from its issue date in the case of Subordinated Notes), at its sole discretion, having given:

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("*Redeemed Notes*") will be in accordance with the rules of Interbolsa.

In the case of Subordinated Notes, the Issuer has the right, but not the duty, to redeem the Subordinated Notes. The Competent Authority is not obliged to consent with the early redemption requested by the Issuer (if requested) and there is no assurance that the Competent Authority will consent to such early redemption request.

In case of Senior non-Preferred Notes and Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements may only be redeemed or called by the Issuer with the prior consent of the Competent Authority and the resolution authorities in accordance with the applicable Capital Regulations or other applicable banking laws and regulations in force at that time, including any Applicable TLAC/MREL Regulations.

(f) Redemption due to the occurrence of a Capital Event

The Subordinated Notes may be redeemed, in whole, by the Issuer, if a Capital Events occurs, as defined above, that the Competent Authority considers to be sufficient certain and subject to requirements described under Condition 6 (a) *Redemption* (i) and (ii).

(g) Redemption at the option of the Noteholders of Ordinary Senior Notes not eligible to comply with TLAC/MREL Requirements (Investor Put)

In accordance with the Capital Regulations or other applicable banking laws and regulations in force at that time, including any Applicable TLAC/MREL Regulations Investor Put is not permitted for Subordinated Notes,Senior Non Preferred Notes and Ordinary Senior Notes not eligible to comply with TLAC/MREL Requirements.

If Investor Put is specified in the applicable Final Terms of the Ordinary Senior Notes, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 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 Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice by way of a put notice (the "*Put Notice*") to the Paying Agent of such exercise in accordance with the standard procedures of Interbolsa in a form acceptable to Interbolsa from time to time and, at the same time present or procure the presentation of a Certificate to the Paying Agent.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default has occurred and continues, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(h) Early Redemption Amounts

Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 9, each Note will be redeemed at the Early Redemption Amount calculated as follows:

a. in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

b. in the case of a Note with a Final Redemption Amount (other than a Zero Coupon Note) which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount;

c. in the case of a Zero Coupon Note, at an amount (the "*Amortised Face Amount*") calculated in accordance with the following formula:

   Early Redemption Amount = RP x (1 + AY)y

   where:

   "RP" means the Reference Price;

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

   "y" is a fraction 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

   or on such other calculation basis as may be specified in the applicable Final Terms.

(i) Purchases

The Issuer or any of its Subsidiaries may at any time purchase Notes at any price in the open market or otherwise.

In respect of the Subordinated Notes the Issuer or any of its Subsidiaries, shall have the right to purchase Subordinated Notes only in accordance (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met and not before

five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met or, in the case of repurchase for market-making purposes, where the conditions set out in Article 29 of the Commission Delegated Regulation (EU) 241/2014 (the regulatory technical standards RTS in own funds) ("CDR") are met and particularly with respect to the predetermined amount defined by the Competent Authority as per Article 29(3)(b) of the CDR.

Such Notes may be held, resold or, at the option of the Issuer or the relevant subsidiary, cancelled by Interbolsa following receipt by Interbolsa of notice thereof by or on behalf of the Issuer. Notes purchased, while held by or on behalf of the Issuer or any subsidiary of the Issuer shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 14 or the Agency Agreement.

In the case of Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, the purchase of the relevant Notes by the Issuer or any of its subsidiaries shall take place in accordance with Capital Regulations in force at the relevant time and will be subject to the prior consent of the Competent Authority, if and as required.

(j) Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (g) above cannot be reissued or resold.

Regarding Subordinated Notes, this Condition 6 describes the legal and regulatory regime applicable thereto and accordingly the provisions of this Condition 6 are subject to any changes in that legal and regulatory regime.

7. TAXATION

(a) *Taxation relating to all payments by the Issuer in respect of Notes not issued within the scope of Decree-Law no. 193/2005, of 7 November 2015*

All payments of principal and interest in respect of the Notes by the Issuer and not issued within the scope of the Decree-Law will be made after withholding (except where the Noteholder is either a Portuguese resident financial institution or a non-resident financial institution having a permanent establishment in the Portuguese territory to which the income is attributable or benefits from a reduction or withholding tax exemption as specified by current Portuguese tax law) or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Portugal which are required by law. No additional amounts will be paid by the Issuer in respect of such withholding or deduction.

(b) *Taxation relating to all payments by the Issuer in respect of the Notes issued within the scope of the Decree-Law*

All payments of principal and interest in respect of the Notes issued within the scope of the Decree-Law by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Tax Jurisdiction unless such withholding or deduction is required by law or regulation. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes issued within the scope of the Decree-

Law in relation to any payment in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

(i) to, or to a third party on behalf of, a Noteholder in the Tax Jurisdiction; and/or

(ii) to, or to a third party on behalf of, a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note; and/or

(iii) where the relevant Certificate is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5(d)); and/or

(iv) to, or to a third party on behalf of, a Noteholder in respect of whom the information (which may include certificates) required in order to comply with the Decree-Law, and any implementing legislation, is not received by no later than the second ICSD Business Day prior to Relevant Date, or which does not comply with the formalities in order to benefit from tax treaty benefits, when applicable; and/or

(v) to, or to a third party on behalf of, a Noteholder (i) resident for tax purposes in the Tax Jurisdiction or when the investment income is imputable to a permanent establishment of the Noteholder located in Portuguese territory or (ii) resident in a tax haven jurisdiction as defined in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2011, as amended from time to time, with the exception of (a) central banks and governmental agencies, as well as international institutions recognised by the Tax Jurisdiction, of those tax haven jurisdictions, and (b) tax haven jurisdictions which have a double taxation treaty in force or a tax information exchange agreement in place with the Tax Jurisdiction provided that all procedures and information required under Decree-Law no. 193/2005 regarding (a) and (b) above are complied with; and/or

(vi) to, or to a third party on behalf of (a) a Portuguese resident legal entity subject to Portuguese corporation tax (with the exception of entities that benefit from a waiver of Portuguese withholding tax or from Portuguese income tax exemptions), or (b) a legal entity not resident in the Republic of Portugal acting with respect to the holding of the Notes through a permanent establishment located in the Portuguese territory (with the exception of permanent establishments that benefit from a waiver of Portuguese withholding tax).

For the purposes of this Condition 7:

"ICSD Business Day" means any day which:

(i) is not a Saturday or Sunday; and

(ii) is not 25 December or 31 December.

"*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 Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

For the purposes of these Conditions:

"*Tax Jurisdiction*" means the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax.

8. PRESCRIPTION

Claims for principal and interest in respect of the Notes shall become void unless the relevant Certificates are surrendered within twenty years and five years respectively of the Relevant Date.

9. EVENTS OF DEFAULT

(a) Events of Default relating to Ordinary Senior Notes not eligible to comply with TLAC/MREL Requirements

If one or more of the following events (each an "*Event of Default*") shall occur and be continuing with respect to any Senior Note (any reference to "*Note*" and "*Notes*" shall be construed accordingly):

(i) the Issuer fails to make payment of any principal or interest due in respect of the Notes and such failure to pay continues, in the case of principal, for a period of seven days or, in the case of interest, for a period of 14 days; or

(ii) the Issuer defaults in the performance or observance of or compliance with any other obligation on its part in respect of the Notes and (except where such default is not capable of remedy, where no such notice shall be required) such default shall continue for a period of 30 days after written notice of such default shall have been given to the Issuer by a holder of the Note; or

(iii) insolvency or liquidation proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings or suspends payments or offers or makes a general arrangement for the benefit of all its creditors; or

(iv) any order shall be made by any competent court or resolution passed for the dissolution of the Issuer, except a dissolution for the purposes of or pursuant to a reorganisation, merger, consolidation or amalgamation whereby the continuing entity or entity formed as a result of the reorganisation, merger, consolidation or amalgamation effectively assumes the entire obligations of the Issuer under the Notes; or

(v) the repayment of any Indebtedness for Borrowed Money (as defined in Condition 9(c)) owing by the Issuer is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any Indebtedness for Borrowed Money or in the honouring of any guarantee or indemnity in respect of any Indebtedness for Borrowed Money provided that no such event referred to in this subparagraph (v) shall constitute an Event of Default unless the Indebtedness for Borrowed Money whether alone or when aggregated with other Indebtedness for Borrowed Money relating to all (if any) other such events which shall have occurred shall exceed EUR 25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to 1 per cent. of BPI's Shareholders' Funds (as defined in Condition 9(c));

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same

shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6(h)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

(b) Events of Default relating to Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements and relating to Senior Non- Preferred Notes

If determined in the applicable Final Terms:

(i) If insolvency or liquidation proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings or suspends payments or offers or makes a general arrangement for the benefit of all its creditors an Event of Default shall occur with respect to any Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements and relating to Senior Non-Preferred Notes (any reference to "*Note*" and "*Notes*" shall be construed accordingly).

(ii) If so specified in the Final Terms and if one or more of the following events (each an "*Event of Default*") shall occur and be continuing with respect to any Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements and relating to Senior Non-Preferred Notes (any reference to "*Note*" and "*Notes*" shall be construed accordingly):

i. the Issuer fails to make payment of any principal or interest due in respect of the Notes and such failure to pay continues, in the case of principal, for a period of seven days or, in the case of interest, for a period of 14 days; or

ii. the Issuer defaults in the performance or observance of or compliance with any other obligation on its part in respect of the Notes and (except where such default is not capable of remedy, where no such notice shall be required) such default shall continue for a period of 30 days after written notice of such default shall have been given to the Issuer by a holder of the Note; or

iii. any order shall be made by any competent court or resolution passed for the dissolution of the Issuer, except a dissolution for the purposes of or pursuant to a reorganisation, merger, consolidation or amalgamation whereby the continuing entity or entity formed as a result of the reorganisation, merger, consolidation or amalgamation effectively assumes the entire obligations of the Issuer under the Notes; or

iv. the repayment of any Indebtedness for Borrowed Money (as defined in Condition 9(d)) owing by the Issuer is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any Indebtedness for Borrowed Money or in the honouring of any guarantee or indemnity in respect of any Indebtedness for Borrowed Money provided that no such event referred to in this subparagraph (v) shall constitute an Event of Default unless the Indebtedness for Borrowed Money whether alone or when aggregated with other Indebtedness for Borrowed Money relating to all (if any) other such events which shall have occurred shall exceed EUR 25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to 1 per cent. of BPI's Shareholders' Funds (as defined in Condition 9(d));

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same

shall, when permitted by the applicable Capital Regulations, become forthwith due and payable at the Early Redemption Amount (as described in Condition 6(h)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

(c) Events of Default relating to Subordinated Notes

If one or more of the following events (each an "*Event of Default*") shall occur and be continuing with respect to any Subordinated Note, Senior Non Preferred Note and Ordinary Senior Note elegible to comply with TLAC/MREL Requirements:

(i) insolvency proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings; or

(ii) if otherwise than on terms previously approved in writing by the Common Representative (if any) or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed by the Issuer's shareholders for the liquidation of the Issuer;

then any holder of a Subordinated Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Subordinated Notes held by the holder to be forthwith due and payable whereupon the same shall, when permitted by the applicable Capital Regulations, become forthwith due and payable at the Early Redemption Amount (as described in Condition 6(h)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

Without prejudice to (i) and (ii) above, if the Issuer breaches any of its obligations under the Notes, the Common Representative (if any) may, subject as provided below, at its discretion and without further notice, institute such proceedings as it may think fit to enforce such obligations provided that the Issuer shall not as a consequence of such proceeding be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

For the avoidance of doubts, the provisions of these Conditions governing the Subordinated Note do not give any holder of Subordinated Notes or the Common Representative (if any, acting at its discretion, or if so directed by an Extraordinary Resolution of the Noteholders) the right to accelerate the future scheduled payment of interest or principal, other than in the insolvency or liquidation of the Issuer.

However, nothing in this Condition 9 shall prevent the Common Representative from instituting proceedings for the winding-up of the Issuer (to the extent permitted by law at the relevant time) and/or proving in any winding-up of the Issuer in respect of any payment obligations of the Issuer pursuant to or arising from the Notes (including any damages awarded for breach of any such obligations).

(d) Definitions

For the purposes of this Condition 9:

"*Indebtedness for Borrowed Money*" means any present or future indebtedness for or in respect of (i) money borrowed, or (ii) any notes, bonds, debentures, loan stock or other securities offered, issued or distributed whether by way of offer to the public, private placement, acquisition consideration or otherwise and whether issued in cash or in whole or in part for consideration other than cash; and

"*BPI's Shareholders' Funds*" means, at any relevant time, a sum equal to the aggregate of Banco BPI's shareholders' equity as certified by the independent auditors of Banco BPI by reference to the latest audited consolidated financial statements of Banco BPI.

10 WAIVER OF SET-OFF

No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Instrument) and each Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder of any Note but for this Condition.

