Base Prospectus

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)

€6,000,000,000

Euro Medium Term Note Programme

On 19 May 2000, the Issuer (as defined below) entered into a €2,000,000,000 Euro Medium Term Note Programme (the "**Programme**") which has been increased and updated from time to time. Any Notes to be issued after the date hereof under the Programme are issued subject to the provisions set out herein save that Notes which are to be consolidated and form a single series with Notes issued prior to the date hereof will be issued subject to the Conditions of the Notes applicable on the date of issue for the first tranche of Notes of such series. Subject as aforesaid, this does not affect any Notes issued prior to the date hereof.

Under the Programme, Caixa Económica Montepio Geral, caixa económica bancária, S.A. ("**Banco Montepio**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed €6,000,000,000 (or the equivalent in other currencies).

Application has been made to the Commission de Surveillance du Secteur Financier (the "**CSSF**") in its capacity as competent authority under the Luxembourg Law dated 16 July 2019 relating to prospectuses for securities (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*) (as amended, the "**Luxembourg Law** ") for the approval of this base Prospectus (the "**Base Prospectus**") as a base prospectus for the purposes of Article 8(1) of Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Pursuant to the Luxembourg Law, by approving this Base Prospectus the CSSF assumes no responsibility as to the economic and financial soundness of the Notes to be issued thereunder or the quality or solvency of the Issuer. The CSSF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Furthermore, such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of the Prospectus Regulation and/or which are to be offered to the public in any Member State of the European Economic Area ("**EEA**"). By approving this Base Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the Issuer.

Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List of the Luxembourg Stock Exchange (the "**Official List**") and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "**Market**"). References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms (as defined below) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

Each Tranche of Notes (as defined in "*General Description of the Programme*") will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called the final terms (the "**Final Terms**"). Details of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes and the issue price of Notes for each Tranche of Notes will be set out in the relevant Final Terms which, with respect to Notes to be admitted to the Official List and to trading on the Luxembourg Stock Exchange, will be delivered to the CSSF and the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche.

Each Series (as defined herein) of Notes will be issued in book-entry form (*escriturais*) and registered form (*nominativas*) that will be integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), as management entity of the Portuguese Centralised System of Registration of Securities, *Central de Valores Mobiliários*.

As more fully described herein, Notes may be issued by the Issuer pursuant to the Programme: (i) on an unsubordinated basis (the "**Ordinary Senior Notes**"); (ii) on a non-preferred basis (the "**Senior Non-Preferred Notes**"); or (iii) on a subordinated basis, (the "**Subordinated Notes**"), in each case as provided in "*Terms and Conditions of the Notes*" below.

The Programme has been rated: (P)Ba2 (Ordinary Senior Notes) / (P)Ba2 (Senior Non-Preferred Notes) / (P)Ba3 (Subordinated Notes) by Moody's Investors Service España, S.A. ("**Moody's**"). The Notes issued under the Programme are expected to be rated BB (Ordinary Senior Notes) / BB- (Senior Non-Preferred Notes) / B+ (Subordinated Notes) by Fitch Ratings Ireland Limited ("**Fitch**") and BB (Ordinary Senior Notes and Senior Non-Preferred Notes) / B(high) (Subordinated Notes) by DBRS Ratings GmbH ("**DBRS**"). The "Ba" rating by Moody's in respect of the Ordinary Senior Notes, Senior Non-Preferred Notes and Subordinated Notes issued under the Programme indicates that such Notes are judged to be speculative and are subject to substantial credit risk. The "BB" rating by Fitch in respect of the Ordinary Senior Notes and Senior Non-Preferred Notes issued under the Programme indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time. The "B" rating by Fitch in respect of the Subordinated Notes issued under the Programme indicates that material default risk is present, but a limited margin of safety remains; financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. The "BB" rating by DBRS in respect of the Ordinary Senior Notes and Senior Non-Preferred Notes issued under the Programme indicates that such Notes are of speculative, non-investment grade credit quality, the capacity for the payment of financial obligations is uncertain and are vulnerable to future events. The "B" rating by DBRS in respect of the Subordinated Notes issued under the Programme indicates that such Notes are of highly speculative credit quality and there is a high level of uncertainty as to the capacity to meet financial obligations. Each of Moody's, Fitch and DBRS is established in the EU and registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**"). As such, each of Moody's, Fitch and DBRS is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. The ratings which Moody's, Fitch and/or DBRS may give to the Tranches of Notes (as defined in "*General Description of the Programme*") to be issued under the Programme may be endorsed by Moody's Investors Service Limited, Fitch Ratings Ltd and/or DBRS Ratings Limited, (as applicable), which are established in the United Kingdom ("**UK**") and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of the domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**").

