

FIRST SUPPLEMENT

(dated 25 October 2019)

to the

BASE PROSPECTUS

(dated 15 March 2019)



Banco Montepio

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

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

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

Share Capital: €2,420,000,000

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

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

This First Supplement dated 25 October 2019 (the “**Supplement**”) to the Base Prospectus dated 15 March 2019 (the “**Base Prospectus**”), constitutes a supplement to the Base Prospectus for the purpose of Article 16 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) prepared in connection with the €5,000,000,000 Conditional Pass-Through Covered Bonds Programme (the “**Programme**”) established by Caixa Económica Montepio Geral, caixa económica bancária, S.A. (the “**Issuer**” or “**Banco Montepio**”, fully identified in the Base Prospectus). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the “**CBI**”), as competent authority under the Prospectus Directive. The CBI only approves this supplement as meeting the requirements imposed under Irish and European Union Law pursuant to the Prospectus Directive.

Each of the Issuer, the members of its Board of Directors, the members of its Audit Committee (see “*Board of Directors and Other Corporate and Governing Bodies of the Issuer*” in the Base Prospectus) and its Statutory Auditor (see “*Board of Directors and Other Corporate and Governing Bodies of the Issuer*” in the Base Prospectus) hereby declare that in respect of the information included in this Supplement for which they are legally responsible, they accept responsibility for such information and, to the best of their knowledge (each having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility for the information contained herein.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Base Prospectus, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

The purpose of this Supplement is to: (I) update the section named “**Exposure to the Issuer's credit risk**” under the Chapter headed “**Risk factors**”, (II) update the Chapter headed “**Documents incorporated by reference**”, (III) amend the sub-section named “*Unfavourable ruling under an administrative proceeding*” under section named “**Recent developments**” under the Chapter headed “**Description of the Issuer**”, (IV) amend the Chapter headed “**Executive Board of Directors and Other Governing Bodies of the Issuer**”, and (V) amend the sections named “**Significant or Material Change**” and “**Accounts**” under the Chapter headed “**General Information**”, as set out below.

I. RISK FACTORS

1. On pages 49 to 50 of the Base Prospectus, under the Chapter headed “**Risk factors**” of the Base Prospectus, the whole section named “**Exposure to the Issuer's credit risk**” shall be deleted and replaced by the following text:

“Exposure to the Issuer's credit risk

As discussed, the Covered Bonds are unsubordinated obligations of the Issuer secured by a special creditor privilege created under the Covered Bonds Law over the Cover Pool maintained by the Issuer. In case of insufficiency of the assets constituting the Cover Pool, the holders of the Covered Bonds will be treated as common creditors of the Issuer and will have to rely, for the performance by the Issuer of its obligations under the Covered Bonds, on the sufficiency of the assets of the Issuer available to common creditors. Accordingly, the holders of Covered Bonds will become exposed to the credit risk of the Issuer, in case of insufficiency of the assets constituting the Cover Pool to meet the obligations of the Issuer under the Covered Bonds.

The Issuer's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Issuer's cost of borrowing funds. As at the date of this Base Prospectus, the Issuer had been assigned a rating of: Long Term Issuer Default Rating of “B+” and Short Term Issuer Default Rating of “B” by Fitch; Baseline Credit Assessment of “B3” by Moody's^(*) and Long Term Issuer Rating of “BB” and Short Term Issuer Rating of “R-4” by DBRS.

A downgrade of the Issuer's credit ratings, or being placed on a negative ratings watch, may increase its cost of borrowing and have a material adverse effect on its business, reputation, financial condition and results of operations or prospects.

Information on the ratings granted to the Issuer (including any changes to the ratings as described in the preceding paragraph), as well as on any update to the Issuer's rating, is available on CMVM's website (www.cmvm.pt) and on the Issuer's website (www.bancomontepio.pt).

Footnote (*): According to Moody's rating methodology, Moody's does not assign long term and short term ratings to the Issuer, only to debt and to deposits. Thus, Moody's Baseline Credit Assessment is stated for this purpose."

