



## **BANCO BPI, S.A.**

**(incorporated with limited liability in Portugal)**

# **€2,000,000,000 PUBLIC SECTOR COVERED BONDS PROGRAMME BASE PROSPECTUS**

Banco BPI, S.A. (the “**Issuer**” or “**BPI**”), incorporated under Portuguese law, with a fully paid up share capital of €1,293,063,324.98, represented by 1,456,924,237 ordinary shares with no nominal value, with head office at Avenida da Boavista, no. 1117, 4100-129 Porto and registered under the sole registration and taxpayer number 501 214 534 with the Commercial Registry Office of Porto, is an authorised credit institution for the purposes of Decree-Law no. 31/2022, of 6 May (the “**Legal Regime of Public Sector Covered Bonds**”). The Public Sector Covered Bonds (as defined below) will constitute public sector covered bonds for the purposes, and with the benefit, of the Legal Regime of Public Sector Covered Bonds.

Under this €2,000,000,000 Public Sector Covered Bonds Programme (the “**Programme**”), described in this base prospectus, dated 12 October 2023 (the “**Base Prospectus**”), as further supplemented, the Issuer may from time to time issue public sector covered bonds (the “**Public Sector Covered Bonds**”) denominated in any currency agreed between the Issuer and the Dealer (as defined below). Public Sector Covered Bonds will be issued in registered (*nominativas*) form (the “**Registered Public Sector Covered Bonds**”) and be represented in book-entry form (*forma escritural*). The maximum aggregate nominal amount of all Public Sector Covered Bonds from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. Public Sector Covered Bonds may be issued on a continuing basis to the Dealer specified and any additional Dealer appointed under the Programme from time to time by the Issuer (each a “**Dealer**” and together, the “**Dealers**”), whose appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Public Sector Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Public Sector Covered Bonds.

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

This document comprises a base prospectus (the “**Base Prospectus**”) for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”).

This Base Prospectus has been approved by the *Comissão do Mercado de Valores Mobiliários* (the “**CMVM**”), as Portuguese competent authority under the Prospectus Regulation. The CMVM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CMVM should not be considered as an endorsement of the Issuer or the quality of the Public Sector Covered Bonds that are subject of this Base Prospectus. Such approval relates only to Public Sector Covered Bonds which are to be admitted to trading on the regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council, of 15 May, on markets in financial instruments, as amended (“**MiFID II**”) and/or which are to be offered to the public in any Member State of the European Economic Area (“**EEA**”).

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

**This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for a period of 12 months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which may affect the assessment of any Public Sector Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Public Sector Covered Bonds.** The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when the Base Prospectus is no longer valid.

References in this Base Prospectus to Public Sector Covered Bonds being “listed” (and all related references) shall mean that such Public Sector Covered Bonds have been admitted to trading on Euronext Lisbon or other regulated market. The Programme provides that Public Sector Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (including EEA regulated markets) as may be agreed between the Issuer and the relevant Dealer. Under this Programme, the Issuer may also issue unlisted Public Sector Covered Bonds and/or Public Sector Covered

Bonds not admitted to trading on any market. Euronext Lisbon is a regulated market for the purposes of MiFID II. The relevant Final Terms in respect of the issue of any Public Sector Covered Bonds will specify whether or not such Public Sector Covered Bonds will be listed on Euronext Lisbon or not.

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

The long term/short term ratings currently assigned to the Issuer are Baa1/P-2 with stable outlook by Moody’s Investors Service España, S.A. (**Moody’s España**), BBB+/F2 with stable outlook by Fitch Ratings Ireland Limited (“**Fitch**”) and BBB+/A-2 with stable outlook by S&P Global Ratings Europe Limited (“**S&P**”).

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

Whether or not each credit rating applied for in relation to or assigned to a relevant Series of Public Sector Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) no. 1060/2009, as amended (the “**CRA Regulation**”) or by a credit rating agency which is certified under the CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the United Kingdom (“**UK**”) and registered under Regulation (EC) no. 1060/2009 as it forms part of UK domestic law by virtue of the EU (Withdrawal) Act 2018 (the “**UK CRA Regulation**”) or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the applicable Final Terms.

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

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

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

The UK Financial Conduct Authority ("FCA")'s Financial Services Register, available at <https://register.fca.org.uk/s/>, includes credit rating agencies registered and certified in accordance with the UK CRA Regulation. Similar to the ESMA list of credit rating agencies registered and certified in accordance with the CRA Regulation, there may be some delays between certain supervisory measures being taken against a relevant rating agency and updates to the Financial Services Register.

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

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

***Arranger***

Banco BPI, S.A.

***Dealer***

Banco BPI, S.A.

**This Base Prospectus is dated 12 October 2023**

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

### **STABILISATION MANAGER**

In connection with the issue of any Tranche (as defined in *Overview of the Programme*), the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “**Stabilisation Manager(s)**”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Public Sector Covered Bonds or effect transactions with a view to supporting the market price of the Public Sector Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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

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

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

If the Final Terms in respect of any Public Sector Covered Bonds includes a legend titled “Prohibition of Sales to UK Retail Investors”, the Public Sector Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EU (Withdrawal) Act 2018 (“EUWA”), (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement the Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA, or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Public Sector Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Public Sector Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

## **MIFID II PRODUCT GOVERNANCE / TARGET MARKET**

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

## **BENCHMARK REGULATION**

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

**NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE (as amended or modified from time to time, the SFA)** – Unless otherwise stated in the Final Terms in respect of any Public Sector Covered Bonds, all Public Sector Covered Bonds issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **PROJECTIONS, FORECASTS AND ESTIMATES**

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

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

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

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



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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Public Sector Covered Bonds are legal investments for it, (2) Public Sector Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Public Sector Covered Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Public Sector Covered Bonds under any applicable risk-based capital or similar rules.

#### **ALTERNATIVE PERFORMANCE MEASURES**

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

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

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

The description (including definitions, explanations and reconciliations) of all APMs are set out in the “Alternative Performance Measures” section of the first half 2023 Report (limited review reports on the condensed interim financial statements) of the Issuer which is incorporated by reference into this Base Prospectus and in Annex -Alternative Performance Measures.

## OVERVIEW OF THE PROGRAMME

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

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

Issuer:	Banco BPI, S.A.
Legal Entity Identifier (LEI):	3DM5DPGI3W6OU6GJ4N92.
Risk Factors:	There are certain risk factors that may affect the Issuer’s ability to fulfil its obligations under the Public Sector Covered Bonds issued under the Programme. These are set out under the “Risk Factors” section and include certain specific and relevant risks related to the Issuer and the Public Sector Covered Bonds.
Description:	€2,000,000,000 Public Sector Covered Bonds Programme.
Arranger:	Banco BPI, S.A.
Dealer(s):	Banco BPI, S.A. and any additional Dealer appointed under the Programme from time to time by the Issuer.
Common Representative:	Bondholders, S.L., in its capacity as representative of the holders of the Public Sector Covered Bonds pursuant to Article 28 of the Legal Regime of Public Sector Covered Bonds in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement, having its registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain, or any successor

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

Paying Agent(s):

Banco BPI, S.A. and any other paying agents named in the Agency and Payments Procedures together with any successor or additional paying agents appointed from time to time in connection with the Public Sector Covered Bonds under the Agency and Payments Procedures.

Cover Pool Monitor:

Deloitte & Associados, SROC, SA, member of the Portuguese Institute of Statutory Auditors (Ordem dos Revisores Oficiais de Contas) under number 43, registered with the CMVM with registration number 20161389, with its registered office at Avenida Engenheiro Duarte Pacheco, no. 7 1070-100 Lisboa. See *Cover Pool Monitor*.

Final Terms:

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

Maximum period during which Public Sector Covered Bonds may be issued under the Programme:

Until 30 June 2028.

Size:

The maximum aggregate nominal amount of all Public Sector Covered Bonds from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other

currencies calculated as described herein), subject to increase as described in this Based Prospectus.

Issuance in Series:

The Public Sector Covered Bonds under the Programme are issued in series (each a Series) which may comprise one or more tranches (each a Tranche) of Public Sector Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, interest rates and/or Issue Prices.

Currency/ies:

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

Maturities:

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

The applicable Final Terms may provide that an Extended Maturity Date applies to each Series of the Public Sector Covered Bonds and shall correspond to at least one year after the applicable Maturity Date, provided that in any case the Issuer may not select an Extended Maturity Date in the applicable Final Terms that would entail that such Series of Public Sector Covered Bonds would benefit from an earlier Extended Maturity Date *vis-à-vis* another Series of Public Sector Covered Bonds with an earlier Maturity Date. If an Extended

Maturity Date is specified in the applicable Final Terms, the maturity of the relevant Series of Public Sector Covered Bond will be automatically extended to the Extended Maturity Date if either (i) the Issuer fails to redeem the relevant Series of Public Sector Covered Bonds on the applicable Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for 5 Business Days thereafter or (ii) the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority, and in each case notice thereof has been (or, in the case of (ii), is subsequently) given to the CMVM, all as further described in Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions. If within 10 calendar days of receiving such notice, CMVM objects to such extension of maturity, the extension of maturity will then cease to apply and the relevant Series of Public Sector Covered Bonds will be redeemed on the applicable Maturity Date or (if the date such objection is received by the Issuer from CMVM is after the applicable Maturity Date) the Extension Cessation Date.

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

Specified Denomination:	Public Sector will be issued in such denominations as may be specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory requirements, having each Public Sector Covered Bond a minimum denomination of €100,000.
Method of Issue:	The Public Sector Covered Bonds will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Public Sector Covered Bonds may be issued in Tranches on a continuous basis, subject to compliance with all applicable laws, regulations and directives.
Use of proceeds:	The net proceeds resulting from each issue of Public Sector will be applied by the Issuer for its general corporate purposes.
Selling restrictions:	There are restrictions on the distribution of this Base Prospectus and the offer or sale of Public Sector Covered Bonds, namely in the United States, the EEA (including Belgium), the UK, Singapore, Switzerland and Japan) (See <i>Subscription and Sale and Secondary Market Arrangements</i> ).
Form of Public Sector Covered Bonds:	The Public Sector Covered Bonds held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book-entry form (“ <i>forma escritural</i> ”) and will be registered Public Sector Covered Bonds (“ <i>nominativas</i> ”).
Registration, clearing and settlement:	The Public Sector Covered Bonds will be held through a central securities depository (CSD) which will be the Portuguese domestic CSD, Interbolsa. The Public Sector Covered Bonds will

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

**Title:** Title to the Public Sector Covered Bonds will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code, the applicable CMVM regulations and Interbolsa regulations.

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

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

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



Each Fixed Rate Public Sector Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest.

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

Floating Rate Public Sector Covered Bonds:

Public Sector may provide for interest based on floating rate, each Floating Rate Public Sector Covered Bond (as specified in the applicable Final Terms) bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (see *Condition 4 (Interest) of the Terms and Conditions of the Public Sector Covered Bonds*).

Zero Coupon Public Sector Covered Bonds:

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

Interest period and interest rates:

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

Listing and admission to trading:

In respect of Public Sector Covered Bonds which are intended to be listed, application will be made to Euronext, or such other or further stock exchange(s) or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer, for the admission of Public Sector Covered Bonds issued under the Programme to trading on the regulated market of Euronext Lisbon or such other or further stock exchange(s) or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer. Public Sector Covered Bonds may, after notification by the CMVM to the supervision authority of the relevant Member State(s) of the EU in accordance with Article 25 of the Prospectus Regulation, be admitted to trading on the regulated market(s) of and/or be admitted to listing on stock exchange(s) of any other Member States of the EEA. Public Sector Covered Bonds which are neither listed nor admitted to trading on any market may also be issued under the Programme. The relevant Final Terms will state whether or not the relevant Public Sector Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or regulated market(s).

Status of the Public Sector Covered Bonds:

The Public Sector Covered Bonds will be direct, unconditional and senior obligations of the Issuer

and rank equally with all other public sector covered bonds issued or to be issued by the Issuer. The Public Sector Covered Bonds will qualify as public sector covered bonds for the purposes of the Legal Regime of Public Sector Covered Bonds.

Payments:

Payments of principal and interest in respect of Public Sector Covered Bonds may only be made in Euro, United States dollar, Japanese yen and Swiss franc until such date as Interbolsa accepts registration and clearing of securities denominated in currencies other than Euro, United States dollar, Japanese yen and Swiss franc and will be (i) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to the payment current-accounts held in the payment system of the Bank of Portugal by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Public Sector Covered Bonds and thereafter (ii) credited by such Affiliate Member of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Public Sector Covered Bonds or to the accounts with Euroclear and Clearstream Luxembourg of the beneficial owners of those Public Sector Covered Bonds, as applicable, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

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

Final redemption:

Unless previously redeemed or purchased and cancelled or extended as specified in Condition 6 (*Redemption and Purchase*) of the *Terms and Conditions of the Public Sector Covered Bonds*, each Public Sector Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms, in the relevant Specified Currency on the Maturity Date, subject to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the *Terms and Conditions of the Public Sector Covered Bonds*.

Taxation:

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

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

Rating:

The long term/short term ratings currently assigned to the Issuer are Baa1/P-2 with stable outlook by Moody's España, BBB+/F2 with stable outlook by Fitch and BBB+/A-2 with stable outlook by S&P.

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

Whether or not each credit rating applied for in relation to or assigned to a relevant Series of Public Sector Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or by a credit rating agency which is certified under the CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the applicable Final Terms.

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

Prescription:

The Public Sector Covered Bonds will become void unless presented for payment within 20 years (in

the case of principal) and 5 years (in the case of interest) in each case from the Relevant Date thereof, subject in each case to the provisions of Condition 5 (*Payments*).

Events of default:

Insolvency Event. See Condition 9 (*Insolvency Event and Enforcement*) of the Terms and Conditions of the Public Sector Covered Bonds.

Further issues:

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

Governing law:

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

## **RISK FACTORS**

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

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

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

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

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

The risk factors have been organised into the following categories:

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

- Risks specific to Cover Pool.

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

## **1. RISK FACTORS RELATING TO THE ISSUER**

### **Risks relating to the Economic and Financial Environment**

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

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

A weaker international economic outlook, a potential increase in geopolitical uncertainty and trade tensions, unexpected changes of economic policy measures (both in the monetary and fiscal fields) and/or the de-anchoring of long-term inflation expectations pose additional challenges to the stability of the global financial system and to the Portuguese economy. The risks identified may interact together and, should they materialise, mutually enhance one another, having a negative impact, notably, on (i) the Issuer's cost of funding and its ability to issue Public Sector Covered Bonds under the Programme; and (ii) the Portuguese economy, which, in turn, would have a negative impact on the business of the Issuer.

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

The current economic environment is still a source of challenge for the Issuer, which may be adversely affected in terms of its business, reputation, financial condition, and results of operations or prospects. The adverse macroeconomic conditions in Portugal have significantly affected, and may continue to adversely



affect, the behaviour and financial situation of the Issuer's clients, and, consequently, the supply and demand of the products and services that the Issuer has to offer.

The Portuguese economy should grow by 2.7% in 2023, 2.4% in 2024 and 2.3% in 2025 – a solid performance, proceeding towards convergence with the euro area, with export growth outpacing that of external demand. Inflation will fall from 5.2% this year to 3.3% in 2024 and 2.1% in 2025, close to the European Central Bank's objective, reflecting reduced external inflationary pressures and monetary policy tightening (*Source: Bank of Portugal, Economic Projections, June 2023*).

The euro area economic activity slightly declined at the turn of the year, but has remained relatively resilient to the large negative supply shocks that have been hitting the economy. The economy is expected to return to growth in the coming quarters as energy prices moderate, foreign demand strengthens and supply bottlenecks are resolved, allowing firms to continue to work through their significant order backlogs, and as uncertainty – including that related to the recent banking sector stress – continues to recede. Furthermore, real incomes are set to improve, underpinned by a robust labour market, with unemployment hitting new historical lows. Although the ECB's monetary policy tightening will increasingly feed through to the real economy, the dampening effects from tighter credit supply conditions are expected to be limited. Together with the gradual withdrawal of fiscal support, this will weigh on economic growth in the medium term. Overall, annual average real GDP growth is expected to slow down to 0.9% in 2023 (from 3.5% in 2022), before rebounding to 1.5% in 2024 and 1.6% in 2025 (*Source: ECB, Eurosystem macroeconomic projections for the euro area, June 2023*).

Inflation, as measured by the Harmonised Index of Consumer Prices (“**HICP**”), is proving to be more persistent than previously expected, despite falling energy prices and easing supply bottlenecks. With energy inflation set to become increasingly negative throughout 2023 and food inflation moderating sharply, headline inflation is expected to continue its decline to stand at around 3% in the last quarter of the year. Nevertheless, HICP inflation excluding energy and food is projected to overtake headline inflation in the near term and to remain above it until early 2024, though following a gradual downward path from the second half of 2023. As indirect effects from the past energy price shocks and other pipeline price pressures gradually fade, driving the expected decline, labour costs will become the dominant driver of HICP inflation excluding energy and food. Wage growth is expected to remain over double its historical average for most of the projection horizon, driven by inflation compensation and the tight labour market, as well as increases in minimum wages. Nevertheless, profit margins, which expanded notably in 2022, are expected to act as a buffer against some of the pass-through of these costs in the medium term. In addition, monetary policy should further dampen underlying inflation in the coming years. Overall, headline inflation is expected to decrease from 8.4% in 2022 to an average of 5.4% in 2023, 3.0% in 2024, and 2.2% in 2025. Compared with the March 2023 projections, headline inflation has been revised up slightly over the entire projection

horizon. This is mainly due to a significant upward revision to HICP inflation excluding energy and food, reflecting revisions owing to higher than expected recent inflation outcomes and somewhat stronger unit labour costs, which more than offset the effect of lower energy price assumptions and tighter financing conditions (Source: ECB, *Eurosystem macroeconomic projections for the euro area, June 2023*).

### ***Risks arising from financial stability***

The main risks and vulnerabilities to financial stability are (source: *Bank of Portugal, Financial Stability Review, May 2023*):

- heightened turmoil in international financial markets, implying potential contagion effects across financial and business cycles. Any broader risk aversion would have an adverse impact on financing costs, the valuation of assets and economic activity;
- a less favourable path for the public debt ratio. A potentially more adverse economic and financial environment, with lower economic growth and more persistent inflation, triggering a more intense and lasting reaction of monetary authorities, increases risks associated with high indebtedness;
- potential default of the most vulnerable households due to high inflation, rising short-term interest rates and a potential worsening of the unemployment rate. The predominance of the variable interest rate in loans for house purchase means that the rise in interest rates leads to an increase in the debt burden in the short term;
- potential default of the most vulnerable firms. Despite recent evidence of the sector's resilience, a more unfavourable economic and financial environment, characterised by lower economic growth and higher interest rates, will increase the share of firms experiencing vulnerability;
- the cooling down of the residential real estate market, with an impact on prices and the value of the collateral of loans secured by real estate. Rising interest rates will contribute to a deceleration in residential real estate market prices in Portugal;
- the materialisation of market and credit risks to the banking sector.

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

These factors, among other things, may restrict the European economic recovery and the global economy, with a corresponding effect on the Issuer's business, results of operations and financial conditions.

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

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

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

***Risks arising from the recent and ongoing dislocations in the international financial system***

Recent events in the international financial system, which in part reflect the consequences of the rapid and significant increase in interest rates in some relevant institutions, particularly in the U.S. (bankruptcy of the Silicon Valley Bank and Signature Bank), as well as the rescue of Credit Suisse Group AG, after a long period of difficulties of various kinds, could have adverse consequences on the financial sector and/or, at the limit, cause increased risk of financial instability, a situation that would have negative consequences for the Issuer. The eventual worsening of the situation may have a corresponding effect on the Issuer's business, results of operations and financial condition.

## **Risks relating to the Issuer's business**

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

The Issuer is exposed to the credit risk of its customers, to concentration risk in its credit exposure and to the credit risk of its other counterparties. Risks arising from adverse changes in credit quality and the repayment of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Issuer's businesses. Adverse changes in the credit quality of the Issuer's borrowers and counterparties or a general deterioration in Portuguese or global economic conditions, or arising from systemic risks in financial systems, could affect recovery and, accordingly, the value of the Issuer's assets and require an increase in the Issuer's provision for credit impairment and other related provisions, and accordingly would have a material adverse effect on the financial condition, capital position and on the results of the Issuer.

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

As at 30 June 2023, the Issuer's total credit risk exposure was €38,781 million (compared to €37,427 million as at 31 December 2022). The balance of Non-Performing Exposures ("NPEs") amounted to €616 million as at 30 June 2023 (compared to €583 million as at 31 December 2022, representing 1.6 per cent. of the Issuer's gross credit exposure (EBA criteria)).

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

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

Market risk reflects the potential loss that can be registered in a given asset portfolio as a result of changes in the market interest, interest rate, inflation and exchange rates and/or in the market prices of the various

financial instruments which comprise that asset portfolio, taking into account the correlation and volatilities between those assets.

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

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

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

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

***Volatility in interest rates or monetary policy could adversely affect the Issuer's business***

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

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

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

After almost 7 years of negative EURIBOR rates, on 21 July 2022, the ECB decided to raise euro area interest rates by 50 basis points, i.e. 0.5 per cent., in an effort to curb the record inflation prevailing in the eurozone. However, EURIBOR rates were already in positive territory before the ECB's decision. The 12-month rate turned positive in April 2022, with the 6-month and 3-month rates reaching that threshold in June and mid-July, respectively. On 8 September 2022 and 27 October 2022, the ECB decided to further raise euro area interest rates by 75 basis points in each meeting, totalling a 150 basis points increase. On 15 December 2022, 2 February 2023 and 16 March 2023, the ECB decided to again raise the euro area interest rates by 50 basis points in each meeting. Recently, the ECB decided to again raise the euro area interest rates, having increased 25 basis points more on 4 May 2023, on 15 June 2023, on 27 July 2023 and on 14 September 2023.

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

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

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

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

In addition, the Issuer and its activities are increasingly dependent on highly sophisticated information technology (IT) systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, computer viruses, hacking and physical damage to vital IT centers. IT systems need regular upgrading and banks, including the Issuer, may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned. Furthermore, failure to protect financial industry operations from cyberattacks could result in the loss or compromise of customer data or other sensitive information. A breach of sensitive customer data, such as account numbers, could have a significant reputational impact and significant legal and/or regulatory costs for the Issuer. These threats are increasingly sophisticated and any failure to execute the Issuer's risk management and control policies successfully, particularly, any loss in the integrity and resilience of key systems and processes, data thefts, cyber-attacks, denial of service attacks or breaches of data protection requirements, may adversely affect the Issuer's business, reputation, financial condition and results of operation or prospects.

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

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

Liquidity risk reflects the risk of the inability of the Issuer to fulfil its payment obligations upon maturity without significant losses arising from a deterioration of the financing conditions (financing risk) and/or from the sale of its assets for a value below market values (market liquidity risk). The Issuer's practices reflect the utilisation of diversified financing sources, focusing on stable sources, in particular deposits, as well as the maintenance of highly liquid assets, which comply with the ECB's eligibility criteria.

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

The LCR and NSFR of the Issuer, computed in line with the CRD IV standards and EBA guidelines, was 237 per cent. as at 31 December 2022 (compared to 272 per cent. as at 31 December 2021).

The ECB currently makes funding available to European banks that satisfy certain conditions, including pledging eligible collateral. As at 30 June 2023, the Issuer had €0.4 billion of funding from the ECB (same amount as of 31 December 2022). As at 31 December 2022, the Issuer's portfolio of securities eligible for rediscount with the ECB was of €10.4 billion (compared to €11.0 billion in 31 December 2022).

The ECB establishes the valuation and eligibility criteria that eligible securities must meet in order to be used in repo transactions with financial institutions. Downgrades of the credit rating of Portugal or Portuguese companies, or changes to the valuations or eligibility criteria, can have a negative impact on the portfolio of securities eligible for that purpose and reduce the liquidity lines available from the ECB. The amount of ECB funding is tied to the value of collateral provided. If the value of the Issuer's Group assets declines, the amount of funding it can obtain from the ECB will also decline.

On 7 March 2019, a third series of targeted longer-term refinancing operations (“**TLTRO III**”) was launched consisting on a series of ten TLTROs, each with a maturity of three years, starting in September 2019 at a quarterly frequency. Borrowing rates in these operations can be as low as 50 basis points below the average interest rate on the deposit facility over the period from 24 June 2020 to 23 June 2022, and as low as the average interest rate on the deposit facility calculated over the life of the respective TLTRO III during the rest of the life of the same operation.

On 27 November 2022, the ECB decided to recalibrate the conditions of the TLTRO III as part of the monetary policy measures adopted to restore price stability over the medium term, aiming to contribute to the normalisation of bank funding costs and, in turn, exert downward pressure on inflation. The recalibration also removes deterrents to early voluntary repayment of outstanding TLTRO III funds. Earlier voluntary repayments would reduce the Eurosystem balance sheet and contribute to the overall monetary policy normalisation.

From 23 November 2022 until the maturity date or early repayment date of each respective outstanding TLTRO III operation, the interest rate on TLTRO III operations will be indexed to the average applicable key ECB interest rates over this period.

Furthermore, three additional voluntary early repayment dates were introduced to provide TLTRO III participants with additional opportunities to partly, or fully, repay their respective TLTRO III borrowings before maturity.

These changes to the terms and conditions of TLTRO III are applicable to all TLTRO III operations still outstanding.

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.

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

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



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

The principal competitors of the Issuer in the banking sector (ranking in terms of assets as at 31 December 2022) are Banco Santander Totta, Caixa Geral de Depósitos, the Millennium BCP and the Novo Banco.

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

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

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

### ***International Financial equity holdings and currency risk***

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

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

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

In addition, international equity holdings are exposed to foreign exchange risk, which is reflected mainly in the statements of income and in the balance sheets of BFA and BCI. It is relevant for these purposes the changes in the exchange rates of local currencies against the euro and in the exchange rate of the U.S. dollar

against the euro, due to the high use of the U.S. dollar in these economies, which explains that a significant share of business customer is expressed in U.S. dollars.

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

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

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

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

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

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

### **Legal and Regulatory Risks**

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

The Issuer operates in a highly regulated industry and, accordingly, could be adversely affected by regulatory changes in Portugal, the EU or foreign countries in which it operates. Although the Issuer works closely with its regulators and continually monitors this situation, future changes in regulation, taxation or other policies can be unpredictable and are beyond its control. Extensive regulation by, among others, the ECB, the Bank of Portugal, EBA, ESMA, the European Insurance and Occupational Pensions Authority (“EIOPA”), the CMVM and the Insurance and Pensions Funds Supervisory Authority (“ASF”), as well as other supervisory authorities, from the EU and the countries in which the Issuer conducts its activities could hinder the Issuer's growth by increasing compliance costs and/or reducing profitability.

Those regulations are complex and its fulfilment entails high costs as regards time spending and other resources. Additionally, non-compliance with the applicable regulations may cause damages to the Issuer's reputation, application of penalties and even loss of authorization to carry out its activities.