Tranches of Notes (as defined in "*General Description of the Programme*") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme and/or the Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued or endorsed by a credit rating agency established in the European Union or in the UK and registered under the CRA Regulation or the UK CRA Regulation (as applicable) will be disclosed in the relevant Final Terms. A list of rating agencies registered under the CRA regulation can be found at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk. The UK CRA Regulation rating agency register can be found at: https://register.fca.org.uk/s/. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Base Prospectus (as may be supplemented from time to time) will be valid for a period of twelve months from the date of its approval. As such, the Base Prospectus will be valid until 17 May 2025. The obligation to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Base Prospectus is no longer valid.

In the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to retail clients, as defined in MiFID II and/or Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA. Prospective investors are referred to the section headed "*Important Information*" of this Base Prospectus for further information.

*Prospective investors should have regard to the risk factors described under the section headed "**Risk Factors**" in this Base Prospectus. This Base Prospectus does not describe all of the risks of an investment in the Notes.*

Arranger

BofA Securities

Dealers

BofA Securities	**BNP PARIBAS**	**Caixa Económica Montepio Geral, caixa económica bancária, S.A.**
Citigroup	**Crédit Agricole CIB**	**Deutsche Bank**
IMI – Intesa Sanpaolo	**J.P. Morgan**	**Morgan Stanley**
NATIXIS	**NatWest Markets**	**Santander Corporate Banking**
		Investment
Société Générale Corporate & Investment Banking		**UniCredit**

The date of this Base Prospectus is 17 May 2024

IMPORTANT INFORMATION

This document comprises a base prospectus for the purposes of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Base Prospectus (including in relation to the Issuer, for the avoidance of doubt, any information contained in the relevant Final Terms relating to each Tranche of Notes issued under the Programme). To the best of the knowledge of the Issuer the information contained in this Base Prospectus as completed by the Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with any supplements thereto and all documents which are incorporated herein by reference (see "Documents Incorporated by Reference") and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in "*General Description of the Programme*"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

IMPORTANT – EUROPEAN ECONOMIC AREA RETAIL INVESTORS

If the relevant Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to European Economic Area Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, 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 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the relevant Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to United Kingdom Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 domestic law by virtue of the 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 domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The relevant Final Terms in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The relevant Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. A distributor should take into consideration the target market assessment; however, a 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 Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes,

but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time ("**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) 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).

IMPORTANT – CANADIAN INVESTORS

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

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

BENCHMARKS REGULATION

Amounts payable under the Floating Rate Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**") as adjusted for any applicable margin and subject to the relevant benchmark discontinuation provisions. EURIBOR is provided by the European Money Markets Institute. As at the date of this Base Prospectus, European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011, as amended) (the "**Benchmarks Regulation**").

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**"). If TEFRA C is specified as "Applicable" in the relevant Final Terms, then the Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "*Subscription and Sale*".

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

Save for Banco Montepio, no other person has separately verified the information contained herein. To the fullest extent permitted by law, none of the Dealers (excluding Banco Montepio acting in its capacity as Issuer) or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other

statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

An investment in the Notes involves a reliance on the creditworthiness of the Issuer, which will be liable solely in its corporate capacity for its obligations in respect of the Notes and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators. The Notes are not guaranteed by any person. In addition, an investment in Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Notes. See "*Risk Factors*".

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

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;

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

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

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

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

Investments in Notes do not benefit from any protection provided pursuant to Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes or any national implementing measures implementing this Directive in any jurisdiction (such as the UK's Financial Services

Compensation Scheme). Therefore, if the Issuer becomes insolvent or defaults on its obligations, investors investing in Notes in a worst case scenario could lose their entire investment.

STABILISATION

In connection with the issue of any Tranche (as defined in "*General Description 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 relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes 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 stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF INFORMATION

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "**€**" and "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time. Certain amounts that appear in this Base Prospectus have been subject to rounding adjustments. Accordingly, the figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them and amounts expressed as percentages may not total 100 per cent. when aggregated.