(a) Definitions

"**Waived Set-Off Rights**" means any and all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

11 SUBSTITUTION AND VARIATION

This Condition 11 applies to Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, Senior Non Preferred Notes and Subordinated Notes. If a Capital Event, a TLAC/MREL Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 6 (b) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to, become, or remain, Qualifying Notes, subject to having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13, the Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior consent of the Competent Authority if and as required therefor under Capital Regulations in force at the relevant time.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to

execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

(a) Definitions:

"**Qualifying Notes**" means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer not otherwise materially less favourable to the Noteholders than the terms of the Notes provided that such securities shall:

(i) (a) in the case of Notes eligible to comply with TLAC/MREL Requirements, if the TLAC/MREL Requirement Date has occurred, contain terms which comply with the then current requirements for TLAC/MREL-Eligible Instruments as embodied in the Applicable TLAC/MREL Regulations, and (b) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer; and

(ii) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 11; and

(iii) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 11; and

(iv) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 11; and

(v) have at least the same ranking as set out in Condition 2; and

(vi) not, immediately following such substitution or variation, be subject to a Capital Event, a TLAC/MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 6(b), as applicable; and

(vii) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 11.

For the avoidance of doubt, any variation in the ranking of the relevant Notes as set out in Condition 2 resulting from any such substitution or modification shall be deemed not to be materially less favourable to the interests of the Noteholders of the Notes where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes under Condition 2 on the issue date of such Notes.

12. PAYING AGENT

The name of the initial Paying Agent and its initial specified office are set out below.

The Issuer is entitled to vary or terminate the appointment of the Paying Agent and/or appoint additional or other paying agents and/or approve any change in the specified office through which any paying agent acts, provided that:

(a) there will at all times be a paying agent with its specified office in a country outside the Tax Jurisdiction;

(b) so long as the Notes are listed on any stock exchange or admitted to listing 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 any other relevant authority); and

(c) there will at all times be a paying agent in Portugal capable of making payment in respect of the Notes as contemplated by these terms and conditions of the Notes, the Agency Agreement and applicable Portuguese law and regulation.

In acting under the Agency Agreement, the paying agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any paying agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given on the date of such publication if published (i) if and for so long as the Notes are admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and to listing on the Official List of the Luxembourg Stock Exchange, by means of electronic publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) (ii) by registered mail or by any other way which complies with the Portuguese Securities Code and Interbolsa's rules on notices to investors, notably the disclosure of information through the CMVM's official website (www.cmvm.pt). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers, and, in the case of publication on the website of the Luxembourg Stock Exchange (www.bourse.lu), or on CMVM's official website (www.cmvm.pt) on the date of such publication.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

Meetings may be convened by the Common Representative (if any) or, if (i) no Common Representative has been appointed or (ii) if appointed, the relevant Common Representative has failed to convene a meeting, by the chairman of the general meeting of shareholders of the Issuer, and shall be convened if requested by Noteholders holding not less than 5 per cent. in principal amount of the Notes for the time being outstanding. The quorum required for a meeting convened to pass a resolution other than an Extraordinary Resolution will be any person or persons holding or representing Notes then outstanding, regardless of the principal amount thereof; and the quorum required for a meeting convened to pass an Extraordinary Resolution will be a person or persons holding or representing at least 50 per cent. of the Notes then outstanding or, at any adjourned meeting, any person or persons holding or representing any of the Notes then outstanding, regardless of the principal amount thereof.

The number of votes required to pass a resolution other than an Extraordinary Resolution is a majority of the votes cast at the relevant meeting; the majority required to pass an Extraordinary Resolution, including, without limitation, a resolution relating to the modification or abrogation of certain of the provisions of these Conditions, is at least 50 per cent. of the principal amount of the Notes then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting regardless of any quorum. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

"*Extraordinary Resolution*" means a resolution passed at a meeting of Noteholders in respect of any of the following matters:

(i) any modification or abrogation of any Condition (including without limiting, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes); or

(ii) to approve any amendment to this definition.

The Agent or the Calculation Agent (if any) and the Issuer may agree, without the consent of the Noteholders, to:

(i) any modification (except as mentioned above) of the Notes or Agency Agreement (in this case with the agreement of the Agent) which is not prejudicial to the interests of the Noteholders; or

(ii) any modification of the Notes, or the Agency Agreement (in this case with the agreement of the Agent) which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

For the avoidance of doubt, in the case of Subordinated Notes, any modifications (with or without the consent of the Noteholders) to their respective terms may only be made with the prior consent of the Competent Authority and shall not take effect until such consent is obtained.

15. FURTHER ISSUES

The Issuer shall (after obtaining the consent of the Competent Authority whenever it is required in the case of Subordinated Notes) be at liberty from time to time without the consent of the Noteholders to create and issue further notes:

(a) having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes; and

(b) having the same or different terms and conditions as the Notes and form a different Series, complying with the minimum requirements for own funds and eligible liabilities under the European Union framework for recovery and resolution of credit institutions.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Notes and any non-contractual obligations arising from it shall be construed in accordance with Portuguese law.

(b) Submission to jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders, that the courts of Portugal are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, including any non-contractual obligations arising

from it, and that accordingly any suit, action or proceedings (together referred to as "*Proceedings*") arising out of or in connection with the Notes may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the Portuguese courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

17. COMMON REPRESENTATIVE

The holders of the Notes shall at all times be entitled to appoint and dismiss a Common Representative by means of a Resolution. Upon the appointment of a new Common Representative by the holders of the Notes pursuant to this Condition, any previously appointed and dismissed Common Representative will immediately cease its engagement and will be under the obligation immediately to transfer to the new Common Representative appointed by the holders of the Notes all documents and information then held by such Common Representative pertaining to the Notes.

As used herein: "*Common Representative*" means a law firm, an accountant's firm, a financial intermediary, an entity authorised to provide proxy services in a member-state or an individual person (which may not be a holder of Notes), which may be appointed by the holders of Notes under Article 358 of the Portuguese Commercial Companies Code.

18. ACKNOWLEDGEMENT OF PORTUGUESE STATUTORY LOSS ABSORPTION POWERS

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 18 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;

(C) the cancellation of the Notes or Amounts Due; or

(D) the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

(ii) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

For the purposes of this Condition 18:

"Amounts Due" means the principal amount, together with any accrued but unpaid interest, and any additional amounts referred to in Condition 7, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority;

"Bail-in Power" means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (A) the transposition of the BRRD, (B) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or replaced from time to time) and (C) the instruments, rules and standards created thereunder, pursuant to which any obligation of certain entities as set out in such law, regulation, rules or requirements can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations; and

"Relevant Resolution Authority" means any authority lawfully entitled to exercise or participate in the exercise of any Bail-in Power from time to time.

TERMS AND CONDITIONS OF THE UNDATED DEEPLY SUBORDINATED NOTES

*The following are the Terms and Conditions of the Undated Deeply Subordinated Notes (the "Notes" or the "Undated Deeply Subordinated Notes") which will be incorporated into each Undated Deeply Subordinated Note settled by Central de Valores Mobiliários, the clearing system operated at Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários S.A.. **The Terms and Conditions of the Undated Deeply Subordinated Notes have not been approved by the competent banking prudential supervisory authority (the "Competent Authority"), in this case the European Central Bank**, the Bank of Portugal, or such other successor authority which is responsible for prudential supervision and/or empowered by national law to supervise the Isuser and Group as part of the supervisory sysem in Portugal If any amendments to the Terms and Conditions of the Undated Deeply Subordinated Notes are required by the Competent Authority, a new Supplement to the Prospectus will be made by the* Banco BPI, S.A. (the "*Issuer*" or "*Banco BPI*"). The applicable *Final Terms in relation to any Tranche of Notes may specify terms and conditions which shall, to the extent so specified in the following Terms and Conditions, complete the following Terms and Conditions for the purpose of such Notes.* The applicable *Final Terms (or the relevant provisions thereof) will be incorporated into and applicable to each Note.*

This Note is one of a Series (as defined below) of Notes issued by the *Issuer* pursuant to the Agency Agreement (as defined below).

References herein to the "*Notes*" or to the "*Undated Deeply Subordinated Notes*" shall be references to the Notes of this Series and shall mean any Note. In accordance with Portuguese Law, Undated Deeply Subordinated Notes are not classified as bonds (*obrigações*).

The Notes have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "*Agency Agreement*") dated 28 June 2019, and made between, *inter alia*, the Issuer, Banco BPI, S.A. as paying agent in Portugal (the "*Paying Agent*" which expression shall include any successor paying agent) and Deutsche Bank AG, London Branch as agent bank (the "*Agent*", which expression shall include any successor agent).

The Final Terms for this Note (or the relevant provisions thereof) are incorporated into this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified in these Terms and Conditions, complete these Terms and Conditions for the purposes of this Note. References to the "*Applicable Final Terms*" mean the Final Terms (or the relevant provisions thereof) incorporated into this Note in relation to a specific issue and following the "*Form of Final Terms*".

Any reference to "*Noteholders*" or "*holders*" in relation to any Notes shall mean each person shown in the book entry records of a financial institution, which is licensed to act as a financial intermediary under the Portuguese Securities Code ("*Código dos Valores Mobiliários*" or the "*Portuguese Securities Code*") and the regulations issued by Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission, the "*CMVM*"), by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("*Interbolsa*"), as operator of the Portuguese centralised securities system ("*CVM*"), or otherwise applicable rules and regulations and which is entitled to hold control accounts (each such institution an "*Affiliate Member of Interbolsa*"), as having an interest in the principal amount of the Notes.

As used herein, "*Tranche*" means Notes which are identical in all respects (including as to listing) and "*Series*" means a Tranche of Notes together with any further Tranche or Tranches of Notes 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 and/or Issue Prices.

Copies of the Agency Agreement are available for viewing during normal business hours at the specified office of the Paying Agent. Copies of the applicable Final Terms are available for viewing and obtainable during normal business hours at the registered office of the Issuer and of the Paying Agent save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of such Notes and identity. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement 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 Agreement.

Words and expressions defined in the Agency Agreement 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 Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION, TITLE AND TRANSFER

The Notes are represented in dematerialised book entry (*forma escritural*) and registered (*nominativas*), in the currency ("*Specified Currency*")[59] and denomination ("*Specified Denomination*") as specified in the applicable Final Terms.

This Note is an Undated Deeply Subordinated Note (*perpetual*) as indicated on the applicable Final Terms, with no scheduled maturity date.

This Undated Deeply Subordinated Note may be a Fixed Rate Note (with or without Reset Provisions applicable) or a Floating Rate Note, depending upon the interest basis shown in the applicable Final Terms, subject to the restrictions defined under Condition 4.

References to Euroclear Bank S.A./N.V., ("*Euroclear*") and/or Clearstream Banking, S.A., Luxembourg ("*CBL*") and/or Interbolsa (as defined above) shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Title to the Undated Deeply Subordinated Notes held through Interbolsa (each an "*Interbolsa Note*") will be evidenced by book entries in accordance with the Portuguese Securities Code and the regulations issued by the CMVM, by Interbolsa or otherwise applicable thereto. Each person shown in the book entry records of an Affiliate Member of Interbolsa as having an interest in the Notes shall be deemed to be the holder of the principal amount of the Notes recorded.

Title to the Notes is subject to compliance with all rules, restrictions and requirements applicable to the activities of Interbolsa.

[59] The minimum denomination of Notes will be, if in euro, EUR 200,000, or if in any currency other than Euro, in an amount in such other currency equal to or exceeding the equivalent of EUR 200,000.

One or more certificates in relation to the Notes (each, a "*Certificate*") will be delivered by the relevant Affiliate Member of Interbolsa in respect of a registered holding of Notes upon the request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures pursuant to Article 78 of the Portuguese Securities Code.

The Notes will be registered in the relevant issue account of the Issuer with Interbolsa and will be held in control accounts opened by each Affiliate Member of Interbolsa on behalf of the Noteholders. The control account of a given Affiliate Member of Interbolsa will reflect at all times the aggregate principal amount of Notes held in the individual securities' accounts of the Noteholders with that Affiliate Member of Interbolsa.

The person or entity registered in the book entry registry of the Central de Valores Mobiliários (the "*Book Entry Registry*" and each such entry therein, a "*Book Entry*") as the holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein).

The Issuer and the Paying Agent may (to the fullest extent permitted by applicable law) deem and treat the person or entity registered in the Book Entry Registry as the holder of any Note and the absolute owner for all purposes. Proof of such registration is made by means of a Certificate issued by the relevant Affiliate Member of Interbolsa pursuant to Article 78 of the Portuguese Securities Code.

No Noteholder will be able to transfer Notes, or any interest therein, except in accordance with Portuguese law and regulations. Notes may only be transferred in accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued by the CMVM or Interbolsa, as the case may be, and the relevant Affiliate Members of Interbolsa through which the Notes are held.

2. STATUS OF THE NOTES

(a) Status and Subordination of the Undated Deeply Subordinated Notes

(i) The Undated Deeply Subordinated Notes are direct, unsecured and, in accordance with paragraph (iv) below, deeply subordinated obligations of the Issuer, and rank and will rank at all times *pari passu* without any preference among themselves.

(ii) The proceeds of the issue of the Undated Deeply Subordinated Notes will be treated for regulatory purposes as additional tier 1 capital instruments of the Issuer, in accordance with the requirement of Article 52 of 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 and amending Regulation (EU) No 648/2012 (hereinafter "CRR").