II. DOCUMENTS INCORPORATED BY REFERENCE

2. On page 76 of the Base Prospectus, under the Chapter headed "**Documents incorporated by reference**" of the Base Prospectus, after paragraph (f), the following text shall be added:

"(g) the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2018 (available at https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en_GB/banco-montepio-annual-report-2018.pdf), as approved by the General Meeting of the Issuer, available in Portuguese and English languages, in each case together with the auditors' reports prepared in connection therewith, which appear in the annual report of the issuer for the relevant year;

(h) the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2018 (available at https://www.bancomontepio.pt/resources/SiteMontepio/documentos/en_GB/banco-montepio-annual-report-2018.pdf), as approved by the General Meeting of the Issuer, in each case together with the auditors' reports prepared in connection therewith, which appear in the annual report of the Issuer for relevant year;

(i) the unaudited consolidated interim financial statements of Banco Montepio for the six month period ended 30 June 2019 (available at <https://www.bancomontepio.pt/resources/SiteMontepio/documentos/institucao/informacao-financeira/banco-montepio-first-half-report-2019.pdf>);

(j) the unaudited non-consolidated interim financial statements of Banco Montepio for the six month period ended 30 June 2019 (available at <https://www.bancomontepio.pt/resources/SiteMontepio/documentos/institucao/informacao-financeira/banco-montepio-first-half-report-2019.pdf>);"

III. DESCRIPTION OF THE ISSUER

3. On pages 181 to 182, under the Chapter headed "**Description of the Issuer**", under the section "**Recent developments**" of the Base Prospectus, the whole sub-section named "***Unfavourable ruling under an administrative proceeding***" shall be deleted and replaced by the following text:

Unfavourable ruling under an administrative proceeding

In November 2016, Banco Montepio was notified by the Banco de Portugal of administrative proceedings relating to alleged violations of certain AML procedures (administrative proceeding (*processo de contraordenação*) no. 84/14/CO). These proceedings relate to events that occurred prior to 12 August 2016 and concern alleged

non-compliance by Banco Montepio with certain duties pertaining to the implementation of required mechanisms allowing for: (a) the identification and the knowledge of the ownership and control of corporate entities; (b) information on the origin of funds; (c) information updates relating to banking entities; (d) extension to affiliates of measures equivalent to those foreseen in Law no. 25/2008; (e) system parameters for high risk operations; and (f) the provision of information reports to the *Procuradoria Geral da República* of operations potentially related to AML. Banco Montepio presented its defence in January 2017. The potential penalty applicable to Banco Montepio ranges from €10,000 to €5,000,000. Banco Montepio cannot predict at this stage the outcome of the proceedings.

On 21 February 2019, Banco Montepio was notified of an unfavourable ruling under an administrative proceeding whereby the Banco de Portugal imposed on Banco Montepio an administrative fine (*coima*) of €2.5 million and an ancillary sanction consisting of the publication of the final ruling. No further sanctions have been imposed upon Banco Montepio. This administrative proceeding relates to events that occurred between 1 January 2009 and 2 September 2014 and concerns alleged non-compliance by Banco Montepio with certain duties regarding, in general terms: (a) its internal control system procedures, (b) the assessment and approval of intragroup credit operations, (c) the calculation of specific credit provisions, and (d) the implementation at Banco Montepio's subsidiaries of suitable procedures to assess the origin of funds of the subscribers of the participation units representative of the Participation Fund of Banco Montepio. The origin of these non-compliant events has been addressed and Banco Montepio is now compliant with these duties. Banco Montepio judicially challenged this ruling on 22 April 2019. On 9 September 2019, Banco Montepio was notified of a favourable ruling whereby the Competition, Regulation and Supervision Court (*Tribunal da Concorrência, Regulação e Supervisão*) of Santarém held that the first notice of indictment, issued by Banco de Portugal on 7 March 2017, is null and void, and annulled the unfavourable ruling whereby Banco de Portugal imposed an administrative fine (*coima*) of € 2.5 million and the ancillary sanction consisting of the publication of the final ruling against Banco Montepio. The Court also ordered the annulment of all notifications issued and referred the case back to Banco de Portugal so that a new valid decision may be issued. Banco de Portugal and the state prosecutor (*Ministério Público*) both challenged this ruling of annulment. As at the date of this Base Prospectus, Banco Montepio cannot predict the outcome of these proceedings.