Financial information for the years ended and as at 31 December 2022 and 31 December 2023 contained in this Base Prospectus has been extracted from the Annual Report 2023. Following the signing of the agreement for the sale of the participation held by Banco Montepio Group in the share capital of Finibanco Angola S.A. ("**Finibanco Angola**"), the consolidated financial statements reported as at 31 December 2022 consider the financial statements of this subsidiary in accordance with IFRS 5, being the assets and liabilities included in the consolidated balance sheet in the caption “Non-current assets held for sale - discontinued operations” and “Non-current liabilities held for sale - discontinued operations”, respectively. As at 31 December 2023 the results generated by Finibanco Angola are included in the caption “Profit/ (loss) from discontinued operations" in the consolidated income statement.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

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

ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus and the documents incorporated by reference in this Base Prospectus contain certain management measures of performance or 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 ("**IFRS**"). **Accordingly, these APMs should not be considered as alternatives to any performance measures prepared in accordance with IFRS**.

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

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

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

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

SUPPLEMENT TO THE BASE PROSPECTUS

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

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GENERAL DESCRIPTION OF THE PROGRAMME

The following general description of the Programme is qualified in its entirety by the remainder of this Base Prospectus.

Issuer	Caixa Económica Montepio Geral, caixa económica bancária, S.A. ("**Banco Montepio**").
Issuer Legal Entity Identifier (LEI)..	2138004FIUXU3B2MR537
Description	Euro Medium Term Note Programme.
Size.....	Up to €6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger.....	BofA Securities Europe SA
Dealers.....	BofA Securities Europe SA Banco Santander, S.A. BNP Paribas Caixa Económica Montepio Geral, caixa económica bancária, S.A. Citigroup Global Markets Europe AG Crédit Agricole Corporate and Investment Bank Deutsche Bank Aktiengesellschaft Intesa Sanpaolo S.p.A. J.P. Morgan SE Morgan Stanley Europe SE Natixis NatWest Markets N.V. Société Générale UniCredit Bank GmbH The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Agent	Caixa Económica Montepio Geral, caixa económica bancária, S.A.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount as specified in the relevant Final Terms.

Form of Notes	The Notes are issued in book-entry form (*escriturais*) and registered form (*nominativas*) that will be integrated in and held through Interbolsa, as management entity of the *Central de Valores Mobiliários*. The terms and conditions of each series of Notes shall be the terms and conditions set out in this Base Prospectus, as supplemented and/or completed in the relevant Final Terms. The Notes are constituted by a deed poll given by Banco Montepio in favour of the holders of the Notes dated 17 May 2024 (the "**Instrument**").
Clearing Systems	Interbolsa, Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Agent and the relevant Dealer.
Currencies.....	Notes may only be issued in EUR ("**euro**"), USD ("**United States Dollar**"), GBP ("**British Pound Sterling**"), JPY ("**Japanese Yen**"), CHF ("**Swiss Franc**"), AUD ("**Australian Dollar**") and CAD ("**Canadian Dollar**"), or any other currency as Interbolsa accepts for registration and clearing securities. The currency of each issue of Notes is specified in the relevant Final Terms.
Maturities.....	Subject to compliance with all relevant laws, regulations and directives and as permitted by the relevant central bank (or equivalent body) and subject as provided below, any maturity as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the relevant Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Senior Non Preferred Notes and Ordinary Senior Notes intended by the Issuer to be MREL-Eligible Instruments for the purposes of the Applicable Banking Regulations will have an original maturity of at least one year or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations. Subordinated Notes will have a minimum maturity of at least five years or as otherwise permitted in accordance with Applicable Banking Regulations (as defined in the Terms and Conditions of the Notes) from time to time. According to the Luxembourg Law relating to prospectuses for securities (the "**Luxembourg Law**"), the CSSF is not competent to approve prospectuses for the listing of money market instruments having a maturity at issue of less than twelve months and which also comply with the definition of securities in the Luxembourg Law.
Specified Denomination	Notes will be in such denominations as may be specified in the relevant Final Terms, save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in British Pound

	Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum specified denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes.....	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Reset Notes.....	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate for the relevant Specified Currency, and for a period equal to the reset period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms and as further described in the Conditions. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.
Floating Rate Notes.....	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., and as amended, supplemented and/or updated as at the Issue Date of the first Tranche of the Notes; or (ii) by reference to EURIBOR as adjusted for any applicable margin and subject to the benchmark discontinuation provisions set out in Condition 4(j). Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes.....	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates...	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.
Redemption.....	The relevant Final Terms will specify the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in British Pound Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). Any early redemption of a

Subordinated Note will be subject to the prior consent of the Relevant Authority.