(iii) For the avoidance of doubts, the Undated Deeply Subordinated Notes do not contribute to a determination that the liabilities of an institution exceed its assets, where such a determination constitutes a test of insolvency under the Own Funds Requirements Regulations.

(iv) If the Issuer becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the Noteholders of Undated Deeply Subordinated Notes will be entitled to the repayment of the then outstanding nominal amount of the Undated Deeply Subordinated Notes, (being the nominal amount prevailing at the relevant time plus accrued interest, if any, on such nominal amount from

and including the Issue Date (if such event occurs in the first Interest Period after the Issue Date) or the preceding Interest Payment Date on which interest was either paid or cancelled pursuant to Condition 4 (if such event occurs after the first Interest Period)), to the extent that there are available funds to this effect after payment to the higher ranking creditors of the Issuer as described below. The claims of the Noteholders of the Undated Deeply Subordinated Notes will, in the event of a voluntary or involuntary liquidation, insolvency or similar proceeding, be subordinated in right of payment in the manner provided herein, and will rank:

A. Junior to present or future claims of (a) unsubordinated creditors of the Issuer and (b) subordinated creditors of the Issuer including Tier 2 holders other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Undated Deeply Subordinated Notes ("Senior Creditors");

B. Senior to holders of Issuer's Common Equity Tier 1 instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Undated Deeply Subordinated Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer, and

C. *Pari passu* without any preference among themselves and *pari passu* with (a) the existing Additional Tier 1 Instruments of the Issuer, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Undated Deeply Subordinated Notes on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

The subordination of the Notes is for the benefit of the Issuer and all Senior Creditors.

No security or guarantee of any kind is, or shall at any time be, provided by the Issuer or any other person securing the rights of the Noteholders.

(b) Loss absorption

(i) Loss Absorption Event

Upon the confirmation that a Capital Ratio Event occurred, the Issuer shall immediately notify the Competent Authority of the occurrence of the Capital Ratio Event and, within one month (or other period of time determined by the Competent Authority) from the confirmation of the occurrence of the relevant Capital Ratio Event, *pro rata* with the other Undated Deeply Subordinated Notes of the Issuer and any other Loss Absorbing Instruments (with a similar loss absorption mechanism) irrevocably (without the need for the consent of Noteholders), reduce the then Current Principal Amount of each Note by the relevant Write-Down Amount (such reduction being referred to as a "*Write-Down*", and "*Written Down*" being construed accordingly) (a "*Loss Absorption Event*") and cancel all interest accrued (but excluding) up to the relevant date on which the relevant Write Down will take effect (whether or not such interest has become due for payment and including any interest scheduled for payment on such date). For avoidance of doubt, if the cancellation of interest pursuant to this Condition would result in an increase in the common equity tier 1 capital ratio of the Issuer, any such increase shall be disregarded for the purposes of calculating such Write-Down Amount in respect of such Capital Ratio Event. In addition, and for the avoidance of doubt, if at any time the Issuer has given notice that it intends to substitute or vary the terms of the Notes and, prior to the date of such substitution or variation, a Capital Event occurs, the relevant substitution

or variation notice shall not be automatically rescinded, notwithstanding that a Write Down of the Notes will occur in accordance with the terms of this Condition.

A Loss Absorption Notice to Noteholders (with such content as provided in the definition of "Loss Absorption Notice" below) shall be given by the Issuer eith not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 11 and to the Competent Authority should be given by the Issuer, but failure to provide such notice will not in any way impact on the effectiveness of, or otherwise invalidate, any Write Down, or give Noteholders any rights as a result of such failure or delay, and shall not constitute a default by the Issuer under the Notes or for any purpose.

A "*Capital Ratio Event*" will be deemed to, occur if at any time the Issuer's consolidated or individual common equity tier 1 capital ratio, as defined in the Own Funds Requirements Regulations, falls below 5.125 per cent. (or such other percentage specified at the issue date of the Undated Deeply Subordinated Notes in the applicable Final Terms, in accordance with the Own Funds Requirements Regulations) as determined at any time by the Issuer and/or the Competent Authority.

"*Write-Down Amount*" means, on any Loss Absorption Effective Date, the amount by which the then Current Principal Amount of each outstanding Note is to be Written Down on such date, being the minimum of:

(1) the amount (together with the Write-Down of the other Notes and the write-down or, as the case may be, the conversion of any Loss Absorbing Instruments) that would be sufficient to cure the Capital Ratio Event; or

(2) if that Write-Down (together with the Write-Down of the other Notes and the write down or, as the case may be, the conversion of any Loss Absorbing Instruments) would be insufficient to cure the Capital Ratio Event, or the Capital Ratio Event is not capable of being cured, the amount necessary to reduce the Current Principal Amount of the Note to one cent.

"*Loss Absorbing Instrument*" means, means, at any time, any instrument (other than the Notes) issued directly or indirectly by the Issuer which qualifies as Additional Tier 1 capital of the Issuer and which has terms pursuant to which all or some of its principal amount may be written down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions) on the occurrence, or as a result, of a trigger set by reference to the common equity tier 1 capital ratio of the Issuer falling below a specific threshold.

For the avoidance of doubt, reduction(s) of Current Principal Amount of the Notes, in accordance with the foregoing, is only dependent on the occurrence of a Capital Ratio Event, in accordance with the above terms, and is not subject to any prior, simultaneous or subsequent conversion or writing down of any other liabilities of the Issuer.

(ii) *Consequences of a Loss Absorption Event*

A Loss Absorption Event may occur on more than one occasion and the Notes may be Written Down on more than one occasion. For the avoidance of doubt, the principal amount of a Note may never be reduced to below one cent.

Following the giving of a Loss Absorption Notice which specifies a Write-Down of the Notes, the Issuer shall procure that:

(1) a similar notice is, or has been, given in respect of other Loss Absorbing Instruments (in accordance with their terms); and

(2) the principal amount of each series of Loss Absorbing Instruments outstanding with a similar loss absorption mechanism (if any) is written-down on a *pro rata* basis with the Current Principal Amount of the Notes as soon as reasonably practicable following the giving of such Loss Absorption Notice.

"*Loss Absorption Notice*" means a notice which specifies that a Capital Ratio Event has occurred, the Write-Down Amount and the Loss Absorption Effective Date. Any Loss Absorption Notice must be accompanied by a certificate signed by two directors of the Issuer stating that the relevant Capital Ratio Event has occurred and setting out the method of calculation of the relevant Write-Down Amount. If the relevant Write-Down Amount has not been determined when the Loss Absorption Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Noteholders of the Write-Down Amount in accordance with Condition 11 (*Notices*). If at any time the Issuer has given a Loss Absorption Notice, the Issuer shall not subsequently give a notice that it intends to redeem, substitute or vary the Notes until after the Write Down date specififes in such Loss Absorption Notice have passed.

For avoidance of any doubt, upon the occurrence of any Writte-Down (i) the claim of the holders of the Undated Deeply Subordinated Notes in the insolvency or liquidation of the Issuer; (ii) the amount required to be paid by the Issuer in the event of call or redemption of the Undated Deeply Subordinated Notes; and (iii) the payment of interest (if any), will be calculated based on the Current Principal Amount of each outstanding Undated Deeply Subordinated Note at the time of that claim or payment. To the extent that the Issuer is unable to write down or convert any Loss Absorbing Instruments as aforesaid, any Write-Down Amount determined in accordance with part (i) of the definition of Write Down Amount will be calculated on the basis that such Loss Absorbing Instruments are not available to be written down or converted, and accordingly the relevant Write-Down Amount determined in accordance with that part (i) will be higher than it would otherwise have been if such Loss Absorbing Instruments had been available to be written down or converted.

(iii) *Return to Financial Health*

Subject to compliance with the Own Funds Requirements Regulations, if a positive Consolidated Net Income is recorded at any time while the Current Principal Amount is less than the Original Principal Amount (a "*Return to Financial Health*"), the Issuer may, at its full discretion and subject to:

(i) not being subject to the occurrence of a Capital Ratio Event

(ii) not being subject to the occurrence of a Capital Ratio Event as a consequence of exercising the Reinstatement

(iii) the Maximum Distributable Amount (when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV or any analogous payments restrictions arising in respect of capital buffers under applicable Capital Regulations) not being exceeded thereby, increase the Current Principal Amount of each Note (a "Reinstatement") up to a maximum of the Original Principal Amount, on a pro rata basis with the other Notes and with any other Discretionary Temporary Write-Down Instruments, provided that the sum of:

(1) the aggregate amount of the relevant Reinstatement on all the Notes;

(2) the aggregate amount of previous Reinstatements on all the Notes; and

(3) the aggregate amount of any Interest Amounts (or portion of an Interest Amount) on the Notes that were calculated or paid on the basis of a Current Principal Amount lower than the Original Principal Amount at any time after the end of the previous financial year, does not exceed the Maximum Write-Up Amount.

The "*Maximum Write-Up Amount*" means the Consolidated Net Income multiplied by the result of the division between the aggregate issued principal amount (before any writte down) of all Written Down Additional Tier 1 Instruments and the total tier 1 capital of the Issuer as at the date of the relevant Reinstatement.

The Issuer will not reinstate the principal amount of any Discretionary Temporary Write-Down Instruments unless it does so on a *pro rata* basis with a Reinstatement on the Notes.

Reinstatement may be made on one or more occasions in accordance with this Condition 2 (b) (iii) until the Current Principal Amount of the Notes has been reinstated to the Original Principal Amount (save in the event of occurrence of another Loss Absorption Event) and such Reinstatement shall not be operated whilst a Capital Ratio Event has occurred and is continuing and shall not result in the occurrence of a Capital Ratio Event.

The Issuer has no obligation to operate or accelerate a Reinstatement upon specific circunstances. Any decision by the Issuer to effect or not to effect any Reinstatement pursuant to this Condition 2 (b) (iii) on any occasion shall not preclude it from effecting or not effecting any Reinstatement on any other occasion pursuant to this Condition.

If the Issuer decides to effect a Reinstatement pursuant to this Condition 2 (b) (iii), notice of any Return to Financial Health and the amount of Reinstatement (as a percentage of the Original Principal Amount of a Note) shall be given to holders in accordance with Condition 11. Such notice shall be given at least seven Business Days prior to the date on which the relevant Reinstatement becomes effective.

(c) Conversion

Instead, as specified in the applicable Final Terms, to Condition 2(b) above, if a Capital Ratio Event occurs the Undated Deeply Subordinated Notes may be converted into common equity tier 1 capital instruments of the Issuer, in accordance with the Own Funds Requirements Regulations and subject to a resolution by the general meeting of shareholders of the Issuer and any other applicable corporate actions or resolutions, and to the prior consent of the Competent Authority, as well as the approval of a supplement to this Prospectus, setting out the specific conditions of such conversion, pursuant to the Own Funds Requirements Regulations.

For the avoidance of doubt, conversion(s) of Notes, in accordance with the foregoing, is only dependent on the occurrence of a Capital Ratio Event, in accordance with the above terms, and is not subject to any prior, simultaneous or subsequent conversion or writing down of any other liabilities of the Issuer.

A conversion notice to Noteholders (in accordance with Condition 11) and to the Competent Authority should be given by the Issuer, but failure to provide such notice will not in any way on the effectiveness of, or otherwise invalidate, any conversion or give Noteholders any rights as a result of such failure or delay, and shall not constitute a default by the Issuer under the Notes or to any purpose.

If for any reason the Issuer is unable to effect the concurrent write down or conversion of any Loss Absorbing Instruments within the period required by the Competent Authority, the Notes will be Written Down or converted, as applicable, notwithstanding that the relevant Loss Absorbing Instruments are not also written down or comverted.