On 9 September 2019, Banco Montepio was notified of the decision by the Competition Authority on the administrative process PRC-2012/9 (“**Decision**”), in which it was held that Banco Montepio (and other Portuguese banks), engaged in anti-competitive practices and the exchange of sensitive commercial information, in breach of Article 9 of Law no. 19/2012, of 8 May 2012 and Article 101 of the Treaty on the Functioning of the European Union, and imposed on Banco Montepio a fine of €13 million. The decision is being appealed by Banco Montepio (and the other Portuguese banks) to the Competition, Regulation and Supervision Court. By appealing this Decision, the obligation to pay the fine will be suspended until a final decision is made. Based on all the relevant circumstances, the management considers there is a likelihood that the administrative fine (*coima*) will not become effective following the legal objections that come to be lodged against the Decision. As at the date of this Base Prospectus, Banco Montepio is not aware of any claim for damages related to the Decision or to the related facts.

Save as disclosed above, there have been no new governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Banco

Montepio is aware) during the period covering at least the twelve months preceding the date of this Base Prospectus which may have or have had a significant effect on Banco Montepio’s financial position or profitability.”

IV. BOARD OF DIRECTORS AND OTHER CORPORATE AND GOVERNING BODIES OF THE ISSUER

4. At the beginning of page 189, under the Chapter headed “**Board of Directors and Other Corporate and Governing Bodies of the Issuer**”, the whole section named “**Mandate March 2018 – 2021**” shall be deleted and replaced by the following text:

“**Mandate March 2018 - 2021**

Board of Directors

The current members of the Board of Directors were elected at the Extraordinary General Meeting held on 16 March 2018 and each such member started their role on 21 March 2018, with the appointment lasting until 2021. The following are the current members of the Board of Directors of Banco Montepio:

| Name | | Other positions |
|--|----------------------|---|
| Carlos Manuel Tavares da Silva | Chairperson | Chairman of the Board of Directors of Montepio Investimento, S.A. Chairman of the Board of Directors of Montepio Holding, SGPS, S.A. |
| Dulce Maria Pereira Cardoso Mota Jorge Jacinto ¹ | Executive member | Vice-President of the Executive Board of Directors |
| Luís Eduardo Henriques Guimarães ² | Non-executive member | No other positions |
| Amadeu Ferreira de Paiva | Non-executive member | No other positions |
| Manuel Ferreira Teixeira | Non-executive member | No other positions |
| Vítor Manuel do Carmo Martins | Non-executive member | No other positions |
| Rui Pedro Brás de Matos Heitor | Non-executive member | Member of the Board of Directors of HTA – Hotéis, Turismo e Animação dos Açores, S.A. |
| Pedro Jorge Gouveia Alves ³ | Non-executive member | Chairman of the Board of Directors of Montepio Crédito, Instituição Financeira de Crédito, S.A. |
| Carlos Francisco Ferreira Alves ⁴ | Non-executive member | No other positions |

| | | |
|--|------------------|--|
| Nuno Cardoso Correia da Mota Pinto | Executive member | Member of the Board of Directors of Montepio Crédito, Instituição Financeira de Crédito, S.A. Member of the Board of Directors of Montepio Holding, SGPS, S.A. Chairman of the Board of Directors of Finibanco Angola, S.A. Member of the Board of Directors of Montepio Investimento, S.A. |
| José Carlos Sequeira Mateus | Executive member | Member of the Board of Directors of Banco Montepio Geral Cabo Verde Member of the Board of Directors of Montepio Holding, SGPS, S.A. Member of the Board of Directors of Montepio Investimento, S.A. |
| Pedro Miguel Nunes Ventaneira | Executive member | Member of the Board of Directors of Finibanco Angola, S.A. Member of the Board of Directors of Montepio Investimento, S.A. |
| Carlos Miguel Lopez Leiria Pinto | Executive member | Chairman of the Board of Directors of Montepio Valor, S.A. Member of the Board of Directors of Montepio Investimento, S.A. |
| Helena Catarina Gomes Soares de Moura Costa Pina | Executive member | No other positions |
| Leandro Rodrigues da Graça Silva ⁵ | Executive member | No other positions |