The implementation in the EU of Basel III has led to the approval of the package comprised of Directive 2013/36/EU (as amended, the "**CRD IV**"), implemented in Portugal by Decree-Law 157/2014, of 24 October, and Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms, amending Regulation (EU) no. 648/2012 (as amended, the "**CRR**", and, together with the CRD IV, "**CRD IV/CRR**"). The CRD IV/CRR reinforced the capital requirements of banks, imposing different minimum capital ratios (e.g. CET1 ratio, Tier 1 ratio and total ratio), and changed the definition of regulatory capital. The CRD IV includes general rules, supervision powers, and requirements relating to wages, governance and disclosure, having also introduced the following additional capital buffers, to be met with CET1:

- (a) capital conservation buffer of 2.5 per cent. of RWA;
- (b) countercyclical capital buffer rate of between 0 and 2.5 per cent. of RWA, pursuant to the conditions to be established by the competent authorities; and
- (c) systemic risk buffer: (i) applicable to institutions of global systemic importance: between 1 and 3.5 per cent. of RWA; (ii) applicable to other institutions of systemic importance: between 0 and 2 per cent. of RWA; and (iii) macroprudential systemic risk: between 1 and 3 per cent. or between 3 and 5 per cent. of RWA, depending on the economic situation.

While the final Basel III standards were set to be implemented starting from January 2022 with the output capital floor being phased-in, in light of the COVID-19 pandemic, implementation has been deferred by one-year to increase the operational capacity of banks and supervisors to respond to the COVID-19 pandemic. These reforms started from 1 January 2023 and will be phased in over five years.

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

On 30 November 2022, the Bank of Portugal has identified banking groups as Other Systemically Important Institutions ("**O-SIIs**"). The capital buffer requirement set for the Issuer, as a percentage of total risk exposure amount, is 0.500 per cent. as of 1 January 2023.

In December 2022, BPI was notified of the decision of the ECB regarding minimum capital requirements

and leverage ratio for 2023, following the outcome of the Supervisory Review and Evaluation Process in the following terms:

	<b>Minimum requirements 2023</b>			
	<b>Total</b>	<b>Of which</b>		
		<b>Pilar 1</b>	<b>Pilar 2</b>	<b>Buffers</b>
<b>CET1</b>	<b>8.57%</b>	4.50%	1.07%	3.00%
<b>Tier 1</b>	<b>10.43%</b>	6.00%	1.43%	3.00%
<b>Total Capital</b>	<b>12.90%</b>	8.00%	1.90%	3.00%
<b>Leverage ratio</b>	<b>3%</b>	3.00%	0%	0%

The buffers include the capital conservation buffer (2.5 per cent.) and the O-SII buffer (0.5 per cent.).

As of 30 June 2023, Issuer’s capital ratios were: the CET1 ratio reached 14.3 per cent., the Tier 1 ratio 15.8 per cent., the total capital ratio 18.2 per cent. and the leverage ratio stood at 7.1 per cent..

The CRD IV and CRR were further strengthened by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, amending the CRR as regards the leverage ratio, the NSFR, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements (as amended, “**CRR II**”), and by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers, and capital conservation measures (as amended, “**CRD V**”). The CRR II and CRD V introduced a new market risk framework, revisions to the large exposures regime and NSFR. The NSFR is intended to ensure that institutions are not overly reliant on short-term funding. The CRR II’s application is staggered, in accordance with Article 3 of the CRR II, from 27 June 2019 to 28 June 2023. The CRD V amends the CRD IV and was transposed into Portuguese law on 9 December 2022 by Law no. 23-A/2022, of 9 December.

Further developments in the banking market suggest that even stricter rules may be applied by a new framework (“**Basel IV**”), which would require more stringent capital requirements and greater financial disclosure. Basel IV is likely to introduce higher leverage ratios, more detailed disclosure of reserves and the use of standardised models, rather than banks' internal models, for the calculation of capital requirements. Following the publication of Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD (“**BRRD2**”), credit institutions will also be subject to more burdensome capital and other legal requirements, as these become applicable. Certain of the BRRD2’s

requirements relate to the implementation of the total loss absorbing capacity (“**TLAC**”) standard, applicable from January 2022. The TLAC standard requires global systemically important banks to hold certain ratios of instruments and liabilities (as a percentage of their respective RWA), which should be available during resolution to absorb losses.

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

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

In this context, a new regime that establishes the rules for banking activity (the “**Banking Activity Code**”) (*Código de Atividade Bancária*), which aims to replace the RGICSF has been subject to public consultation. The proposed Banking Activity Code introduces changes and/or updates on matters of, among others, internal governance, conflicts of interest and related parties, non-cooperative offshore tax jurisdictions, duties of information and administrative procedures and supervisor enforcement. As of the date of this Base Prospectus, no further legislative procedures have been developed.

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

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

Existing legal and regulatory frameworks impose obligations for credit institutions to ensure protection for borrowers, including, implementing procedures for gathering information, contacting borrowers, monitoring the execution of loan agreements and managing default risk situations; the duty to assess the financial capacity of borrowers and present default correction proposals adapted to the borrower's situation; and drawing up a plan for restructuring debts emerging from home loans or replacing mortgage foreclosures that in some cases of extra-judicial procedures may restrict the Issuer's options to (i) terminate the relevant agreements; (ii) initiate judicial proceedings against the borrower; (iii) assign its credits over the borrower; or (iv) transfer its contractual position to a third party. These legal and regulatory frameworks for borrower's protection are expected to continue in the future.

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

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

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

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

The BRRD was implemented in Portugal by a number of legislative acts, including Law no. 23-A/2022, of 9 December, as amended, which have amended the Portuguese Legal Framework of Credit Institutions and Financial Companies (hereinafter, “**RGICSF**”) (enacted by Decree-Law no. 298/92, of 31 December, as amended or superseded), including the requirements for the application of preventive measures, supervisory intervention and resolution tools to credit institutions and investment firms in Portugal.

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

- Ensure the continuity of essential financial services;
- Prevent serious consequences to financial stability;
- Safeguard public treasury and taxpayers’ interests by minimising the use of public funds;
- Safeguard depositors and investors' confidence; or
- Protect the funds and assets held for and on behalf of clients and related investment services.

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

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

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

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

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

- (ii) Bridge institution tool: establishment of a bridge institution by the resolution authority, to which shares or other ownership instruments or some or all rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution are transferred without the consent of its shareholders or of any third party;
- (iii) Asset separation tool (to be used only in conjunction with another resolution measure): transfer, by decision of the resolution authority, of rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of an institution under resolution or of a bridge institution to one or more asset management vehicles, without the consent of the shareholders of the institutions under resolution or of any third party other than the bridge institution. Asset management vehicles are legal persons fully or partially owned by the relevant resolution fund;
- (iv) Bail-in tool: write-down or conversion by the resolution authority of certain obligations of an institution under resolution, as defined under the applicable law (other than, for instance, covered deposits and secured obligations, such as covered bonds). In exceptional circumstances, when the bail-in tool is implemented, the resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers. This exception shall apply when strictly necessary and proportionate and shall fall under the specific requirements provided by law. Resolution measures may be applied to institutions if the resolution authority considers that an institution and/or certain other members of the institution's group meet the following conditions (“**Resolution Conditions**”): (a) they are failing or likely to fail, (b) there is no reasonable prospect that such failure will be avoided within a reasonable timeframe by the adoption of measures by the institution and/or certain other members of its group, the application of early intervention measures or of a Non-Viability Loss Absorption Measure (as defined below), (c) a resolution action pursues any of the public interests listed below and (d) such public interests would not be pursued more effectively by the commencement of winding-up proceedings against the relevant institution.

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



If an order were to be made under the RGICSF currently in force in respect of an entity (including the Issuer), such action may affect the entity's ability to satisfy its existing contractual obligations (including limiting its capacity to meet repayment obligations). The use of resolution tools could result in the cancellation, modification or conversion of any unsecured portion of the liability in respect of the Public Sector Covered Bonds and/or in other modifications to the Terms and Conditions of the Public Sector Covered Bonds and/or the Programme Documents.

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

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

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

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

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

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

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

In order to meet in the future MREL requirements, the Issuer may need to issue MREL-eligible instruments, affecting its funding structure and financing costs. Such mechanisms and procedures, besides having the capacity to restrain the Issuer's strategy, could increase the average cost of the Issuer's liabilities, in particular, without limitation, to the cost of additional Tier 1 and Tier 2 instruments and thus negatively affect the Issuer's earnings. Tier 1 instruments may also result in a potential dilution of the percentage of ownership of existing shareholders, if they include convertibility features. These instruments may be viewed by investors as riskier than other debt instruments, primarily due to the risk of capital losses, missed coupon payments, conversion into capital instruments and lack of available distributable items. Investor appetite for these instruments may thus decline in the future, which could render the Issuer unable to place them in the market. In this case, the Issuer would have to issue CET1 capital to meet the above mentioned regulatory requirements or issue Additional Tier 1, Tier 2 or other regulatory eligible instruments that would entail an associated coupon expense which may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

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

On 5 April 2023 the Issuer reported that it was notified by the Bank of Portugal of its MREL, as determined by the Single Resolution Board (“**SRB**”), which replaces the previous applicable requirements that were publicly disclosed on 8 March 2022.

The MREL requirements are expressed as a percentage of both Risk-Weighted Assets (“**RWA**”) and the Leverage Ratio Exposure (“**LRE**”).

As set out in the notification, the Issuer, on a sub-consolidated basis, must comply by 1 January 2024 with a minimum amount of own funds and eligible liabilities of 19.43 per cent. of RWA, or 22.43 per cent. with

the addition of the current Combined Buffer Requirement (“**CBR**”). The intermediate requirement applicable from 1 January 2022 is 16.18 per cent. of RWA, or 19.18 per cent. including the current CBR.

The MREL requirement as a percentage of LRE is 5.91 per cent. (unchanged from previous communication), applicable from 1 January 2022.

As of 31 December 2022, the Issuer already exceeded the final MREL requirements, both as a percentage of RWA and as a percentage of LRE.

#### **MREL requirements (including CBR) vs. reported ratios as of December 2022**

	<b>MREL requirements</b>		<b>MREL ratios</b>
	Current	2024	31 Dec. 2022
<b>% RWA</b>	19.18%	22.43%	25.6%
<b>% LRE</b>	5.91%	5.91%	11.1%

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

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

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

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

agreed between the Portuguese authorities, European bodies and Banco Santander Totta.

The Portuguese Resolution Fund is funded by contributions from its participating institutions (including BPI). The Issuer's pro rata share in the Resolution Fund will vary from time to time according to the Issuer's liabilities and own funds, when compared to the other institutions participating in the Resolution Fund. Contributions to the Resolution Fund are adjusted to reflect the risk profile, the systemic relevance and the solvency position of each participating institution.

As of 30 June 2023, and in accordance with Decree-Law no. 24/2013, of 19 February, Issuer's Resolution Fund periodic contribution amount totalled €4.8 million.

In relation to the contribution on the banking sector, as at 30 June 2023, the Issuer paid €22.3 million which were transferred by the Portuguese State to the Resolution Fund.

The periodic contributions to the Portuguese Resolution Fund are determined by the application of a contributory rate to the end of month outstanding balance of liabilities, deducted by own funds and deposits already included in the deposit guarantee scheme. Pursuant to Bank of Portugal's Instruction (*Instrução*) 19/2022 for 2023, the rate has been set at 0.029 per cent.

The periodic contribution to the Single Resolution Fund paid by the Issuer as of 30 June 2023 was €10.4 million, including contributions collected under the combined terms of the scheme transposing BRRD and the SRM Regulation to the institutions covered by the SRM.

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

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

#### ***Risks relating to changes in legislation on deferred tax assets***

As of 30 June 2023, the Issuer had registered Deferred Tax Assets ("DTAs") of €157 million, of which €31 million were not dependent on future profitability (as at 31 December 2022: €178 million).

According to current legislation, if the Issuer incurs losses, there is the risk that the Portuguese State will become a shareholder of BPI by virtue of the DTA's conversion into ordinary shares notwithstanding the right of BPI's shareholder to acquire the conversion rights attributed to the Portuguese State following the DTAs' conversion.

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

## **RISK FACTORS RELATING TO THE PUBLIC SECTOR COVERED BONDS**

### ***Legal Risk***

Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 (the “**CBD**”) and Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 were published in the Official Journal on 18 December 2019 and came into effect on 7 January 2020. The CBD replaces current Article 52(4) of Directive 2009/65/EC on undertakings for collective investment in transferable securities (as amended) and establishes a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that Member States may choose to exercise when implementing the new directive into their national legal orders).

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

In accordance with the transitional provisions of Decree-Law 31/2022, of 6 May 2022, an issuer of public sector covered bonds under the Public Sector Covered Bonds Law may apply to the CMVM, as supervisory authority, to convert its existing public sector programme, under the Public Sector Covered Bonds Law, to a public sector programme compliant with the Legal Regime of Public Sector Covered Bonds. The Issuer has submitted the application to the CMVM. The CMVM authorised such conversion, and thus this Base Prospectus is compliant with the Legal Regime of Public Sector Covered Bonds. The new legislative framework has not yet been tested, thus possible uncertainties of interpretation may arise.

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

### ***Public Sector Covered Bonds may be subject to an Extended Maturity Date***

An Extended Maturity Date may apply to each Series of Public Sector Covered Bonds issued under the Programme. If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Public Sector Covered Bonds, the maturity of the relevant Series of Public Sector Covered Bonds will be automatically extended (subject to any earlier redemption on an Interest Payment Date, as described in the paragraph below) to the Extended Maturity Date if either (i) the Issuer fails to redeem the relevant Series of

Public Sector Covered Bonds on the applicable Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for 5 Business Days thereafter or (ii) the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority, and in each case notice thereof has been (or, in the case of (ii), is subsequently) given to CMVM, all as further described in Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions. If within 10 calendar days of receiving such notice, CMVM objects to such extension of maturity, the extension of maturity will then cease to apply and the relevant Series of Public Sector Covered Bonds will be redeemed at their Final Redemption Amount together with any accrued interest determined in accordance with Condition 4.4(B) of the Terms and Conditions on the applicable Maturity Date or (if the date such objection is received by the Issuer from CMVM is after the applicable Maturity Date) the Extension Cessation Date. In the event of any extension of maturity of a Series of Public Sector Covered Bonds pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions, the Issuer may also redeem all or part of the Principal Amount Outstanding of those Public Sector Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date, subject as otherwise provided in the applicable Final Terms. The interest payable on the Principal Amount Outstanding of any Series of Public Sector Covered Bonds that has had its maturity extended pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions (and provided CMVM has not objected to any such extension) will change as provided in the applicable Final Terms and such interest may apply on a fixed or floating basis. Neither (i) the extension of maturity of any Series of Public Sector Covered Bonds from the applicable Maturity Date to the applicable Extended Maturity Date nor (ii) any redemption of such Public Sector Covered Bonds on the applicable Extension Cessation Date pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions will entitle the holders of such Public Sector Covered Bonds to accelerate payments on those Public Sector Covered Bonds or constitute an event of default for any purpose and no payment will be due to the holders of Public Sector Covered Bonds in that event other than as set out in the Terms and Conditions (see Terms and Conditions) as amended by the applicable Final Terms. In respect of any Series of Public Sector Covered Bonds, in case of liquidation or resolution of the Issuer, no extension to an Extended Maturity Date will (i) affect the ranking between any holders of Public Sector Covered Bonds or (ii) invert the sequencing of the original maturity schedule of Public Sector Covered Bonds.

Although the CMVM has approved the conversion of the Programme, no assurance can be given by the Issuer that the CMVM will not oppose the extension of any Series of Public Sector Covered Bonds in the future.

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

The holders of Public Sector Covered Bonds issued by the Issuer under the Programme whether outstanding at the date hereof or in the future benefit from a special creditor privilege (“*privilégio creditório especial*”) over all assets comprised in the Cover Pool in relation to the payment of principal and interest on the Public Sector Covered Bonds (see “*Characteristics of the Cover Pool*”). The Legal Regime of Public Sector Covered Bonds establishes that any Hedge Counterparties at the date hereof and in the future are also preferred creditors of the Issuer also benefit from the above-mentioned special creditor privilege (“*privilégio creditório especial*”).

None of the assets comprised in the Cover Pool are or will be exclusively available to meet the claims of the holders of certain Public Sector Covered Bonds ahead of other holders of Public Sector Covered Bonds or of Other Preferred Creditors of the Issuer at the date hereof or in the future.

***The lack of a profitable secondary market***

Public Sector Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Public Sector Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Public Sector Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or that have been structured to meet the investment requirements of limited categories of investors. These types of Public Sector Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Public Sector Covered Bonds.

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

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

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each securities rating should be evaluated independently of any other securities rating. In the event that any rating initially assigned to the Public Sector Covered Bonds is subsequently lowered, withdrawn or qualified for any reason, the Issuer will not be obliged to provide any credit facilities or credit enhancement to restore the original rating. Any

such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Public Sector Covered Bonds.

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

In addition, the negative economic impact which may be caused by events such as certain meteorological conditions, natural disasters, fires or widespread health crises or the fear of such crises (such as COVID-19) may result in downgrades to the ratings assigned to the Public Sector Covered Bonds. If any rating assigned to the Public Sector Covered Bonds is lowered or withdrawn, the market value of the Public Sector Covered Bonds may be reduced.

European regulated institutions are in general restricted from using credit ratings for regulatory purposes in the EEA under the CRA Regulation, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

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

If the status of the rating agency rating the Public Sector Covered Bonds changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the



rating for regulatory purposes in the EEA or the UK, as applicable, and the Public Sector Covered Bonds may have a different regulatory treatment, which may impact the value of the Public Sector Covered Bonds and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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

The long term/short term ratings currently assigned to the Issuer are Baa1/P-2 with stable outlook by Moody's España, BBB+/F2 with stable outlook by Fitch and BBB+/A-2 with stable outlook by S&P.

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

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR) have been the subject of recent national and international regulatory guidance and proposals for reform. Some reforms are already effective whilst others are still to be implemented, with further changes being anticipated. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Public Sector Covered Bonds referencing such a benchmark.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks provided by administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable could have a material impact on any Public Sector Covered Bonds linked to or referencing a benchmark, particularly if the methodology or other terms of the benchmark are changed to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could reduce

or increase the rate or level, or affect the volatility of the published rate or level of the relevant benchmark (including EURIBOR).

More broadly, any of the international or national reforms or proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with the associated regulations or requirements. Such factors may (i) discourage market participants from continuing to administer or to contribute to benchmarks; (ii) trigger changes in the rules or methodologies used in benchmarks; (iii) lead to the disappearance of certain benchmarks.

The working group on euro risk-free rates published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates and states that, *inter alia*, contracts and financial instruments referencing EURIBOR should include provision covering trigger events related to permanent cessation, temporary non-availability and non-representativeness and that trigger events should be objectively drafted in precise terms and refer to events made publicly available by the regulatory supervisor of the EURIBOR administrator. Finally, the final recommendations further state that market participants should seek consistency and use the same trigger events for all assets classes when developing and introducing fallback provisions in different financial instruments and contracts referencing EURIBOR, to the extent possible and appropriate and the replacement date should occur on the date on which the benchmark has effectively ceased to be provided or is no longer representative.

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

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forward. This may cause EURIBOR to perform differently than it has done in the past and may have other consequences which cannot be predicted. The potential elimination of benchmarks, such as EURIBOR, the establishment of alternative reference rates or changes in how a benchmark is administered could also require adjustments to the terms of benchmark-linked securities and may result in other consequences, such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was still available in its current form.

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

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

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

Rate Public Sector Covered Bonds and the adverse effect this may have on the value or liquidity of, and return on, any Floating Rate Public Sector Covered Bonds linked to EURIBOR or any other relevant interest rate benchmark.

***The Public Sector Covered Bonds are intended to be labelled as “European Covered Bond (Premium)”***

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

**RISKS SPECIFIC TO COVER POOL**

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

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

At the date of this Base Prospectus, the Issuer intends to include the Cover Pool credit assets over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities, other eligible assets, substitution assets and hedging contracts which are located in Portugal as Primary Assets.

The Legal Regime of Public Sector Covered Bonds permits the composition of the Cover Pool to be dynamic and does not require it to be static. Accordingly, the composition of the assets comprised in the Cover Pool will change from time to time, in accordance with the Legal Regime of Public Sector Covered Bonds. For further information in respect of the Cover Pool, see *Characteristics of the Cover Pool*.

***Amortisation of Public Sector Credits***

Public Sector Credits which are included in the Cover Pool are and will generally be subject to amortisation of principal and payment of interest on a monthly basis. They are also subject to early repayment of principal

at any time in whole or part by the relevant borrowers. Early repayments of principal on public sector credits may result in the Issuer being required to include further public sector credits and/or substitution assets in the Cover Pool in order for the Issuer to comply with the financial matching requirements under the Legal Regime of Public Sector Covered Bonds. If the Issuer is not able to properly include or substitute assets as aforesaid, this may cause the Issuer not comply with the financial matching requirements under the Legal Regime of Public Sector Covered Bonds and can impact the performance of the Cover Pool, and the value of and amounts ultimately payable under the Public Sector Covered Bonds.

***The Issuer's entitlement to enter into Hedging Contracts***

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

## RESPONSIBILITY STATEMENTS

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation providing information on the Issuer and the Public Sector Covered Bonds which, according to their respective nature, is necessary to enable investors to make an informed assessment of the Issuer's assets and liabilities, financial position, profit and losses, and prospects, as well as of the features and characteristics of the Public Sector Covered Bonds.

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

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

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

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

In accordance with article 149, no. 3 (directly and *ex vi* article 238(1)) of the Portuguese Securities Code, liability of the entities referred to above is excluded if any such entities proves that the addressee knew or should have known about the inaccuracies in the contents of this Base Prospectus on the date of issue of the contractual declaration or when the respective revocation was still possible. Pursuant to article 150 of the Portuguese Securities Code, the Issuer is strictly liable (i.e. independently of fault) if any of the members of its Board of Directors, its Audit Committee, or PwC is held responsible for such information. As per article 238(3)(b) of the Portuguese Securities Code, the right to compensation based on the responsibility for the information contained in the Base Prospectus, as per article 149, is to be exercised within six months following the knowledge of an inaccuracy in the contents of this Base Prospectus or the amendment thereto and ceases, in any case, two years following disclosure of (i) this Base Prospectus for admission to trading on a regulated market or (ii) amendment thereto that contains the defective information or forecast.

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

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in, or not consistent with, this Base Prospectus or any other information supplied in connection with the Programme or the Public Sector Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger (as defined in *Definitions*), the Common Representative (as defined under *Overview of the Programme*) or any of the Dealers. Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Public Sector Covered Bonds shall, in any circumstances, imply that the information contained herein concerning the Issuer is correct at any time after the date hereof or after the date on which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct as of or as at any time subsequent to, the date indicated in the document containing such information.

If, between the date of this Base Prospectus and the closing date of any offer or the date of any admission to trading made thereunder, any new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus occurs, or if the Issuer becomes aware of a previously existing fact not disclosed in this Base Prospectus, any of which may affect the assessment of any Public Sector Covered Bonds, the Issuer will prepare a supplement to this Base Prospectus. The Arranger, the Common Representative and the Dealer expressly refrain from undertaking any to review of the financial condition or affairs of the Issuer during the duration of the Programme or to advise any investor in the Public Sector Covered Bonds of any information coming to their attention. Investors should review, amongst other things,

the most recent financial statements, if any, of the Issuer when deciding whether or not to purchase any Public Sector Covered Bonds.

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

This Base Prospectus or any Final Terms (as defined below) do not constitute an offer to sell or a solicitation of an offer to buy any securities other than Public Sector Covered Bonds or an offer to sell or a solicitation of any offer to buy any Public Sector Covered Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Public Sector Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Dealer do not represent that this Base Prospectus may be lawfully distributed, or that any Public Sector Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary, no action has been taken by the Issuer, the Arranger or the Dealer (save for the CMVM's approval of this Base Prospectus as a base prospectus for the purposes of the Prospectus Regulation) which would permit a public offering of any Public Sector Covered Bonds or the distribution of Base Prospectus or any other offering material relating to the Programme or the Public Sector Covered Bonds issued thereunder in any country or jurisdiction where action for that purpose is required. Accordingly, no Public Sector Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material relating to the Programme or the Public Sector Covered Bonds issued thereunder may be distributed or published in any jurisdiction, except under circumstances that would result in compliance with any applicable securities laws and regulations. Persons into whose possession this Base Prospectus or any Public Sector Covered Bonds may come must inform themselves about, and observe any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Public Sector Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Public Sector Covered Bonds in the United States, the EEA (including among other countries, Portugal and Belgium), the UK, Switzerland, Singapore and Japan. See *Subscription and Sale and Secondary Market Arrangements*.

The Arranger, the Common Representative and the Dealer have not independently verified (i) the information contained or incorporated in this Base Prospectus or (ii) any statement, representation or warranty, or compliance with any covenant, of the Issuer contained in any Public Sector Covered Bonds or any other agreement or document relating to any Public Sector Covered Bonds or made in connection with the Programme, or any other agreement or document relating to the Programme. Accordingly, none of the Arranger, the Common Representative or the Dealer makes any representation, warranty or undertaking,



express or implied, or accepts any responsibility, with respect to (a) to the accuracy or completeness of any of the information contained in this Base Prospectus, or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any Public Sector Covered Bonds or any other agreement or document relating to any Public Sector Covered Bonds or the Programme. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the Public Sector Covered Bonds is intended to provide the basis for any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, the Common Representative or the Dealer that any recipient of this Base Prospectus or any other financial information supplied in connection with the Programme should purchase the Public Sector Covered Bonds. Each potential purchaser of Public Sector Covered Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Public Sector Covered Bonds should be based upon its own independent investigation as it deems necessary (namely of the financial condition, affairs and creditworthiness of the Issuer and the advantages and risks of investing in Public Sector Covered Bonds). None of the Arranger, the Common Representative or the Dealer undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in Public Sector Covered Bonds of any information coming to the attention of the Arranger, the Common Representative or the Dealer.

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

authorise, the making of any offer of Public Sector Covered Bonds in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

1. The unaudited first half 2023 report (limited review reports on the condensed interim financial statements) ([bancobpi.pt/contentservice/getContent?documentName=PR\\_UCMS02082901](https://www.bancobpi.pt/contentservice/getContent?documentName=PR_UCMS02082901)).
2. The audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2022 (the Annual report 2022 which can be found at [https://www.bancobpi.pt/contentservice/getContent?documentName=PR\\_UCMS02078479](https://www.bancobpi.pt/contentservice/getContent?documentName=PR_UCMS02078479)).
3. The audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2021 (the Annual report 2021 which can be found at [https://www.bancobpi.pt/contentservice/getContent?documentName=PR\\_UCMS02066621](https://www.bancobpi.pt/contentservice/getContent?documentName=PR_UCMS02066621)).
4. the articles of association (in Portuguese) of BPI which can be found at [https://rep.bancobpi.pt/RepMultimedia/getMultimedia.asp?channel=Multimedia%20-%20RI%20-%20Informa%E7%E3o%20Obrig%20Investidores&content=Estatutos\\_Contrato\\_BancoBPI\\_PT](https://rep.bancobpi.pt/RepMultimedia/getMultimedia.asp?channel=Multimedia%20-%20RI%20-%20Informa%E7%E3o%20Obrig%20Investidores&content=Estatutos_Contrato_BancoBPI_PT)).