(d) Definitions

For the purpose of Conditions 2 and 4:

(i) "*Additional Tier 1*" has the respective meaning given to it under the CRR, as amended from time to time;

(ii) *"Additional Tier 1 Instrument*" has the respective meaning given to it under the CRR, as amended from time to time

(iii) "*Common Equity Tier 1 Instrument*" has the respective meaning given to it under the CRR, as amended from time to time;

(iv) "*Consolidated Net Income*" means the consolidated net income (excluding minority interests) of the Issuer, as calculated and set out in the last audited annual consolidated accounts of the Issuer adopted by the Issuer's shareholders' general meeting;

(v) "*Current Principal Amount*" means in respect of each Note, at any time, the outstanding principal amount of such Note being the Original Principal Amount of such Note as such amount may be reduced, on one or more occasions, pursuant to the application of the loss absorption mechanism and/or reinstated on one or more occasions following a Return to Financial Health, as the case may be, as such terms are defined in, and pursuant to, Conditions 2(b)(i) and 2(b)(iii), respectively;

(vi) "*Discretionary Temporary Write-Down Instrument*" means at any time any instrument (other than the Notes and the ordinary shares of the Issuer) issued directly or indirectly by the Issuer which at such time (a) qualifies as tier 1 capital of the Issuer and its consolidated subsidiaries, in accordance with the Own Funds Requirements Regulations; (b) has had all or some of its principal amount written-down; (c) has terms providing for a reinstatement of its principal amount upon a Return to Financial Health at the Issuer's discretion; and (d) is not subject to any transitional arrangements under the Own Funds Requirements Regulations;

(vii) "*Distributable Items*" means (subject as otherwise defined in the Own Funds Requirements Regulations from time to time), in relation to an Interest Amount otherwise scheduled to be paid on an Interest Payment Date, the amount of the profits of the Issuer at the end of the financial year immediately preceding that Interest Payment Date plus (i) any profits brought forward and reserves available for that purpose before distributions to holders of the Issuer's own funds instruments (not including, for the avoidance of doubt, any Tier 2 capital instruments) less (ii) any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the Issuer's by-laws and sums placed to non-distributable reserves, those profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts;

(viii) "*Loss Absorption Effective Date*" means the date that will be specified as such in any Loss Absorption Notice;

(ix) "*Loss Absorbing Instrument*" means at any time any instrument (other than the Notes and the ordinary shares of the Issuer) issued directly or indirectly by the Issuer which at such time (a) qualifies as tier 1 capital of the Issuer and its consolidated subsidiaries; and (b) which also has all or some of its principal amount written-down on the occurrence, or as a result, of a Capital Ratio Event, as defined above;

(x) "*Maximum Distributable Amount*" means any maximum distributable amount relating to the Issuer required to be calculated in accordance with the Articles 138-AA and 138-AB of the RGICSF, which implement Article 141 of CRD IV or any alogous payment restrictions arising in respect of capital buffers under the Own Funds Requirements Regulations or the BRRD;

(xi) "*Original Principal Amount*" means, in respect of each Note, the amount of the denomination of such Note on the Issue Date, not taking into account any Write-Down or Reinstatement pursuant to Conditions 2(b)(i) and 2(b)(ii).

(xii) "*Own Funds Requirements Regulations*" means, at any given time, all regulations, requirements, directions and policies then in force relating to own funds requirements, including CRD IV, as implemented in Portugal from time to time and CRR, and any such regulations, requirements, directions and policies, issued by the Competent Authority, as may be applicable in the future specifically to the Issuer;

(xiii) "*Tier 2*" has the respective meaning given to it under the CRR, as amended from time to time.

Condition 2 describes the legal and regulatory regime applicable to Undated Deeply Subordinated Notes and accordingly the provisions of Condition are subject to any changes in that legal and regulatory regime.

Additionally, as a result of applicable laws or regulations, including any EU Directive or Regulation, establishing a framework for the recovery and resolution of credit institutions (namely 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), and any implementation thereof into Portugal, the Undated Deeply Subordinated Notes may be mandatorily written-down or converted into more subordinated instruments, including ordinary shares of the Issuer. For the avoidance of doubt, the potential write-down or conversion in connection with such framework is separate and distinct from a write-down or conversion following a Capital Ratio Event, although these events may occur consecutively.

In accordance with article 145-I of the RGICSF and the BRRD, the resolution authority may, in the exercise of its powers, and subject to the conditions therein, including to restore the credit institution's viability, (a) reduce (up to zero) the nominal amount of the Undated Deeply Subordinated Notes or (b) convert them to ordinary shares of the Issuer.

3. NEGATIVE PLEDGE

There is no negative pledge in respect of the Undated Deeply Subordinated Notes.

4. INTEREST AND INTEREST CANCELLATION

Any payment of interest on the Undated Deeply Subordinated Notes will be made subject to the provisions of this Condition 4 and will be subject to a full discretionary decision of the Board of Directors or the Executive Committee of

the Issuer, as the case may be. If the Board of Directors or the Executive Committee of the Issuer, as the case may be, decides not to make any payment on any Interest Payment Date, the amount of such interest payment will not be due, and will be forfeited. Distributions under the Undated Deeply Subordinated Notes are paid out of Distributable Items of the Issuer and the Issuer has full discretion at all times to cancel the payments, for an unlimited period and on a non cumulative basis, as defined below.

Payments on the Undated Deeply Subordinated Notes will accrue on the basis of the Current Principal Amount.

Any accrued but unpaid interest up to (and including) a Capital Ratio Event, if this takes place, shall be automatically cancelled, even if no notice of interest cancellation has been given to that effect. For the avoidance of doubt, any accrued but unpaid interest from the Capital Ratio Event up to the Loss Absorption Effective Date shall also be automatically cancelled, even if no notice of interest cancellation has been given to that effect.

The Issuer may use such cancelled interest without restrictions to meet its obligations as they fall due. The cancellation of interest by the Issuer does not impose any restriction on the Issuer.

(a) Interest on Fixed Rate Notes

Subject to Condition 4(d), each Fixed Rate Note bears interest from (and including) the interest commencement date (i.e. the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms and hereinafter "*Interest Commencement Date*") at a specific rate of interest (i.e. the rate or rates (expressed as a percentage per annum) payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these conditions and/or the relevant Final Terms, hereinafter "*Rate of Interest*"). Subject to Condition 4(d), interest will be payable in arrears on the Interest Payment Date(s) in each year. Interest will be paid to Interbolsa for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures.

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 the full nominal amount outstanding of the Fixed Rate Notes and, in each case, 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(a):

(i) if "*Actual/Actual (ICMA Rule 251)*" is specified in the applicable Final Terms, the number of days in the Accrual Period (as defined below) divided by the number of days in the Fixed Interest Period;

(ii) if "*Actual/Actual (ICMA)*" is specified in the applicable Final Terms;

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(iii) 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 twelve 30-day months) divided by 360; and

(iv) if "*1/1*" is specified in the applicable Final Terms, 1.

(b) Reset Provisions on Fixed Rate Notes

These provisions are applicable to the Notes only if Reset Provisions are specified in the relevant Final Terms as being applicable:

(i) Each Fixed Rate Reset Note bears interest (a) from (and including) the interest commencement date (i.e. the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms and hereinafter "*Interest Commencement Date*") to (but excluding) the First Reset Date at the rate per annum equal to the Rate of Interest before the First Reset Date; (b) from (and including) the First Reset Date until (but excluding) the Second Reset Date at the rate per annum equal to the First Reset Rate of Interest; and (c) for each subsequent interest period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest, payable in each case, in arrears on the Interest Payment Date(s) so specified in the relevant Final Terms.

(ii) If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 12 (noon) in the Relevant Financial Centre of the Specified Currency on the Reset Determination Date in question. If two or more of the

Reference Banks provide the Calculation Agent with Mid- Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Rate of Interest before the First Reset Date.

For the purposes of these Terms and Conditions:

"*Determination Date*" means the date specified as such in the applicable Final Terms;

"*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);

"*First Margin*" means the margin specified as such in the relevant Final Terms;

"*First Reset Date*" means the date specified in the relevant Final Terms;

"*First Reset Period*" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date;

"*First Reset Rate of Interest*" means, in respect of the First Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin;

"*Mid-Swap Maturity*" has the meaning given in the relevant Final Terms;

"*Mid-Market Swap Rate*" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent) of a fixed for floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency, such day count basis as determined by the Calculation Agent);

"*Mid-Market Swap Rate Quotation*" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"*Mid-Swap Floating Leg Benchmark Rate*" means the rate as specified in the relevant Final Terms;

"*Mid-Swap Rate*" means, in relation to a Reset Determination Date and subject to Condition 4(b)(ii), either:

(a) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

i. with a term equal to the relevant Reset Period; and

ii. commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(b) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

i. with a term equal to the relevant Reset Period; and

ii. commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Relevant Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"*Reference Banks*" has the meaning given in the relevant Final Terms or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute;

"*Relevant Screen Page*" means the page specified in the relevant Final Terms;

"*Reset Date*" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the relevant Final terms) in accordance with Condition 4 as if the relevant Reset Date was an Interest Payment Date;

"*Reset Determination Date*" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period, or in each case as specified in the relevant Final Terms;

"*Reset Note*" means a Note on which interest is calculated at reset rates payable in arrear on a fixed date or dates in each year and/or at intervals of one, two, three, six or 12 months or at such other date or intervals as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"*Reset Period*" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"*Second Reset Date*" means the date specified in the relevant Final Terms;

"*Subsequent Margin*" means the margin specified as such in the relevant Final Terms;

"*Subsequent Reset Date*" means the date or dates specified in the relevant Final Terms;

"*Subsequent Reset Period*" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

"*Subsequent Reset Rate of Interest*" means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin. For avoidance of doubt, if the Subsequent Reset Rate of Interest is a floating interest provisions regarding Floating Rate Notes shall apply and if the Subsequent Reset Rate of Interest is a fixed interest provisions regarding Fixed Rate Notes shall apply; and

"*sub-unit*" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(c) Interest on Floating Rate Notes

(i) Interest Payment Dates

Subject to Condition 4(d), each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

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

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "*Interest Payment Date*") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Subject to Condition 4(d), 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 the first) Interest Payment Date). Interest will be calculated on the full nominal amount outstanding of the relevant Notes (if applicable in accordance with Condition 2(b)) and will be paid to Interbolsa for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 4(i)(2)(B), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last 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 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

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next Business Day; or the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next 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

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

In these Terms and Conditions,

"*Business Day*" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Lisbon and each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the "*TARGET 2 System*") is open.

"*Business Day Convention*", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(1) "*Following Business Day Convention*" means that the relevant date shall be postponed to the first following Business Day;

(2) "*Modified Following Business Day Convention*" or "*Modified Business Day Convention*" means that the relevant date shall be postponed to the first following Business Day unless that day falls in the next calendar month in which case that date will be the first preceding Business Day;

(3) "*Preceding Business Day Convention*" means that the relevant date shall be brought forward to the first preceding Business Day;

(ii) Rate of Interest

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

(k) ISDA Determination for Floating Rate Notes

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 sub-paragraph (A), "*ISDA Rate*" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent 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 Notes (the "*ISDA Definitions*") and under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms;

(2) the Designated Maturity (if any) is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("*LIBOR*") or on the Euro-zone inter-bank offered rate ("*EURIBOR*"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), "*Floating Rate*", "*Calculation Agent*", "*Floating Rate Option*", "*Designated Maturity*" and "*Reset Date*" have the meanings given to those terms in the ISDA Definitions.

"*Margin*" has the meaning given in the relevant Final Terms.

(l) *Screen Rate Determination for Floating Rate Notes*

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; or

(2) the arithmetic mean (rounded if necessary to, if the Reference Rate is EURIBOR, the third decimal place, with 0.0005 being rounded upwards or, if the Reference Rate is not EURIBOR, 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. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. 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) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of

(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

(iii) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "*Interest Amount*") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the full nominal amount outstanding of the relevant Notes and, in each case, 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:

(A) if "*Actual/Actual (ISDA)*" or "*Actual/Actual*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (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);

(B) if "*Actual/365 (Fixed)*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(C) if "*Actual/365 (Sterling)*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "*Actual/360*" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

DayCount Fraction=([360×(Y2-Y1)]+[30×(M2-M1)]+(D2-D1))/([360])

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

DayCount Fraction=([360×(Y2-Y1)]+[30×(M2-M1)]+(D2-D1))/([360])

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

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

DayCount Fraction=([360×(Y2-Y1)]+[30×(M2-M1)]+(D2-D1))/([360])

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the date on which the Notes are (if applicable) to be redeemed or (ii) such number would be 31, in which case D2 will be 30; and

(H) if "*1/1*" is specified in the applicable Final Terms, 1.

(iv) Notification of Rate of Interest and Interest Amounts

Subject to the provisions of Condition 4(d), the Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 11 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 prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 11. 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.

(v) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(c) whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the Paying Agent and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, or the Noteholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) Interest Cancellation

The Issuer may elect, at its full discretion and at any time, to cancel (in whole or in part), for an unlimited period of time and on a non-cumulative basis, the Interest Amount otherwise scheduled to be paid on an Interest Payment Date notwithstanding it has Distributable Items or the Maximum Distributable Amount is greater than zero.

The Issuer will, in any case, mandatorily cancel the payment of an Interest Amount (in whole or, as the case may be, in part) if any of the following events occurs:

(1) the Competent Authority, notifies the Issuer that, in its sole discretion, it has determined that the Interest Amount (in whole or in part) should be cancelled based on its assessment of the financial and solvency situation of the Issuer

(2) According to the Own Funds Requirements Regulations:

1) to the extent that the Interest Amounts, when aggregated together with distributions on all other own funds instruments (not including, for the avoidance of doubt, any Tier 2 capital instruments, in accordance with the Own Funds Requirements Regulations), scheduled for payment in the then current financial year exceed the amount of Distributable Items, the Issuer will cancel the payment (in whole or, as the case may be, in part) of such Interest Amounts; or

2) to the extent that the payment of the Interest Amounts (in whole or, as the case may be, in part) would not cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of CRD IV, the Maximum Distributable Amount (if any) then applicable to the Issuer to be exceeded.