¹ Dulce Maria Pereira Cardoso Mota Jorge Jacinto took up its duties as an executive member of the Board of Directors on 9 January 2019.

² Luís Eduardo Henriques Guimarães resigned as a non-executive member of the Board of Directors, on 30 September 2019.

³ Pedro Jorge Gouveia Alves took up its duties as a non-executive member of the Board of Directors on 23 August 2018.

⁴ Carlos Francisco Ferreira Alves took up its duties as a non-executive member of the Board of Directors on 15 January 2019.

⁵ Leandro Rodrigues da Graça Silva took up its duties as an executive member of the Board of Directors on 9 November 2018.

Areas of responsibility of each executive member of the Board of Directors and the respective alternate Directors:

| Director | Alternate Director | Area of Responsibility |
|---|--|---|
| Carlos Manuel Tavares da Silva | Dulce Maria Pereira Cardoso Mota Jorge Jacinto | Management assistance office to the Board of Directors General Secretariat Economic and Financial Studies |
| | Audit Committee (hierarchical management) | Internal Auditing and Inspections (daily management) |
| Dulce Maria Pereira Cardoso Mota Jorge Jacinto | José Carlos Sequeira Mateus | Commercial Division (North and Centre) Commercial Division (Lisbon, South and Autonomous Regions) Business Support Office |
| | Carlos Manuel Tavares da Silva | Communication and Brand Division – institutional hierarchical management |
| | Leandro Rodrigues da Graça Silva | Marketing Strategic Marketing, Quality and Innovation |
| | | |
| Nuno Cardoso Correia da Mota Pinto | José Carlos Mateus | Commercial Division (Institutional clients) |
| | Dulce Maria Pereira Cardoso Mota Jorge Jacinto | Commercial Division (Public Sector and social support sector) |
| José Carlos Sequeira Mateus | Nuno Cardoso da Mota Pinto | Financial and International Division |
| | Pedro Miguel Nunes Ventaneira / Carlos Miguel Leiria Pinto | Financial Assets Monitoring Office |
| | Dulce Maria Pereira Cardoso Mota Jorge Jacinto | Strategic Planning and Control Division |
| | Helena Catarina Gomes Soares de Moura Costa Pina | Cost Control Office |
| Pedro Miguel Nunes Ventaneira | Leandro Rodrigues da Graça Silva | Risk Division Model Validation Office |
| | Dulce Maria Pereira Cardoso Mota Jorge Jacinto | Information Management Office |
| | José Carlos Sequeira Mateus | Accounting and Financial Report Division |
| Helena Catarina Gomes Soares de Moura Costa Pina | Dulce Mota | Client Office Human Resources Division |
| | Carlos Leiria Pinto | Legal Division Litigation Division |
| | Pedro Ventaneira | Compliance Division Data Protection Office |
| | | |
| Carlos Miguel Lopez Leiria Pinto | Leandro Rodrigues da Graça Silva | Credit Recovery Division MGAI, ACE (Real Estate) |

| | | |
|----------------------------------|----------------------------------|---|
| Leandro Rodrigues da Graça Silva | Dulce Mota | Innovation and Transformation Division |
| | José Carlos Sequeira Mateus | IT Division |
| | Carlos Miguel Lopez Leiria Pinto | Managing Operations and Services Division |
| | Helena Catarina Gomes | Shared Services Division |
| | Soares de Moura Costa Pina | Purchasing Division |
| | Pedro Ventaneira | Credit Analysis Division |