Unless previously redeemed, purchased and cancelled, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount, which shall be at least equal to its nominal amount.

Early redemption will be permitted for taxation reasons or, in the case of Ordinary Senior Notes if so specified in the relevant Final Terms, following an Event of Default or, in the case of Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes if so specified in the relevant Final Terms, upon the occurrence of a MREL Event or, in the case of Subordinated Notes, upon a Capital Event, but otherwise early redemption will be permitted only to the extent specified in the relevant Final Terms.

Any early redemption of Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes eligible as Tier 2 Capital or MREL-Eligible Instruments, as applicable, will be subject to the prior consent of the competent authorities and/or relevant resolution authorities, to the extent required, in accordance with Applicable Banking Regulations.

Benchmark Discontinuation..... In the case of Reset Notes or Floating Rate Notes where Screen Rate Determination is specified in the relevant Final Terms as being the manner in which the Rate(s) of Interest is/are to be determined, on the occurrence of a Benchmark Event, the Issuer shall, as soon as reasonably practicable, use its reasonable endeavours to appoint an Independent Adviser who may determine or, if such Independent Adviser fails to make any such determination or the Issuer is unable to appoint an Independent Adviser, the Issuer may determine, a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread and any Benchmark Amendments in accordance with Condition 4(j) the Rate of Interest applicable to the next succeeding Interest Accrual Period or Reset Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period or Reset Period, respectively.

Optional Redemption..... The relevant Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part), and/or the holders, and whether Notes may be redeemed prior to their stated maturity at the option of the Issuer (in whole) where the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes originally issued has been redeemed or purchased and subsequently cancelled in accordance with Condition 5 and, in either such case, the terms applicable to such redemption.

Status of the Ordinary Senior Notes. Ordinary Senior Notes will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and will rank at least *pari passu* among themselves and with any other Senior Higher Priority Liabilities, and senior to all Senior Non Preferred Liabilities and all present and future subordinated

	obligations of the Issuer (including, for the avoidance of doubt, all Subordinated Notes).
Status of the Senior Non Preferred Notes	Senior Non Preferred Notes will constitute direct, unconditional and unsecured (subject to the provisions of Condition 3) obligations of the Issuer and will rank *pari passu* among themselves and with any other Senior Non Preferred Liabilities (as defined in the Conditions), junior to any present or future claims of depositors of the Issuer and to any Senior Higher Priority Liabilities (as defined in the Conditions) (and accordingly, upon the insolvency of the Issuer, the claims in respect of Senior Non Preferred Notes will be met after payment in full of the claims of depositors of the Issuer and Senior Higher Priority Liabilities) in accordance with Article 8-A (as defined in the Conditions) and senior to all present and future subordinated obligations of the Issuer in accordance with Article 8-A.
Status of the Subordinated Notes.....	The Subordinated Notes will constitute direct and unsecured obligations of the Issuer, subordinated as provided under Condition 2(c) and will rank *pari passu* among themselves. The claims of the holders of the Subordinated Notes will, in the event of the bankruptcy or the winding up of the Issuer (to the extent permitted by Portuguese law), be subordinated in right of payment in the manner provided in Condition 2(c) and the Instrument to the claims of all Senior Creditors of the Issuer but shall rank (a) at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith and (b) in priority to any present or future (1) claims of holders of all share capital of the Issuer, (2) claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital of the Issuer, and (3) claims of holders of all other obligations of the Issuer which rank, or are expressed to rank, junior to the Subordinated Notes or Tier 2 Capital of the Issuer.
Substitution and Variation	Where "Capital Event – Substitution and Variation" or "MREL Event – Substitution and Variation", as the case may be, is specified as "Applicable" in the relevant Final Terms and a Capital Event or an MREL Event, as the case may be, has occurred and is continuing, or if required to ensure the effectiveness and enforceability of Condition 15, the Issuer may, subject to the provisions of Condition 5(k), either substitute all (but not some only) of the relevant Notes for, or vary the terms of the relevant Notes such that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 5(j)).
Negative Pledge.....	Applicable only to Ordinary Senior Notes unless "Ordinary Senior Notes: Negative Pledge" is expressly specified to be "Not Applicable" in the relevant Final Terms. See "*Conditions — Negative Pledge in relation to certain of the Ordinary Senior Notes*".
Cross Default	Applicable only to Ordinary Senior Notes unless "Ordinary Senior Notes: Cross-default" is expressly specified to be "Not