Notice of any cancellation (voluntarily or mandarorily) of payment of a scheduled Interest Amount must be given to the Noteholders (in accordance with Condition 11 as soon as possible, but not more than 60 calendar days, prior to the relevant Interest Payment Date. For the avoidance of doubt:

(A) the cancellation of any Interest Amount in accordance with this Condition shall not constitute a default for any purpose on the part of the Issuer;

(B) interest payments are non-cumulative and any Interest Amount so cancelled shall be cancelled definitively and no payments shall be made nor shall any Noteholder be entitled to any payment or indemnity in respect thereof;

(C) the cancelation of the payment of interest does not constitute an event of default of the Issuer;

(D) any failure to give a notice of any cancellation of payment of a scheduled Interest Amount shall not affect the interest cancellation and does not constitute a default of the Issuer;

(E) any amount of interest calculated and due will not be amended pursuant to these Conditions on the basis of the credit standing of the Issuer; and

(F) The Issuer is not obliged:

(i) To pay any Interest Amounts on the Undated Deeply Subordinated Notes in the event of a distribution being made on an instrument issued by the Issuer that ranks to the same degree as, or more junior than, the Undated Deeply Subordinated Notes, including a Common Equity Tier 1 Instrument; or

(ii) To cancel distributions on Common Equity Tier 1, Additional Tier 1 or Tier 2 instruments in the event that distributions are not made on the Undated Deeply Subordinated Notes; or

(iii) To substitute the payment of Interest Amounts by a payment in any other form.

(e) Accrual of interest

Without prejudice to Condition 4(d), each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption. In addition, following a reduction of the then Current Principal of the Notes as described above, interest will accrue on the reduced Outstanding Principal Amount of each Note from (and including) the relevant Loss Absorption Effective Date, and (for the avoidance of doubt) such interest will be subject to Condition 4(d) (Interest Cancellation) and Condition 2(b) (Loss Absorption Event).

(f) ***Benchmark discontinuation***

(i) *Independent Adviser*

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 (f), failing which an Alternative Rate (in accordance with Condition 4(f)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(f)(iii)) and any Benchmark Amendments (in accordance with Condition 4(f)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(f) 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 Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(f)(i).

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(f)(i) prior to the relevant Reset Determination Date or Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Reset Period or Interest Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Reset Period or 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 First Margin or Subsequent Margin is to be applied to the relevant Reset Period or Interest Period, as applicable, from that which applied to the last preceding Reset Period or Interest Period, respectively, the First Margin orSubsequent Margin, relating to the relevant Reset Period or Interest Period, respectively, shall be substituted in place of the First Margin or Subsequent Margin, relating to that last preceding Reset Period or Interest Period, respectively. For the avoidance of doubt, this Condition 4(f)(i) shall apply to the relevant next succeeding Reset Period or Interest Period only and any subsequent Reset Periods or Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(f)(i).

(ii) *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(f)(iii) 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 Notes (subject to the operation of this Condition 4(f); 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(f)(iii) 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 Notes (subject to the operation of this Condition 4(f).

(iii) *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).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(e) 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(f)(v), without any requirement for the consent or approval of Noteholders, vary these Terms and Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(f)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(f), no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Subordinated Notes or TLAC/MREL-Eligible Instruments for the purposes of the Capital Regulations.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(f) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agentsand, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4(f)(i), 4(f)(ii),4(f)(iii) and 4(f)(iv), 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(f) shall prevail.

(vii) Notwithstanding any other provision of this Condition 4(f), 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(f), 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.

(viii) Notwithstanding any other provision of this Condition 4(f) neither the Agent, nor the Calculation Agent shall be obliged to concur with the Issuer and / or the Independent Advisor 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/or these Conditions.

(ix) Definitions:

As used in this Condition 4(f):

"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 Noteholders 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.

"**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(f)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(f)(iv).

"**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 Notes or 5 Reset Business Days in relation to a Reset Notes; 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 Notes, 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 Noteholder using the Original Reference Rate,

the occurrence of any such events (1) to (5) above to be determined by the Issuer.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(f)(i).

"**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 Notes.

"**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.

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

Condition 4 describes the legal and regulatory regime applicable to Undated Deeply Subordinated Notes and accordingly the provisions of Condition 4 are subject to any changes in that legal and regulatory regime.

5. PAYMENTS

(a) Fiscal and other laws

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

(b) Payments in respect of the Notes

Payment of principal and interest in respect of Notes will be (i) **if made in euro** (a) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and CBL, to the accounts with Euroclear and CBL of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL as the case may be; (ii**) if made in currencies other than euro** (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the 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 Notes or through Euroclear and CBL to the accounts with Euroclear and CBL of the owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or CBL, as the case may be.

The holders of the Notes are reliant upon the procedures of Interbolsa to receive payment in respect of the Notes.

(c) General provisions applicable to payments

The Issuer will be discharged by payment to Interbolsa in respect of each amount so paid. Each of the entities shown in the records of Interbolsa as the beneficial holder of a particular nominal amount of Interbolsa Notes must look solely to Interbolsa for his share of each payment so made by the Issuer to, or to the order of, the holder of such Notes.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollars payments of principal and/or interest in respect of such Notes will be made at the specified office of a paying agent in the United States if:

(i) the Issuer has appointed paying agents with specified offices outside the United States with the reasonable expectation that such paying agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer adverse tax consequences to the Issuer.

(d) Payment Day for the Notes

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, *"Payment Day"* means any day which (subject to Condition 8) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) London;

(B) Lisbon;

(C) each Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (B) in relation to any sum payable in euro, a day on which the TARGET 2 System is open and Interbolsa, Euroclear and/or CBL, as the case may be, are open for general business.

(e) Interpretation of principal and interest

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

(i) any additional amounts which may be payable with respect to principal under Condition 7;

(ii) the Final Redemption Amount of the Notes;

(iii) the Optional Redemption Amount(s) (if any) of the Notes;

(iv) any premium and any other amounts (other than interest), which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

(a) Redemption

The Undated Deeply Subordinated Notes are not subject to mandatory redemption by the Issuer and will only be redeemed in the circumstances referred to under this Condition 6, in any case provided that such redemption has been expressly authorised by the Competent Authority.

The Issuer is not entitled to redeem the Undated Subordinated Notes before the fifth anniversary of their issue date other than in the specific circumstances described in paragraphs (b) and (d) below and in any case with the prior consent of the Competent Authority. For the avoidance of any doubt, the Competent Authority is not obliged to provide such consent and any refusal to grant such consent shall not constitute a default for any purpose.

The Undated Deeply Subordinated Notes are not redeemable at the option of the Noteholders and have no fixed maturity.

For the avoidance of doubts, (i) if a Capital Ratio Event occurs after a notice of redemption is given, but before the envisaged redemption date, such redemption shall not be made and the respective notice of redemption shall be considered revoked and (ii) the Issuer should not give a notice of redemption after the occurrence of a Capital Ratio Event.

Any call option or early redemption of the Undated Deeply Subordinated Notes are subject to both of the following conditions:

(i) The Issuer obtaining prior permission of the Competent Authority in accordance with Article 78 of the CRR, where either:

1. The Issuer has replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer earlier than, or at the same time as, the call or early redemption; or

2. The Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would following such call or early redemption exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in Portuguese legislation transposing point (6) of Article 128 of the CRD IV by a margin that the Competent Authority considers necessary on the basis of Portuguese legislation transposing Article 104(3) of the CRD IV;

(ii) In addition to (i), in respect of a redemption prior to the fifth anniversary of the issuance, if and to the extent required under Article 78(4) of the CRR:

1. In the case of Condition 6(b) *Redemption for Tax Reasons*, the Issuer has demonstrated to the satisfaction of the Competent Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

2. In the case of Condition 6(d) *Redemption due to the occurrence of a Capital Event*, the Issuer has demonstrated to the satisfaction of the Competent Authority that the change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

For this purposes a "*Capital Event*" is deemed to have occurred if there is a change in the regulatory classification of the Undated Deeply Subordinated Notes under the Capital Regulations that was not reasonably foreseeable at the time of the Notes issuance and that would result, or would likely to result, in their exclusion in full or in part from the Issuer's common equity tier 1 capital (other than as a consequence of write-down or conversion, where applicable) or in reclassification as a lower quality form of the Issuer's own funds and that the Competent Authority considers to be sufficiently certain.

"*Capital Regulations*" means any requirements of Portuguese law or contained in the relevant rules of European Union law that are then in effect at the Issue Date in Portugal relating to capital adequacy and applicable to the issuer, including but not limited to the CRR, national laws and regulations implementing the CRD IV and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the EBA, as amended from time to time, or such other acts as may come into effect in place thereof.

For the avoidance of doubt, the Competent Authority is not obliged to provide such permission (if requested by the Issuer) and there is no assurance that the Competent Authority will provide such permission (if requested) and any refusal of the Competent Authority to grant permission in accordance with Article 78 of the CRR shall not constitute a default for any purpose.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer (after obtaining the consent of the Competent Authority), in whole or in part, on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 11, the Noteholders (which notice shall be irrevocable)):

(i) (A) If, with the exception of Notes issued by the Issuer which are not issued within the scope of the Decree-Law no. 193/2005, of 7 November, as amended (the "*Decree-Law*"), on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in each case as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or (B) if the Issuer would not be entitled to claim a deduction in computing taxation liabilities in the Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) in respect of any payment of interest to be made on the Notes on the occasion of the next payment date due under the Notes or the value of such deduction to the Issuer would be reduced, in each case as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of a Series of Notes or the Issuer would be required to bring into account a taxable income if the principal amount of the Notes was written down, where the Issuer was not so required prior to the relevant change, or would be adversely affected by a material change in the applicable tax treatment of the Notes; and

(ii) Subject to the requirements described under Condition 6. (a) *Redemption* (i) and (ii); and

(iii) In the case of (i)(A) above such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that such notice of redemption shall be given not less than 30 and not more than 60 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (i) has or will become obliged to pay such additional amounts as a result of such change or amendment or (ii) will not be entitled to claim a deduction in computing taxation liabilities of the Tax Jurisdiction (as defined in Condition 7) or the value of such deduction would be materially reduced, as applicable.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Redemption Amount as specified in the applicable Final Terms as referred to in Condition 6(e) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, at his sole discretion (subject to the prior consent of the Competent Authority and only after 5 years from its issue date), having given:

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 11; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or only some of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. The applicable Final Terms may specify that the redemption of the Undated Deeply Subordinated Notes may only occur, subject to the other conditions described above, if the Current Principal Amount of each Note was previously increased to its Original Principal amount (a Reinstatement event, as defined above), if applicable. In the case of a partial redemption of Notes, the Notes to be redeemed ("*Redeemed Notes*") will be in accordance with the rules of Interbolsa.

The Issuer has the right, but not the duty to redeem the Undated Deeply Subordinated Notes. The Competent Authority is not obliged to consent with the early redemption requested by the Issuer (if requested) and there is no assurance that the Competent Authority will consent to an early redemption.

If at any time the Notes have been Written Down following a Loss Absorption Event, the Issuer shall not be entitled to exercise its option until the principal amount of the Notes so Written Down has been fully reinstated pursuant to Condition 2 (b) (iii).

(d) Redemption due to the occurrence of a Capital Event

The Undated Deeply Subordinated Notes may be redeemed, only in whole, by the Issuer, if a Capital Event occurs, as defined above, that the Competent Authority considers to be sufficient certain and subject to the requirements described under Condition 6 (a) *Redemption* (i) and (ii).

(e) Redemption Amounts

For the purpose of sub-paragraphs (b), (c) and (d), each Note will be redeemed at the Redemption Amount calculated as follows:

a. in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

b. in the case of a Note with a Final Redemption Amount which is or may be less than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount,

provided that, if a Write-Down Amount has been applied to the relevant Note in accordance with Condition 2(b), the Redemption Amount to be paid is subject to the terms thereof, including that the amount required to be paid by the Issuer will be calculated based on the Current Principal Amount of each outstanding Note at the time of such payment.

(f) Purchases

The Issuer or any of its Subsidiaries, shall have the right to purchase Undated Deeply Subordinated Notes only in accordance (and subject to) the conditions set out in Articles 77 and 78 of the CRR, or subject to any other conditions that may be in force from time to time, being met and not before five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met or, in the case of repurchase for market-making purposes, where the conditions set out in Article 29 of the Commission Delegated Regulation No (EU) 241/2014 (the regulatory technical standards RTS in own funds) ("CDR") are met and particularly with respect to the predetermined amount defined by the Competent Authority as per Article 29(3)(b) of the CDR.

For the avoidance of any doubt, the Competent Authority is not obliged to provide the consent for any purchase and any refusal to grant such consent shall not constitute a default for any purpose.

If a purchase by the Issuer takes place without fulfilment by the Issuer of the conditions of the above paragraph, the purchase will be canceled and the holder of the Undated Deeply Subordinated Notes will be obliged to repay or return to the Issuer all amounts received from the Issuer.

Such Notes purchased in accordance with the first paragraph above may be held, resold or, at the option of the Issuer or the relevant subsidiary, cancelled by Interbolsa following receipt by Interbolsa of notice thereof by or on behalf of the Issuer. Notes purchased, while held by or on behalf of the Issuer or any subsidiary of the Issuer shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 14 or the Agency Agreement.

(g) Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased or substituted and cancelled pursuant to paragraph (f) above or Condition 18 below cannot be reissued or resold.