General Meeting Board

The current members of the General Meeting Board were elected at the Extraordinary General Meeting held on 16 March 2018 and each such member started their role on 21 March 2018, with the appointment lasting until 2021. The following are the current members of the General Meeting Board of Banco Montepio:

| Name | | Other positions |
|------------------------------|-------------|-----------------|
| António Manuel Lopes Tavares | Chairperson | Not applicable |
| Cassiano da Cunha Calvão | Secretary | Not applicable |

Audit Committee

The current members of the Audit Committee were elected at the Extraordinary General Meeting held on 16 March 2018 and each such member started their role on 21 March 2018, with the appointment lasting until 2021. The following are the members of the Audit Committee of Banco Montepio:

| Name | | Other positions |
|---|--------------------------|--------------------|
| Luís Eduardo Henriques Guimarães ¹ | Chairperson ¹ | No other positions |
| Manuel Ferreira Teixeira ² | Chairperson ² | No other positions |
| Amadeu Ferreira de Paiva | Member | No other positions |
| Vítor Manuel do Carmo Martins | Member | No other positions |
| Carlos Francisco Ferreira Alves | Member | No other positions |

¹ Luís Eduardo Henriques Guimarães resigned as Chairman of the Audit Committee on 30 September 2019.

² Manuel Ferreira Teixeira took up its duties as Chairperson of the Audit Committee on 1 October 2019.

Remuneration, Appointments and Evaluations Committee

| Name | |
|---------------------------------|----------|
| Manuel Ferreira Teixeira | Chairman |
| Carlos Francisco Ferreira Alves | Member |
| Amadeu Ferreira de Paiva | Member |

Risk Committee

Name

| | |
|---|-----------------------|
| Luís Eduardo Henriques Guimarães ¹ | Chairman ¹ |
| Vítor Manuel do Carmo Martins ² | Chairman ² |
| Manuel Ferreira Teixeira | Member |
| Rui Pedro Brás de Matos Heitor | Member |

¹ Luís Eduardo Henriques Guimarães resigned as non-executive member of the Board of Directors on 30 September 2019.

² Vítor Manuel do Carmo Martins took up its duties as Chairperson of the Risk Committee on 3 October 2019.

Corporate Governance, Ethics and Sustainability Committee

Name

| | |
|---------------------------------|----------|
| Carlos Manuel Tavares da Silva | Chairman |
| Carlos Francisco Ferreira Alves | Member |
| Rui Pedro Brás de Matos Heitor | Member |

Statutory Auditor

The following are the members of the Statutory Auditor for the period 2016-2018:

KPMG & Associados - SROC, S.A., registered at CMVM with the number 9098, the Head Office at Edifício Monumental, Av. Praia da Vitória, number 71-A, 11th floor, 1069-006 Lisbon.

In the General Meeting held on 30 December 2015, KPMG & Associados – SROC, S.A., represented by Ana Cristina Soares Valente Dourado (ROC n°1011) was elected for the term 2016/2018, responsible for the audit and certification of the annual accounts during the two 12 month periods ended 31 December 2017 and 31 December 2016, respectively.

In July 2018 Ana Cristina Soares Valente Dourado (ROC no. 1011) was substituted by Hugo Jorge Gonçalves Cláudio (ROC no. 1597).

The following is the Statutory Auditor for the period 2019-2021:

PricewaterhouseCoopers & Associates-SROC, S.A., registered at CMVM with the number 20161485, with Head Office at Palácio Sottomayor, Rua Sousa Martins, number 1 – 3rd floor, 1069-316 Lisbon, represented by José Manuel Henriques Bernardo (ROC no. 903) and Carlos José Figueiredo Rodrigues (ROC no. 1737), was elected for the term 2019-2021 in the General meeting held on 27 May 2019.