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the CMVM in accordance with Articles 3 and 23, respectively, of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

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

The table below refers to points (1) to (3) above:

<i>Information incorporated by reference</i>	<i>Reference</i>
<b>The first half 2023 Report (limited review reports on the condensed interim financial statements)</b>	
Consolidated financial statements	Page 67
Notes to the consolidated financial statements	Page 74

<i>Information incorporated by reference</i>	<i>Reference</i>
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Limited Review Report on the interim financial statements	Page 151
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<i>Information incorporated by reference</i>	<i>Reference</i>
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**The audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2022 (Annual report 2022)**

Auditors' report relating to the accounts for the period ended 31 December 2022	Pages 346-357
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Consolidated balance sheets	Page 191
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Consolidated statements of profit or loss	Page 192
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Consolidated statements of profit or loss and other comprehensive income	Pages 193
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Consolidated statements of cash flows	
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Statements of changes in shareholders' equity	Pages 196
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Notes to the consolidated financial statements	Pages 194
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	Pages 197-345
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<i>Information incorporated by reference</i>	<i>Reference</i>
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Auditors' report relating to the accounts for the period ended 31 December 2021	Pages 384-395
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The page references for the first half 2023 report consolidated results earnings presentation (unaudited) and for both 2022 and 2021 annual reports refer to the documents in PDF format.

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

## **FORM OF THE PUBLIC SECTOR COVERED BONDS AND CLEARING SYSTEMS**

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

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

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

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

### **Public Sector Covered Bonds held through Interbolsa**

#### *General*

Interbolsa manages a centralised system (*sistema centralizado*) composed by interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred, and which allows Interbolsa to control at all times the number of securities so created, held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

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

In relation to each issue of securities, Interbolsa’s centralised system comprises, *inter alia*, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa’s centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Public Sector Covered Bonds held through Interbolsa will be attributed an International Securities Identification Number (“**ISIN**”) code through the codification system of Interbolsa and will be accepted for clearing through LCH.Clearnet, S.A., the clearing system operated at Interbolsa, as well as through the clearing systems operated by Euroclear and Clearstream, Luxembourg and settled by Interbolsa’s settlement system.

Under the procedures of Interbolsa’s settlement system, settlement of stock exchange transactions takes place on the second Business Day after the trade date and is provisional until the financial settlement that takes place on the settlement date.

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

#### *Form of the Public Sector Covered Bonds*

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

The Public Sector Covered Bonds of each Series will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Affiliate Member of Interbolsa on behalf of the holders of the Public Sector Covered Bonds. Such control accounts reflect at all times the aggregate of Public Sector Covered Bonds held in the individual securities accounts opened by the holders of the Public Sector Covered Bonds with each of the Affiliate Member of Interbolsa. The expression “**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

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

Registering the Public Sector Covered Bonds with Interbolsa does not necessarily mean that the Public Sector Covered Bonds will be recognised as eligible collateral for the monetary authority of the euro area which comprises the ECB and the national central banks of the Member States whose currency is the Euro

(the “**Eurosystem**”) monetary policy and intra-day operations by the Eurosystem either upon issue, or at any or all times during their life, as such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

*Payment of principal and interest in respect of Public Sector Covered Bonds*

Payment of principal and interest in respect of the Public Sector Covered Bonds (i) in Euros will be (a) credited, according to the procedures and regulations of Interbolsa, by the Paying Agent (acting on behalf of the Issuer) to T2 payment current-accounts held in the payment system of T2 according to the applicable procedures and regulations of Affiliate Members of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Public Sector Covered Bonds and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Public Sector Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Public Sector Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; (ii) in currencies other than Euro will be (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by CGD, to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Public Sector Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Public Sector Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

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

- (a) the identity of the Paying Agent responsible for the relevant payment; and
- (b) a statement of acceptance of such responsibility by the Paying Agent.

The Affiliate Member of Interbolsa must inform Interbolsa of the bank accounts to which the relevant payments shall be made. Interbolsa must notify the Bank of Portugal of the amounts to be settled, which Interbolsa calculates on the basis of the balances and on the tax rules governing the accounts of the Affiliate Members of Interbolsa.

The Paying Agent notifies Interbolsa of the amounts to be paid for payments to be processed in accordance with Interbolsa procedures and regulations. In the case of a partial payment, the amount held in the T2



current account of the Paying Agent must be apportioned pro-rata between the accounts of the Affiliate Members of Interbolsa.

*Transfer of Public Sector Covered Bonds held through Interbolsa*

Public Sector Covered Bonds may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Public Sector Covered Bonds. No owner of a Public Sector Covered Bond will be able to transfer such Public Sector Covered Bond, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

## FINAL TERMS OF THE PUBLIC SECTOR COVERED BONDS

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

Final Terms dated [●]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Public Sector Covered Bonds are not intended to be offered, sold or otherwise made available to (and should not be offered, sold or otherwise made available to) any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May (as amended, “**MiFID II**”) or (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January, on insurance distribution (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 Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Public Sector Sector Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Public Sector Covered Bonds or otherwise making them available to any retail investor in the EEA might be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Public Sector Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EU (Withdrawal) Act 2018 (“**EUWA**”), (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA, or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Public Sector Covered Bonds or otherwise making them available to retail investors

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<sup>1</sup> Legend to be included on front of the Final Terms if the Public Sector Covered Bonds potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

in the UK has been prepared and therefore offering or selling the Public Sector Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

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**[MIFID II product governance / Professional investors and eligible counter parties only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Public Sector Covered Bonds has led to the conclusion that: (i) the target market for the Public Sector Covered Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Public Sector Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Public Sector Covered Bonds (a “**Distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Public Sector Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]<sup>3</sup>

**[UK MiFIR PRODUCT GOVERNANCE – PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Public Sector Covered Bonds has led to the conclusion that: (i) the target market for the Public Sector Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the [EU (Withdrawal) Act 2018/EUWA] (“**UK MiFIR**”); and (ii) all channels for distribution of the Public Sector Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Public Sector Covered Bonds (a “**UK distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Public Sector Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]<sup>4</sup>

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

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

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

# Banco BPI, S.A.

Legal entity identifier (LEI): 3DM5DPGI3W6OU6GJ4N92

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

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

THE PUBLIC SECTOR COVERED BONDS (AS DESCRIBED HEREIN) ARE ISSUED IN ACCORDANCE WITH DECREE-LAW NO. 31/2022, OF 6 MAY, 2022 (THE “**LEGAL REGIME OF PUBLIC SECTOR COVERED BONDS**”). THE ISSUER HAS THE CAPACITY TO ISSUE PUBLIC SECTOR COVERED BONDS IN ACCORDANCE WITH THE LEGAL REGIME OF PUBLIC SECTOR COVERED BONDS. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE PUBLIC SECTOR COVERED BONDS ARE SECURED BY THE COVER POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE LEGAL REGIME OF PUBLIC SECTOR COVERED BONDS.

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

## **PART A – CONTRACTUAL TERMS**

*Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Public Sector Covered Bonds (the “**Terms and Conditions**”) set forth in the Base Prospectus dated [12] October 2023 [, as supplemented on [●]](the “**Base Prospectus**”), which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”). The Terms and Conditions are incorporated by reference into in each Public Sector Public Sector described herein, as applicable. This document constitutes the Final Terms of the Public Sector Public Sector described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [, as supplemented]. This document constitutes the Final Terms of the Public Sector Covered Bonds described herein for the purposes of Article 8 the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. A copy of the Base Prospectus [and any supplements thereto] [is] [are] available for viewing at [www.bancobpi.pt](http://www.bancobpi.pt) and [www.cmvm.pt](http://www.cmvm.pt). A copy of these Final Terms is available for viewing at [www.bancobpi.pt](http://www.bancobpi.pt) and [www.cmvm.pt](http://www.cmvm.pt).]*

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

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

1. (i) Issuer Banco BPI, S.A.  
(ii) Series Number: [●]  
(iii) [Tranche Number: [●]  
*[(If fungible with an existing Series, details of that Series, including the date on which the Public Sector Covered Bonds become fungible.)]*
2. Specified Currency or Currencies: [●]
3. (i) Aggregate Nominal Amount of Public Sector Covered Bonds:  
A. Series: [●]  
B. Tranche: [●]  
(ii) Specify whether Public Sector Covered Bonds are to be admitted to trading [Yes (if so, specify each Series/Tranche)/No]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
5. Specified Denominations: [●]  
*(N.B. the minimum denomination of each Public Sector Covered Bond is €100,000)*
6. (i) Issue Date: [●]  
(ii) [Interest Commencement Date (if different from the Issue Date): [●]  
*(NB: An Interest Commencement Date will not be relevant for certain Public Sector Covered Bonds, for example Zero Coupon Public Sector Covered Bonds.)*
7. Maturity Date: *[specify date (for Fixed Rate Public Sector Covered Bonds) or (for Floating Rate Public Sector Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year]*

*(NB: In case (i) no Extended Maturity Date is specified or (ii) an Extended Maturity Date is specified when a Series of Public Sector Covered Bonds with no Extended Maturity Date feature is outstanding, the Issuer, when deciding the applicable Maturity Date, shall ensure that such change will not affect the ranking of outstanding Public Sector Covered Bonds nor invert the sequencing of the original maturity schedule of outstanding Public Sector Covered Bonds in case of resolution or liquidation.)*

8. Extended Maturity Date: [Applicable/Not Applicable]  
 [insert date] (The date shall be at least one year after the Maturity Date, provided that in any case the Issuer may not specify an Extended Maturity Date that is earlier than the applicable Extended Maturity Date for any other outstanding Series of Public Sector Covered Bonds with an earlier Maturity Date.)
9. Interest Basis:
- (i) Period to (and including) Maturity Date (or the Extension Cessation Date, if applicable): [[●] per cent. Fixed Rate] [[specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
- (ii) Period from (but excluding) Maturity Date up to (and including) Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable] / [[●] per cent. Fixed Rate] [[specify reference rate] +/- [●] per cent. Floating Rate] (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Other (specify)]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for change of Public Sector Covered Bonds into another interest or redemption/payment basis]
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [Not applicable]  
 [(further particulars specified below)]
13. (i) Status of the Public Sector Covered Bonds: The Public Sector Covered Bonds will be direct, unconditional and senior obligations of the Issuer and rank equally with all other public sector covered bonds issued or to be issued by the Issuer. The Public Sector Covered Bonds

will qualify as public sector covered bonds for the purposes of the Legal Regime of Public Sector Covered Bonds.

(ii) [Date [Board] approval for issuance of Public Sector Covered Bonds obtained]: [●]

14. Method of distribution: [Syndicated/Non-syndicated]

15. Listing/Admission to Regulated Market [Euronext Lisbon/specify other/None]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Public Sector Covered Bonds Provisions

[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)

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

[Applicable/Not Applicable] (If subparagraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)

- From Maturity Date up to Extended Maturity Date (subject to condition 6.7(F)):

*(State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Covered Bonds are Fixed Rate Public Sector Covered Bonds after the Maturity Date (subject to Condition 6.7(F).))*

(i) Rate (s) of Interest:

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

[●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

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

[Not Applicable]/ [●] per cent per annum. [payable[annually/semi-annually/quarterly] in arrear]

*(State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Covered Bonds are Fixed Rate Public Sector Covered Bonds after the Maturity Date (subject to Condition 6.7(F).))*

(ii) Interest Payment Date(s):

- To Maturity Date:

[[●] in each year up to and including the Maturity Date / [specify other]]

- From Maturity Date up to Extended Maturity Date:

[Not Applicable] [[●] in each month up to and including the Extended Maturity Date]/[specify other]

*[State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Covered Bonds are Fixed Rate Public Sector Covered Bonds after the Maturity Date (subject to Condition 6.7(F).)]*

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

- To Maturity Date: [[●] per [●] in nominal amount]
- From Maturity Date up to Extended Maturity Date: [Not Applicable] [[●] per [●] in nominal amount]  
*[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Covered Bonds are Fixed Rate Public Sector Covered Bonds after the Maturity Date.]*

(iv) Broken Amount:

- To Maturity Date: *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]*
- From Maturity Date up to Extended Maturity Date: [Not Applicable] *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]*  
*(State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Covered Bonds are Fixed Rate Public Sector Covered Bonds after the Maturity Date (subject to Condition 6.7(F).))*

(v) Day Count Fraction

- To Maturity Date (or the Extension Cessation Date, if applicable): [30/360 or Actual/Actual (ICMA) or *[specify other]*]
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F): [Not Applicable] [30/360 or Actual/Actual (ICMA) or *[specify other]*]  
*[State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Covered Bonds are Fixed Rate Public Sector Covered Bonds after the Maturity Date.]*

(vi) Determination Date(s):

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



- (vii) Other terms relating to the method of calculating interest for Fixed Rate Public Sector Covered Bonds: [None/give details]
17. Floating Rate Public Sector Covered Bonds Provisions
- To Maturity Date (or the Extension Cessation Date, if applicable): [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph.)*
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph.)*  
[State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Covered Bonds are Floating Rate Public Sector Covered Bonds after the Maturity Date (subject to Condition 6.7(F).)]
- (i) Specified Period(s)/Specified Interest Payment Dates:
- To Maturity Date: [•]
  - From Maturity Date up to Extended Maturity Date: [Not Applicable]/[•]  
*[State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Covered Bonds are Floating Rate Public Sector Covered Bonds after the Maturity Date.]*
- (ii) Business Day Convention:
- To Maturity Date (or the Extension Cessation Date, if applicable): [Floating Rate Convention/ Following Business Day Convention/ Modified Following (Adjusted) Business Day Convention/Preceding Business Day Convention/other *(give details)*]
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/[Floating Rate Convention/ Following Business Day Convention/ Modified Following (Adjusted) Business Day Convention/Preceding Business Day Convention/other *(give details)*] *[State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Covered Bonds are Floating Rate Public Sector Covered Bonds after the Maturity Date.]*
- (iii) Additional Business Centre(s):
- To Maturity Date (or the Extension Cessation Date, if applicable): [•]
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/ [•]

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

(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:

- To Maturity Date (or the Extension Cessation Date, if applicable):
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):

[Screen Rate Determination/ISDA Determination/other *(give details)*]

[Not Applicable]/ [Screen Rate Determination/ISDA Determination/other *(give details)*]

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

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

- To Maturity Date (or the Extension Cessation Date, if applicable):
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):

[•]

[Not Applicable]/ [•]

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

(vi) Screen Rate Determination:

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

Reference Rate:

[•]

Interest Determination Date:

[•] *(Second day on which the T2 is open prior to the start of each Interest Period if Euribor)*

Relevant Screen Page:

[•] *(in the case of Euribor, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions accordingly)*

b) From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):

[Not Applicable]

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

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

(vii) ISDA Determination:

a) To Maturity Date:

Floating Rate Option:	[●]
Designated Maturity:	[●]
Reset Date:	[●]

b) From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):

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

Floating Rate Option:	[●]
Designated Maturity:	[●]
Reset Date:	[●]

(viii) Margin(s):

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

(ix) Minimum Rate of Interest:

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

(x) Maximum Rate of Interest:

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

(xi) Day Count Fraction:

- To Maturity Date (or the Extension Cessation Date, if applicable): [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
(see Condition 4 (*Interest*) for alternatives)
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/  
[Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other] (see Condition 4 (*Interest*) for alternatives)  
  
[*State “Not Applicable” unless Extended Maturity Date applies and the Public Sector Covered Bonds are Floating Rate Public Sector Covered Bonds after the Maturity Date.*]

(xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Public Sector Covered Bonds, if different from those set out in the Terms and Conditions:

- To Maturity Date (or the Extension Cessation Date, if applicable): [●]
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/ [●]  
[State "Not Applicable" unless Extended Maturity Date applies and the Public Sector Covered Bonds are Floating Rate Public Sector Covered Bonds after the Maturity Date.]
18. Zero Coupon Public Sector Covered Bonds Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [●] per cent. per annum
  - (ii) Reference Price [●]
  - (iii) Any other formula/basis of determining amount payable: [●]
  - (iv) Day Count Fraction in relation to late payment: [Condition 6.6 applies/specify other]  
*(consider applicable day count fraction if not U.S. dollar denominated)*
  - (v) Interest rate applicable in case extension applies before the Maturity Date: As provided above

**PROVISIONS RELATING TO REDEMPTION**

19. Call Option [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) of each Public Sector Covered Bond and method, if any, of calculation of such amount(s): [●] per Public Sector Covered Bond of [●] Specified Denomination
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●]
    - (b) Maximum Redemption Amount: [●]

- (iv) Notice period (if other than as set out in the Terms and Conditions): [●] *(NB – If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
20. Put Option [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Public Sector Bond and method, if any, of calculation of such amount(s): [●] per Public Sector Covered Bond of [●] Specified Denomination
- (iii) Notice period: [●] *(NB: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
21. Final Redemption Amount of each Public Sector Covered Bond [[●] per Public Sector Covered Bond of [●] Specified Denomination/Other/See Appendix]
22. [Early Redemption Amount of each Public Sector Covered Bond payable on an event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6 (*Redemption and Purchase*)))] [Applicable/Not Applicable]  
*(NB: The Final Redemption Amount shall correspond at least to the nominal amount)*

#### **GENERAL PROVISIONS APPLICABLE TO THE PUBLIC SECTOR COVERED BONDS**

23. Form of Public Sector Covered Bonds: Registered Public Sector Covered Bonds (*nominativas*) in book entry form (*escriturais*)
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]  
*(Note that this item relates to the place of payment and not Interest Period end dates to which item 17 (iii) relates)*

25. Redenomination applicable: [Applicable/Not Applicable] (*if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms*)
26. Other final terms: [Not Applicable/give details]  
*(When adding on any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*
- [In order for withholding tax not to apply the holders of the Public Sector Covered Bonds must, inter alia, deliver certain tax certifications. See Taxation section.]*

## DISTRIBUTION

27. (i) If syndicated, names of Dealers: [Not Applicable/give names and date of relevant agreement]  
(ii) Stabilisation Manager (if any): [Not Applicable/give names]  
(iii) Commission Payable / Selling Concession: [●]
28. If non-syndicated, name of relevant Dealer: [Not Applicable/give name and date of relevant agreement]
29. Additional selling restrictions: [Not Applicable/give details ]  
Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]  
*(if the offered Public Sector Covered Bonds clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Public Sector Covered Bonds may constitute “packaged products” and no KID will be prepared in the EEA, “Applicable” should be specified)*
30. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]  
*(If the Public Sector Covered Bonds clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Public Sector Covered Bonds may constitute “packaged” products and no KID will be prepared in the UK, “Applicable” should be specified)*
31. Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]  
*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

32. Relevant Benchmark[s]

*[specify benchmark] is provided by administrator legal name][repeat as necessary]. [[administrator legal name] [appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the of the Benchmark Regulation.*

*[As far as the Issuer is aware, [[insert benchmark(s)] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that regulation]/[the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [insert names(s) of administrator(s)] [is/are] not currently required to obtain authorisation or registration.]/[Not Applicable].*

## **LISTING AND ADMISSION TO TRADING APPLICATION**

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

## **RESPONSIBILITY**

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

Signed on behalf of the Issuer:

Signed on behalf of the Issuer:

By: .....

By: .....

Duly authorised

Duly authorised



## PART B – OTHER INFORMATION

### 1. Listing

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

### 2. Ratings

- Ratings: The Public Sector Covered Bonds to be issued [have been]/[are expected to be] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms]. Each of [defined terms] is established in the [European Economic Area (“EEA”) / United Kingdom (“UK”)] and is registered under [Regulation (EC) no. 1060/2009, as amended (the “CRA Regulation”) / Regulation (EC) no. 1060/2009 as it forms part of UK domestic law by virtue of the EU (Withdrawal) Act 2018 (the “UK CRA Regulation”)]:
- [DBRS: [●]]
- [Moody’s: [●]]
- [[●] (specify): [●]]
- (The above disclosure should reflect the rating allocated to Public Sector Covered Bonds being issued)*
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### 3. **[Interests of Natural and Legal Persons Involved in the [Issue/Offer]**

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

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Public Sector Covered Bonds has an interest material to the offer.” – *amend as appropriate if there are other interests]*

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

[(i)] Reasons for the offer [•]

*(See USE OF PROCEEDS] wording in the Base Prospectus – if reasons for the offer differ from what is disclosed in the Base Prospectus will need to include those reasons here.)]*

[(ii)] Estimated net proceeds [•]

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

[(iii)] Estimated total expenses: [•]

### 5. **Yield**

Indication of yield: [•]

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

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

## 6. Operational Information

ISIN Code: [●]

Common Code: [●]

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

Delivery: Delivery [against/free of] payment

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

[Note that the designation “yes” simply means that the Public Sector Covered Bonds are intended upon issue to be registered with Interbolsa in its capacity as a securities settlement system, and does not necessarily mean that the Public Sector Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

Stabilization Operation [Not Applicable / Applicable]

[If applicable, name of the Stabilisation Manager and Period; Other information]

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

## **TERMS AND CONDITIONS OF THE PUBLIC SECTOR COVERED BONDS**

*The following are the Terms and Conditions of the Public Sector Covered Bonds. The applicable Final Terms in relation to any Tranche of Public Sector Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Public Sector Covered Bonds and shall be included in a supplement prepared by the Issuer for such purpose. The applicable Final Terms (or the relevant provisions thereof) will be incorporated by reference or endorsed upon, or attached to, each Public Sector Covered Bond. Reference should be made to ‘‘Final Terms of the Public Sector Covered Bonds’’ for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Public Sector Covered Bonds.*

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

It is the intention of the Issuer, but not its contractual undertaking, that any Public Sector Covered Bonds to be issued are able to bear the label “*European Covered Bond (Premium)*”, as foreseen in article 42(2) of the Legal Regime of Public Sector Covered Bonds. The actual ability for such label to be used will depend on the compliance over time with the relevant requirements of the Legal Regime of Public Sector Covered Bonds and of article 129 of the CRR.

References herein to the Public Sector Covered Bonds shall be references to the Public Sector Covered Bonds of this Series and shall mean the book-entries corresponding to the units of the lowest Specified Denomination in the Specified Currency (as specified in the applicable Final Terms).

The Public Sector Covered Bonds have the benefit of a set of agency and payments procedures (such agency and payments procedures as amended and/or supplemented and/or restated from time to time, the “**Agency and Payments Procedures**”) dated 19 June 2008, as amended and restated from time to time, and made and agreed by Banco BPI, S.A. (acting in its capacity as Agent, which expression shall include any successor) and by any subsequent agent, paying agent, transfer agent and/or agent bank.

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

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

Copies of the Agency and Payments Procedures are (i) available for inspection or collection during normal business hours at the specified office of the Paying Agent or (ii) may be provided by email to holders of Public Sector Covered Bonds following their prior written request to the Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Paying Agent). Copies of the applicable Final Terms are obtainable at the website of the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) (the “CMVM”)– [www.cmvm.pt](http://www.cmvm.pt) – and during normal business hours at the specified office of the Paying Agent save that, if these Public Sector Covered Bonds are unlisted, the applicable Final Terms will only be obtainable at the specified office of the Paying Agent by a holder holding one or more unlisted Public Sector Covered Bonds and such holder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Public Sector Covered Bonds and identity. The Public Sector Covered Bonds holders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency and Payments Procedures and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency and Payments Procedures.

Words and expressions defined in the Agency and Payments Procedures or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency and Payments Procedures and the applicable Final Terms, the applicable Final Terms will prevail.

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

- (a) those Public Sector Covered Bonds which have been redeemed and cancelled pursuant to these Terms and Conditions;
- (b) those Public Sector Covered Bonds in respect of which the date for redemption under these Terms and Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under these Terms and Conditions after

that date) have been duly paid to or to the order of the Agent in the manner provided in the Agency and Payments Procedures (and, where appropriate, notice to that effect has been given to the Public Sector Covered Bonds holders in accordance with these Terms and Conditions) and remain available for payment against presentation of the relevant Public Sector Covered Bonds;

- (c) those Public Sector Covered Bonds which have been purchased and cancelled under these Terms and Conditions; and
- (d) those Public Sector Covered Bonds which have become prescribed under these Terms and Conditions.

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

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

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

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

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

The Public Sector Covered Bonds to be issued on or after the date hereof will be issued in a denomination per unit not lower than €100,000 (or its equivalent in another currency) as specified in the relevant Final Terms.

## **2. TRANSFERS OF PUBLIC SECTOR COVERED BONDS**

The transferability of the Public Sector Covered Bonds is not restricted.

Public Sector Covered Bonds may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Public Sector Covered Bond. No owner of a Public Sector Covered Bond will be able to transfer such Public Sector Covered Bond, except in accordance with Portuguese Law and with the applicable procedures of Interbolsa.

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

## **3. STATUS OF THE PUBLIC SECTOR COVERED BONDS**

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

## **4. INTEREST**

### **4.1 Interest on Fixed Rate Public Sector Covered Bonds**

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

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

As used in these Terms and Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1 (*Interest on Fixed Rate Public Sector Covered Bonds*):

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
  - (a) in the case of Public Sector Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Public Sector Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - 1. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - 2. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “**30/360**” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.



In these Terms and Conditions:

- (i) “**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);
- (ii) “**Principal Amount Outstanding**” means in respect of a Public Sector Covered Bond the principal amount of that Public Sector Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of the Public Sector Covered Bond in respect thereof; and
- (iii) “**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

#### **4.2 Interest on Floating Rate Public Sector Covered Bonds**

##### *(A) Interest Payment Dates*

Each Floating Rate Public Sector Covered Bond (as specified in the applicable Final Terms) bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Public Sector Covered Bonds become payable on a date other than an Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) in any case where Specified Periods are specified in accordance with Condition 4.2. (A) (ii) above, the Floating Rate Convention (as specified in the applicable Final Terms), such Interest Payment Date

(i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (ii) the Following Business Day Convention (as specified in the applicable Final Terms), such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following (Adjusted) Business Day Convention (as specified in the applicable Final Terms), such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (iv) the Preceding Business Day Convention (as specified in the applicable Final Terms), such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Lisbon and any Additional Business Centre(s) specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and Lisbon and any Additional Business Centre(s)) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively or (2) in relation to any sum payable in euro, a day on which the T2 System is open.

#### *(B) Rate of Interest*

##### *Floating Rate Public Sector Covered Bonds*

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

- (i) *ISDA Determination for Floating Rate Public Sector Covered Bonds*: Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph, “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Public Sector Covered Bonds (the “**ISDA Definitions**”) and under which:
1. the Floating Rate Option is as specified in the applicable Final Terms;
  2. the Designated Maturity is the period specified in the applicable Final Terms; and
  3. the relevant Reset Date is either (A) if the applicable Floating Rate Option is based on the Eurozone inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period, or (B) in any other case, as specified in the applicable Final Terms.

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

- (ii) *Screen Rate Determination for Floating Rate Public Sector Covered Bonds*: Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:
1. the offered quotation (if there is only one quotation on the Relevant Screen Page); or
  2. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only

of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) or, as applicable, the relevant Calculation Agent, of such offered quotations.

- (iii) *Request from Reference Banks:* If, for the purposes of the calculations described in this Condition 4.2(B), the Relevant Screen Page is not available or if no offered quotations appear thereon, the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at 11.00 a.m. (or Brussels time) on the Interest Determination Date (as specified in the applicable Final Terms) in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent.
- (iv) *Determination by Agent:* If on any Interest Determination Date, one only or none of the Reference Banks provides the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, by the Reference Banks or any two or more of them, at which such banks were offered, approximately the above specified time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent, with such offered rates, at the Agent's request, the Rate of Interest for the relevant Interest Period will be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the above specified time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent or, where the applicable

Final Terms specify a Calculation Agent, the Calculation Agent, it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined on the Interest Determination Date for the last preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

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

- (v) *Reference Rate specified in Final Terms:* If the Reference Rate from time to time in respect of Floating Rate Public Sector Covered Bonds is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of such Public Sector Covered Bonds will be determined as provided in the applicable Final Terms.