	Applicable" in the relevant Final Terms. See "*Conditions — Events of Default*".
Limited Rights of Acceleration	A Noteholder's rights to accelerate Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where "Ordinary Senior Notes: Events of Default" Condition 9(a) is expressly specified as "Not Applicable" in the relevant Final Terms are limited to insolvency or winding up type events only. See "*Conditions — Events of Default*".
Ratings.....	The Programme has been rated: (P)Ba2 (Ordinary Senior Notes) / (P)Ba2 (Senior Non-Preferred Notes) / (P)Ba3 (Subordinated Notes) by Moody's. The Notes issued under the Programme are expected to be rated BB (Ordinary Senior Notes) / BB- (Senior Non-Preferred Notes) / B+ (Subordinated Notes) by Fitch and BB (Ordinary Senior Notes and Senior Non-Preferred Notes) / B(high) (Subordinated Notes) by DBRS. Each of Moody's, Fitch and DBRS is established in the EU and registered under the CRA Regulation. Tranches of Notes (as defined in "*General Description of the Programme*") may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme and/or the Notes already issued. Where a Tranche of Notes is to be rated, such ratings will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued or endorsed by a credit rating agency established in the European Union or the United Kingdom and registered under the CRA Regulation or the UK CRA Regulation (as applicable) will be disclosed in the relevant Final Terms. 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.
Early Redemption	Except as provided in "**Optional Redemption**" above, Notes will be redeemable at the option of the Issuer prior to maturity only for taxation reasons or, in the case of Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes, for regulatory capital treatment reasons. See "*Conditions — Redemption, Purchase and Options*".
Withholding Tax.....	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes in Portugal unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions and, in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance), in relation to interest only, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in and in accordance with Decree-Law no. 193/2005, of 7 November 2005 (as amended) (See "*Taxation – Special Tax Regime for Debt Securities (Decree-Law 193/2005)*").
Governing Law	English law, save that Conditions 2 and 15 and the provisions relating to the form (*representação formal*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the

	Notes and Clauses 5, 6, 7 and 12 of the Instrument and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, Portuguese law.
Listing and Admission to Trading	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Regulated Market of the Luxembourg Stock Exchange. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Selling Restrictions.....	The United States, Prohibition of Sales to European Economic Area Retail Investors, Prohibition of Sales to United Kingdom Retail Investors, Japan, France, Singapore, Canada, Switzerland and the Republic of Italy. See "*Subscription and Sale*".
	The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.
	If TEFRA C is specified as "Applicable" in the relevant Final Terms, then the Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") unless the Notes are issued other than in compliance with the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
Use of Proceeds:.....	The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the risks of holding any Notes are exhaustive. 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.

The risk factors described below are those that the Issuer believes are material and specific to the Issuer and that may affect the Issuer's ability to fulfil each of the obligations under the Notes. The risk factors have been organised into the following categories:

- Risk factors relating to Banco Montepio's legal status as a savings bank (*caixa económica bancária*);
- Risk factors relating to Banco Montepio's business;
- Risks related to the legal and regulatory framework;
- Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme:
    - Risks related to the structure of a particular issue of Notes;
    - Risk relating to Subordinated Notes and Senior Non Preferred Notes;
    - Risks related to Notes generally.

Within each category or subcategory, the most material risks, in the assessment of the Issuer, are set out first. The Issuer has assessed the 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 or subcategory of risk is more material than any other category or subcategory.