According to the new articles of association, the areas of focus of each governing body and corporate body are as follows:

General Meeting

A General Meeting of Banco Montepio shall consist of shareholders who have voting rights. Each share shall represent one vote. Only those shareholders with voting rights may attend, speak and vote at a General Meeting, in person or through a representative, who at the registration date, which is equal to zero hours (GMT) on the fifth working day prior to the holding of the Meeting (“**Registration Date**”), are the owners of at least one share.

The General Meeting Board shall consist of a Chair and a Secretary, elected at a General Meeting. The Chair is required to:

1. call the General Meeting and chair its proceedings;
2. inform the appropriate authorities, within the legal deadlines, of the outcomes of General Meeting decisions and the names of those elected to the Company's Governing Bodies;
3. vest the members of the Governing Bodies, of Corporate Offices and members of Committees elected at a General Meeting with their respective powers;
4. consider any justifications of absence submitted; and
5. accept and deal with appeals lodged with the General Meeting of Shareholders pursuant to the law and within the official deadlines.

An ordinary General Meeting shall discuss the matters submitted to the Annual General Meeting, under article 376, no.1 of the Commercial Companies Code (*Código das Sociedades Comerciais*), plus any other matters included on the agenda, and an extraordinary meeting shall be held whenever one is convened in accordance with the law and these Articles of Association.

General Meeting decisions shall be taken by a simple majority of votes cast, unless otherwise prescribed under the law or the Articles of Association. General Meeting decisions regarding changes to the Articles of Association, a merger, splits, transformation or winding-up of the Company shall only be valid if they are approved by a 2/3 (two-thirds) of the votes cast.

General Meetings of Banco Montepio shall take decisions on the matters assigned them by the law and the Articles of Association, and it is charged with:

1. electing members of the General Meeting Board and the Governing Bodies;
2. electing the Statutory Auditor, following a proposal from the Audit Committee;
3. electing, every four years, a Remuneration Committee comprising three independent members empowered to set the remuneration of Governing Bodies members, pursuant to article 399, no.1 of the Commercial Companies Code (*Código das Sociedades Comerciais*);
4. discussing the management report, the individual and consolidated accounts for the year and the proposed profit distribution;
5. conducting a general appraisal of Banco Montepio's management and supervision, with the scope laid down in the law;
6. assessing the guidelines set out in the multiannual plans and updates, following a proposal from the Board of Directors;
7. discussing the Company's geographical presence policy;
8. discussing the Board of Directors' report on subsidiaries; and
9. being informed, pursuant to the law, of appeals lodged.

Board of Directors

The Board of Directors comprises a minimum of 12 and maximum of 19 members, including a non-executive Chair and an executive Vice-Chair, all of whom shall be elected at a General Meeting.

The Board of Directors shall act as a body and may take decisions as long as a majority of its members is present. It shall meet as often as it deems necessary and at least once a month. Decisions shall be taken on the basis of the majority of votes cast by the members present, and the Chair shall have a casting vote.

Notwithstanding the other duties assigned by law, the Board of Directors is charged with managing Banco Montepio, in particular:

1. requesting the convening of General Meetings;
2. the annual drawing up of the management report, the individual and consolidated accounts for the year and the proposed profit distribution, to be accompanied by the Audit Committee's opinion, to be submitted to the Annual General Meeting for approval;
3. approving, annually, the action program and the budget for the following year, after receiving the Audit Committee's opinion;
4. discussing the purchase, sale and encumbrance of assets;
5. discussing the opening and closure of offices and any other form of representation;
6. discussing the expansion and curtailing of Banco Montepio's business and changes to its functional structure;
7. setting, in general terms, the interest rates, commissions, and prices to apply to banking transactions and services rendered;
8. discussing the signing and termination of cooperation agreements with other institutions and Banco Montepio's membership of associations;
9. discussing the issuing of bond loans and non-convertible debt instruments;
10. discussing the purchase, sale or encumbrance of any financial holdings in companies or groups of companies;
11. requesting admission to trading on a regulated market of securities issued by Banco Montepio;
12. drawing up mergers, split and transformation proposals;
13. setting up the committees and commissions it deems necessary to fulfil its duties, including a Remuneration, Appointments and Evaluations Committee and a Risk Committee, and appointing their members and chairs;
14. representing Banco Montepio in or out of court, and undertake to abide by arbitration;
15. co-opting Directors;
16. appointing the Company Secretary and his/her alternate; and
17. appointing Banco Montepio's representatives to the governing bodies of institutions in which it has holdings or is a member.