*(C) Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph 4.2 above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph 4.2 above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, will calculate the amount of interest payable on the Floating Rate Public Sector Covered Bonds in respect of each Specified Denomination (each an “**Interest Amount**”) for the relevant Interest Period.

Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>2</sub> will be 30; and

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" 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<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

*(E) Notification of Rate of Interest and Interest Amounts*

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

*(F) Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 (*Interest on Floating Rate Sector Public Bonds*), whether by the Agent or the Calculation Agent (if applicable) shall (in the



absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents, any Calculation Agent, the Common Representative and all holders of Public Sector Covered Bonds and (in the absence of wilful default or bad faith) no liability to the Issuer, any Calculation Agent, the holders of Public Sector Covered Bonds shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **4.3 Accrual of interest**

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

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

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

(B) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Public Sector Covered Bonds and the maturity of those Public Sector Covered Bonds is extended beyond

the Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), and subject to Condition 6.7(F), the rate of interest payable from time to time in respect of the principal amount outstanding of the Public Sector Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Agent or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, 2 Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms (or, in connection with any redemption of the Public Sector Covered Bonds (other than Zero Coupon Public Sector Covered Bonds) where an extension of maturity ceases to apply after the Maturity Date pursuant to Condition 6.7(F), interest will continue to accrue from (and including) the Maturity Date to (but excluding) the Extension Cessation Date at the same Rate of Interest that was applicable in respect of the interest period ending on (but excluding) the Maturity Date).

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

(D) This Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Sector Covered Bonds up to the Extended Maturity Date*) shall only apply if the maturity of those Public Sector Covered Bonds is extended up to the Extended Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*).

#### **4.5 Benchmark Replacement**

(A) *Independent Adviser*

This Condition 4.5 applies only where Screen Rate Determination is specified in the applicable Final Terms as the manner in which any Rate of Interest is to be determined. If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate (subject to the terms of this Condition 4.5, failing which an Alternative Rate (in accordance with Condition 4.5(B)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.5(C)) and any Benchmark Amendments (in accordance with Condition 4.5(D)).

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

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

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

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

(B) *Successor Rate or Alternative Rate*

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

then such Alternative Rate shall (subject to adjustment as provided in Condition 4.5(C) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Public Sector Covered Bonds (subject to the operation of this Condition 4.5).

(C) *Adjustment Spread*

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

(D) *Benchmark Amendments*

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

(E) *Notices*

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

(F) *Survival of Original Reference Rate*

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

Notwithstanding any other provision of this Condition 4.5, if in the Calculation Agent’s opinion there is any uncertainty between two or more alternative courses of action in making any determination or

calculation under this Condition 4.5, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

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

For avoidance of doubts, neither the appointment of an Independent Adviser nor any changes required in the context of any Benchmark Amendment will be subject to the previous approval of the holders of the Public Sector Covered Bonds (to be obtained in a meeting of holders of Public Sector Covered Bonds).

## **5. PAYMENTS**

### **5.1 Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars shall be Sydney);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S dollars will be made by a transfer to a U.S dollar account maintained by the payee with a bank outside the United States (which expression as used in this Condition 5 (*Payments*), means the United States of America including the State, and District of Columbia, its territories, its possessions and other areas subject to its jurisdiction or by cheque drawn on a US bank. In no event

will payment be made by a cheque mailed to an address in the United States. All payments of interest will be made to accounts outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

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

## **5.2 Payments in relation to Public Sector Covered Bonds**

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

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

## **5.3 Payment Day**

If the date for payment of any amount in respect of any Public Sector Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is a day on

which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (i) the relevant place of presentation; or;
- (ii) any Additional Financial Centre specified in the applicable Final Terms; and (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars shall be Sydney) or (2) in relation to any sum payable in euro, a day on which the T2 System is open:

provided that such a day is a business day for the purposes of the centralised system operated by Interbolsa (as defined by a notice of Interbolsa, according to which such a business day corresponds to a day on which the T2 System is open).

#### **5.4 Interpretation of principal**

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

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

### **6. REDEMPTION AND PURCHASE**

#### **6.1 Final redemption**

Subject to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), unless previously redeemed or purchased and cancelled or extended as specified below, each Public Sector Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms, in the relevant Specified Currency on the Maturity Date.

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

If Issuer Call Option is specified in the applicable Final Terms, the Issuer may, having given (unless otherwise specified, in the applicable Final Terms) not less than 30 nor more than 60 days' notice to the Common Representative, the Agent and, in accordance with Condition 11 (*Notices*), the holders of Public

Sector Covered Bonds (which notice shall be irrevocable) redeem all or some only (as specified in the applicable Final Terms) of the Public Sector Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer shall be bound to redeem the Public Sector Covered Bonds accordingly. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Public Sector Covered Bonds, the nominal amount of all outstanding Public Sector Covered Bonds will be redeemed proportionally.

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

If Investor Put Option is specified in the applicable Final Terms, upon the holder of any Public Sector Covered Bond giving to the Issuer in accordance with Condition 11 (*Notices*) not less than 30 nor more than 60 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Public Sector Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. To exercise the right to require redemption of this Public Sector Covered Bond the holder of this Public Sector Covered Bond must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. Any Put Notice given by a holder of any Public Sector Covered Bonds pursuant to this paragraph shall be irrevocable. The right to require redemption will be exercised directly against the Issuer, through the Paying Agent.

### **6.4 Purchases**

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

### **6.5 Cancellation**

All Public Sector Covered Bonds which are redeemed will forthwith be cancelled. All Public Sector Covered Bonds so cancelled and any Public Sector Covered Bonds purchased and surrendered for cancellation



pursuant to Condition 6.4 (*Purchases*) above shall be cancelled by Interbolsa and cannot be held, reissued or resold.

#### **6.6. Late payment on Zero Coupon Public Sector Covered Bonds**

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

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

where:

**RP** means the Reference Price; and

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

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

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

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

A. Any Extended Maturity Date specified in the applicable Final Terms as applying to each Series of Public Sector Covered Bonds shall be at least one year after the applicable Maturity Date, provided that in any case the Issuer may not specify an Extended Maturity Date that is earlier than the

applicable Extended Maturity Date for any other outstanding Series of Public Sector Covered Bonds with an earlier Maturity Date.

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

- B. In the case of liquidation or resolution of the Issuer, no extension of maturity for a Series of Public Sector Covered Bonds to the applicable Extended Maturity Date will (i) affect the ranking of public sector covered bonds issued by the Issuer and subject to the Legal Regime of Public Sector Covered Bonds or (ii) invert the sequencing of the original maturity schedule for such public sector covered bonds referred to in (i) above.
- C. If an Extended Maturity Date is specified in the applicable Final Terms and (i) the Issuer fails to redeem all of the Public Sector Covered Bonds of a Series in full on the Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for 5 Business Days thereafter and (ii) the Issuer has given notice to CMVM in the manner described in paragraph (F) below, the maturity of such Public Sector Covered Bonds and the date on which such Public Sector Covered Bonds will be due and repayable for the purposes of these Terms and Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as described in paragraph (F) below.
- D. If an Extended Maturity Date is specified in the applicable Final Terms and in the case of resolution or voluntary liquidation of the Issuer, if some but not all Series of Public Sector Covered Bonds then outstanding have been subject to extension to their respective Extended Maturity Dates and any such Extended Maturity Date falls later than the relevant Maturity Date for the Public Sector Covered Bonds of any other Series then outstanding that has not been extended (and which Maturity Date for such other Series is later than the corresponding Maturity Date of such extended Series of Public Sector Covered Bonds) the maturity of such other Series of Public Sector Covered Bonds will be automatically extended to its relevant Extended Maturity Date, as required by article 21(1)(d) of the Legal Regime of Public Sector Covered Bonds.
- E. If an Extended Maturity Date is specified in the applicable Final Terms and if the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority (being the European Central Bank and the Bank of Portugal, acting individually or jointly, and including any successor) and leading to mandatory liquidation of the Issuer, the maturity of all Series of Public Sector Covered Bonds will, subject to the right of CMVM to oppose such extension in the manner

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

- F. If an Extended Maturity Date is specified in the applicable Final Terms, the Issuer shall, at least 10 calendar days in advance of a possible extension of maturity (or, if that is not possible, in light of the occurrence or knowledge of the event, as soon as possible), give notice to CMVM of such extension and the respective grounds for such extension, in particular that it is foreseeable (as determined by the Issuer) that (i) (in the case of any extension of maturity in the circumstances described in paragraph (C) above) the Public Sector Covered Bonds will not be redeemed on the Maturity Date and such failure will continue for 5 Business Days thereafter or (ii) (in the case of any extension of maturity in the circumstances described in paragraph (E) above) the Issuer's authorisation as credit institution will be (or has been) revoked. CMVM may oppose any such extension within 10 calendar days of the Issuer giving notice to CMVM if it considers that the Extension Legal Requirements are not met.

If CMVM decides on the basis of the Extension Legal Requirements to oppose such extension of maturity, the extension to the relevant Extended Maturity Date will not apply. In the absence of any decision by CMVM to oppose such extension within 10 calendar days from the date the Issuer gives the relevant notice to CMVM, such extension to the relevant Extended Maturity Date will continue to apply.

For the avoidance of doubt, if CMVM has received less than 10 calendar days' notice from the Issuer of any possible extension and at the date on which the maturity for the Public Sector Covered Bonds is scheduled to be automatically extended to the Extended Maturity Date CMVM has not yet decided whether or not it opposes such extension, the maturity for the Public Sector Covered Bonds will extend to the Extended Maturity Date. If subsequently (but within 10 calendar days from the date the Issuer gives the relevant notice to CMVM) CMVM then decides on the basis of the Extension Legal Requirements to oppose such extension, the extension to the Extended Maturity Date will cease to apply and each Public Sector Covered Bond shall, as at the date of such cessation (the "**Extension Cessation Date**") then become immediately due and payable at its Final Redemption Amount together with any accrued interest determined pursuant to Condition 4.4(B) (or, in the case of Zero Coupon Public Sector Covered Bonds, an amount determined in accordance with Condition 6.6 (*Late payment on Zero Coupon Public Sector Covered Bonds*)).

- G. If an Extended Maturity Date is specified in the applicable Final Terms, the Issuer shall give to the holders of the Public Sector Covered Bonds (in accordance with Condition 11 (Notices)), the Rating Agencies, the Agent and the other Paying Agents, notice that it has notified CMVM of any potential

extension to the maturity of the Public Sector Covered Bonds and of any decision CMVM notifies to the Issuer in respect of such potential extension. Any failure by the Issuer to notify any such persons shall not affect the validity or effectiveness of any extension or give rise to rights in any such person, under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*).

- H. In the event of an extension of the maturity for the Public Sector Covered Bonds to the Extended Maturity Date, the Issuer may redeem all or any part of the Principal Amount Outstanding of the Public Sector Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. The Issuer shall give to the holders of Public Sector Covered Bonds (in accordance with Condition 11 (*Notices*)), the Agent and the other Paying Agents, notice of its intention to redeem all or any of the Principal Amount Outstanding of the Public Sector Covered Bonds in full at least 5 Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.
- I. In the case of Public Sector Covered Bonds which are Zero Coupon Public Sector Covered Bonds up to (and including) the Maturity Date, for the purposes of this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) the Principal Amount Outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.
- J. Any extension of the maturity of Public Sector Covered Bonds under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) shall be irrevocable, unless CMVM opposes such extension, as described within paragraph (F) above. Where this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) applies, any failure to redeem the Public Sector Covered Bonds on the Maturity Date or any extension of the maturity of Public Sector Covered Bonds under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) shall not constitute an event of default for any purpose or give any holder of Public Sector Covered Bonds any right to receive any payment of interest, principal or otherwise on the relevant Public Sector Covered Bonds other than as expressly set out in these Terms and Conditions.
- K. In the event of the extension of the maturity of Public Sector Covered Bonds under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), interest rates, interest periods and interest payment dates on the Public Sector Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the

applicable Final Terms and Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Sector Covered Bonds up to the Extended Maturity Date*).

- L. If the Issuer redeems part and not all of the Principal Amount Outstanding of Public Sector Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Public Sector Covered Bonds and the Principal Amount Outstanding of the Public Sector Covered Bonds shall be reduced by the level of that redemption.
- M. If the maturity of any Public Sector Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), for so long as any of those Public Sector Covered Bonds remains in issue, the Issuer shall not issue any further Public Sector Covered Bonds, unless the proceeds of issue of such further Public Sector Covered Bonds are applied by the Issuer on issue in redeeming in whole or in part the relevant Public Sector Covered Bonds in accordance with the terms hereof.

## **7. TAXATION**

### **7.1. Payments free of taxes**

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

### **7.2. No payment of additional amounts**

Neither the Issuer nor the Paying Agent will be obliged to pay any additional amounts to the holders of Public Sector Covered Bonds in respect of any Tax Deduction made in accordance with Condition 7.1 (*Payment free of taxes*).

### **7.3. Taxing Jurisdiction**

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

#### **7.4. Tax Deduction not Event of Default**

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

#### **8. PRESCRIPTION**

The Public Sector Covered Bonds will become void unless presented for payment within 20 years (in the case of principal) and 5 years (in the case of interest) in each case from the Relevant Date thereof, subject in each case to the provisions of Condition 5 (*Payments*). As used in these Terms and Conditions, “Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the holders of Public Sector Covered Bonds in accordance with Condition 11 (*Notices*).

#### **9. INSOLVENCY EVENT AND ENFORCEMENT**

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

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

If an Insolvency Event in respect of the Issuer occurs, the cover pool over which the holders of public sector covered bonds have a special creditor privilege including the principal and any accrued and future interest in relation to the cover assets will be segregated from the insolvent estate of the Issuer and will form an autonomous estate not being liable for any debts of the Issuer until any outstanding amounts payable to the covered bond holders and counterparties of derivative contracts are fully paid, even in the event of liquidation of the Issuer.

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

## **9.2. Enforcement**

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

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

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

## **10. AGENT AND PAYING AGENTS**

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

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

- (i) there will at all times be an Agent;
- (ii) the Issuer will, so long as any of the Public Sector Covered Bonds is outstanding, maintain a Paying Agent (which may be the Agent) having a specified office in a city approved by the Common Representative in continental Europe; and
- (iii) so long as any of the Public Sector Covered Bonds are listed on any Stock Exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant Stock Exchange or as the case may be, other relevant authority.

## **11. NOTICES**

Notices to the holders of Public Sector Covered Bonds shall, in respect of the Public Sector Covered Bonds listed on Euronext Lisbon, be published on the CMVM's information system ([www.cmvm.pt](http://www.cmvm.pt)). Furthermore, any such notice shall be disclosed by any further means required to allow a fast access by all holders of Public Sector Covered Bonds throughout the EU and shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

All notices regarding the Public Sector Covered Bonds shall comply with the applicable Portuguese law requirements that may be applicable, namely pursuant to the Portuguese Companies Code and CMVM Regulation.

## **12. MEETINGS OF HOLDERS OF PUBLIC SECTOR COVERED BONDS**

(A) The Portuguese Companies Code, which applies to Public Sector Covered Bonds in accordance with Article 28(1) of the Legal Regime of Public Sector Covered Bonds, contains provisions for convening meetings of the holders of Public Sector Covered Bonds to consider any matter attributed to them by law and in their common interest (which provisions are described and supplemented in the Common Representative Appointment Agreement), including the modification by Resolution of these Terms and Conditions or the provisions of the Common Representative Appointment Agreement.

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

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



regarding any increase of the charges to the holders of the Public Sector Covered Bonds, unanimity by all holders of the Public Sector Covered Bonds of the relevant series then outstanding.

For the purposes of these Terms and Conditions, a “**Reserved Matter**” means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Public Sector Covered Bonds of all or of a given Series, (ii) to reduce the amount of principal or interest due on any date in respect of the Public Sector Covered Bonds of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Public Sector Covered Bonds of all or of a given Series on redemption or maturity; (iii) to effect the exchange, substitution or conversion of the Public Sector Covered Bonds of all or of a given Series into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Public Sector Covered Bonds of all or of a given Series are payable; (v) to alter the priority of payment of interest or principal in respect of the Public Sector Covered Bonds of all or of a given Series; (vi) to amend this definition; and (vii) any other matter required by law to be approved by the majorities set out in Condition 12(C)(ii);

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

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

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

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

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

### **13. INDEMNIFICATION OF THE COMMON REPRESENTATIVE CONTRACTING WITH THE ISSUER**

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

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

### **14. OVERCOLLATERALISATION, LIQUIDITY BUFFER AND ISSUER COVENANTS**

#### **14.1 Maintenance of overcollateralisation**

For so long as the Public Sector Covered Bonds are outstanding, the total nominal amount (determined in accordance with the Legal Regime of Public Sector Covered Bonds, the CRR and the CMVM Regulation)

of the Cover Pool maintained by the Issuer shall at all times be a minimum of 105 per cent. of the total nominal amount of all outstanding Public Sector Covered Bonds issued under the Programme or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor (the “**Overcollateralisation Percentage**”), provided that.

- (i) the Overcollateralisation Percentage shall not, for so long as there are Public Sector Covered Bonds outstanding, be reduced by the Issuer below 105 per cent.;
- (ii) without prejudice to (i) above, the Issuer shall not at any time reduce the Overcollateralisation Percentage which applies for the purposes of this Condition **Error! Reference source not found.** (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*), if this could result in any credit rating then assigned to the Public Sector Covered Bonds by any Rating Agency being reduced, removed, suspended or placed on credit watch; and
- (iii) assets contributing to the Overcollateralisation Percentage in excess of 100 per cent. of the aggregate nominal amount of all outstanding Public Sector Covered Bonds issued under the Programme shall not be subject to the limits on exposure size set out in accordance with Condition **Error! Reference source not found.** (*Issuer Covenants*), paragraph (A) (*Eligible Assets*), subparagraph (b) and shall not count towards those limits.

## 14.2 Liquidity Buffer

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

## 14.3 Issuer Covenants

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

- A. *Eligible Assets*: only assets listed in article 129(1) of the CRR (and provided that the requirements under paragraphs 1a to 2 of article 129 of the CRR are met) may be part of the Cover Pool (whether as Primary Assets, Substitution Assets or Liquidity Assets), provided that:
  - (a) the value of the Public Sector Credits may not exceed 20 per cent. of the nominal amount of outstanding Public Sector Covered Bonds; and
  - (b) (i) exposures to credit institutions that qualify for credit quality step 1 (as defined in the CRR) shall not exceed 15 per cent. of the aggregate nominal amount outstanding of the Public Sector Covered Bonds; (ii) exposures to credit institutions that qualify for credit

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

- B. *Primary Assets*: the Primary Assets shall be Public Sector Credits;
- C. *Valuations*: all the required valuations of Public Sector Credits, Hedging Contracts, or other Cover Pool assets will be made in compliance with the requirements of the Legal Regime of Public Sector Covered Bonds and the CRR;
- D. *Cover Pool Monitor*: the Cover Pool Monitor will be provided with all necessary elements and information to monitor compliance by the Issuer of this Condition **Error! Reference source not found.** (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) in accordance with the Legal Regime of Public Sector Covered Bonds and under the terms set forth in the Cover Pool Monitor Agreement; and
- E. *Public Sector Credits*: the Public Sector Credits included in the Cover Pool are not Non-Performing Public Sector Credits.

## 16. FURTHER ISSUES

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

## 17. GOVERNING LAW

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

## 18. DEFINITIONS

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

“**Acceleration Notice**” means a notice served on the Issuer pursuant to Condition 9 (*Insolvency Event and Enforcement*).

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

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of Public Sector Covered Bonds as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which: (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate); (2) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); (3) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

“**Agency and Payments Procedures**” means the set of agency and payments procedures (such agency and payments procedures as amended and/or supplemented and/or restated) dated 19 June, 2008 and made and agreed by Banco BPI, S.A. (acting in its capacity as Agent, which expression shall include any successor) and by any subsequent agent, paying agent, transfer agent and/or agent bank appointed by the Issuer, as amended.

“**Agent**” means Banco BPI, S.A., with head office at Avenida da Boavista, no. 1117, 4100-129, Porto, Portugal, or any successor Agent(s), in each case together with any additional Agent(s), appointed from time to time by the Issuer in connection with the Public Sector Covered Bonds and under the Agency and Payment Procedures.

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

“**Banco BPI**” or “**BPI**” means Banco BPI, S.A., with head office at Avenida da Boavista, no. 1117, 4100-129, Porto.

“**Base Prospectus**” means the base prospectus dated 12 October 2023, prepared in connection with the Programme.

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

“**Benchmark Event**” means:

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

(2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

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

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

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

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

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

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

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

“**CMVM Regulation**” means CMVM’s Regulation no. 2/2023 regarding covered bonds and Public Sector Covered Bonds.

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

“**Common Representative Appointment Agreement**” means the agreement dated 28 December 2020 entered into between the Issuer and the Common Representative and which sets out the terms and conditions upon and subject to which the Common Representative has agreed to act as Common Representative, as amended from time to time.

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

“**Cover Pool Monitor**” means Deloitte & Associados, SROC, SA, member of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) under the number 43, registered with CMVM with registration number 20161389, with its registered office at Avenida Engenheiro Duarte Pacheco, no. 7 1070-100 Lisbon, Portugal.

“**Cover Pool Monitor Agreement**” means the agreement dated 12 October 2023 entered into by and between the Issuer and the Cover Pool Monitor, as amended from time to time.

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

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

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

“**Dealer**” means Banco BPI, S.A., with head office at Avenida da Boavista, no. 1117, 4100-129, Porto.

“**EU**” means the European Union.

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

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

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

“**Extended Maturity Date**” means the date so specified in the applicable Final Terms, extending the maturity of the relevant Series of Public Sector Covered Bonds if the conditions foreseen in Condition **Error! Reference source not found.** (*Extension of Maturity up to Extended Maturity Date*) are met.

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

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

“**Final Terms**” means, in relation to each Tranche of Public Sector Covered Bonds and giving details of that Tranche of Public Sector Covered Bonds and, in relation to any particular Tranche of Public Sector Covered Bonds, applicable Final Terms means the Final Terms applicable to that Tranche of Public Sector Covered Bonds.

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

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

“**Hedging Contracts**” means the hedging contracts entered into by the Issuer in accordance with the Legal Regime of Public Sector Covered Bonds for the purpose of hedging risks in relation to the Cover Pool.

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



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

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

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

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

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

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

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

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

provided that any such assets comply with any applicable requirements under paragraph (A) (*Eligible Assets*) of Condition 14.3 (*Issuer Covenants*), subject to 14(1)(iii).

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

“**Liquidity Buffer**” means the liquidity buffer included in the Cover Pool in accordance with article 19 of the Legal Regime of Public Sector Covered Bonds.

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

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

“**Moody's**” means Moody's Italia S.r.l. and Moody's Investor Services España, which are established in the EEA and registered under the CRA Regulation and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation, or any of its affiliates or successor.

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

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

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

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

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

- (a) the assets described above under the section “Public Sector Credits Eligibility Criteria” if they are not deemed to be Primary;
- (b) deposits with the Bank of Portugal, in cash or securities eligible for lending operations;
- (c) current or term account deposits with credit institutions (located in the EEA which are not in a control or group relationship with the Issuer); and
- (c) any other assets located in the EEA complying simultaneously with low risk and high liquidity requirements.

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

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

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

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

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

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

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

“**Primary Assets**” means the dominant cover assets that determine the nature of a cover pool of Public Sector Covered Bonds, under the Legal Regime of Public Sector Covered Bonds. In particular in respect of the Cover Pool, the Primary Assets are Public Sector Credits, corresponding to the type of assets foreseen in article 129(1), paragraph (b) of the CRR.

“**Programme**” means the €2,000,000,000 Public Sector Covered Bonds programme established on 19 June 2008 for the issuance of Public Sector Covered Bonds by the Issuer as described in this Base Prospectus and as converted on 12 October 2023 for the issuance of “*European Covered Bonds (Premium)*” in compliance with the Legal Regime of Public Sector Covered Bonds, and as updated from time to time.

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

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

“**Programme Resolution**” means any Resolution directing the Common Representative to accelerate the Public Sector Covered Bonds pursuant to Condition 9 (*Insolvency Event and Enforcement*) or directing the

Common Representative to take any enforcement action and which shall only be capable of being passed at a single meeting of the holders of Public Sector Covered Bonds of all Series then outstanding.

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

**“Public Sector Credit”** means the credit receivables over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities which are comprised in the Cover Pool, in accordance with Article 129(1)(a) and 129(1)(b) of the CRR.

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

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

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

**“Register”** means the register of the Cover Pool and associated collateral maintained by the Issuer in accordance with the Legal Regime of Public Sector Covered Bonds and the CMVM Regulation;

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

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

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

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

(2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any

central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

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

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

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

“**RGICSF**” means the General Regime for Credit Institutions and Financial Companies, as enacted by the Decree-Law 298/92, of 31 December, as amended.

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

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

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

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

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

“**T2 System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer Payment System which utilises a single shared platform and which was launched on 19 November 2007 (T2) or any successor or replacement for that system.

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

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

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

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

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

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

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

## CHARACTERISTICS OF THE COVER POOL

### INTRODUCTION – CAPACITY TO ISSUE PUBLIC SECTOR COVERED BONDS

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

### ISSUER REQUIRED TO MAINTAIN COVER POOL

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

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

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

## **ELIGIBILITY CRITERIA FOR ASSETS COMPRISED IN THE COVER POOL**

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

### *Public Sector Credits Eligibility Criteria*

The Public Sector Covered Bonds to be issued under this Base Prospectus will be labelled as “*European Covered Bond (Premium)*”, as set out in Article 42(2) of the Legal Regime of Public Sector Covered Bonds provided that the Public Sector Covered Bonds are in compliance with the Legal Regime of Public Sector Covered Bonds and the CRR.

As such, the Cover Pool will comprise only assets listed in Article 129(1) of the CRR (and provided that the requirements under paragraphs 1a to 2 of Article 129 of the CRR are met). Each Cover Pool shall comprise of Primary Assets, Substitution Assets or Liquidity Assets, provided that:

- the value of the Public Sector Credits may not exceed 20 % of the nominal amount of outstanding Public Sector Covered Bonds; and
- (i) exposures to credit institutions that qualify for credit quality step 1 (as defined in the CRR) shall not exceed 15 per cent. of the aggregate nominal amount outstanding of the Public Sector Covered Bonds; (ii) exposures to credit institutions that qualify for credit quality step 2 (as defined in the CRR) shall not exceed 10 per cent. of the aggregate nominal amount outstanding of the Public Sector Covered Bonds; (iii) exposures to credit institutions that qualify for credit quality step 3 (as defined in the CRR) shall comply with the requirements set out under sub-paragraphs 1(c) and 1-A(c) of Article 129 of the CRR; (iv) the total exposure to credit institutions that qualify for credit quality step 1, 2 or 3 shall not exceed 15 per cent. of the aggregate nominal amount outstanding of the Public Sector Covered Bonds; and (v) the total exposure to credit institutions that qualify for credit quality step 2 or 3 shall not exceed 10 per cent. of the aggregate nominal amount outstanding of the Public Sector Covered Bonds.

### *Other assets Eligibility Criteria:*

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

- (a) the assets described above under the section “Public Sector Credits Eligibility Criteria” if they are not deemed to be Primary Assets;
- (b) deposits with the Bank of Portugal, in cash or securities eligible for credit transactions in the Eurosystem lending operations;



- (c) current or term account deposits with credit institutions (located in the EEA which are not in a control or group relationship with the Issuer); and
- (d) any other assets located in the EEA complying simultaneously with low risk and high liquidity requirements.