Condition 6 describes the legal and regulatory regime applicable to Undated Deeply Subordinated Notes and accordingly the provisions of Condition 6 are subject to any changes in that legal and regulatory regime

7. TAXATION

(a) Taxation relating to all payments by the Issuer in respect of Notes not issued within the scope of Decree-Law no. 193/2005, of 7 November 2005

All payments of interest in respect of the Notes by the Issuer and not issued within the scope of the Decree-Law no. 193/2005, of 7 November 2005 (the "Decree-Law") will be made after withholding (except where the Noteholder is either a Portuguese resident financial institution or a non-resident financial institution having a permanent establishment in the Portuguese territory to which the income is attributable or benefits from a reduction or withholding tax exemption as specified by current Portuguese tax law) or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Portugal which are required by law. No additional amounts will be paid by the Issuer in respect of such withholding or deduction.

(b) Taxation relating to all payments by the Issuer in respect of the Notes issued within the scope of the Decree-Law

All payments of principal and interest in respect of the Notes issued within the scope of the Decree-Law by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed

or levied by or on behalf of the Tax Jurisdiction unless such withholding or deduction is required by law or regulation. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes issued within the scope of the Decree-Law in relation to any payment of interest in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

(i) to, or to a third party on behalf of, a Noteholder in the Tax Jurisdiction; and/or

(ii) to, or to a third party on behalf of, a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note; and/or

(iii) where the relevant Certificate is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5(d)); and/or

(iv) to, or to a third party on behalf of, a Noteholder in respect of whom the information (which may include certificates) required in order to comply with the Decree-Law, and any implementing legislation, is not received by no later than the second ICSD Business Day prior to Relevant Date, or which does not comply with the formalities in order to benefit from tax treaty benefits, when applicable; and/or

(v) to, or to a third party on behalf of, a Noteholder (i) resident for tax purposes in the Tax Jurisdiction or when the investment income is imputable to a permanent establishment of the Noteholder located in Portuguese territory or (ii) resident in a tax haven jurisdiction as defined in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2011, as amended from time to time, with the exception of (a) central banks and governmental agencies, as well as international institutions recognised by the Tax Jurisdiction, of those tax haven jurisdictions, and (b) tax haven jurisdictions which have a double taxation treaty in force or a tax information exchange agreement in place with the Tax Jurisdiction provided that all procedures and information required under Decree-Law no. 193/2005 regarding (a) and (b) above are complied with; and/or

(vi) to, or to a third party on behalf of (a) a Portuguese resident legal entity subject to Portuguese corporation tax (with the exception of entities that benefit from a waiver of Portuguese withholding tax or from Portuguese income tax exemptions), or (b) a legal entity not resident in the Republic of Portugal acting with respect to the holding of the Notes through a permanent establishment located in the Portuguese territory (with the exception of permanent establishments that benefit from a waiver of Portuguese withholding tax).

For the purposes of this Condition 7:

"ICSD Business Day" means any day which

(i) is not a Saturday or Sunday; and

(ii) is not 25 December or 31 December.

"*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 Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11.

For the purposes of these Conditions:

"*Tax Jurisdiction*" means the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax.

The payment of any additional amount by the Issuer is only possible if it does not exceed its Distributable Items.

8. PRESCRIPTION

Claims for principal and interest in respect of the Notes shall become void unless the relevant Certificates are surrendered within twenty years and five years respectively of the Relevant Date.

9. EVENTS OF DEFAULT

There will be no events of default in respect of the Undated Deeply Subordinated Notes.

10. PAYING AGENT

The name of the initial Paying Agent and its initial specified office are set out below.

The Issuer is entitled to vary or terminate the appointment of the Paying Agent and/or appoint additional or other paying agents and/or approve any change in the specified office through which any paying agent acts, provided that:

(a) there will at all times be a paying agent with its specified office in a country outside the Tax Jurisdiction;

(b) so long as the Notes are listed on any stock exchange or admitted to listing 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 any other relevant authority); and

(c) there will at all times be a paying agent in Portugal capable of making payment in respect of the Notes as contemplated by these terms and conditions of the Notes, the Agency Agreement and applicable Portuguese law and regulation.

In acting under the Agency Agreement, the paying agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any paying agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

11. NOTICES

All notices regarding the Notes will be deemed to be validly given on the date of such publication if published (i) if and for so long as the Notes are admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and to listing on the Official List of the Luxembourg Stock Exchange, by means of electronic publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) (ii) by registered mail or by any other way which

complies with the Portuguese Securities Code and Interbolsa's rules on notices to investors, notably the disclosure of information through the CMVM's official website (www.cmvm.pt). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers, and, in the case of publication on the websites of the Luxembourg Stock Exchange (www.bourse.lu) or of CMVM(www.cmvm.pt) on the date of such publication.

Any holder of a Note may give notice to the Paying Agent through Interbolsa in such manner as the Paying Agent, the Agent and Interbolsa may approve for this purpose.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

Meetings may be convened by the Common Representative (if any) or, if (i) no Common Representative has been appointed or (ii) if appointed, the relevant Common Representative has failed to convene a meeting, by the chairman of the general meeting of shareholders of the Issuer, and shall be convened if requested by Noteholders holding not less than 5 per cent. in principal amount of the Notes for the time being outstanding. The quorum required for a meeting convened to pass a resolution other than an Extraordinary Resolution will be any person or persons holding or representing Notes then outstanding, regardless of the principal amount thereof; and the quorum required for a meeting convened to pass an Extraordinary Resolution will be a person or persons holding or representing at least 50 per cent. of the Notes then outstanding or, at any adjourned meeting, any person or persons holding or representing any of the Notes then outstanding, regardless of the principal amount thereof.

The number of votes required to pass a resolution other than an Extraordinary Resolution is a majority of the votes cast at the relevant meeting; the majority required to pass an Extraordinary Resolution, including, without limitation, a resolution relating to the modification or abrogation of certain of the provisions of these Conditions, is at least 50 per cent. of the principal amount of the Notes then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting regardless of any quorum. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

Without prejudice to the provision of Condition 2, Condition 4 and Condition 6, an "*Extraordinary Resolution*" means a resolution passed at a meeting of Noteholders in respect of any of the following matters:

(i) any modification or abrogation of any Condition (including without limiting, modifying any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes); or

(ii) to approve any amendment to this definition.

Without prejudice to the provision of Condition 4, the Agent or the Calculation Agent (if any) and the Issuer may agree, without the consent of the Noteholders, to:

(i) any modification (except as mentioned above) of the Notes or Agency Agreement (in this case with the agreement of the Agent) which is not prejudicial to the interests of the Noteholders; or

(ii) any modification of the Notes, or the Agency Agreement (in this case with the agreement of the Agent) which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 as soon as practicable thereafter.

For the avoidance of doubt any modifications (with or without the consent of the Noteholders) to the terms of the Notes may only be made with the prior consent of the Competent Authority and shall not take effect until such consent is obtained.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Notes and any non-contractual obligations arising from it shall be construed in accordance with Portuguese law.

(b) Submission to jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders, that the courts of Portugal are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, including any non-contractual obligations arising from it and that accordingly any suit, action or proceedings (together referred to as "*Proceedings*") arising out of or in connection with the Notes may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the Portuguese courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

14. COMMON REPRESENTATIVE

The holders of the Notes shall at all times be entitled to appoint and dismiss a Common Representative by means of a Resolution. Upon the appointment of a new Common Representative by the holders of the Notes pursuant to this Condition, any previously appointed and dismissed Common Representative will immediately cease its engagement and will be under the obligation immediately to transfer to the new Common Representative appointed by the holders of the Notes all documents and information then held by such Common Representative pertaining to the Notes.

As used herein: "*Common Representative*" means a law firm, an accountant's firm, a financial intermediary, an entity authorised to provide proxy services in a member-state or an individual person (which may not be a holder of Notes), which may be appointed by the holders of Notes under Article 358 of the Portuguese Commercial Companies Code.

15. ACKNOWLEDGEMENT OF PORTUGUESE STATUTORY LOSS ABSORPTION POWERS

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 15 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;

(C) the cancellation of the Notes or Amounts Due; or

(D) the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

(ii) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

For the purposes of this Condition 15:

"Amounts Due" means the principal amount, together with any accrued but unpaid interest, and any additional amounts referred to in Condition 7, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority;

"Bail-in Power" means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (A) the transposition of the BRRD, (B) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or replaced from time to time) and (C) the instruments, rules and standards created thereunder, pursuant to which any obligation of certain entities as set out in such law, regulation, rules or requirements can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations; and

"Relevant Resolution Authority" means any authority lawfully entitled to exercise or participate in the exercise of any Bail-in Power from time to time.

16. WAIVER OF SET-OFF

No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Instrument) and each Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder of any Note but for this Condition.

(a) Definitions

"**Waived Set-Off Rights**" means any and all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

17. UNDERTAKINGS

So long as any Notes remains outstanding, the Issuer commits not to perform any action that would result in a Capital Ratio Event.

18. SUBSTITUTION AND VARIATION

If a Capital Event, or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 6 (b) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to, become, or remain, Qualifying Additional Tier 1 Notes, subject to having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 11, the Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior consent of the Competent Authority if and as required therefor under Capital Regulations in force at the relevant time.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to

execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

(b) Definitions:

"**Qualifying Additional Tier 1 Notes**" means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer not otherwise materially less favourable to the Noteholders than the terms of the Notes provided that such securities shall:

(i) contain terms such that they comply with the applicable regulatory capital requirements in relation to Additional Tier 1 capital pursuant to the Capital Regulations in force at the relevant time;

(ii) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 18; and

(iii) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 18; and

(iv) have the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 18; and

(v) have at least the same ranking as set out in Condition 2; and

(vi) without prejudice of Condition 4/e) (*Accrual of Interest*) preserve any existing rights to any accrued and unpaid interest and any other amounts payable under the Notes which has accrued to Noteholders and has not been paid; and

(vii) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 18.

For the avoidance of doubt, any variation in the ranking of the relevant Notes as set out in Condition 2 resulting from any such substitution or modification shall be deemed not to be materially less favourable to the interests of the Noteholders of the Notes where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes under Condition 2 on the issue date of such Notes.

TAXATION

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "***Law***"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent.. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 20 per cent..

Republic of Portugal Taxation

The following description summarises the material anticipated tax consequences relating to an investment in the Notes according to Portuguese law. The description does not deal with all possible consequences of an investment in the Notes and is not intended as tax advice. Accordingly, each prospective investor should consult its own professional advisor regarding the tax consequences to it of an investment in the Notes under local or foreign laws to which it may be subject. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Portuguese taxation relating to all payments by the Issuer in respect of Notes issued within the scope of the Decree-Law

This section summarises the tax consequences of holding Notes issued by the Issuer when such Notes are centralised within an EU or EEA based international clearing system (provided, in the latter case, that the EEA State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States) and have been issued within the scope of the Decree-Law. References in this section are construed accordingly.

Investment income (i.e. economic benefits derived from interest, amortisation or reimbursement premiums as well as other forms of remuneration which may be paid under the Notes) on the Notes, paid to a corporate holder of the Notes (who is the effective beneficiary thereof (the "*Beneficiary*")) resident for tax purposes in Portuguese territory or to a non-Portuguese resident having a permanent establishment therein to which income is imputable, is subject to withholding tax currently at a rate of 25 per cent., except where the Beneficiary is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law (such as pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and collective investment undertakings constituted and operating under the laws of Portugal). In relation to Beneficiaries that are corporate entities resident in Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable), withholding tax is treated as a payment in advance and, therefore, such Beneficiaries are entitled to claim appropriate credit against their final corporate income tax liability.

If the payment of interest or other investment income on Notes 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 EUR as follows: (i) 2.5 per cent. on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR 250,000. Investment income paid or made available on accounts held by one or more parties on account of unidentified third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner of the income is identified, in which case the general rules will apply.

Investment income paid or made available on accounts held by one or more parties on account of unidentified third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner of the income is identified, in which case the general rules will apply.

Under the Decree Law, investment income classified as obtained in Portuguese territory paid to Beneficiaries considered non-Portuguese resident in respect of debt securities integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as CVM managed by Interbolsa), or (ii) an

international clearing system operated by a managing entity established in a member state of the EU other than Portugal (e.g. Euroclear or Clearstream, Luxembourg) or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iii) integrated in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of the Decree-Law, as well as capital gains derived from a sale or other disposition of such Notes, will be exempt from Portuguese taxation.

For the withholding tax exemption to apply, the Decree-Law requires that the Beneficiary are: (i) central banks and agencies bearing governmental nature; or (ii) international bodies recognised by the Portuguese State; or (iii) entities resident in countries with whom Portugal has in force a double tax treaty or a tax information exchange agreement; 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 blacklisted jurisdiction as set out in the Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2011, as amended by Ministerial Order (*Portaria*) no. 292/2011 of 8 November 2011, by Ministerial Order (*Portaria*) no. 345-A/2016, of 30 December 2016, and by Law no. 114/2017, of 29 December 2017.