The Board of Directors is charged with delegating the day-to-day management of Banco Montepio to an Executive Committee, as well as charging one or more directors with the handling of certain management matters, within the legally defined limits.

The Board of Directors shall define the make-up, operating rules and the powers of the Executive Committee, and shall appoint its chair, who shall be the Board of Directors vice-chair, and it may appoint a vice-chair.

In addition to the committees referred to in the Articles of Association, the Board of Directors may also approve the setting up of committees to monitor, on a permanent basis, specific matters, and such committees shall be chaired by a member of the Board of Directors.

Audit Committee

The Audit Committee comprises at least 3 and a maximum of 5 members, elected at a General Meeting from among the non-executive members of the Board of Directors. If one is not appointed by the General Meeting, the Audit Committee shall nominate a Chair from among its members.

Notwithstanding any legal requirements, the Audit Committee shall undertake a permanent assessment of Banco Montepio, in particular as regards its financial performance, the devising of the institution's strategy and general policies, the group's business structure and the decisions deemed strategic due to the sums or risks involved and, in particular:

1. monitor Banco Montepio's management;
2. monitor compliance with the law and the Articles of Association;
3. check the correctness of the company's ledgers, accounting records and supporting documents;
4. check the accuracy of the accounting documents;
5. check whether the accounting policies and valuation criteria employed by Banco Montepio ensure the proper valuation of its assets and profits;
6. draw up an annual report on its audit work and give its opinion on the report, accounts and proposals submitted by the Board, as well as on the action plan and budget;
7. convene a General Meeting whenever the Chair of the General Meeting Board fails to do so;
8. monitor the effectiveness of the risk management system, the internal control system and the internal audit system;
9. receive notices of irregularities sent by Banco Montepio shareholders, employees or others;
10. monitor the preparation and disclosure of financial information;
11. propose to the General Meeting the appointment of a particular Statutory Auditor;
12. monitor the auditing of Banco Montepio's financial statements; and
13. monitor the independence of the Statutory Auditor, particularly in regard to the provision of additional services.

The Audit Committee Chair shall convene and preside over meetings of the Audit Committee, and shall have a casting vote.

The Audit Committee shall meet as often as it deems necessary and at least once a month, and whenever convened by its Chair, on his/her own initiative or at the request of any of its members or of the Chair of the Board of Directors.

Whenever it deems it necessary, the Audit Committee shall summon to its working sessions any persons belonging to the Banco Montepio structure, as well as the external auditors.

Members of the Audit Committee shall take part in meetings of the Executive Committee whenever the accounts for the year are appraised.

The Audit Committee shall keep a written record of all checks, audits and complaints received and action taken, and the respective outcomes.

Remuneration, Appointments and Evaluations Committee

The Remuneration, Appointments and Evaluations Committee comprises three members, including a Chair appointed by the Board of Directors from among its nonexecutive members or from among the members of the Audit Committee, and a majority of them, including the Chair, shall have the status of independent.

Members of the Remuneration, Appointments and Evaluations Committee shall be duly qualified to discuss the subjects they deal with, and at least one member shall have knowledge and experience of remuneration policy matters.

The Remuneration, Appointments and Evaluations Committee shall perform the legal duties relating to remuneration policy in keeping with the law.

The Remuneration, Appointments and Evaluations Committee shall also state its opinion as to the suitability of the proposed supplementary retirement pension, for old age or disability, schemes for directors, to be approved by way of specific regulations at a General Meeting, pursuant to article 402 of the Commercial Companies Code (Código das Sociedades Comerciais).