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

## **HEDGING CONTRACTS**

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

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

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

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

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

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

Pursuant to the Legal Regime of Public Sector Covered Bonds and Articles 129(1)(b) of the CRR, the amount of a Public Sector Credit granted by the Issuer and registered as being comprised in the Cover Pool may not exceed 20 % of the nominal amount of outstanding public sector covered bonds. For further details, see section “*Valuation of Cover Pool*” below.

#### **OVERCOLLATERALISATION**

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

In compliance with the above legal requirements, in particular with Article 129(3a) of the CRR, Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) requires the Issuer to over-collateralise of the Cover Pool with respect to outstanding Public Sector Covered Bonds at a minimum level of 105 per cent. or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor, provided that: (i) the Overcollateralisation Percentage shall not, for so long as there are Public Sector Covered Bonds outstanding, be reduced by the Issuer below 105 per cent.; (ii) without prejudice to (i) above, the Issuer shall not at any time reduce the Overcollateralisation Percentage which applies for the purposes of Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) if this could result in any credit rating then assigned to the Public Sector Covered Bonds by any Rating Agency being reduced, removed, suspended or placed on credit watch.; and (iii) assets contributing to the minimum level of the Overcollateralisation Percentage shall not be subject to the limits on exposure size set out in accordance with Condition 14.3 (*Issuer Covenants*), paragraph (A) (Eligible Assets), subparagraph (b) and shall not count towards those limits.

*See Terms and Conditions of the Public Sector Covered Bonds.*

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

- (a) Public Sector Credits shall be accounted according to an amount equal to the book value of such Public Sector Credits entered on the Register (together with any matured and accrued interest, if the requirements of the Legal Regime of Public Sector Covered Bonds are met);
- (b) Deposits shall be accounted for their amount;

- (c) Securities eligible for Eurosystem credit transactions shall be account for by one value resulting from the rules regarding margin valuation laid down by the Eurosystem or, if lower, according to their nominal value;
- (d) the Public Sector Covered Bonds shall be accounted according to the nominal value of outstanding principal;
- (e) the debt securities shall be accounted for the nominal value of the outstanding capital; and
- (f) the derivative contracts shall be accounted for in accordance with the terms and conditions set out in the Legal Regime of Public Sector Covered Bonds.

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

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

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

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

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

#### **VALUATION OF COVER POOL**

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

The Legal Regime of Public Sector Covered Bonds empowers CMVM to establish, by regulation, requirements in relation to the valuation basis and methodology, time of valuation and any other matters that it may consider relevant for determining the value of eligible assets for the purposes of the Legal Regime of Public Sector Covered Bonds. In this regard, CMVM Regulation does not specifically include any provisions regarding the methodologies and frequency of valuation of the cover assets, their risk management, and the registration and archiving of all this information, establishing a material reference, under the terms of Article 11 of CMVM Regulation, to national and EU banking prudential legislation and regulations (namely Article 208 of the CRR).

#### **COVER POOL SEGREGATED REGISTER AND SPECIAL CREDITOR PRIVILEGE**

##### *Autonomous pool of assets and segregated register*

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

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

- (i) borrower identification;
- (ii) the outstanding amount;
- (iii) the interest rate;
- (iv) the amortisation date;
- (v) for collateralised claims, the identification of the entity or individual before whom the relevant deed was drawn up or who authenticated the private deed whereby the collateral was created; and
- (vi) proof of final entry of the collateral in the corresponding real estate registry.

In case of default in payment of interest or principal on the Public Sector Covered Bonds, and in case the holders of such Public Sector Covered Bonds decide to accelerate the relevant Public Sector Covered Bonds, holders of such Public Sector Covered Bonds, or the Common Representative on their behalf, may have access to the list of assets making up the Cover Pool allocated to the relevant Public Sector Covered Bonds, in accordance with terms to be defined by regulation from CMVM.

### *Special creditor privilege*

Under the Legal Regime of Public Sector Covered Bonds, the holders of Public Sector Covered Bonds enjoy a special creditor privilege over the Cover Pool (including the Public Sector Credits, the Other Assets and the Hedging Contracts) with preference over any other general creditor, in relation to the repayment of principal and payment of interest due under the Public Sector Covered Bonds. For further information, please refer to the chapter entitled “Legal Regime of Public Sector Covered Bonds.

## INSOLVENCY OF THE ISSUER

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

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

Where a resolution action is taken against the Issuer, CMVM shall cooperate with the Bank of Portugal, as the competent resolution authority, to protect the rights and interests of the holders of Public Sector Covered Bonds, in particular by verifying the continuity and sound management of the public sector covered bonds programme following the resolution action.

In this situation, pursuant to the Legal Regime of Public Sector Covered Bonds, the holders of Public Sector Covered Bonds are entitled to adopt a resolution approving the immediate acceleration of the Public Sector Covered Bonds by a majority of at least two thirds of the votes of the holders of Public Sector Covered Bonds then outstanding, in which case the entity appointed to manage the Cover Pool shall provide for the liquidation thereof to the benefit of the holders of Public Sector Covered Bonds.

If an Insolvency Event occurs in relation to the Issuer, the Bank of Portugal, as the competent resolution authority, shall notify CMVM, as soon as possible, when it applies a resolution measure to the Issuer, informing it, specifically, of the treatment of the Public Sector Covered Bonds in the resolution action applied. In addition, if the authorisation of the Issuer to act as a credit institution in Portugal is revoked, the Bank of Portugal will immediately inform CMVM of the decision to revoke the authorisation of the Issuer.

In case of revocation of the authorisation to act as a credit institution in Portugal and consequent liquidation of the Issuer, CMVM may appoint a special administrator (the “Special Administrator”) within 10 business

days after the revocation of such authorisation. The roles and responsibilities of the Special Administrator include:

- (i) extinction of liabilities associated with the Public Sector Covered Bonds;
- (ii) the management and settlement of cover assets, including their transfer to another credit institution that issues public sector covered bonds, together with the liabilities associated with such public sector covered bonds;
- (iii) performing all acts and operations necessary for:
  - (a) the adequate administration of the Cover Pool;
  - (b) the continuous monitoring of the coverage of the liabilities associated with the Public Sector Covered Bonds; and
  - (c) the initiation of the necessary legal actions to reintegrate the assets into the Cover Pool and the transfer of the remaining assets to the insolvent estate (*massa insolvente*) of the Issuer, after all Public Sector Covered Bonds liabilities have been discharged;
- (iv) performing all acts and operations necessary for the sound management of the claims and respective collateral, to ensure the timely payment of all amounts due to the holders of the Public Sector Covered Bonds, including, but not limited to:
  - (a) selling the Public Sector Credits comprised in the Cover Pool;
  - (b) ensuring the timely collection services in respect of the Public Sector Credits comprised in the Cover Pool;
  - (c) administrative services in connection with such Public Sector Credits and respective borrowers, and
  - (d) amending and extinguishing conservative acts relating to the guarantees; and
- (v) maintaining and keeping updated a segregated register of the Cover Pool in accordance with the Legal Regime of Public Sector Covered Bonds.

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

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

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



## **COMMON REPRESENTATIVE OF THE HOLDERS OF PUBLIC SECTOR COVERED BONDS**

Bondholders, S.L., with registered office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain has been appointed by the Issuer as representative of the holders of the Public Sector Covered Bonds pursuant to Article 28 of the Legal Regime of Public Sector Covered Bonds and in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement.

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

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

## **COVER POOL MONITOR**

### **APPOINTMENT OF A COVER POOL MONITOR**

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

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

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

### **ROLE OF THE COVER POOL MONITOR**

Pursuant to the Cover Pool Monitor Agreement dated 12 October 2023, as amended from time to time, the Issuer appointed Deloitte & Associados, SROC, S.A. as Cover Pool Monitor. Deloitte & Associados, SROC, S.A. is registered with CMVM under registration number 20161389.

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

Issuer to the Cover Pool Monitor, the resignation of the Cover Pool Monitor and the replacement by the Issuer of the Cover Pool Monitor.

#### **DUTIES AND POWERS OF THE COVER POOL MONITOR**

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

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

In accordance with Article 17 of the Legal Regime of Public Sector Covered Bonds, in the performance of its duties, the Cover Pool Monitor shall verify on an ongoing basis, including in the event of liquidation or resolution of the Issuer, the quality of the assets comprising the Cover Pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the Cover Pool, segregation, intra-group structures and joint funding, coverage and liquidity requirements, as well as the information provided to the holders of Public Sector Covered Bonds. In addition, if the Cover Pool Monitor, while performing its duties, detects any irregularity it shall communicate it immediately and simultaneously to the Issuer and CMVM.

Finally, in accordance with Article 17 of the Legal Regime of Public Sector Covered Bonds, the Cover Pool Monitor must produce an annual report, by reference to 31 December, with an assessment of the Issuer's compliance with the requirements established in the Legal Regime of Public Sector Covered Bonds and in the CMVM Regulation, in particular the quality of the assets comprising the Cover Pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the Cover Pool, segregation, intra-group structures and joint funding, coverage and liquidity requirements, as well as information provided to investors.

#### **REMUNERATION AND TERMINATION OF THE APPOINTMENT OF THE COVER POOL MONITOR**

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

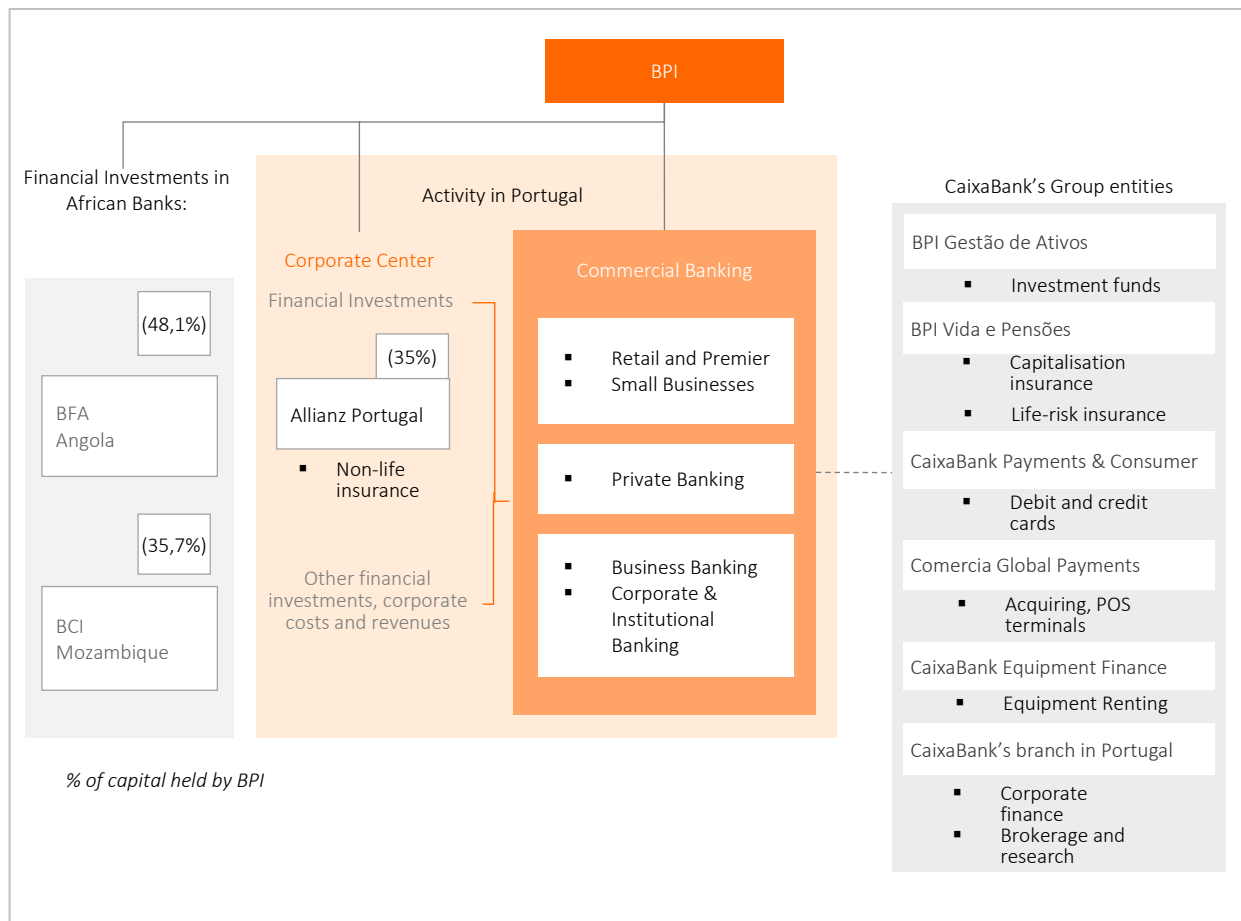
The Cover Pool Monitor can only be dismissed by the Issuer with cause, and their dismissal and relevant cause must be communicated to CMVM within 10 days from its occurrence. The Cover Pool Monitor may retire, upon giving not less than 3 calendar months' notice in writing to the Issuer. Any such termination or retirement shall not become effective until a new cover pool monitor is appointed.

## DESCRIPTION OF THE ISSUER

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

BPI serves 1.9 million customers in the domestic market and is the fourth largest financial institution in terms of business volume<sup>5</sup> (€69 billion in loans, guarantees and total customer resources in June 2023), with market shares<sup>6</sup> above 11 per cent. in loans and in customer resources.

The business model of BPI is based on a specialized, omnichannel and fully integrated distribution network, as well as on a complete range of financial products and services, structured to meet the specific needs of each segment. Part of this offer includes products and services provided by associated companies in Portugal and by companies of CaixaBank group, as shown in the figure below, which also illustrates BPI’s financial holdings in African banks.



<sup>5</sup> As of 30 June 2023. Source: BPI calculations using public information.

<sup>6</sup> Source: Banco BPI, Banco de Portugal, Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios (APFIPP), Associação Portuguesa de Seguradores (APS) and BPI Vida e Pensões.

On 30 June 2023, the physical distribution network comprised 318 business units, namely 272 retail branches, 1 mobile branch, 12 premier centres, 4 private banking centres and specialist branches and units serving corporate and institutional customers, including 22 corporate and institutional banking centres, 1 real estate business centre, 6 corporate and institutional centres. In addition, BPI has several other teams that with high flexibility serve customers remotely, namely: 7 inTouch centres (provide individual customers with a dedicated manager accessible by phone or digital channels, in extended hours), 1 AGE centre (remotely serves young customers, between 18 and 25 years old), 1 Connect centre (remotely serves customers with low commercial potential and involvement) and 1 Citizen centre (for foreign Clients).

In addition to the physical network, BPI provides several virtual channels, which include homebanking (BPI Net and BPI Net Empresas), telephone banking (BPI Direto), mobile applications (Apps BPI), and a virtual, currently only informative, Branch launched in metaverse. BPI is the first Bank in Portugal to offer an immersive experience of presented banking services and contact with customers in the virtual world.

Among main banks in Portugal, in the individual customers' segment, the Issuer maintains a strong presence in digital channels. In 1st half 2023, more than 31% of total sales of core<sup>7</sup> products were originated in digital channels (individuals segment).

## **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 Banco Fonsecas & Burnay (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: La Caixa Group and Allianz Group.

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<sup>7</sup> Number of sales to individual customers in mutual funds/retirement savings products, prestige products, personal credit, credit cards and stand-alone insurance.

In 1996, BPI doubled in size with the acquisition of Banco de Fomento e Exterior (BFE) and Banco Borges & Irmão (BBI).

Two years later, in 1998, Banco BPI was formed by the merger of the commercial-banks - BFB, BFE and BBI -, concentrating commercial banking activity in a single entity under a single brand.

In 2022, BFA was created, in Angola, from the transformation of BPI's Luanda branch into a fully-fledged Angolan-law bank. In 2008, 49.9% of BFA's share capital was sold to Unitel S.A..

In 2012, BPI implemented a Recapitalisation Plan that involved the issuance 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, BPI fully reimbursed the CoCos, completing the reimbursement to the State three years ahead of schedule.

In April 2016, CaixaBank, holding on that date 44.1 per cent of BPI's share capital, launched a public tender offer on all BPI's shares.

In January 2017, BPI sold to Unitel, S.A. an equity interest representing 2 per cent. of BFA's share capital reducing its stake to 48.1 per cent..

In February 2017, upon completion of the public tender offer, CaixaBank took over control of BPI, raising its stake up to 84.5 per cent.. BPI became part of one of the largest Iberian financial groups.

In May 2018, CaixaBank acquired from Allianz the entire 8,4 per cent. stake held by the latter in BPI, after which it held 92.9 per cent. of BPI.

In December 2018, following the compulsory acquisition of any remaining shares of the Issuer by CaixaBank, CaixaBank's reached 100 per cent. of BPI's share capital and BPI was de-listed.

## **ESTABLISHMENT AND DOMICILE**

The Issuer is domiciled in Avenida da Boavista, no. 1117, 4100-129, Porto, Portugal. The telephone number of the Issuer is +351 22 2075000.

## **LEGAL FORM**

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

## **LEGAL ENTITY IDENTIFIER**

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

## ISSUER’S WEBSITE

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

## OBJECT AND PURPOSE

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

## SHAREHOLDER

The Issuer’s sole shareholder as of 30 June 2023 is:

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

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

## BUSINESS OVERVIEW OF THE ISSUER

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

### Individuals and Small Businesses

Individuals, Businesses, Premier and InTouch Banking is responsible for commercial initiatives with individual customers, entrepreneurs, and small businesses. The Branch network is geared towards mass-market customers and small businesses. For the affluent customers – high net worth customers or customers



with potential for wealth accumulation – the Issuer has a network of Financial Advisors working on Premier Centres or specific retail Branches, who provide specialised financial advisory services.

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

BPI's Private Banking and Wealth area, made up of a team of experts in Portugal provides discretionary management and financial advice specialist services to high net worth individual customers. With a differentiated value proposition and independent financial advisory service, the new BPI Wealth serves Clients with greater business potential and higher financial sophistication.

#### Corporates and Institutional Clients

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

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

#### **SHARE CAPITAL**

As of 30 June 2023 BPI's share capital amounted to €1,293,063,324.98 and was represented by 1,456,924,237 ordinary shares with no nominal value (all issued shares are fully paid).

## SELECTED HISTORICAL KEY FINANCIAL INFORMATION

The following tables contain selected key financial information for the period ended 30 June 2023 (limited review report on the condensed interim financial statements), 31 December 2022 and 2021 (audited).

### Condensed interim balance sheets as of 30 June 2023 and 31 December 2022 (Amounts expressed in thousand euros)

	Notes	Consolidated	
		30-06-2023	31-12-2022 Restated <sup>1</sup>
<b>ASSETS</b>			
Cash, cash balances at central banks and other demand deposits	8	2.519.448	2.465.722
Financial assets held for trading	9	76.121	96.071
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>10</b>	<b>67.568</b>	<b>73.509</b>
Equity instruments		61.967	67.806
Debt securities		5.601	5.703
<b>Financial assets at fair value through other comprehensive income</b>	<b>11</b>	<b>1.392.509</b>	<b>1.443.572</b>
Equity instruments		424.735	490.133
Debt securities		967.774	953.439
<b>Financial assets at amortised cost</b>	<b>12</b>	<b>34.954.456</b>	<b>33.752.722</b>
Debt securities		7.913.633	7.466.754
Loans and advances - Central Banks and other Credit Institutions		1.332.501	819.149
Loans and advances - Customers		25.708.322	25.466.819
<b>Derivatives - Hedge accounting</b>	<b>13</b>	<b>3.421</b>	<b>35.726</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>13</b>	<b>-101.325</b>	<b>-111.400</b>
<b>Investments in subsidiaries, joint ventures and associates</b>	<b>14</b>	<b>188.250</b>	<b>277.626</b>
<b>Tangible assets</b>	<b>15</b>	<b>185.526</b>	<b>198.215</b>
<b>Intangible assets</b>	<b>16</b>	<b>102.443</b>	<b>108.393</b>
<b>Tax assets</b>	<b>24</b>	<b>159.016</b>	<b>183.731</b>
<b>Other assets</b>	<b>17</b>	<b>332.574</b>	<b>363.328</b>
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>18</b>	<b>52.122</b>	<b>26.385</b>
<b>Total assets</b>		<b>39.932.129</b>	<b>38.913.600</b>
<b>LIABILITIES</b>			
<b>Financial liabilities held for trading</b>	<b>9</b>	<b>83.506</b>	<b>87.113</b>
<b>Financial liabilities at amortised cost</b>	<b>19</b>	<b>35.390.897</b>	<b>34.435.882</b>
Deposits - Central Banks		592.811	436.633
Deposits - Credit Institutions		2.461.913	1.057.050
Deposits - Customers		29.733.563	30.326.287
Debt securities issued		2.343.679	2.339.450
<i>Memorandum items: subordinated liabilities</i>		434.036	431.285
Other financial liabilities		258.931	276.462
<b>Derivatives - Hedge accounting</b>	<b>13</b>	<b>22.389</b>	<b>21.909</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>13</b>	<b>-121.251</b>	<b>-151.089</b>
<b>Provisions</b>	<b>20</b>	<b>48.578</b>	<b>49.079</b>
Pending legal issues and tax litigation		23.737	24.162

Commitments and guarantees given		12.567	12.399
Other provisions		12.274	12.518
<b>Tax liabilities</b>	<b>24</b>	<b>155.452</b>	<b>125.068</b>
<b>Other liabilities</b>	<b>21</b>	<b>613.103</b>	<b>470.361</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>18</b>	<b>0</b>	<b>1.655</b>
<b>Total Liabilities</b>		<b>36.192.674</b>	<b>35.039.978</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital</b>	<b>23</b>	<b>1.293.063</b>	<b>1.293.063</b>
<b>Equity instruments issued other than capital</b>	<b>23</b>	<b>275.000</b>	<b>275.000</b>
<b>Accumulated other comprehensive income</b>	<b>23</b>	<b>-407.779</b>	<b>-309.028</b>
Items that will not be reclassified to profit and loss		-308.685	-205.850
Tangible assets		703	703
Actuarial gains or (-) losses on defined benefit pension plans		-191.987	-187.494
Non-current assets and disposal groups classified as held for sale		-108	0
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		51	134
Fair value changes of equity instruments measured at fair value through other comprehensive income		-117.344	-19.193
Items that may be reclassified to profit and loss		-99.094	-103.178
Foreign currency translation		-35.489	-29.895
Fair value changes of debt instruments measured at fair value through other comprehensive income		-58.794	-66.832
Non-current assets and disposal groups classified as held for sale		-1.773	0
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		-3.038	-6.451
<b>Retained earnings</b>	<b>23</b>	<b>2.279.737</b>	<b>2.161.163</b>
<b>Other reserves</b>	<b>23</b>	<b>43.253</b>	<b>84.541</b>
<b>Profit or loss attributable to owners of the parent</b>		<b>256.181</b>	<b>368.883</b>
<b>Total Equity</b>		<b>3.739.455</b>	<b>3.873.622</b>
<b>Total Equity and Total Liabilities</b>		<b>39.932.129</b>	<b>38.913.600</b>

1 Corresponds to the consolidated balance sheet at 31 December 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI (Note 1.4).

### Condensed interim statements of profit or loss for the periods ended on 30 June 2023 and 2022 (Amounts expressed in thousand euros)

	Notes	Consolidated	
		30-06-2023	30-06-2022 Restated <sup>1</sup>
Interest income	26	625252	271409
Interest expense	26	-186635	-30574
<b>NET INTEREST INCOME</b>		<b>438617</b>	<b>240835</b>
Dividend income	27	74519	91292
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	14	27816	31544
Fee and commission income	28	161212	158326
Fee and commission expenses	28	-14248	-13749

Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net	29	3	19
Gains or (-) losses on financial assets and liabilities held for trading, net	29	5840	7858
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	29	-1492	927
Gains or (-) losses from hedge accounting, net	29	3575	1054
Exchange differences [gain or (-) loss], net	29	-33960	27102
Other operating income	30	8049	15985
Other operating expenses	30	-56041	-65162
<b>GROSS INCOME</b>		<b>613890</b>	<b>496031</b>
<b>Administrative expenses</b>		<b>-215993</b>	<b>-188719</b>
Staff expenses	31	-122759	-113614
Other administrative expenses	32	-93234	-75105
Depreciation		-34543	-32839
<b>Provisions or (-) reversal of provisions</b>	20	<b>-2076</b>	<b>-2558</b>
Commitments and guarantees given		-167	269
Other provisions		-1909	-2827
<b>Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss</b>	33	<b>-36896</b>	<b>-26657</b>
Financial assets at amortised cost		-36896	-26657
Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	14	-1568	0
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net		10225	39
Gains or (-) losses on derecognition of non-financial assets, net		108	27
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		2102	820
<b>Profit or (-) loss before tax from continuing operations</b>		<b>335249</b>	<b>246105</b>
Tax expenses or (-) income related to profit or loss from continuing operations	24	-79068	-42952
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>256181</b>	<b>203192</b>
<b>PROFIT OR (-) LOSS FOR THE PERIOD</b>		<b>256181</b>	<b>203192</b>
<b>PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	36	<b>256181</b>	<b>203192</b>

1 Corresponds to the consolidated income statement at 30 June 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI (Note 1.4).