In addition, the Beneficiary shall comply with the evidence requirements and procedures of non-residence status set forth in the Decree Law. If the procedures and certifications of non-residence status or the requirements to benefit from the withholding tax exemption are not complied with a Portuguese withholding tax will apply at a rate of 25 per cent. (in case of non-resident entities), at a rate of 28 per cent. (in case of non-resident individuals) or at a rate of 35 per cent. (in case of investment income payments (i) to individuals or companies domiciled in a "low tax jurisdiction" list approved by Ministerial Order (*Portaria*) no. 150/2004, of 13 February 20004, as amended from time to time or (ii) to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties, in which the relevant beneficial owner(s) of the income is/are not identified), as the case may be, or if applicable, at reduced withholding tax rates pursuant to tax treaties signed by the Republic of Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with.

Under the Decree-Law, the Notes must be held through an account with one of the following entities: (i) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened ; (ii) an indirect registered entity, which, although not assuming the role of the "*direct registered entities*", is a client of the latter; or (iii) an entity managing international clearing system which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems Capital gains obtained on the disposal of Notes issued by Banco BPI through its Lisbon office, by individuals and by corporate entities not resident in the Republic of Portugal and without a permanent establishment therein to which the income or gain are attributable for tax purposes are exempt of taxation. This exemption shall not apply, if the Noteholder (i) is an entity with headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable or (ii) is resident in a jurisdiction with a more favourable tax regime than Portugal, as in Ministerial Order *(Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time, with whom Portugal has not in force a double tax treaty or a tax information exchange agreement.

If the above exemption does not apply, and the holder is a corporate entity the gains will be subject to corporate income tax at a rate of 25 per cent.. Capital gains obtained by individuals that are not entitled to said exemption will

be subject to a 28 per cent. flat rate. 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.

Capital gains obtained on the disposal of Notes issued by the Issuer, by corporate entities resident for tax purposes in the Republic of Portugal and by non-residents corporate entities with a permanent establishment therein to which the income or gain are attributable are included in their taxable income and are subject to a corporate tax at a rate of (i) 21 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to EUR 15,000 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. of its taxable income. Corporate taxpayers with a taxable income of more than EUR 1,500,000 are also subject to State surcharge (*derrama estadual*) of (i) 3 per cent. on the part of its taxable profits exceeding EUR 1,500,000 up to EUR 7,500,000, (ii) 5 per cent. on the part of the taxable profits that exceeds EUR 7,500,000 up to EUR 35,000,000, and (iii) 9 per cent. on the part of the taxable profits that exceeds EUR 35,000,000.

Capital gains obtained on the disposal of Notes issued by the Issuer, by individuals resident for tax purposes in the Republic of Portugal are subject to tax at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses of each year, 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 EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR 250,000.

Domestic Cleared Notes – held through a direct registered entity

Direct registered entities are required to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account. Registration in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the Beneficiary, to be provided by the Noteholder to the direct registered entity (this will have to be made by no later than the second ICSD Business Day prior to the Relevant Date, as defined in Condition 7 of the Terms and Conditions of the Notes (*Taxation*)), as follows:

(i) if the Beneficiary is a central bank, an international body recognised as such by the Portuguese State, or a public law entity and respective agencies, a declaration issued by the beneficial owner of the Notes itself duly signed and authenticated, or proof of non-residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(ii) if the Beneficiary is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification official document; or (B) a certificate issued by the entity responsible for such supervision or registration, or by tax authorities, confirming the legal existence of the beneficial owner of the Notes and its domicile; or (C) proof of non-residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(iii) if the Beneficiary is an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which the Republic of Portugal has entered into a double tax treaty in force or a tax information exchange agreement in force, it must provide (a) a declaration issued by the entity responsible for its supervision or registration or by the relevant tax authority, confirming its legal existence, domicile and law of incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below; The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(iv) other investors will be required to prove of their non-resident status by way of: (a) a certificate of residence or equivalent document issued by the relevant tax authorities; (b) a document issued by the relevant Portuguese Consulate certifying residence abroad; or (c) a document specifically issued by an official entity which forms part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country. The Beneficiary must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The Beneficiary must inform the direct registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

Internationally Cleared Notes – held through an entity managing an international clearing system

Pursuant to the requirements set forth in the tax regime, if the Notes are registered in an account held by an international clearing system operated by a managing entity, the latter shall transmit, on each interest payment date and each relevant redemption date, to the direct register entity or to its representative, and with respect to all accounts under its management, the identification and quantity of securities, as well as the amount of income, and, when applicable, the amount of tax withheld, segregated by the following categories of beneficiaries:

(a) Entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable and which are non-exempt and subject to withholding;

(b) Entities which have residence in country, territory or region with a more favourable tax regime, included in the Portuguese "blacklist" (countries and territories listed in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time and which are non-exempt and subject to withholding;

(c) Entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable, and which are exempt or not subject to withholding;

(d) Other entities which do not have residence, headquarters, effective management or permanent establishment to which the income generated by the securities would be imputable.

On each interest payment date and each relevant redemption date, the following information with respect to the beneficiaries that fall within the categories mentioned in paragraphs (a), (b) and (c) above, should also be transmitted:

(a) Name and address;

(b) Tax identification number (if applicable);

(c) Identification and quantity of the securities held; and

(d) Amount of income generated by the securities.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-law 193/2005, as amended from time to time. The refund claim is to be submitted to the direct register entity of the Notes within 6 months from the date the withholding took place. Following the amendments to Decree-Law no. 193/2005 of 7 November introduced by Law no. 83/2013, of 9 December 2013, a new special tax form for these purposes was approved by Order *("Despacho")* no. 2937/2014, published in the Portuguese official gazette, second series, no. 37, of 21 February 2014, issued by the Secretary of State of Tax Affairs (*"Secretário de Estado dos Assuntos Fiscais"*).

The refund of withholding tax after the above six-month period is to be claimed from the Portuguese tax authorities within two years, starting from the term of the year in which the withholding took place.

The absence of evidence of non-residence in respect to any non-resident entity which benefits from the above mentioned tax exemption regime shall result in the loss of the tax exemption and consequent submission to applicable Portuguese general tax provisions.

Common Reporting Standard and Directive 2014/107/EU

The OECD approved, in 2014, a Common Reporting Standard ("CRS") with the aim of providing comprehensive and multilateral automatic exchange of financial account information ("AEOI") on a global basis. This goal is achieved through an annual exchange of information between the governments of the more than 90 jurisdictions ("participating jurisdictions") that have already adopted the CRS.

Under the CRS, reporting financial institutions are required to identify the holders of financial assets, and determine whether these holders are tax resident in a participating jurisdiction. If so, financial institutions are required to report to the competent tax authorities the financial account information of the account holder (which includes certain entities and their controlling persons), which subsequently are reported to the tax authorities of the country of residence of the holder. As such, a financial institution may require Investors do provide further information and/or documentation in relation to their identity and tax residence, in order to ascertain their CRS status.

On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation was adopted in order to implement the CRS among the Member States. This Directive was transposed to Portuguese national law on October 2016, via Decree-Law no. 64/2016, of October 11 ("Portuguese CRS Law"), which amended Decree-Law number 61/2013, of 10 May 2013, which transposed 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 2017.

FATCA

The Issuer and other non-US financial institutions through which payments on the Notes are made may be required to withhold US tax at a rate of 30 per cent. or at a rate resulting from multiplying 30 per cent. by the positive "passthrough percentage" (as defined in US Foreign Account Tax Compliance Act ("FATCA")) of the Issuer or of the other non-US financial institutions through which payments on the Notes are made, to the payments made after 31 December 2014 in respect of (i) any Notes issued after 18 March 2012 and (ii) any Notes which are treated as equity for US federal tax purposes, whenever issued, pursuant to the FATCA.

This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("FFI") (as defined in FATCA) which enters into and complies with an agreement with the US Internal Revenue Service ("IRS") to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a participating FFI), and (ii) (a) an investor

does not provide information sufficient for the participating FFI to determine whether the investor is a US person or should otherwise be treated as holding a "United States Account" of the Issuer, or (b) any FFI through which payment on such Notes is made is not a participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear and additional legislation needs to be in force and published to complete the implementation process.

If an amount in respect of US withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

Portugal has implemented, through Law no. 82-B/2014, of 31 December 2014, and Decree Law no. 64/2016, of 11 of October, amended by Law no. 98/2017, of 24 August 2017, the legal framework agreed with the United States of America regarding the reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. The United States has entered into a Model 1 intergovernmental agreement with Portugal ("**IGA**"), signed on 6 August 2015 and ratified by Portugal on 5 August 2016. 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 2016, as amended from time to time. Under this legislation, the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the Internal Revenue Standard.

The proposed financial transaction tax ("FTT")

The EC has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the "*Programme Agreement*") dated 28 June 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes, Clearing and Payments*" and "*Terms and Conditions*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act, or any U.S. State securities law, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S, except to certain persons in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered any Notes, and will not offer, sell or deliver, any Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Rule 903 of Regulation S. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to European Economic Area Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated in this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is (one or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast),

where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as amended or superseded); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable" and except as otherwise provided herein in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "*Relevant Member State*"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "*Relevant Implementation Date*") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(c) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(d) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression "*Prospectus Directive*" means Directive 2003/71/EC (and amendments thereto) and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 Financial Services and Markets Act 2000 (the "*FSMA*") received by it in connection with the issue or sale of any Notes 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 Notes in, from or otherwise involving, the United Kingdom.

Spain

Neither the Notes nor this Base Prospectus have been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Notes may not be offered, sold or re-sold in Spain except (i) in circumstances which do not constitute a public offering of securities in Spain within the meaning of Article 35 of Royal Legislative Decree 4/2015, of October 23, approving the recast text of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) as amended and restated and Royal Decree 1310/2005 of 4 November on admission to listing of securities on organised secondary markets and public offers of securities and the prospectus required in connection therewith (*Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley del Mercado de Valores, en material de admissión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) as amended and restated and supplemental rules enacted thereunder or in substitution thereof from time to time; and (ii) by institutions authorised to provide investment services in Spain under the aforementioned Spanish Securities Market Law and Royal Decree 217/2008 of 15 February on the Legal Regime Applicable to Investment Services Companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*).

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the "*MAS*"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act (Chapter 289) of Singapore (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 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in 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 (as defined in Section 2(1) of the SFA) or securities-based derivative contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(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; or

(iv) as specified in Section 276(7) of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the Final Terms in respect of any Notes, all Notes 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).

France

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Base Prospectus, the applicable Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors ("*investisseurs qualifiés*") other than individuals, as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French Code *monétaire et financier*. This Base Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marchés financiers.*

Portugal

In relation to the Notes, each Dealer has represented and agreed with the Issuer, and each further Dealer appointed under the Programme will be required to represent and agree, that, regarding any public or private offer or sale of Notes by it in Portugal or to individuals resident in Portugal or having a permanent establishment located in the

Portuguese territory, it will comply with all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (*Código dos Valores Mobiliários*), any regulations issued by the CMVM and Commission Regulation (EC) No 809/2004, as amended, implementing the Prospectus Directive (as amended from time to time), 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 Notes in circumstances which could qualify as an offer to the public (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as an offer to the public addressed to individuals or entities resident in Portugal or having permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code, qualify as a private placement of Notes only (*oferta particular*); (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Prospectus or any other offering material relating to the Notes to the public in Portugal. Furthermore, if the Notes are subject to a private placement addressed exclusively to professional investors as defined, from time to time, in Article 30 of the Portuguese Securities Code (*investidores profissionais*), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA). Each of the Dealer represents and agrees, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999 as amended from time to time (Regulation No. 11971); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must:

(A) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29

October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(B) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes 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.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of Banco BPI, dated 7 December 2000, and approved by the Supervisory Board of Banco BPI on 7 December 2000. The update and maintenance of the Programme have been duly authorised by a resolution of the Board of Directors of Banco BPI, dated 20 March 2019, and approved by a resolution of the Executive Committee of the Board of Directors of Banco BPI, dated 9 April 2019.

Use of Proceeds

The net proceeds from each issue of Notes will be applied by Banco BPI for its general corporate purposes. If, in respect of any particular issue there is a particular identified use of proceeds, this will be in the applicable Final Terms.

Significant or Material Change

There has been no material adverse change in the prospects of the Issuer since the publication of the Issuer's 2018 Report (Audited consolidated financial statements) as of 31 December 2018, and no significant change in the financial information the Issuer and BPI Group since the publication of the Issuer's unaudited consolidated financial information as at 31 March 2019.

Litigation

On 2 February 2017 BPI 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 Banco BPI's General Meeting resolution passed on December 13 2016, which approved Banco BPI'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. (two 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 who stated that they together held 175 920 shares, representing 0,0121 per cent. of Banco BPI's share capital. Banco BPI understands that the merits relied on to support the invalidity of the resolution do not proceed. The legal action is currently taking place.

The abovementioned legal action and Banco BPI' notification in such action do not suspend the effects of the contested decision.

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 Prospectus which may have or have had in the recent past a significant effect on the Issuer's financial position thereof.

Ratings Information

The information found on page 7 of the Prospectus has been sourced from the websites of Standard and Poor's Credit Market Services Europe Limited, Moody's Investors Service España, S.A. and Fitch Ratings España, S.A.U. As far as the Issuer is aware and is able to ascertain from the ratings information published by Standard and Poor's Credit Market Services Europe Limited, by Moody's Investors Service España, S.A. and by Fitch Ratings España, S.A. Unipersonal, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Auditors

Deloitte & Associados SROC, S.A., associated with Ordem dos Revisores Oficiais de Contas ("OROC") under no. 43 and registered with CMVM under no. 20161389, have audited the accounts of Banco BPI, in accordance with generally accepted auditing standards in Portugal, for the year ended 31 December 2017.