RISK FACTORS RELATING TO BANCO MONTEPIO'S LEGAL STATUS AS A SAVINGS BANK (CAIXA ECONÓMICA BANCÁRIA)

Legal framework of the Issuer

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

Reliance on Montepio Geral Associação Mutualista as an equity provider

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

MGAM is a mutual benefits association and is the major shareholder (owner institution (*instituição titular*), as per Decree-Law no. 190/2015, of 10 September ("**Savings Banks Act**")) of Banco Montepio with 99.99 per cent. of Banco Montepio's share capital (€1,210 million as at 31 December 2023 and as of the date of this Base Prospectus), pursuant to article 6 no. 2 of the Savings Banks Act.

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

Moreover, MGAM's main source of funds is membership revenues (*quotas*) and the subscribed members' savings plans (*modalidades mutualistas*). These funds are invested by MGAM in a diversified set of financial and non-financial assets, including different types of securities and equity participations (including its interest in Banco Montepio) and real estate. Among these investments, and as at 31 December 2023, MGAM held €212.8 million of debt securities issued and other subordinated liabilities issued by Banco Montepio, which represents 1.3 per cent. of Banco Montepio's total liabilities.

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

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

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

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

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

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

Following the amendments to the Mutual Associations Code (*Código das Associações Mutualistas*), enacted by Decree-Law no. 59/2018, of 2 August, as amended by Decree-Law no. 37/2019, of 15 March, MGAM became subject to a special supervisory regime and, as a result, it is subject to certain provisions of the Legal Regime of Access and Exercise of the Insurance and Reinsurance Activity (*Regime Jurídico de Acesso e Exercício da Atividade Seguradora e Resseguradora*) (the "**RJASR**") and the financial supervision of the Portuguese insurance and pension funds authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões*) (the "**ASF**").

MGAM is currently supervised (*sob tutela*) by the Portuguese Ministry of Solidarity, Employment and Social Security in accordance with the provisions set forth in the former Mutual Associations Code (*Código das Associações Mutualistas*) and, since 27 November 2018 and until 2030, is subject to a transitional regime to allow it to adapt to a new supervisory framework applied by the ASF.

During this 12-year transitional period, MGAM is required to take steps to adapt to the new regulatory framework imposed by the RJASR. At the end of the transitional period, and subject to compliance with the applicable legal requirements, MGAM will become fully subject to financial supervision by the ASF and the RJASR.

During this transitional period and without prejudice to the powers of the member of the Government responsible for social security, the ASF has the power to monitor MGAM's progress in adapting to the new regulatory and supervisory framework.

ASF will have full supervisory powers in respect of MGAM only at the end of the 12-year transition period. Until then, the member of government responsible for social security will be responsible for the effective supervision of MGAM.

The ASF is responsible for assessing the compliance of mutual associations covered by the transitional period, including MGAM, with the steps necessary for the gradual adaptation of these institutions to the future regulatory framework, and it is up to the competent social security department to determine the application of the measures provided for by law in the event of non-compliance.

To monitor and support the convergence plan, there is a monitoring committee, composed of representatives of the Ministries of Finance, Labour, Solidarity and Social Security, the General Directorate of Social Security, the ASF and the MGAM.

During 2021, the ASF reviewed the convergence plan with the adjustments that MGAM considered necessary to comply with the financial supervision regime, taking into account the specificities resulting from the legal nature of mutual associations, and concluded that there were significant deviations from the solvency regime that could not be assumed in the current legal framework and that could only be permitted by legislative amendments. Following this statement, meetings were held with the monitoring committee during which MGAM justified the proposed adjustments and the need for a regulation that would allow a solvency regime to be adapted to the very specific characteristics of a mutual association.

New rules and legislation may be introduced that limit MGAM's ability to provide the Issuer with additional share capital. In addition, the Issuer cannot predict what other rules or legislation the authorities may introduce and the impact such rules or legislation may have on the organisation and the performance of MGAM and, in particular, on its relationship with the Issuer. For a description of the possible consequences of the fact that Banco Montepio is a full service savings bank (*caixa económica bancária*) incorporated as a public limited liability company (*sociedade anónima*), under the supervision of the Banco de Portugal, please refer to the section "*Legal framework of the Issuer*".

RISK FACTORS RELATING TO BANCO MONTEPIO'S BUSINESS

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

The Issuer is sensitive to changes in the Portuguese economy and to uncertainties in the macro-economic context

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

A weaker international economic outlook, together with high geopolitical uncertainty and trade tensions, pose additional challenges to the stability of the global financial system and to the Portuguese economy.