### Balance sheets as of 31 December 2022 and 2021 (Amounts expressed in thousand euros)

	Notes	Consolidated	
		31-12-2022	31-12-2021
<b>ASSETS</b>			
Cash, cash balances at central banks and other demand deposits	8	2.465.722	6.245.822
Financial assets held for trading	9	96.071	103.838
Non-trading financial assets mandatorily at fair value through profit or loss	10	73.509	113.509
Equity instruments		67.806	108.155
Debt securities		5.703	5.354
Financial assets at fair value through other comprehensive income	11	1.443.572	1.666.764
Equity instruments		490.133	431.389

Debt securities		953.439	1.235.375
Financial assets at amortised cost	12	33.752.722	32.137.819
Debt securities		7.466.754	6.845.126
Loans and advances - Central Banks and other Credit Institutions		819.149	1.002.843
Loans and advances - Customers		25.466.819	24.289.850
Derivatives - Hedge accounting	13	35.726	25.174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	13	-111.400	32.544
Investments in subsidiaries, joint ventures and associates	14	268.579	273.921
Tangible assets	15	198.215	209.224
Intangible assets	16	108.393	98.438
Tax assets	24	183.731	200.883
Other assets	17	363.328	265.277
Non-current assets and disposal groups classified as held for sale	18	26.385	5.098
<b>Total assets</b>		<b>38.904.553</b>	<b>41.378.311</b>
<b>LIABILITIES</b>			
Financial liabilities held for trading	9	87.113	103.937
Financial liabilities at amortised cost	19	34.435.882	37.200.614
Deposits - Central Banks		436.633	4.823.269
Deposits - Credit Institutions		1.057.050	1.002.995
Deposits - Customers		30.326.287	28.872.140
Debt securities issued		2.339.450	2.206.299
<i>Memorandum items: subordinated liabilities</i>		431.285	304.304
Other financial liabilities		276.462	295.911
Derivatives - Hedge accounting	13	21.909	15.859
Fair value changes of the hedged items in portfolio hedge of interest rate risk	13	-151.089	-1.664
Provisions	20	49.079	52.507
Pending legal issues and tax litigation		24.162	34.116
Commitments and guarantees given		12.399	18.093
Other provisions		12.518	298
Tax liabilities	24	125.068	20.073
Other liabilities	21	470.361	319.471
Liabilities included in disposal groups classified as held for sale	18	1.655	0
<b>Total Liabilities</b>		<b>35.039.978</b>	<b>37.710.797</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital	23	1.293.063	1.293.063
Equity instruments issued other than capital	23	275.000	275.000
Accumulated other comprehensive income	23	-330.362	-370.076
Items that will not be reclassified to profit and loss		-205.827	-357.569
Tangible assets		703	703
Actuarial gains or (-) losses on defined benefit pension plans		-187.494	-277.562
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		157	-242
Fair value changes of equity instruments measured at fair value through other comprehensive income		-19.193	-80.468
Items that may be reclassified to profit and loss		-124.535	-12.507
Foreign currency translation		-29.895	-36.937

Fair value changes of debt instruments measured at fair value through other comprehensive income		-66.832	10.882
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		-27.808	13.548
Retained earnings	23	2.161.163	2.053.377
Other reserves	23	100.665	109.327
Profit or loss attributable to owners of the parent		365.046	306.823
Total Equity		3.864.575	3.667.514
Total Equity and Total Liabilities		38.904.553	41.378.311

### Statements of profit or loss for the years ended on 31 December 2022 and 2021 (Amounts expressed in thousand euros)

	Notes	Consolidated	
		31-12-2022	31-12-2021
Interest income	26	656.697	507.988
Interest expense	26	-97.303	-47.523
<b>NET INTEREST INCOME</b>		<b>559.394</b>	<b>460.465</b>
Dividend income	27	91.489	99.837
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	14	67.347	47.762
Fee and commission income	28	323.304	308.185
Fee and commission expenses	28	-27.560	-20.011
Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net	29	740	223
Gains or (-) losses on financial assets and liabilities held for trading, net	29	14.843	5.420
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	29	-3.051	-5.169
Gains or (-) losses from hedge accounting, net	29	-3.021	-2.125
Exchange differences [gain or (-) loss], net	29	28.147	28.192
Other operating income	30	28.132	29.304
Other operating expenses	30	-75.834	-64.575
<b>GROSS INCOME</b>		<b>1.003.930</b>	<b>887.508</b>
Administrative expenses		-399.261	-396.475
Staff expenses	31	-259.577	-260.893
Other administrative expenses	32	-139.684	-135.582
Depreciation		-67.544	-61.220
Provisions or (-) reversal of provisions	20	-9.893	-5.295
Commitments and guarantees given		5.694	-1.580
Other provisions		-15.587	-3.715
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	33	-66.334	-45.581
Financial assets at amortised cost		-66.334	-45.581
Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	14	0	-201
Impairment or (-) reversal of impairment on non-financial assets	34	904	-904
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net		39	0
Gains or (-) losses on derecognition of non-financial assets, net		-773	1
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		-283	542
<b>Profit or (-) loss before tax from continuing operations</b>		<b>460.785</b>	<b>378.375</b>
Tax expenses or (-) income related to profit or loss from continuing operations	24	-95.739	-71.552

PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		365.046	306.823
PROFIT OR (-) LOSS FOR THE YEAR		365.046	306.823
PROFIT OR (-) LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	37	365.046	306.823

The auditor's reports on the consolidated financial statements of the Issuer for the years ended on 31 December 2021 and on 31 December 2022 did not include any reserves.

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

## **INVESTMENTS**

There have been no material investments by the Issuer since 30 June 2023.

## **CORPORATE GOVERNANCE**

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

- the company's management is entrusted to the Board of Directors which includes an Executive Committee to which the Board has delegated wide management powers for conducting the day-to-day activity. Within the ambit of the Board of Directors, two specialist commissions function, composed exclusively of non-executive members: (i) the Risk Committee and (ii) the Nominations, Evaluation and Remuneration Committee. In September 2017, as foreseen in the corporate statutes a Corporate Social Responsibility Committee was created.
- the oversight functions are attributed to the Audit Committee (“*Comissão de Auditoria*”) – whose key terms of reference include supervising the management of the company, ensuring compliance with the legal and regulatory provisions, the statutes and provisions issued by the supervisory authorities, as well as general policies, provisions and practices adopted internally, setting the terms of its coordination with the Risk Committee, including the work to be developed and the report to be carried out by the latter, with a view to assisting the performance of the Audit Committee's functions, following up on the situation and the evolution of all risks to which the Bank is subject, relying, for this purpose, on the assistance of the Risks Committee and any related work, analyses and recommendations that this Committee presents to the Audit Committee, verifying the adequacy of and supervising compliance with the policies, criteria and accounting practices adopted and any supporting documents in accordance with accounting standards, supervising the statutory audit of accounts, issuing an opinion on the report, accounts and proposals presented by the Board of Directors, supervising the process of preparing and disclosing financial information, supervising the effectiveness of the internal control, internal, assessing and supervising the Statutory Auditor's independence, particularly when he or she provides additional services to the company, receiving



communications concerning any irregularities occurring within the company and submitted by shareholders, employees or others and fulfilling any other duties assigned to it by law.

- the General Shareholders' Meeting, composed of all the shareholders of the Issuer, deliberates on the issues which are specifically attributed to it by the law or by the Articles of Association – including the election of the governing bodies, the approval of the directors' reports, the annual accounts, the distribution of profits, and capital increases –, as well as if so solicited by the Board of Directors, on matters dealing with the company's management.
- the Company Secretary is appointed by the Board of Directors and performs the functions contemplated in the law and others attributed pursuant to the Articles of Association of the Issuer.

## **MANAGEMENT**

The following is the last list of the members of the Board of Directors approved by the Sole Shareholder on 31 August 2023 for the 2023/2025 term of office, following the authorization for the exercise of functions granted by the ECB on the 15th of August 2023.

The business address of each of the below-mentioned members of the Board of Directors is Banco BPI, S.A., Ed. Monumental, Av. Praia da Vitória, 71, 1050-053 Lisbon, Portugal.

### **Board of Directors:**

Chairman: Fernando Ulrich  
Vice-President: António Lobo Xavier

### Members:

Cristina Rios Amorim  
Diogo Sousa Louro  
Francisco Artur Matos  
Fátima Barros  
Francisco Manuel Barbeira  
Gonzalo Gortázar Rotaeché  
Javier Pano  
Joana Freitas  
João Pedro Oliveira e Costa  
Natividad Capella

Pedro Barreto  
 Sandra Santos  
 Susana Trigo Cabral

**Board of Directors Executive Committee**

President: João Pedro Oliveira e Costa  
 Members: Diogo Sousa Louro  
 Francisco Artur Matos  
 Francisco Manuel Barbeira  
 Pedro Barreto  
 Susana Trigo Cabral

**Position in other companies of BPI Group**

Name	Position	Companies
Pedro Barreto	Non-executive Deputy-Chairman	BCI – Banco Comercial e de Investimentos, S.A. (35.67 per cent.)
Francisco Manuel Barbeira	Non-Executive Director	SIBS, SGPS, S.A. (14.98 per cent. indirectly)

**Relevant activities outside BPI Group**

Name	Position	Companies
Fernando Ulrich	Non-Executive Diretor	CaixaBank, S.A.
António Lobo Xavier	Non-Executive Director	NOS, SGPS, S.A.
	Non-Executive Director	Fábrica Têxtil Riopele, S.A.
	Non-Executive Director	BA Glass, Serviços de Gestão e Investimento, S.A.
	President of General Meeting of Shareholders	Têxtil Manuel Gonçalves, S.A.
	President of General Meeting of Shareholders	Mysticinvest – Holding S.A.

	President of the General Meeting of Shareholders	Greenvolt – Energias Renováveis S.A.
	Partner	Morais Leitão & Associados
	Member of Advisory Council	Council of State Presidency of Portuguese Republic
	Member of “Conselho de Curadores”	Fundação Belmiro de Azevedo
João Oliveira Costa	Not applicable*	Not applicable*
Cristina Rios Amorim	Non-Executive Vice-president	Amorim Investimentos e Participações, SGPS, S.A.
	Non-Executive Director	Amorim, SGPS, S.A.
	Executive Director and CFO	Corticeira Amorim, SGPS, S.A.
	Board Member	BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável
Francisco Artur Matos	Not applicable*	Not applicable*
Francisco Manuel Barbeira	Non-Executive Director	SIBS, SGPS, S.A.
Gonzalo Gortázar	Chief Executive Officer	CaixaBank, S.A.
	Non-Executive Chairman	VidaCaixa
Javier Pano	Chief Financial Officer	CaixaBank, S.A.
	Non-Executive Director	Cecabank, S.A.
Natividad Pifarre	Head of Global Risk	CaixaBank, S.A.
	Non-Executive Director	Vida Caixa, S.A.
	Non-Executive Director	CaixaBank Wealth Management Luxembourg, S.A.
Pedro Barreto	Not applicable*	Not applicable*
Sandra Santos	Member	Rabobank European Food and Agri-Business Advisory Board

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

## **CONFLICTS OF INTEREST**

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

## **AUDIT COMMITTEE**

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

The following is a list of the members of the Audit Committee, designated by the sole Shareholder on 31 August 2023, for the term of office 2023-2025:

Chairman:	Fátima Barros
Members:	António Lobo Xavier
	Joana Freitas
	Natividad Capella
	Sandra Santos

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

Please see table above concerning the Board of Directors.

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

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

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

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

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

## **STATUTORY AUDITOR**

The term of office of the Statutory Auditor (“*Revisor Oficial de Contas*”) is of four years. CaixaBank as the sole shareholder elected on 15 April 2021 PricewaterhouseCoopers, SROC, S.A. as the Statutory Auditor for the period of 2021-2024.

PricewaterhouseCoopers, SROC, S.A., member of the Portuguese Association of the Chartered Accountants (“*Ordem dos Revisores Oficiais de Contas*”) with number 183, with registered office at Palácio Sottomayor, Rua Sousa Martins, 1-3<sup>rd</sup>, 1069-316 Lisbon, has designated José Manuel Henriques Bernardo and Cláudia Sofia Parente Gonçalves da Palma, to represent it for the period beginning in January 2021 who are also members of the Portuguese Association of the Chartered Accountants.

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

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

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

### **OVERVIEW**

Public sector credit is originated at BPI by the institutional clients units based in Oporto, Lisbon, and the Autonomous Regions of the Azores and Madeira, which are also responsible for corporate loans in these geographies. Credit to the Autonomous Regions of the Azores and Madeira is originated by the referred regional institutional clients units. The institutional clients units are specialised departments integrated, in the case of the cities of Oporto (North of Continental Portugal) and Lisbon (South), in the Corporate & Institutional Banking Department and, in the case of the Islands, in the South and Islands Corporate Department. These units are mainly dedicated to public sector entities, i.e., entities owned or controlled, directly or indirectly, by the Portuguese State, also comprising the main not-for-profit social economy institutions.

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

As at 31 December 2022, BPI's public sector loan portfolio amounted to €2.2 billion, including central administration, regional and local administrations, the state corporate sector, and other institutional entities.

### **ORIGINATION, RISK ASSESSMENT AND DECISION-MAKING**

The four institutional units, which account for 20 professionals, including 4 managers (the remainder being Account Executives), are focused on municipalities, municipal companies, and the social economy sector (essentially including not-for-profit entities). State-owned companies are also covered by these units, according to their geographical location.

Credit proposals are originated through BPI's direct contact with municipalities and state-owned companies. By law, to meet their funding requirements, municipalities are required to adopt a competitive tender process with the consultation of, at least, three banks (presently, loans from the European Investment Bank are exempted from this requirement). A similar procedure is adopted by state-owned companies. All public sector entities are subject to strict indebtedness controls and procedures which are defined in the relevant legislation.

As for BPI's Corporate Banking, the "four eyes" principle is also adopted for public sector operations and risk assessment is carried out independently by a specialised unit of the Credit Risk Department dedicated

to the public sector. Credit policy, guidelines and procedures adopted for the public sector and for the whole corporate sector of BPI are defined in the same key document. A fully documented credit review is made for each lending proposal.

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

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

## **OPERATIONS AND SERVICING**

BPI's Operations Department manages all credit transactions. It executes all tasks related to credit transactions, commercial leasing, factoring, guarantees, financial capacity certificates, and the issuance of letters of credit.

Servicing procedures include:

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

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

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

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



## **MONITORING**

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

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

If, in spite of the monitoring process, the overdue credit situation is not settled within 60 days, DCR will draw up an action proposal to be submitted to the Credit Committee. Based on the action proposal, the Credit Committee may decide to maintain the customer management and monitoring with the Commercial Department or transfer it to the Recovery Department (“**DREC**”).

### Monitoring Tools:

Monitoring action is based on several tools such as: a rating system (in what concerns public sector credit, for municipalities only – a simple expert system that may possibly be revised soon), an alert system, internal and external databases, intervention at the Commercial Department level, and, finally, intervention at the customer level.

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

### Monitoring Tools:

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

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

## **RECOVERIES**

Loans in arrears are handled by DREC, which is responsible for the monitoring and surveillance of both corporate loans and public sector credit.

DREC is also responsible for credit recovery by non-judicial means, handling the relationship with customers that are put under its supervision and, therefore, benefiting from the same supporting instruments for relations with customer companies as the commercial departments.

DREC's intervention is based on a negotiation process that may require the restructuring of the credit in arrears, preferably via enforcement of guarantees. Although these are normally delicate negotiations, DREC aims for swiftness of recovery, which should be achieved within less than 150 days from when the arrears were originally registered.

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

The Litigation team is part of the Legal Department and is responsible for the judicial recovery of debt. It represents BPI in all legal actions in which the Bank is involved.

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

## **USE OF PROCEEDS**

The net proceeds resulting from each issue of Public Sector Covered Bonds will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

## THE LEGAL REGIME OF PUBLIC SECTOR COVERED BONDS

### FRAMEWORK

The Legal Regime of Public Sector Covered Bonds introduced a framework for the issuance of public sector debt securities into Portuguese law. The Public Sector Covered Bonds to be issued under this Base Prospectus will be labelled as “*European Covered Bond (Premium)*”, as set out in Article 42(2) of the Legal Regime of Public Sector Covered Bonds provided that the Public Sector Covered Bonds are in compliance with the Legal Regime of Public Sector Covered Bonds and the CRR.

On 6 May 2022, Decree-Law 31/2022, of 6 May, approving the new Legal Regime of Public Sector Covered Bonds and transposing the CBD, was published in the Portuguese Official Gazette and which was supplemented by CMVM Regulation.

In accordance with the transitional provisions of Decree-Law 31/2022, of 6 May, BPI as issuer of public sector covered bonds applied to CMVM, as supervisory authority, for the conversion of its public sector covered bonds programme, under the previous Public Sector Covered Bonds Law, to a public sector covered bonds programme compliant with the Legal Regime of Public Sector Covered Bonds. CMVM has authorised such conversion and, as such all outstanding public sector covered bonds of BPI issued under the previous Public Sector Covered Bonds Law are now subject to the Legal Regime of Public Sector Covered Bonds.

### ISSUERS OF PUBLIC SECTOR COVERED BONDS

Public Sector Covered Bonds may be issued by credit institutions (the “**Credit Institutions**”) legally authorised to grant credit to central administrations, regional or local authorities of any EU Member State or credits guaranteed by such entities and having own funds amounting to no less than €7,500,000. Credit Institutions can either be universal credit institutions (“**Credit Institutions**”) or special credit institutions incorporated under the Legal Regime of Public Sector Covered Bonds specialising in the issuance of public sector/mortgage covered bonds (the “**Mortgage Credit Institutions**”).

If the issuer of public sector covered bonds is a Credit Institution, there are no restrictions to its banking activities and it may issue public sector covered bonds directly maintaining the underlying cover pool on its balance sheet.

If the issuer of public sector covered bonds is a Mortgage Credit Institution, its authorised banking activity is restricted to granting and acquiring credits to, or guaranteed by, the central administrations, regional or

local authorities of any EU Member State. Mortgage Credit Institutions may thus issue public sector covered bonds backed by credits originated by itself or otherwise acquired from third party originators.

If public sector covered bonds are issued by a Mortgage Credit Institution backed by credits acquired from a third party originator, the cover assets must be transferred to the Mortgage Credit Institution and, if such Mortgage Credit Institution is wholly-owned by such originator, the assets and liabilities relating to the relevant issue of public sector covered bonds and the related cover pool will be consolidated with such originator. However, it is also possible for a Mortgage Credit Institution to have multiple owners, in which case the issues of public sector covered bonds and the allocated cover pool may or may not be consolidated with the originator of the relevant credits.

A Credit Institution must manage its cover pool as well as any assets that it may acquire as a result of the enforcement of delinquent public sector credits. Credit Institutions may also undertake certain activities necessary to obtain additional liquidity.

In the event of insolvency, winding-up and dissolution of a Credit Institution, the cover pool over which the holders of public sector covered bonds have a special creditor privilege including the principal and any accrued and future interest in relation to the cover assets will be segregated from the insolvent estate of such Credit Institution and will form an autonomous estate not being liable for any debts of the issuing Credit Institution until any outstanding amounts payable to the Public Sector Covered Bond holders and counterparties of derivative contracts are fully paid, even in the event of liquidation of the issuing Credit Institution.

In the event of liquidation of the issuing Credit Institution, any assets comprised in the cover pool, as well as interest revenue, repayments, and any collateral in connection with derivative contracts shall be segregated from the insolvency estate, to be autonomously managed until all amounts payable to the public sector covered bond holders and counterparties of derivative contracts have been fully paid. In this respect, the Legal Regime of Public Sector Covered Bonds establishes a special regime which prevails over general Portuguese insolvency regulations.

If the cover assets are insufficient to meet interest and principal payments due on the public sector covered bonds of the insolvent Credit Institution, the holders of public sector covered bonds will also rank *pari passu* with unsecured creditors of the Credit Institution in relation to the remaining assets of the insolvent Credit Institution.

## **COVER ASSETS**

The Legal Regime of Public Sector Covered Bonds sets out the type of assets that are eligible to collateralise issues of public sector covered bonds made by a Credit Institution in accordance with the Legal Regime of Public Sector Covered Bonds. For further information regarding the eligible types of assets, please see the section “*Issuer Required to Maintain Cover Pool*” in the chapter entitled “Characteristics of the Cover Pool”.

Hedging contracts may also be included in the cover pool for hedging purposes provided they meet certain legal requirements established in the Legal Regime of Public Sector Covered Bonds and in Article 129 of the CRR.

The Legal Regime of Public Sector Covered Bonds contain certain rules governing the limits and conditions for the use of these hedging contracts. The evaluation rules of the Hedging Contracts are determined by the CMVM. For further details on the abovementioned requirements, see the section “*Hedging Contracts*” in the chapter entitled “*Characteristics of the Cover Pool*”.

The cover pool is of a dynamic nature. Accordingly, the Credit Institution may be required, or may otherwise decide, to include new assets in such cover pool or substitute assets in case the existing ones no longer comply with the applicable financial and prudential requirements.

Furthermore, a Credit Institution is required by the Legal Regime of Public Sector Covered Bonds to maintain a register, in segregated accounts of the Credit Institution, of all the assets comprised in the cover pool, including hedging contracts.

## **ASSET-LIABILITY MANAGEMENT AND FINANCIAL REQUIREMENTS**

The Legal Regime of Public Sector Covered Bonds establishes, as nominal principle coverage requirement, that the calculation of the coverage requirement shall be made in accordance with the nominal principle and ensures that the total aggregate principal amount of all cover assets is at least equal to or greater than the aggregate principal amount of the unpaid public sector covered bonds (i.e., 100 per cent. coverage of the liabilities shall be fully secured by cover assets).

For the purposes of the calculation of the level of overcollateralisation, as well as of the remaining financial and prudential requirements, the liabilities of the public sector covered bonds shall include, namely:

- (a) the obligations for the payment of the principal amount of issued public sector covered bonds;
- (b) the obligations for payment of any interest arising from the outstanding public sector covered bonds;

- (c) the payment obligations arising from derivative contracts comprised in the cover pool; and
- (d) the expected costs related to maintenance and administration for the liquidation of the relevant programme.

If the relevant public sector covered bonds are denominated in any currency other than euro, the Credit Institution must use the exchange rates published by the ECB as a reference.

If the limits and requirements established in the Legal Regime of Public Sector Covered Bonds are exceeded, the issuer is required to remedy the situation immediately by (i) allocating new primary or substitution assets, with or without replacing any assets already attached to the public sector covered bonds, (ii) amortising outstanding public sector covered bonds in the sufficient amount to remedy the breach and/or (iii) allocating new liquid assets to the liquidity buffer.

Public sector credits that become delinquent after being allocated to the cover pool may still remain in such cover pool provided that the delinquency period is not equal to or higher than 90 days, in which case such public sector credits must be removed from the cover pool by the Credit Institution and, if necessary to comply with the prudential requirements established in the Legal Regime of Public Sector Covered Bonds, substituted by new public sector credits to, or guaranteed by primary or substitution assets.

Public sector credits underlying public sector covered bonds may only be sold or encumbered if the Credit Institution allocates new primary or substitution assets sufficient to maintain compliance with the financial and prudential requirements set forth in the Legal Regime of Public Sector Covered Bonds.

#### **COVER POOL MONITOR, COMMON REPRESENTATIVE AND SUPERVISION**

The Board of Directors of the Credit Institution is required to appoint an independent auditor registered with CMVM for the purposes of monitoring the compliance by such Credit Institution of the financial and prudential requirements established in the Legal Regime of Public Sector Covered Bonds.

Pursuant to Article 17 of the Legal Regime of Public Sector Covered Bonds, the independent auditor is required to prepare and issue an annual report on the fulfilment of the applicable legal and regulatory requirements set out in said article.

A common representative of the holders of the public sector covered bonds – common to all public sector or mortgage covered bond issues – must be appointed by the Board of Directors of the Board of Directors of the Credit Institution in order to represent the interests of the holders of public sector covered bonds.

The ECB and CMVM carry out banking and capital markets supervision respectively.

## SEGREGATION OF COVER ASSETS AND INSOLVENCY REMOTENESS

### *Asset segregation and insolvency of Credit Institutions*

The cover assets and hedging contracts allocated by the Credit Institution to the issues of public sector covered bonds, including liquidity buffer assets, interest revenue, repayments, and security relating to derivative contracts, will permanently remain and be registered in segregated accounts of the Credit Institution.

In the event of default in payment of interest or principal on the public sector covered bonds, and in case the holders of such public sector covered bonds decide to accelerate the relevant public sector covered bonds, holders of such public sector covered bonds, or the common representative on their behalf, may have access to the list of assets making up the cover pool allocated to the relevant public sector covered bonds, in accordance with terms to be defined by regulation from CMVM. For further information regarding the impacts of insolvency of the Issuer, please refer to the chapter entitled “*Insolvency of the Issuer*”.

The segregation of the cover assets applies in the event of liquidation or resolution of the Credit Institution and as such, any assets comprised in the cover pool, as well as interest revenue, repayments, and any collateral in connection with derivative contracts will form an autonomous estate over which the holders of the public sector covered bonds will have a special creditor privilege (*privilégio creditório*).

For further information regarding the segregated register, please refer to the chapter entitled “*Characteristics of the Cover Pool*”.

### *Preferential status for public sector covered bonds holders*

Pursuant to the Legal Regime of Public Sector Covered Bonds, holders of public sector covered bonds benefit from a special creditor privilege over the assets assigned to the issue, with precedence over any other creditors, for the purpose of redemption of principal and receipt of interest corresponding to the relevant public sector covered bonds.

The public sector credits rights that serve as collateral for the entitlements of the holders of public sector covered bonds prevail over any preferential claims. If the assets comprised in the cover pool are not enough to pay interest and principal under the public sector covered bonds, the holders of public sector covered bonds will then rank *pari passu* with unsecured creditors of the relevant Credit Institution.

The hedging contracts entered into by the Credit Institution also form part of the cover pool and thus the relevant counterparties will also benefit from the special creditor privilege over such cover pool.



Accordingly, these counterparties will have similar rights to those of the holders of the public sector covered bonds and, consequently, their contracts are not expected to be called in case of insolvency of the Credit Institution.

In particular, the holders of public sector covered bonds and the hedging counterparties have: (a) a claim against the credit institution issuing the public sector covered bonds, (b) in the case of the insolvency or resolution of the Credit Institution issuing the public sector covered bonds, a special creditor privilege on the cover assets in the amount of the principal and any accrued and future interest and (c) in the case of the insolvency of the Credit Institution issuing the public sector covered bonds and in the event that the privileged credit referred in (b) cannot be fully satisfied, a common claim against the insolvency estate of that Credit Institution, which ranks *pari passu* with the claims of the Credit Institution's ordinary unsecured creditors of the Credit Institution. It is further specified that the entitlements under (a) to (c) above are limited to the total payment obligations under the public sector covered bonds and that the above dual recourse and special creditor privilege also applies in case of maturity extension of those public sector covered bonds subject to automatic extendable maturity, pursuant to the Legal Regime of Public Sector Covered Bonds.

Pursuant to the Legal Regime of Public Sector Covered Bonds, in the case of dissolution and winding-up of a Credit Institution, a meeting of holders of all series of public sector covered bonds then outstanding may decide, by a 2/3 majority vote, to accelerate the public sector covered bonds, in which case the administrator shall provide for the settlement of the estate allocated to the relevant issue in accordance with the provisions defined in the Legal Regime of Public Sector Covered Bonds and in the relevant terms and conditions that govern such issue.

#### *Maturity Extension*

Pursuant to the Legal Regime of Public Sector Covered Bonds, Credit Institutions may issue public sector covered bonds with an automatic extendable maturity structure when:

- (a) the non-discretionary extension requirements are specified in the terms and conditions of the issue applicable to the public sector covered bonds;
- (b) the information provided to holders of public sector covered bonds relating to public sector covered bonds with such automatic extendable maturity structure is sufficient to perceive the respective risk, including:

- (i) the operation of the maturity extension;
  - (ii) the consequences for a maturity extension of the liquidation or resolution of the relevant Credit Institution; and
  - (iii) CMVM's duties in relation to the maturity extension;
- (c) the final maturity date of the public sector covered bonds is determinable at all times; and
- (d) in the event of liquidation or resolution of the relevant Credit Institution, maturity extensions do not affect the ranking of holders of public sector covered bonds or invert the sequencing of the relevant public sector bond covered programme's original maturity schedule.

In addition, the maturity of the public sector covered bonds can only be extended based on the following:

- (a) revocation of the authorisation of the relevant Credit Institution; or
- (b) foreseeable or actual failure to pay the principal or interest amounts of the public sector covered bonds due at the initial maturity date, that is not remediable within an established period of time in the terms of the relevant issue or the public sector covered bond programme, not exceeding 10 Business Days.

In order to be able to extend the maturity of public sector covered bonds, the Credit Institution shall notify CMVM of the referred extension together with the relevant reasons for such extension (i) no less than 10 calendar days prior to the effective date or (ii) as soon as possible, if the occurrence of the reason for the extension or the time it becomes known does not allow the Credit Institution to respect the 10 calendar days deadline. CMVM shall oppose the maturity extension within 10 calendar days from receipt of such notice from the Credit Institution referred to above, when it considers that the requirements for the extension of the maturity are not fulfilled.

If, prior to the date on which the Public Sector Covered Bonds will be automatically extended, CMVM has timely and duly decided to oppose to such extension, the extension to an extended maturity date will not apply; otherwise, such extension will apply.

For the avoidance of doubt, if the Credit Institution communicates to CMVM a possible extension with less than 10 calendar days in advance of the effective date and, if at the date on which the Public Sector Covered Bonds should automatically be extended to the Extended Maturity Date, CMVM has not yet resolved on its

opposition, the Public Sector Covered Bonds will be extended to the Extended Maturity Date; if, thereafter CMVM opposes to such extension, the extension to the Extended Maturity Date will cease to apply.