At least one member of the Remuneration, Appointments and Evaluations Committee shall be present at General Meetings that discuss matters falling within its mandate.

The Remuneration, Appointments and Evaluations Committee shall draw up minutes of its meetings.

Risk Committee

The Risk Committee shall consist of three members, including a Chair, appointed by the Board of Directors from among its non-executive members or from among Audit Committee members, who possess the knowledge, skills and experience required by law. A majority of Risk Committee members, including the Chair, shall have the status of independent.

The Risk Committee is charged with performing the duties set out in the law and, in particular:

- a) advising the Board of Directors as to Banco Montepio's risk appetite and its general, current and future risk strategy;
- b) assisting the Board of Directors in its supervision of the implementation of Banco Montepio's risk strategy;
- c) analysing the terms and conditions of Banco Montepio's products and services and providing the Board of Directors with a correction plan whenever its analysis shows that the terms and conditions do not adequately reflect the risk; and
- d) examining whether the incentives defined in Banco Montepio's remuneration policy take into consideration risk, capital, liquidity and expectations as to results.

The Committee shall draw up minutes of its meetings.

Corporate Governance, Ethics and Sustainability Committee

The Corporate Governance, Ethics and Sustainability Committee comprises three members, including a Chair appointed by the Board of Directors from among its non-executive members or from among the members of the Audit Committee, and shall possess the knowledge, experience, skills, understanding and personal qualities for the proper performance of their duties.

The Corporate Governance, Ethics and Sustainability Committee is responsible, among others, to support the Board of Directors in promoting a healthy governance culture within Banco Montepio and its subsidiaries; propose the adoption of a corporate governance code or the adoption of appropriate governance guidelines; support the Board of Directors in particular by reviewing existing documents and proposing amendments; analyse corporate governance and propose changes that improve the decision-making process and improve the performance of the inherent functions; analyse the characteristics of committees and propose changes that will improve the efficiency of corporate governance; oversee the preparation of the Annual Corporate Governance Report; issue an opinion on the Conflict of Interest Policy, Code of Conduct and other documents that define ethical principles for doing business, when requested by the Board of Directors, or taking the initiative to review existing documents and propose amendments; assess mechanisms for monitoring compliance with sustainability policy, with particular attention to the impact on the social support sector.

This Committee shall draw up minutes of its meetings.

The Statutory Auditor

The Statutory Auditor, elected at a General Meeting, following a proposal from the Audit Committee, shall possess the skills required by law, namely by the Commercial Companies Code (*Código das Sociedades Comerciais*). The Statutory Auditor shall attend General Meetings at which the accounts are appraised and whenever his presence is requested.

Conflicts of Interest

While all the members of the Governing Bodies mentioned above represent Banco Montepio on their respective boards, none of them have any conflict or potential conflict between their duties to Banco Montepio and their private interests or other principal activities as listed above.

Business Addresses

The business address of each of the Directors, the Board of Directors and the Audit Committee Members listed above is Rua Castilho, number 5, 10th floor, postal code 1250-066, Lisbon, Portugal.”

V. GENERAL INFORMATION

5. On page 232 of the Base Prospectus, under the Chapter headed “**General Information**”, the whole section named “**Significant or Material Change**” shall be deleted and replaced by the following text:

“Significant or Material Change

Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2019 and there has been no material adverse change in the financial performance or prospects of the Issuer since 31 December 2018.”

6. On page 232 of the Base Prospectus, under the Chapter headed “**General Information**”, the whole section named “**Accounts**” shall be deleted and replaced by the following text:

“Accounts

KPMG (Independent Auditors) (authorised and regulated by the Ordem dos Revisores Oficiais de Contas) have audited the accounts of Banco Montepio for the two years ended 31 December 2018 and 2017.

Following the general meeting held on 27 May 2019, PricewaterhouseCoopers & Associates-SROC, S.A. will replace KPMG as auditors for the term 2019-2021.

PricewaterhouseCoopers & Associates-SROC, S.A. have reviewed the accounts of Banco Montepio for the six month period ended 30 June 2019.”