PricewaterhouseCoopers, SROC, S.A., associated with Ordem dos Revisores Oficiais de Contas ("OROC") under no. 183 and registered with CMVM under no. 20161485, have audited the accounts of Banco BPI, in accordance with generally accepted auditing standards in Portugal, including the International Standards on Auditing,for the year ended 31 December 2018.

For additional information regarding the Auditors please refer to the informention under the heading "*Statutory Auditor*", which could be finf on page [102] of the Base Prospectus.

Listing and Admission to Trading Information

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange), and to be listed on the Official List of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament an of the Council of 15 May 2014 - "MiFID II").

However, Notes may be issued pursuant to the Programme which will not be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange), or listed on the Official List of the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree, according to the applicable Final Terms.

Documents Available

For the life of the Prospectus, copies of the following documents will, when published, be available for inspection during normal business hours from the registered office of the Issuer and from the specified offices of the Paying Agent for the time being in London, Luxembourg and Lisbon:

(a) the Programme Agreement, the Agency Agreement and any agreement appointing a common representative;

(b) a copy of this Prospectus (which will also be available on the website of Banco BPI (www.ir.bpi.pt));

(c) Final Terms to this Prospectus (save that the Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity), any future prospectuses, information memoranda and supplements to the Prospectus including and any other documents incorporated herein or therein by reference; and

(d) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

(e) *Banco BPI*

(i) the constitutional documents including the by laws (in English) of Banco BPI;

(ii) 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 2017 and 31 December

2018 and the results presentation relating to the unaudited consolidated results for the first quarter 2019; and

(iii) the most recently published audited annual financial statements of Banco BPI (which includes consolidated and non-consolidated financial statements) and related Auditors' report and the most recently published semi-annual audited interim financial statements of Banco BPI (each in English);

In addition, copies of this Prospectus and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (www.bourse.lu) and copies of the documents set out in (b), (c) and (d) above can be obtained free of charge from the specified office of the Paying Agent where so required by the rules of the relevant stock exchange on which any Series of Notes is to be listed.

Clearing Systems

The Notes will be integrated in and held through Interbolsa as operator of the CVM. The appropriate Portuguese securities code for each Tranche of Notes allocated by Interbolsa will be specified in the Final Terms.

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

For the time being, Interbolsa will only settle and clear Notes denominated in euro, Canadian Dollars, Swiss Francs, U.S. dollars, Sterling and Japanese yen and Notes denominated in any other currency upon prior request and approval.

Prudential Requirements

No Subordinated Notes or Undated Deeply Subordinated Notes shall be redeemed unless in compliance with the applicable capital adequacy regulations from time to time in force. At the date hereof, such redemption may not occur within and after five years from the Issue Date of the relevant Notes (except in a few cases subject to certain conditions and also subject to the prior consent of the Competent Authority, as specified in the Terms and Conditions of the Senior and Subordinated Notes and Terms and Conditions of the Undated Deeply Subordinated Notes) and may only occur with the prior consent of the Competent Authority.

Conditions for determining price

The price (issue price and offer price) and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue (in case of a public offer at the time of the public offer) in accordance with prevailing market conditions. The price will normally correspond to a percentage of the nominal value of such Notes and shall be disclosed on the applicable Final Terms, which shall be available at headquarters of the Issuer and the Paying Agent.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

Yield

The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is a formula for the purposes of calculating the yield of Fixed Rate Notes. The applicable Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

Issue Price=Coupon/m×(1-[1/(1+Yield/m)^(n×m)])/(Yield/m)+[FinalRedemptionAmount×[1/(1+Yield/m)^(n×m)]]

Where:

“Coupon” means the annual coupon as specified in the applicable Final Terms;

“Yield” means the annual yield to maturity;

“m” means the number of interest payments in a year; and

“n” means the number of years to maturity.

DOCUMENTS INCORPORATED BY REFERENCE

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

Banco BPI

1. Results presentation with the unaudited consolidated results for the first quarter 2019.

2. Annual report 2018.

3. Annual report 2017.

Following the publication of this Prospectus, a supplement to this Prospectus approved by the CSSF pursuant to Article 16 of the Prospectus Directive may be prepared by the Issuer (a "*Prospectus Supplement*").

Copies of documents incorporated by reference in this Prospectus can be obtained from the specified office of the Issuer and the website of the Luxembourg Stock Exchange (www.bourse.lu). Requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available from the principal office in Luxembourg of Deutsche Bank Luxembourg S.A. (acting in its capacity as Luxembourg Listing Agent) for Notes admitted to official list and to trading on the Regulated Market on the Luxembourg Stock Exchange.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes. Furthermore, the Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Prospectus, including any modification of the terms and conditions or any material adverse change in the financial position of such Issuer, whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of such Issuer and the rights attaching to the Notes, the Issuer shall prepare an supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement to this Prospectus as such Dealer may reasonably request.

Banco BPI

Information incorporated by reference	**Reference**
Results presentation with the unaudited consolidated results for the first quarter 2019	
Consolidated Income Statement	Page 30
Consolidated Balance Sheet	Page 31
Annual report 2018	
Auditors' report relating to the accounts for the period ended 31 December 2018	Pages 242-253
Outside activities of the Board of Directors	Pages 299
Consolidated balance sheets	Page 84
Consolidated statements of income	Page 86
Consolidated statements of cash flows	Pages 88
Statements of changes in shareholders' equity	Pages 87
Notes to the consolidated financial statements	Pages 89 – 240
Annual report 2017	
Auditors' report relating to the accounts for the period ended 31 December 2017	Pages 275-286
Outside activities of the Board of Directors	Pages 390 – 394
Consolidated balance sheets	Page 116
Consolidated statements of income	Page 117
Consolidated statements of profit or loss and other comprehensive income	Pages 118 – 119
Consolidated statements of cash flows	Pages 122 – 125
Statements of changes in shareholders' equity	Pages 120 – 121
Notes to the consolidated financial statements	Pages 126 – 273

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 Commission Regulation (EC) No 809/2004, as amended from time to time.

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.

EARNINGS, EFFICIENCY AND PROFITABILITY INDICATORS

Reconciliation of income statement structure

With the entry into force of IFRS 9 at the beginning of 2018, the Issuer decided to adopt a structure of the individual and consolidated financial statements consistent with the guidelines of Regulation (EU) 2017/1443 of 29 June 2017 and with the structure of the financial statements presented by CaixaBank (consolidating entity of the Issuer).

The table below shows, for the income statement of the activity in Portugal, the reconciliation of the structure presented in the Management Report with the structure presented in the financial statements and respective notes.

Income statement from the activity in Portugal — Amounts in €million

Management Report structure	2018	2018	Structure of the Financial Statements and attached notes
Net interest income	422.6	422.6	Net interest income
Dividend income	1.7	1.7	Dividend income
Equity accounting income	7.5	7.5	Share of profit/(loss) of entities accounted for using the equity method
Net commissions income	277.8	319.0	Fee and commission income
		(41.2)	Fee and commission expenses
Gains/(losses) on financial assets and liabilities and other	84.6	1.5	Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
		9.8	Gains/(losses) on financial assets and liabilities held for trading, net
		60.3	Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net
		1.4	Gains/(losses) from hedge accounting, net
		11.7	Exchange differences (gain/loss), net
Other operating income and expenses	(12.9)	11.5	Other operating income
		(24.4)	Other operating expenses
Gross income	**781.2**	**781.2**	**GROSS INCOME**
Staff expenses	(262.2)	(262.2)	Staff expenses
Other administrative expenses	(172.9)	(172.9)	Other administrative expenses
Depreciation and amortisation	(23.8)	(23.8)	Depreciation and amortisation

Operating expenses	**(458.9)**	**(458.9)**	**Administrative expenses, depreciation and amortisation**
Net operating income	**322.3**		
Impairment losses and other provisions	47.7	(1.3)	Provisions or reversal of provisions
		49.0	Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss
Gain/(loss) on other assets	85.0	(6.7)	Impairment /(reversal) of impairment in subsidiaries joint ventures and associates
		(1.7)	Impairment/(reversal) of impairment on non-financial assets
		98.4	Gains/(losses) on derecognition of non-financial assets, net
		(5.1)	Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations
Net income before income tax	**455.0**	**455.0**	**PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**
Income taxes	(122.9)	(122.9)	Tax expense or income related to profit or loss from continuing operations
Net income from continuing operations	**332.1**	**332.1**	**PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS**
Net income from discontinued operations	64.2	64.2	Profit/(loss) after tax from discontinued operations
Income attributable to non-controlling interests			Profit/(loss) for the period attributable to non-controlling interests
Net income	**396.3**	**396.3**	**PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT**

The earnings, efficiency and profitability indicators are defined by reference to the aforementioned structure of the income statement presented in the Management Report.

EARNINGS, EFFICIENCY AND PROFITABILITY INDICATORS

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 amortization

Adjusted Operating expenses = Staff expenses excluding cost with early retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) + 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)[60] = Operating expenses / Gross income

Adjusted Operating expenses-to-commercial banking gross income[61]= Operating expenses, excluding costs with early-retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) / Commercial banking gross income

Return on Equity (ROE)[62] = Net income for the period / Average value in the period of shareholders' equity attributable to BPI shareholders after deduction of the fair value reserve (net of deferred taxes) related to available-for-sale financial assets

[60] 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, the cases in which it will be clearly marked

[61] 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, the cases in which it will be clearly marked

[62] 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, the cases in which it will be clearly marked

Return on Tangible Equity (ROTE)[63] = Net income for the period / Average value in the period of shareholders' equity attributable to BPI shareholders after deduction of intangible net assets and goodwill of equity holdings

Return on Assets (ROA)[64] = (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 (excluding loans to Employees) average interest rate - Deposits average interest rate

BALANCE SHEET AND FUNDING INDICATORS

On-balance sheet Customer resources = Deposits + Capitalisation insurance of fully consolidated subsidiaries + Participating units in consolidated mutual funds

Being:

- Deposits = Demand deposits and other + Term and savings deposits + Interest payable + Retail bonds (Fixed / variable rate bonds and structured products placed with Customers + Certificates of deposit + Subordinated bonds placed with Customers)
- Capitalisation insurance of fully consolidated subsidiaries (BPI Vida e Pensões sold in Dec. 17) = Unit links capitalisation insurance and "Aforro" capitalisation insurance and others (Technical provisions + Guaranteed rate and guaranteed retirement capitalisation insurance)

Note: The amount of on-balance sheet Customer resources is not deducted of applications of off-balance sheet products (mutual funds and pension funds) in on-balance sheet products

Assets under management = Mutual funds + Capitalisation insurance + Pension plans

Being:

- Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans ("PPR" and "PPA" in Portuguese) + Hedge funds + Assets from funds under BPI Suisse management + Third-party unit trust funds placed with Customers
- Capitalisation Insurance = Third-party capitalisation insurance placed with Customers
- Pension Funds = pension funds under BPI management (includes BPI pension funds)

Notes:

(i) Amounts deducted of participation units in the Group banks' portfolios and of placements of off-balance sheet products (mutual funds and pension plans) in other off-balance sheet products pension plans) in other off-balance sheet products

(ii) Following the sale of BPI Vida e Pensões in Dec. 17, the capitalisation insurance placed with BPI's Customers was recognised off balance sheet, as "third-party capitalisation insurance placed with Customers" and pension funds management was excluded from BPI's consolidation perimeter.

Subscriptions in public offerings = Customers subscriptions in third parties' public offerings

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 amortized cost), excluding other assets (guarantee accounts

[63] 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, the cases in which it will be clearly marked

[64] 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, the cases in which it will be clearly marked

and others) + Gross debt securities issued by Customers (financial assets at amortized cost)

Note: gross loans = performing loans + loans in arrears + interest receivable

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 for loans and guarantees as % of the loan portfolio[65] = Impairments and provisions for loans and guarantees, net (in income statement) / Average value in the period of the performing loan portfolio

Being:

- Impairments and provisions for loans and guarantees (in 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 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 as % of the loan portfolio[66] = (Impairments and provisions for loans and guarantees, net (in income statement) - Recoveries of loans previously written off from assets, interest and other) / Average value in the period of the performing loan portfolio

Being:

- Impairments and provisions for loans and guarantees (in 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 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

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 collateral = [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 (Bank of Spain criteria) / (Gross Customer loans + guarantees)

[65] 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, the cases in which it will be clearly marked

[66] 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, the cases in which it will be clearly marked

Non performing loans (Bank of Spain criteria) 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 (Bank of Spain criteria)

Coverage of non performing loans (Bank of Spain criteria) by impairments and associated collateral = [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 (Bank of Spain criteria)

Impairments cover of foreclosed properties = Impairments coverage of foreclosed properties = Impairments for real estate received in settlement ofdefaulting loans / Gross value of real estate received in settlement of defaulting loans

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