#### **HARMONISATION OF THE EU COVERED BOND FRAMEWORK**

The CBD was published in the Official Journal on 18 December 2019 and came into effect on 7 January 2020, establishing a revised common base-line for the issue of covered bonds for EU regulatory purposes and has been transposed into Portuguese national legislation by Decree-Law 31/2022, of 6 May, which entered into force on 1 July 2022, approving the Legal Regime of Public Sector Covered Bonds.

In accordance with the transitional provisions of Decree-Law 31/2022, of 6 May, BPI as issuer of public sector covered bonds applied to CMVM, as supervisory authority, for the conversion of its public sector covered bonds programme, under the Public Sector Covered Bonds Law, to a public sector covered bonds programme compliant with the Legal Regime of Public Sector Covered Bonds and submitted the application to CMVM together with the adjusted programme documentation and other applicable supporting documents and information. CMVM has authorised such conversion and, as such the public sector covered bonds issued under the Programme are compliant with the Legal Regime of Public Sector Covered Bonds and subject to the same.

## TAXATION

### Portugal

The following is a general description of certain Portuguese tax consequences of the acquisition and ownership of Public Sector Covered Bonds. It does not purport to be an exhaustive description of all tax considerations that may be relevant to decide about the purchase of Public Sector Covered Bonds. Notably, the following general discussion does not consider any specific facts or circumstances that may apply to a particular purchaser.

This summary is based on the laws of Portugal currently in full force and effect and as applied on the date of this Base Prospectus, thus being subject to variation, possibly with retroactive or retrospective effect.

Prospective purchasers of Public Sector Covered Bonds are advised to consult their own tax advisers as to the tax consequences resulting from the purchase, ownership and disposition of Public Sector Covered Bonds, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or deemed to be, residents.

The economic advantages deriving from interests, amortisation or reimbursement premiums and other types of remuneration arising from Public Sector Covered Bonds issued by private entities are qualified as investment income for Portuguese tax purposes.

Gains obtained with the repayment of Public Sector Covered Bonds are classified as capital gains for Portuguese tax purposes.

### **Public Sector Covered Bonds not held through a centralised control system**

Interest and other types of investment income obtained on Public Sector Covered Bonds by a Portuguese resident individual is subject to individual tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income, subject to tax at progressive income tax rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income up to €250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000.

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding

tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

In the case of zero coupon Public Sector Covered Bonds, the difference between the redemption value and the subscription cost is qualified as investment income and is also subject to Portuguese income tax under the rules described above.

Capital gains taxation at an autonomous rate of 28 per cent., applicable to Portuguese resident individuals, will apply on the positive difference between the capital gains and capital losses arising from the transfer of the Public Sector Covered Bonds, unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding €250,000. Accrued interest qualifies as investment income, rather than as capital gains for tax purposes.

The positive balance between capital gains and capital losses arising from the transfer for consideration of shares and other securities is mandatorily aggregated and taxed at progressive rates if the assets have been held for less than 365 days and the taxable income of the taxpayer, including the balance of the capital gains and capital losses, amounts to or exceeds EUR 78,834.

Interest and other investment income derived from Public Sector Covered Bonds and capital gains realised with the transfer of Public Sector Covered Bonds by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and is, as a general rule, subject to a (i) 21 per cent. or (ii) if the taxpayer is a small or medium enterprise or a small and mid-capitalization enterprise (Small Mid Cap) as established in Decree-Law 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to €50,000 and 21. per cent. on profits in excess thereof to which may be added a municipal surcharge (“*derrama municipal*”) of up to 1.5 per cent. on their taxable profits. A State Surcharge (“*derrama estadual*”) rate will be of 3 per cent. due on the part of the taxable profits exceeding €1,500,000 up to €7,500,000 and of 5 per cent. on the part of the taxable profits exceeding €7,500,000 up to €35,000,000, and taxable income above €35,000,000 will be subject to a 9 per cent. Rate.

Withholding tax on interest and other investment income at a rate of 25 per cent. applies, which is deemed a payment on account of the final tax due.

Portuguese financial institutions, pension funds, collective investment undertakings, retirement and/or education savings funds, share savings funds, venture capital funds incorporated under the laws in Portugal and some exempt entities are not subject to withholding tax.

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Without prejudice to the special debt securities tax regime as described below, the general tax regime on debt securities applicable to non-resident entities is the following.

Interest and other types of investment income obtained by non-resident individuals is subject to withholding tax at a rate of 28 per cent.. Interest and other types of investment income obtained by a legal person non-resident in Portugal without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 25 per cent., which is the final tax on that income.

Under the tax treaties entered into by Portugal which are in full force and effect on the date of this Base Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes were approved by Order (“*Despacho*”) 6403/2021, of the Portuguese Minister of State and Finance, published in the 2<sup>nd</sup> Series of Portuguese official gazette no. 125, of 21<sup>st</sup> June, which may be available at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

A withholding tax rate of 35 per cent. applies in case of investment income payments to individuals or companies domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”).

Under domestic law, the responsibility to withhold taxes arising from interest payments of the Public Sector Covered Bonds issued by resident entities for tax purposes belong to the registry or depositary entity, as the case may be.

Capital gains obtained on the transfer of Public Sector Covered Bonds by non-resident individuals without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation unless the individual is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February 2011, as amended from time to time (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*). Capital gains obtained by individuals that are not entitled to said exemption will be subject to taxation at a 28 per cent. flat rate and should be declared in the Portuguese annual tax return to be presented by the seller. Accrued interest does not qualify as capital gains for tax purposes. Under the tax treaties entered into by Portugal, Portugal is usually not allowed to tax such gains, but the applicable rules should be confirmed on a case by case basis.

Regarding capital gains obtained on the disposal of Public Sector Covered Bonds by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable to are exempt from Portuguese capital gains taxation, unless the share capital of the non-resident entity is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February, as amended from time to time (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*). This 25 per cent. threshold will not be applicable when the following cumulative requirements are met by the seller: (i) the seller is an entity resident in the EU or in a EEA State which is bound to cooperate with Portugal under an administrative cooperation agreement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or in any country with which Portugal has a double tax treaty in force that foresees the exchange of information; (ii) such entity is subject and not exempt from a tax referred to in Article 2 of the Council Directive 2011/96/EU, of 30 November 2011, or a tax of similar nature with a rate not lower than 60 per cent. of the Portuguese corporate income tax rate; (iii) it holds at least 10 per cent. of the share capital or voting rights regarding the entity subject to disposal for at least one year uninterruptedly; and (iv) is not intervenient in an artificial arrangement or a series of artificial arrangements that have been put into place for the main purpose, or one of the main purposes, of obtaining a tax advantage. Although the abovementioned cumulative requirements are in full force and effect since 31 March 2016 and apply to

securities in general, the law is not clear on the application thereof for holders of debt representative securities, as some of the alluded requirements appear not to apply to debt representative securities. If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. and should be declared in the Portuguese annual tax return to be presented by the seller. Accrued interest does not qualify as capital gains for tax purposes. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese corporate income tax, but the applicable rules should be confirmed on a case by case basis.

Stamp tax at a rate of 10 per cent. applies to the acquisition through gift or inheritance of Public Sector Covered Bonds by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse, de facto spouse, descendants and parents/grandparents. The acquisition of Public Sector Covered Bonds through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment, as a general rule, is subject to a (i) 21 per cent. or (ii) if the taxpayer is a small or medium enterprise or a small and mid-capitalization enterprise (Small Mid Cap) as established in Decree-Law 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to €50,000 and 21. per cent. on profits in excess thereof to which may be added a municipal surcharge (“*derrama municipal*”) of up to 1.5 per cent. over their taxable profits. A State Surcharge (“*derrama estadual*”) rate will be of 3 per cent. due on the part of the taxable profits exceeding €1,500,000 up to €7,500,000 and of 5 per cent. on the part of the taxable profits exceeding €7,500,000 up to €35,000,000, and taxable income above €35,000,000 will be subject to a 9 per cent. rate. No stamp tax applies to the acquisition through gift and inheritance of Public Sector Covered Bonds by an individual who is not domiciled in Portugal. The acquisition of Public Sector Covered Bonds through gift or inheritance by a non-resident legal person is subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

There is no wealth or estate tax in Portugal on the Public Sector Covered Bonds.

### **Public Sector Covered Bonds held through a centralised control system**

The regime described above corresponds to the general tax treatment of investment income and capital gains on Public Sector Covered Bonds and to the acquisition through gift or inheritance of such Bonds.

Nevertheless, pursuant to the Special Tax Regime for Debt Securities, approved by Decree-law 193/2005, investment income and capital gains on the disposal of debt securities issued by Portuguese resident entities, such as the Public Sector Covered Bonds obtained by non-resident beneficial owners, are exempt from



Portuguese income tax provided that (i) the debt securities are integrated in a centralised system managed by an entity resident in Portugal or by an international clearing system managing entity of a member state of the EU or of the EEA (in this case, the member state of the EEA should be subject to administrative cooperation in tax issues similar to the administrative cooperation agreement in force between EU countries), and (ii) the beneficial owners are:

- (i) central banks or governmental agencies; or
- (ii) international organisations recognised by the Portuguese State; or
- (iii) entities with residency in countries with whom Portugal has a double tax treaty or a tax information exchange agreement in force; or
- (iv) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”).

The special regime approved by Decree-Law 193/2005 sets out the detailed rules and procedures to be followed on the evidence of non-residence by the beneficial owners of the bonds to which it applies. Under these rules, the direct register entity (i.e. the entity affiliated to the centralised system where the securities are integrated), as the entity holding the relevant account with the relevant centralised system in which the Public Sector Covered Bonds are integrated, will be under the obligation to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the evidence of non-residence status should be provided to, and received by, the direct registration entities prior to the relevant date for payment of any interest, or the redemption date (for zero coupon Public Sector Covered Bonds), and prior to the transfer of Public Sector Covered Bonds date, as the case may be. The relevant direct registering entity shall withhold the relevant tax if the requirements for a withholding tax exemption are not met.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Base Prospectus.

**(a) Domestically Cleared Public Sector Covered Bonds**

The beneficial owner of Public Sector Covered Bonds must provide proof of non-residence in Portuguese territory substantially in the terms set forth below.

- (i) If the beneficial owner of Public Sector Covered Bonds is a central bank, an international organisation or a public law institution integrated in the Public Administration (either central, regional, peripheral, indirect or autonomous), a declaration of tax residence issued by the beneficial owner of Public Sector Covered Bonds itself, duly signed and authenticated or proof pursuant to (iv) below;
- (ii) If the beneficial owner of Public Sector Covered Bonds is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the beneficial owner of Public Sector Covered Bonds and its domicile; or (C) proof of non-residence pursuant to (iv) below.
- (iii) If the beneficial owner of Public Sector Covered Bonds is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a double tax treaty, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, the law of incorporation and domicile; or (B) proof of non-residence pursuant to (iv) below.
- (iv) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities; or (B) a document issued by the relevant Portuguese consulate certifying residence abroad; or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules regarding the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the beneficial owner of Public Sector Covered Bonds must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until 3 months after the date on which the withholding tax would have been applied and will be valid for a 3 year period starting on the date such document is produced. The beneficial owner of Public Sector Covered Bonds must inform the register entity immediately of any change on the requirement conditions that may prevent the tax exemption to apply.

When the Public Sector Covered Bonds are held by countrybeneficial owners mentioned in paragraph (i) to (iii) above, the respective proof of non-residence in Portuguese territory is provided just once and periodical renewal not being necessary.

**(b) Internationally Cleared Public Sector Covered Bonds**

If the Public Sector Covered Bonds are held through a centralised system recognised under the Portuguese Securities Code and complementary legislation, and registered in an account with an international clearing system under the terms foreseen in Decree-Law 193/2005 (such as Euroclear or Clearstream, Luxembourg), the identification and amount of securities, as well as the amount of income, and, if applicable, the amount of withheld tax, shall be communicated (as mentioned below) and the beneficiaries shall be identified under one of the following categories:

- (i) Entities with residence, headquarters, effective management or permanent establishment to which the income would be attributable, and which are exempt from taxation or not subject to tax withholding;
- (ii) Entities with residence in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial order (“*Portaria*”) no. 150/2004, of 13 February, as amended from time to time (“*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*”);
- (iii) Entities with residence, headquarters, effective management or permanent establishment to which the income would be attributable, and which are exempt from taxation or not subject to tax withholdings;
- (iv) Other entities which do not have residence, headquarters, effective management or permanent establishment to which the income would be attributable.

On each interest payment date, the following information with respect of each one of the beneficiaries mentioned in (i), (ii) and (iii) should be communicated:

- (i) Name and address;
- (ii) Tax identification number (if available);
- (iii) Identification and amount of securities held;
- (iv) Amount of income.

In addition, the international clearing system managing entity shall send the above information to the direct register entity, or its representatives, and should send the information regarding all accounts under its management.

No Portuguese exemption shall apply at source under the special regime approved by Decree-Law 193/2005 if the above rules and procedures are not complied with. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-Law 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Public Sector Covered Bonds within 6 months from the date the withholding took place.

The refund of withholding tax in other circumstances or after the above 6 months period is to be claimed to the Portuguese tax authorities under the general procedures and within a 2 years period after the end of the year where the income was obtained.

A special tax form for these purposes was approved by Order (“*Despacho*”) 2937/2014, of the Portuguese Secretary of State for Tax Affairs, published in 2nd Series of Portuguese official gazette no. 37, of 21 February, which may be available at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

### **Automatic exchange of tax information**

The automatic exchange of information regime to be implemented under Council Directive 2011/16/EU, of 15 February (the “Council Directive 2011/16/EU”) on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU, of 9 December (the “Council Directive 2014/107/EU”)) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

Council Directive 2014/107/EU was transposed to Portuguese national law, on October 2016, by Decree-Law no. 64/2016, of 11 October (“**Portuguese CRS Law**”), which amended Decree-Law no. 61/2013, of 10 May, which transposed Council Directive 2011/16/EU. The Portuguese CRS Law and Decree-Law no. 61/2013, have been amended by Law no. 98/2017, of 24 August, Law no. 17/2019, of 14 February 2019 and Law no. 24-D/2022, of 30 December.

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

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

In view of the regime enacted by Decree-Law 64/2016, of 11 October, which was amended by Law no. 98/2017, of 24 August, and Law no. 17/2019, of 14 February 2019, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order (*Portaria*) no. 302-B/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) no. 282/2018, of 19 October 2018, Ministerial Order (*Portaria*) no. 302-C/2016, of 2 December 2016, Ministerial Order (*Portaria*) no. 302-D/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) no. 255/2017, of 14 August and by Ministerial Order (*Portaria*) no. 58/2018, of 27 February 2018 and Ministerial Order (*Portaria*) no. 302-E/2016, of 2 December 2016. Portugal has also implemented, through Law no. 82-B/2014, of 31 December, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. In addition, Portugal has signed the Intergovernmental Agreement (IGA) with the US on 6 August 2015. The IGA has entered into force in 10 August 2016, and through the Decree-Law no. 64/2016, of 11

October, amended by Law no. 98/2017, of 24 August, Portuguese government approved the complementary regulation required to comply with FATCA. Under the referred legislation the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the IRS. In view of the abovementioned regime, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations and the forms to use for that end were provided by the Ministry of Finance through Ministerial Order (*Portaria*) no. 302-A/2016, of 2 December, amended by Ministerial Order (*Portaria*) no. 169/2017, of 25 May.

## **SUBSCRIPTION AND SALE AND SECONDARY MARKET ARRANGEMENTS**

The Dealer has in the Programme Agreement agreed with the Issuer a basis upon which it may from time to time agree to purchase Public Sector Covered Bonds.

Any such agreement will extend to those matters stated under “*Form of the Public Sector Covered Bonds and Clearing Systems*” and “*Terms and Conditions of the Public Sector Covered Bonds*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealer for certain of its expenses in connection with the establishment and any future update of the Programme and the issue of Public Sector Covered Bonds under the Programme and to indemnify the Dealer against certain liabilities incurred by it in connection therewith.

The following restrictions may be amended or supplemented in the relevant Final Terms.

### **United States**

The Public Sector Covered Bonds have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act. The Public Sector Covered Bonds are initially being offered and sold only outside the United States in reliance on Regulation S under the US Securities Act. Terms used in this paragraph and the following paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

The Dealer has represented and agreed that it will not offer or sell any Public Sector Covered Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Public Sector Covered Bonds of the Tranche of which such Public Sector Covered Bonds are a part, except in accordance with Rule 903 of Regulation S under the U.S. Securities Act. Accordingly, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Public Sector Covered Bonds, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. The Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Public Sector Covered Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Public Sector

Covered Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Public Sector Covered Bonds, and except in either case in accordance with Regulation S under the U.S. Securities Act. Terms used above have the meanings given to them by Regulation S.”

The Public Sector Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder.

In addition, until 40 days after the commencement of the offering of any Series of Public Sector Covered Bonds, an offer or sale of such Public Sector Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the U.S. Securities Act.

### **Japan**

The Public Sector Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act no. 25 of 1948, as amended; the “FIEA”) and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Public Sector Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, a resident in Japan, as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act no. 228 of 1949, as amended), or to others for re-offering or re-sale, directly or indirectly, in Japan to, or for the benefit of, a resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.



## **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Public Sector Covered Bonds specify the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, the Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Public Sector Covered Bonds which are the subject of the offering and listing contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (as amended from time to time.), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor, as defined in the Prospectus Regulation; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Public Sector Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Public Sector Covered Bonds.

If the Final Terms in respect of any Public Sector Covered Bonds specify “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA the Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Public Sector Covered Bonds which are subject to the offering and listing contemplated in Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State of the EEA except that it may make an offer of such Public Sector Covered Bonds to the public in that Member State of the EEA:

- (a) at any time to legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Public Sector Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression an “**offer of Public Sector Covered Bonds to the public**” in relation to any Public Sector Covered Bonds in any Member State of the EEA means the communication in any form and by any means of sufficient information on the terms of the offer and the Public Sector Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Public Sector Covered Bonds; and
- the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

## **United Kingdom**

### *Prohibition of Sales to UK Retail Investors*

Unless the Final Terms in respect of any Public Sector Covered Bonds specify the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Public Sector Covered Bonds which are the subject of the offering and listing contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (1) the expression “**retail investor**” means a person who is one (or more) of the following:
  - a. a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
  - b. a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
  - c. not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

- (2) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Public Sector Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Public Sector Covered Bonds.

If the Final Terms in respect of any Public Sector Covered Bonds specify “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Public Sector Covered Bonds which are the subject of the offering and listing contemplated in this Base Prospectus as completed by the Final Terms in relation thereto to the public in the UK, except that it may make an offer of such Public Sector Covered Bonds to the public in the UK:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Public Sector Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression an “**offer of Public Sector Covered Bonds to the public**” in relation to any Public Sector Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Public Sector Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Public Sector Covered Bonds; and
- the expression “**UK Prospectus Regulation**” when used herein means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

*Other regulatory restrictions*

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be

communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Public Sector Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Public Sector Covered Bonds in, from or otherwise involving, the UK.

## **Belgium**

Other than in respect of Public Sector Covered Bonds for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Public Sector Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “**Belgian Consumer**”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Public Sector Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Public Sector Covered Bonds, directly or indirectly, to any Belgian Consumer.

## **Singapore**

The Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”). Accordingly, the Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Public Sector Covered Bonds or caused the Public Sector Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Public Sector Covered Bonds or cause the Public Sector Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Public Sector Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (as amended or modified from time to time, the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person

pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Public Sector Covered Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Public Sector Covered Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

**Notification under Section 309B(1)(c) of the SFA** – Unless otherwise stated in the Final Terms in respect of any Public Sector Covered Bonds, all Public Sector Covered Bonds issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **Switzerland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Public Sector Covered Bonds and the Public Sector Covered Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Public Sector Covered Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Public Sector Covered Bonds constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Public Sector Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealer following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Public Sector Covered Bonds, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

The Dealer agrees that it will, to the best of its knowledge and belief, comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Public Sector Covered Bonds or possesses or distributes this Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefor.

None of the Issuer and the Dealer represents that the Public Sector Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## **Secondary Market Arrangements**

The Issuer may enter into agreements with the Dealer or other persons in relation to a Tranche or Series of Public Sector Covered Bonds whereby the Dealer may agree to provide liquidity in those Public Sector

Covered Bonds through bid and offer rate arrangements. The relevant Dealers or relevant persons in such agreements may agree to quote bid and offer prices for the relevant Public Sector Covered Bonds at such rates and in such sizes as are specified in the relevant agreement and the provision of such quotes may be subject to other conditions as set out in the relevant agreement. Not all issues of Public Sector Covered Bonds under the Programme will benefit from such agreements. A description of the main terms of any such agreements and the names and addresses of the relevant Dealers or other persons who are party to such will be disclosed in the applicable Final Terms of the relevant Public Sector Covered Bonds.

## **GENERAL INFORMATION**

### **Authorisation**

The establishment of the Programme in compliance with the Public Sector Bonds Law was duly authorised by (i) resolution of the Board of Directors of the Issuer dated 22 April 2008, renewed by resolution of the Board of Directors of the Issuer dated 28 September 2018 and (ii) the Programme has been subsequently updated by duly authorisations of the Issuer relevant management body.

The Issuer applied to the CMVM to convert its existing public sector bonds programme to a public sector covered bonds programme compliant with the Legal Regime of Public Sector Covered Bonds, as authorised by a resolution of the Board of Directors of the Issuer dated 29 March 2023. The CMVM authorised such conversion on 12 October 2023.

### **Listing**

In respect of Public Sector Covered Bonds which are intended to be listed, application will be made to Euronext for the admission of Public Sector Covered Bonds issued under the Programme to trading on the regulated market Euronext Lisbon.

### **Interbolsa**

The Public Sector Covered Bonds have been accepted for settlement through Interbolsa. The appropriate common code (if applicable) and ISIN for each Tranche of Public Sector Covered Bonds will be specified in the relevant Final Terms. If the Public Sector Covered Bonds are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

### **Significant or Material Change**

There has been (A) no material adverse change in the prospects of the Issuer since the publication of the Issuer's 2022 Report (Audited consolidated financial statements) as of 31 December 2022 and (B) no significant change in the financial performance or position of the Issuer and BPI Group since the publication of the Issuer's first half 2023 Report (unaudited consolidated financial statements) as of 30 June 2023.

### **Litigation**

In 2012, the Portuguese Competition Authority (“PCA”), under the powers legally attributed to it, opened administrative infraction proceedings against 15 banks operating in the Portuguese market, including the Issuer, due to alleged competition restrictive practices. On 1 June 2015, the Issuer was served the statement of objections, where it was accused of breaching the rules on competition.



On 27 September 2017, the Issuer presented its defence. During the process, and whenever appropriate, the Issuer appealed against several interlocutory rulings issued by the Competition Authority, which the Issuer considered as susceptible of violating its rights.

On 9 September 2019, the Issuer was notified of PCA's decision which concluded that (i) the Issuer and other Portuguese banks had engaged in an exchange of information regarding past credit volumes and regarding spreads that were due to be publicly disclosed and enter into force in a matter of days and (ii) that such conduct should be considered as an infringement by object. As a result, PCA decided to impose fines to all banks involved. The fine imposed on BPI was of 30 million euros.

The Issuer appealed on October 2019 this decision to the Competition Court (*Tribunal de Concorrência, Regulação e Supervisão*) (appeal lodged with the Court of First Instance) as it considers that it has not committed the infringements attributed to it by the PCA and that therefore there should be no grounds for a conviction. As it shows in its appeal, the Issuer considers that (a) not only the alleged exchange of information did not occur as it is described by PCA (b) but also that (i) the exchange of information did not meet the conditions to be considered apt to result in negative effects to competition (ii) and it did not effectively cause any negative competitive effects, namely, it did not harm consumers. Although trusting that its position will prevail, the Issuer cannot predict the outcome of this appeal.

Together with the appeal, the Issuer requested a suspension of PCA decision's effects until a final court decision is reached on the case. The Competition Court determined that a guarantee in an amount equal to 50% of the fine should be provided by the parties in order to obtain such suspension (Court's decision to require a guarantee in order to agree on the suspension and the definition of its amount are decisions of a procedural nature only and, as such, do not carry or by any other means convey any indication of the Courts about how it will decide on the appeal).

On December 2020, BPI presented to the Court a bank guarantee in an amount corresponding to half of the amount of the fine imposed by the appealed decision. This bank guarantee was accepted by the Court and, as a result, the decision's effects are now suspended until a final court decision is reached on the case.

Appeal's hearing started in September 2021 and lasted until April 2022 and the Court announced it would issue a decision by the end of April 2022. On April 28, 2022, Court issued a decision whereby it decided on the facts it considered as having been proven, but decided to suspend the instance and, once it considered it as necessary to enable it to give judgment, requested the Court of Justice of the EU ("CJEU") to give a ruling on whether such facts represent an infringement of the applicable European competition law.

Applicable legal procedure with the CJEU is currently taking place (CJEU has not accepted the accelerated procedure request presented by the Portuguese Court), it being difficult to anticipate when CJEU will issue a ruling (probably in the second half 2023);

According to applicable European applicable law, CJEU's ruling shall be binding to the Portuguese Court (which shall then give judgement).

Save as disclose above, there have been no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past a significant effect on the Issuer's financial position or profitability.

### **Ratings Information**

The ratings assigned to the Issuer from time to time are available for consultation at <https://www.bancobpi.pt/grupo-bpi/informacao-financeira/ratings>. The long term/short term ratings currently assigned to the Issuer are Baa1/P-2 with stable outlook by Moody's España, BBB+/ F2 with stable outlook by Fitch and BBB+/A-2 with stable outlook by S&P.

Pursuant to Moody's España rating definitions, the long-term issuer rating assigned to BPI means that "obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics". The modifier "1" indicates that the obligation ranks in the higher end of this generic rating category and "stable outlook" indicates the likely direction of the rating over the medium term.

Pursuant to Fitch's rating definitions, the long-term issuer rating assigned to BPI means that "BBB ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity". "Stable outlook" indicates the rating is unlikely to move over a one- to two-year period.

Pursuant to Standard & Poor's rating definitions, the long-term issuer rating assigned to BPI means that "an obligor rated BBB+ has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments". "Stable outlook" indicates that the rating is not likely to change over the intermediate term (typically six months to two years).

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

### **Documents Available**

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection at <https://bpi.bancobpi.pt/index.asp>:

- (a) a copy of this Base Prospectus (which will also be available on the website of BPI (<https://bpi.bancobpi.pt/index.asp?riIdArea=AreaDivida&riChgLng=1&riLang=en&riId=IRatings&riIdTopo>));
- (b) the articles of association (in Portuguese) of BPI ([https://rep.bancobpi.pt/RepMultimedia/getMultimedia.asp?channel=Multimedia%20-%20RI%20-%20Informa%E7%E3o%20Obrig%20Investidores&content=Estatutos\\_Contrato\\_BancoBPI\\_PT](https://rep.bancobpi.pt/RepMultimedia/getMultimedia.asp?channel=Multimedia%20-%20RI%20-%20Informa%E7%E3o%20Obrig%20Investidores&content=Estatutos_Contrato_BancoBPI_PT));
- (c) the consolidated audited financial statements of BPI and Auditors' reports contained in BPI's Annual Report in respect of the financial years ended 31 December 2021 (available at: [https://www.bancobpi.pt/contentservice/getContent?documentName=PR\\_UCMS02066621](https://www.bancobpi.pt/contentservice/getContent?documentName=PR_UCMS02066621));
- (d) the consolidated audited financial statements of BPI and Auditors' reports contained in BPI's Annual Report in respect of the financial years ended 31 December 2022 (available at [https://www.bancobpi.pt/contentservice/getContent?documentName=PR\\_UCMS02078479](https://www.bancobpi.pt/contentservice/getContent?documentName=PR_UCMS02078479));
- (e) the consolidated financial statements of BPI and Auditors' limited review report on the Condensed Consolidated Financial Statements for the period ended 30 June 2023 contained in BPI's First half 2023 Report (which can be found at [https://bancobpi.pt/contentservice/getContent?documentName=PR\\_UCMS02082901](https://bancobpi.pt/contentservice/getContent?documentName=PR_UCMS02082901));
- (f) the Programme Agreement;
- (g) the Agency and Payments Procedures;
- (h) the Common Representative Appointment Agreement;
- (i) any offering circulars, information memoranda and supplements, including the Final Terms (other than the Final Terms relating to Public Sector Covered Bonds which are not listed on any stock exchange), to this Base Prospectus and any other documents incorporated herein or therein by reference;

- (j) any relevant Final Terms (save that Final Terms relating to Public Sector Covered Bonds which are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Public Sector Covered Bonds and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of Public Sector Covered Bonds and identity); and
- (k) in the case of an issue of Public Sector Covered Bonds subscribed pursuant to a subscription agreement, the relevant subscription agreement (or equivalent document);

Copies of the Base Prospectus, any supplements and any relevant Final Terms are available on the official CMVM's website ([www.cmvm.pt](http://www.cmvm.pt)). Copies of this Base Prospectus and any other documents incorporated herein shall remain publicly available in electronic form for at least 10 years after its publication.

### **Post-issuance reporting**

Any information which the Issuer is required by law or regulation to provide in relation to itself or securities issued by it, including the Public Sector Covered Bonds, will be made available at [www.cmvm.pt](http://www.cmvm.pt).

The Issuer publishes quarterly investor reports on the outstanding Public Sector Covered Bonds, including information on the Cover Pool and the applicable overcollateralisation. Such reports are available at: <https://www.bancobpi.pt/grupo-bpi/informacao-financeira/investor-reports-osp>.

The following information could be found in the June 2023 Investor Report:

1. Current Credit Ratings	Long Term	Short Term
Banco BPI Public Sector Covered Bond Programme	Aa3 (Moody's)	n/a
Banco BPI	Baa1 / BBB+ / BBB+ (Moody's / S&P / Fitch)	P-2 / A-2 / F2 (Moody's / S&P / Fitch)
Portugal	Baa2 / BBB+ / BBB+ / AL (Moody's / S&P / Fitch / DBRS)	P-2 / A-2 / F1 / R-1L (Moody's / S&P / Fitch / DBRS)

2. Covered Bonds	Issue Date	Coupon	Maturity Date	Soft Bullet Date <sup>1</sup>	Remaining Term (years)	Nominal Amount (EUR)
<b>Covered Bonds Outstanding</b>					<b>4,95</b>	<b>450.000.000,00</b>
<b>Private Placements</b>						<b>450.000.000,00</b>
Series 6 (ISIN PTBPILOM0023)	09/06/2022	Floating	09/06/2028	09/06/2029	4,95	450.000.000,00
<b>CRD Compliant (yes/no)</b>						<b>Yes</b>

3. Asset Cover Test	Remaining Term (years)	Nominal Amount (EUR)
<b>Public Sector Credit Pool</b>	<b>10,81</b>	<b>787.740.791,43</b>
<b>Other Assets<sup>2</sup> (cash, deposits and securities)</b>	<b>3,04</b>	<b>23.911.045,63</b>
Cash and deposits	0,01	11.911.045,63
Other securities	6,05	12.000.000,00
<b>Total Cover Pool</b>	<b>10,58</b>	<b>811.651.837,06</b>
<b>Current overcollateralisation<sup>3</sup> (%)</b>		<b>80,37%</b>
<b>Committed overcollateralisation (%)</b>		<b>7,00%</b>
<b>Required overcollateralisation (Moody's) (%)</b>		<b>29,00%</b>
<b>Legal minimum overcollateralisation (%)</b>		<b>5,00%</b>

#### 4. Other Triggers

Net Present Value of Assets (incl. derivatives) <sup>4</sup>	726.357.732,60	
Net Present Value of Liabilities (incl. derivatives) <sup>4</sup>	471.560.072,55	
Net Present Value of Assets (incl. derivatives) - Net Present Value of Liabilities (incl. derivatives) >=0		OK
Net Present Value of Assets (incl. derivatives) - Net Present Value of Liabilities (incl. derivatives) >=0 (stress of +200 bps)		OK
Net Present Value of Assets (incl. derivatives) - Net Present Value of Liabilities (incl. derivatives) >=0 (stress of -200 bps)		OK
Other Assets <= 20% (Credit Pool + Other Assets)		OK
Deposits with a remaining term > 100 days <= 15%		OK
Covered Bonds Nominal		OK
Estimated Interest from Public Sector Credit and Other Assets - Estimated Interest from Covered Bonds >= 0		OK
Public Sector Credit + Other Assets WA Remaining Term - Covered Bonds WA Remaining Term >= 0		OK

#### 5. Currency Exposure

##### Cover Pool includes:

Assets in a currency different than Euro (yes/no)		No
Liabilities in a currency different than Euro (yes/no)		No
Cross currency swaps (yes/no)		No
<b>Currency Exposure Detail</b>		n/a

## 6. Public Sector Credit Pool

### Main Characteristics

Number of loans	543
Original principal balance (EUR)	1.397.453.931,12
Current principal balance (EUR)	787.740.791,43
Average original principal balance per loan (EUR)	2.573.579,98
Average current principal balance per loan (EUR)	1.450.719,69
Current principal balance of the 5 largest borrowers (EUR)	247.393.395,33
Weight of the 5 largest borrowers (current principal balance) (%)	31,41%
Current principal balance of the 10 largest borrowers (EUR)	349.537.171,62
Weight of the 10 largest borrowers (current principal balance) (%)	44,37%
Weighted average seasoning (months)	79
Weighted average remaining term (months)	130
Weighted average interest rate (%)	4,23%
Weighted average spread (%)	1,14%
Max maturity date (YYYY-MM-DD)	12/05/2048

<b>Interest Rate Type</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
Fixed	29	5,34%	90.988.761,80	11,55%
Floating	514	94,66%	696.752.029,63	88,45%

<b>Repayment Type</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
Annuity / French	278	51,20%	180.474.172,37	22,91%
Bullet	1	0,18%	10.000.000,00	1,27%
Increasing instalments	0	0,00%	0,00	0,00%
Interest-only	0	0,00%	0,00	0,00%
Linear	0	0,00%	0,00	0,00%

Other	264	48,62%	597.266.619,06	75,82%
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## 6. Public Sector Credit Pool (continued)

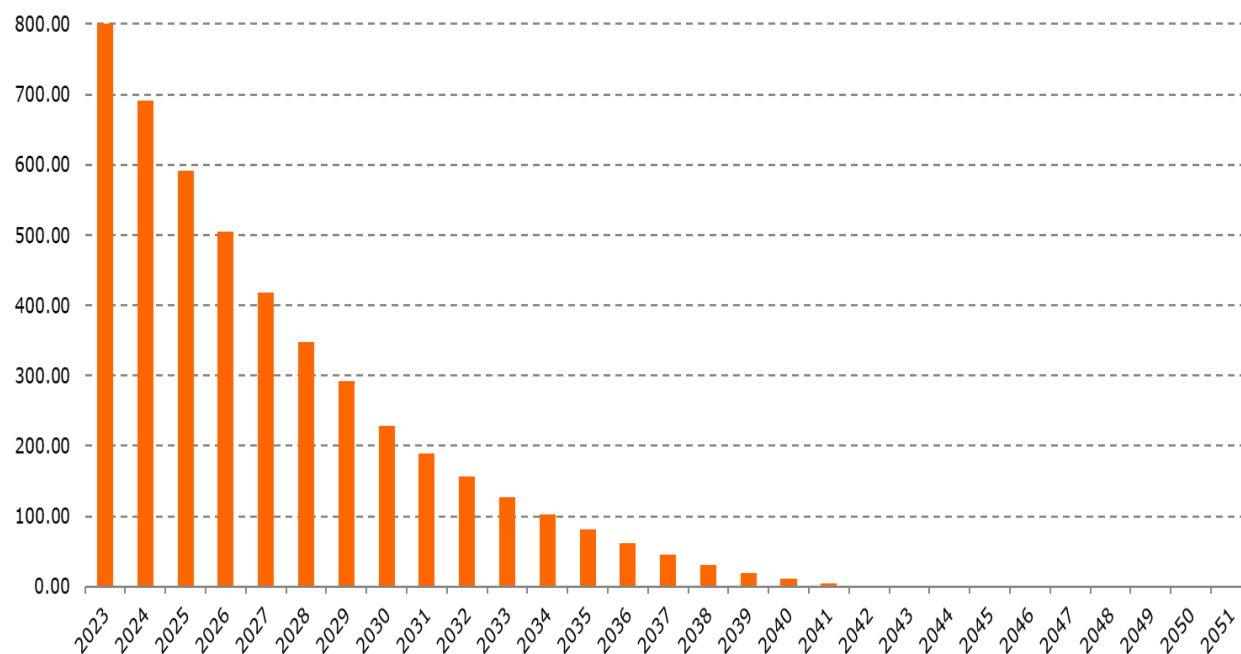
<b>Seasoning</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
Up to 3 months	1	0,18%	4.872.443,52	0,62%
3 - 6 months	1	0,18%	3.495.631,68	0,44%
6 - 9 months	1	0,18%	10.244.287,56	1,30%
9 - 12 months	3	0,55%	27.069.467,92	3,44%
12 - 18 months	4	0,74%	29.481.426,75	3,74%
18 - 24 months	13	2,39%	47.394.638,11	6,02%
24 - 36 months	29	5,34%	55.580.955,66	7,06%
36 - 48 months	46	8,47%	118.097.355,41	14,99%
48 - 60 months	43	7,92%	118.956.393,28	15,10%
More than 60 months	402	74,03%	372.548.191,54	47,29%
<b>Remaining Term</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
Up to 3 months	19	3,50%	4.186.470,73	0,53%
3 - 6 months	14	2,58%	569.304,18	0,07%
6 - 12 months	21	3,87%	1.366.797,67	0,17%
12 - 18 months	38	7,00%	6.376.610,50	0,81%
18 - 24 months	24	4,42%	14.774.238,18	1,88%
24 - 36 months	44	8,10%	26.105.285,94	3,31%
36 - 48 months	57	10,50%	31.361.994,64	3,98%
48 - 60 months	49	9,02%	59.950.121,61	7,61%
60 - 72 months	30	5,52%	28.688.349,95	3,64%
72 - 84 months	47	8,66%	37.933.461,40	4,82%
84 - 96 months	49	9,02%	100.187.781,12	12,72%
96 - 108 months	21	3,87%	33.479.751,26	4,25%
108 - 120 months	13	2,39%	37.605.144,55	4,77%
More than 120 months	117	21,55%	405.155.479,70	51,43%
<b>Debtor Type</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
Autonomous Regions	9	1,66%	79.132.021,80	10,05%



Municipalities	533	98,16%	636.196.819,62	80,76%
State Guarantee	1	0,18%	72.411.950,01	9,19%
<b>Debtor Rating<sup>5</sup></b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
Ba1	6	1,10%	55.288.604,70	7,02%
Ba3	3	0,55%	23.843.417,10	3,03%
Baa2	1	0,18%	72.411.950,01	9,19%
Without Rating	533	98,16%	636.196.819,62	80,76%
<b>Geographical Distribution</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
<b>Portugal</b>	<b>543</b>	<b>100,00%</b>	<b>787.740.791,43</b>	<b>100,00%</b>
Lisboa	45	8,29%	237.833.975	30,19%
Centro	210	38,67%	183.898.840	23,35%
Norte	144	26,52%	173.745.221	22,06%
Alentejo	89	16,39%	77.598.477	9,85%
Região Autónoma dos Açores	20	3,68%	65.475.522	8,31%
Região Autónoma da Madeira	6	1,10%	27.555.781	3,50%
Algarve	29	5,34%	21.632.976	2,75%
<b>Delinquencies<sup>6</sup></b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>	<b>Loan Amount (EUR)</b>	<b>Loan Amount (%)</b>
> 30 to 60 days	0	0,00%	0,00	0,00%
> 60 to 90 days	0	0,00%	0,00	0,00%
> 90 days	0	0,00%	0,00	0,00%

## Projected Outstanding Amount<sup>a</sup>

EUR millions



## Amortisation Profile

Date	Principal Balance (EUR)
Jun/23	811.651.837,06
Jun/24	690.415.366,83
Jun/25	590.771.032,43
Jun/26	504.620.902,01
Jun/27	418.314.345,91
Jun/28	348.488.975,32
Jun/29	292.020.558,30
Jun/30	228.100.687,04
Jun/31	188.815.072,78
Jun/32	155.951.000,42
Jun/33	127.218.557,57
Jun/34	102.583.093,32
Jun/35	80.921.377,95
Jun/36	62.547.842,97
Jun/37	45.531.258,22
Jun/38	30.718.056,68
Jun/39	18.560.542,73
Jun/44	43.290,01
Jun/49	0,00

<sup>a</sup>Includes public sector credit pool and other assets; assumes no prepayments (constant prepayment rate of 0%)

## 7. Expected Maturity Structure

In EUR	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	>10 years
Public Sector Credit <sup>b</sup>	109.325.424,60	99.644.334,40	86.150.130,42	86.306.556,10	69.825.370,59	209.270.417,75	127.218.557,57
Other Assets	11.911.045,63	0,00	0,00	0,00	0,00	12.000.000,00	0,00
<b>Total Cover Pool</b>	<b>121.236.470,23</b>	<b>99.644.334,40</b>	<b>86.150.130,42</b>	<b>86.306.556,10</b>	<b>69.825.370,59</b>	<b>221.270.417,75</b>	<b>127.218.557,57</b>
<b>Total Covered Bonds</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>450.000.000,00</b>	<b>0,00</b>	<b>0,00</b>

## Notes

### 1. Soft Bullet Date (Extended Maturity)

If the covered bonds are not redeemed on the relevant maturity date, the maturity will automatically be extended on a monthly basis up to one year. In that event, the covered bonds can be redeemed in whole or in part on a monthly basis up to and including the Extended Maturity Date.

## **2. Other Assets**

In addition to public sector loans, other assets (or substitution assets) may be included in the cover pool up to an amount equal to 20% of the cover pool, subject to the following eligibility criteria:

- Deposit with the Bank of Portugal in cash or ECB eligible securities or
- Deposits held with credit institutions rated at least A-.

## **3. Overcollateralisation**

The overcollateralisation ratios are calculated by dividing (i) the total nominal outstanding balance of the assets included in the cover pool by (ii) the total nominal amount of the covered bonds (both excluding accrued interest). For clarification purposes, all assets included in the covered pool are eligible assets.

Required overcollateralisation is the minimum overcollateralisation necessary to keep the current Public Sector Covered Bond Programme rating.

## **4. Net Present Value (NPV)**

The NPV of Assets and Liabilities is obtained by discounting all known future cash flows with:

- the Euro money market curve, for cash flows up to 1 year;
- the Euro swap curve, for cash flows after 1 year.

Other Assets and derivatives are considered at market value.

NPV is also calculated considering a 200 bps shift (upwards and downwards) of the discounting curves.

## **5. Debtor Rating**

For debtors with more than one external rating, the composite rating is considered. The composite rating is the average of the ratings assigned to a debtor by Fitch, Moody's and/or S&P.

## **6. Delinquencies**

A loan is considered to be delinquent if any payment is in arrears by more than 30 days. According to the Portuguese covered bonds legislation, any loan which is in arrears by more than 90 days must be removed from the pool and substituted by another loan which fulfils the eligibility criteria. Therefore, there are no NPL's included in the cover pool.

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**Language**

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## DEFINITIONS

In this Base Prospectus, the following defined terms have the meanings set out below:

**“Acceleration Notice”** means a notice served on the Issuer pursuant to Condition 9 (*Insolvency Event and Enforcement*).

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

**“Adjustment Spread”** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of Public Sector Covered Bonds as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which: (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate); (2) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); (3) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

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

**“Agency and Payments Procedures”** means the set of agency and payments procedures (such agency and payments procedures as amended and/or supplemented and/or restated) dated 19 June 2008 and made and agreed by Banco BPI, S.A. (acting in its capacity as Agent, which expression shall include any successor)

and by any subsequent agent, paying agent, transfer agent and/or agent bank appointed by the Issuer, as amended.

“**Agent**” means Banco BPI, S.A., with head office at Avenida da Boavista, no. 1117, 4100-129, Porto, Portugal, or any successor Agent(s), in each case together with any additional Agent(s), appointed from time to time by the Issuer in connection with the Public Sector Covered Bonds and under the Agency and Payment Procedures.

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

“**Arranger**” means Banco BPI, S.A., with head office at Avenida da Boavista, no. 1117, 4100-129, Porto.

“**BPI**” means Banco BPI, S.A., with head office at Avenida da Boavista, no. 1117, 4100-129, Porto.

“**Base Prospectus**” means this base prospectus dated 12 October 2023, prepared in connection with the Programme.

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

“**Benchmark Event**” means:

- (1) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days in relation to a Rate of Interest of Floating Rate; or
- (2) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Public Sector Covered Bonds, in each case within the following six months; or

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

“**BPI Group**” means the Issuer and its subsidiaries.

“**Business Day**” means a day which is both: (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Lisbon and any Additional Business Centre(s) specified in the applicable Final Terms; and (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and Lisbon and any Additional Business Centre(s)) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively or (2) in relation to any sum payable in euro, a day on which the T2 System is open.

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

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

“**Clearing System**” means Interbolsa.

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

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

“**Collateralisation Percentage**” means 107 per cent. or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor, provided that the Collateralisation Percentage shall not, for so long as there are Public Sector Covered Bonds outstanding and rated by Moody’s, be reduced by the Issuer below 107 per cent.

“**CMVM Regulation**” means CMVM’s Regulation no. 2/2023 regarding covered bonds and public sector covered bonds.

“**Common Representative**” means Bondholders, S.L., in its capacity as representative of the holders of the Public Sector Covered Bonds pursuant to Article 28 of the Legal Regime of Public Sector Covered Bonds



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

“**Common Representative Appointment Agreement**” means the agreement dated 28 December 2020 entered into between the Issuer and the Common Representative and which sets out the terms and conditions upon and subject to which the Common Representative has agreed to act as Common Representative, as amended from time to time.

“**Condition**” means a reference to a particular numbered condition set out in the “Terms and Conditions of the Public Sector Covered Bonds.

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

“**Cover Pool Monitor**” means Deloitte & Associados, SROC, SA, member of the Portuguese Institute of Statutory Auditors (Ordem dos Revisores Oficiais de Contas) under the number 43, registered with CMVM with registration number 20161389, with its registered office at Avenida Engenheiro Duarte Pacheco, no. 7 1070-100 Lisbon, Portugal.

“**Cover Pool Monitor Agreement**” means the agreement dated 12 October 2023 entered into by and between the Issuer and the Cover Pool Monitor, as amended from time to time.

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

“**CRD IV**” means Directive 2013/36/EU of 26 June, on access to the activity of credit institutions and the prudential supervision of credit institutions and investments firms, as amended from time to time;

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

“**CSD**” means a central securities depository.

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

- (i) if **“Actual/Actual (ICMA)”** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/Actual (ISDA)”** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if **“Actual/365 (Fixed)”** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if **“Actual/365 (Sterling)”** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if **“Actual/360”** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>2</sub> will be 30; and

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" 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<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

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

**“Dealer”** means Banco BPI, S.A., with head office at Avenida da Boavista, no. 1117, 4100-129, Porto.

**“Determination Period”** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**“Distribution Compliance Period”** means, in respect of Public Sector Covered Bonds held through Euroclear and Clearstream, Luxembourg, the period that ends 40 days after the completion of the distribution of each Tranche of Public Sector Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue).

**“EBA”** means the European Banking Authority.

“**EC**” means the European Commission.

“**ECB**” means the European Central Bank.

“**EEA**” means the European Economic Area.

“**ESMA**” means the European Securities and Markets Authority.

“**EU**” means the European Union.

“**EURIBOR**” means the Euro Interbank Offered Rate.

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

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

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

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

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

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

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

“**Final Terms**” means, in relation to each Tranche of Public Sector Covered Bonds and giving details of that Tranche of Public Sector Covered Bonds and, in relation to any particular Tranche of Public Sector Covered Bonds, applicable Final Terms means the Final Terms applicable to that Tranche of Public Sector Covered Bonds.

“**Fitch**” means Fitch Ratings Ireland Limited or any of its affiliates or successor.

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

“**GDP**” means gross domestic product.

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

“**Hedging Contracts**” means the hedging contracts entered into by the Issuer in accordance with the Legal Regime of Public Sector Covered Bonds for the purpose hedging risks in relation to the Cover Pool.

“**IMF**” means the International Monetary Fund.

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

“**Insolvency Event**” means the winding-up and dissolution of the Issuer under any applicable laws and regulations (including under Decree-Law 199/2006, of 25 October 2006, as amended, RGICSF and/or (if applicable) under the Code for the Insolvency and Recovery of Companies introduced by Decree-Law 53/2004, of 18 March 2004, as amended).

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

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

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

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

“**Issuer**” means Banco BPI, S.A.

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

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

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

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

provided that any such assets comply with any applicable requirements under paragraph (A) (Eligible Assets) of Condition 14.3 (*Issuer Covenants*), subject to 14(1)(iii).

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

**“Liquidity Buffer”** means the liquidity buffer included in the Cover Pool in accordance with article 19 of the Legal Regime of Public Sector Covered Bonds.

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

**“Moody's”** means Moody's Italia S.r.l. and Moody's Investor Services España, S.A., which are established in the EEA and registered under the CRA Regulation and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation, or any of its affiliates or successor.

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

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

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

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

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

- (a) the assets described above under the section “Public Sector Credits Eligibility Criteria” if they are not deemed to be Primary;
- (b) deposits with the Bank of Portugal, in cash or securities eligible for lending operations;
- (c) current or term account deposits with credit institutions (located in the EEA which are not in a control or group relationship with the Issuer); and
- (c) any other assets located in the EEA complying simultaneously with low risk and high liquidity requirements.

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

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

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

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



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

**“Portuguese Resolution Fund”** means the Portuguese resolution fund, as created by Decree-Law no. 31-A/2012, of 10 February.

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

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

**“Primary Assets”** means the dominant cover assets that determine the nature of a cover pool of public sector covered bonds, under the Legal Regime of Public Sector Covered Bonds. In particular in respect of the Cover Pool, the Primary Assets are Public Sector Credits, corresponding to the type of assets foreseen in article 129(1), paragraph (b) of the CRR.

**“Principal Amount Outstanding”** means in respect of a Public Sector Bond the principal amount of that Public Sector Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of Public Sector Covered Bonds in respect thereof.

**“Programme”** means the €2,000,000,000 Public Sector Covered Bonds programme established on 19 June, 2008 for the issuance of public sector covered bonds by the Issuer as described in this Base Prospectus and as converted on 12 October 2023 for the issuance of *“European Covered Bonds (Premium)”* in compliance with the Legal Regime of Public Sector Covered Bonds, and as updated from time to time.

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

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

**“Programme Resolution”** means any Resolution directing the Common Representative to accelerate the Public Sector Covered Bonds pursuant to Condition 9 (*Insolvency Event and Enforcement*) or directing the

Common Representative to take any enforcement action and which shall only be capable of being passed at a single meeting of the holders of Public Sector Covered Bonds of all Series then outstanding.

“**Prospectus Regulation**” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.

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

“**Public Sector Credit**” means the credit receivables over the central administrations, regional or local authorities of any EU Member State as well as receivables benefiting from an express and legally binding guarantee issued by any of such entities which are comprised in the Cover Pool, in accordance with Article 129(1)(a) and 129(1)(b) of the CRR.

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

“**Rating**” means the then current rating of rated Public Sector Covered Bonds given by the relevant Rating Agency and “**Ratings**” means all of such Ratings; “**Reference Price**” means the reference price appearing in the relevant Final Terms.

“**Register**” means the register of the Cover Pool and associated collateral maintained by the Issuer in accordance with the Legal Regime of Public Sector Covered Bonds and the CMVM Regulation;

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

“**Regulation S**” means the United States Regulation S under the Securities Act.

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

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

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

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

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

**“Reserved Matter”** means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Public Sector Covered Bonds of all or of a given Series, (ii) to reduce the amount of principal or interest due on any date in respect of the Public Sector Covered Bonds of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Public Sector Covered Bonds of all or of a given Series on redemption or maturity; (iii) to effect the exchange, substitution or conversion of the Public Sector Covered Bonds of all or of a given Series into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Public Sector Covered Bonds of all or of a given Series are payable; (v) to alter the priority of payment of interest or principal in respect of the Public Sector Covered Bonds of all or of a given Series; (vi) any other provided for pursuant to Portuguese law; or (vii) to amend this definition; and (viii) any other matter required by law to be approved by the majorities set out in Condition 12(C)(ii) of the Terms and Conditions.

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

**“Securities Act”** means the United States Securities Act of 1933, as amended from time to time.

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

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

“**Single Resolution Board**” means resolution authority within the Banking Union established by the SRM Regulation.

“**Single Resolution Mechanism**” means the central institution for bank resolution in the EU, which is the second pillar of the banking union and which applies to banks covered by the Single Supervisory Mechanism.

“**SRM Regulation**” means Regulation (EU) no. 806/2014 of 15 July , of 15 July 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 (including by SRM Regulation II).

“**SRM Regulation II**” means Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms.

“**SRF**” means the Single Resolution Fund, established in accordance with SRM Regulation

“**Stabilisation Manager**” means the Dealer or Dealers (if any) named as the stabilisation manager(s) for a particular Tranche of Public Sector Covered Bonds.

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

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

“**Substitute Credit Institution**” means the credit institution appointed in case of an Insolvency Event to manage the Cover Pool allocated to the outstanding Public Sector Covered Bonds and to ensure the payments of the amounts due to the holders of such Public Sector Covered Bonds.

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

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

“**T2 System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer Payment System which utilises a single shared platform and which was launched on 19 November 2007 (T2) or any successor or replacement for that system.

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

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

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

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

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

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

“**US**” or “**USA**” means the United States of America.

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

## **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. The descriptions (including definitions, explanations and reconciliations) of all APM's are set out in the "Alternative Performance Measures" section of Issuer's first half 2023 Report, 2022 Annual Report and 2021 Annual Report which are all incorporated by reference into this Base Prospectus (see the section titled Documents Incorporated by Reference).

**REGISTERED OFFICE OF THE ISSUER**

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4100-129, Porto

Portugal

**ARRANGER, DEALER, AGENT**

**Banco BPI, S.A.**

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4100-129, Porto

Portugal

**COVER POOL MONITOR**

**Deloitte & Associados, SROC, SA.**

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1070-100 Lisbon

Portugal

**COMMON REPRESENTATIVE**

Bondholders, S.L.

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Spain

**LEGAL ADVISERS**

*as to Portuguese law*

**Vieira de Almeida & Associados Sociedade de Advogados, S.P. R.L.**

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