According to the Banco de Portugal's Economic Bulletin of March 2024, the Portuguese economy is expected to grow by 2.0 per cent. in 2024 and by an average of 2.3 per cent. in the following two years (2.3 per cent. in 2025 and 2.2 per cent. in 2026). It grew by 2.3 per cent. in 2023 (6.8 per cent. in 2022), in each case, as confirmed by the final estimate of INE-Statistics Portugal. The growth projected in 2024 by the Banco de Portugal's Economic Bulletin of March 2024 is expected to be supported by an increase in investment and exports which exceed that projected for the euro area. According to the Banco de Portugal, the Portuguese economy will continue to converge with the euro area over the period 2024 - 2026.

According to the Banco de Portugal's Economic Bulletin of March 2024, private consumption is expected to grow by 2.1 per cent. in 2024 and by an average of 1.9 per cent. over 2024-26, after growing by 1.7 per cent. in 2023 (as confirmed by the final estimate of INE-Statistics Portugal), driven by increases in real disposable income and higher savings. Households' real disposable income is expected to increase by 4.0

per cent. in 2024 and 1.9 per cent. in 2025-26, benefiting from lower inflation and expectations of lower interest rates, from wage and social benefit dynamics, and from direct tax cuts. Investment is expected to grow by 3.6 per cent. this year (2.5 per cent. in 2023, as confirmed by the final estimate of INE-Statistics Portugal) and by 4.8 per cent, on average, in 2025-26, in response to the recovery in global demand, the gradual easing of financing conditions and the increased financial implementation of the Recovery and Resilience Plan ("**RRP**") and other European funds. Exports are expected to remain one of the main drivers of economic growth. According to the Banco de Portugal's Economic Bulletin of March 2024, on average, they are expected to grow by 3.5 per cent. in 2024 and by 3.6 per cent. over 2024-26, down from 4.1 per cent. in 2023 (as confirmed by the final estimate of INE-Statistics Portugal) contributing (net of import content) 0.9 p.p. to the average change in GDP over the period.

Inflation is expected to fall to 2.4 per cent. in 2024 (5.3 per cent. in 2023), despite temporary effects on food and energy prices throughout the year. In 2025, inflation is expected to stand at 2.0 per cent. and at 1.9 per cent. the following year. The convergence of inflation towards levels consistent with price stability will reflect lower external pressures and the effects of past monetary policy decisions. (Sources: Banco de Portugal's Economic Bulletin of March 2024; 2023 data from INE-Statistics Portugal).

Looking at the labour market, employment is projected to continue to grow, by 0.7 per cent. in 2024 (0.9 per cent. in 2023) and 0.5 per cent. in 2025-26, as are real wages. The unemployment rate is projected to remain stable at 6.5 per cent in 2024-26, after 6.5 per cent. in 2023 and 6.0 per cent. in 2022. (Sources: Banco de Portugal's Economic Bulletin of March 2024; 2023 data from INE-Statistics Portugal).

Net lending to the economy (measured by the current and capital account balance) is projected to average 3.9 per cent. of GDP between 2024 and 2026 (2.6 per cent. in 2023), i.e. a record high since the launch of the euro area. The goods and services account balance is projected to rise to 1.5 per cent. of GDP in 2026 (after 0.8 per cent. in 2023 and projected 1.1 per cent. in 2024 and 1.2 per cent. in 2025) and the income and capital account balance is projected to increase by 1.1 p.p. of GDP between 2023 and 2026, as a result of higher net transfers from the European Union. (Sources: Banco de Portugal's Economic Bulletin of March 2024; 2023 data from INE-Statistics Portugal).

As pointed out by the Banco de Portugal, there are downside risks to economic activity and balanced risks to inflation are visible over the projection horizon. Externally, economic growth could be constrained by an escalation of geopolitical tensions, a slowdown in external demand and the greater impact of the observed tightening of financial conditions. Domestically, the main risks are uncertainty about the conduct of economic policy and delays in the implementation of the reforms and investments under the RRP aimed at restoring sustainable economic growth and supporting the goal of convergence with Europe (in relation to economic growth and performance) over the next decade. With regard to inflation, the recent conflict in the Middle East and the possibility of it extending to other neighbouring countries has raised the risk of renewed disruptions in energy supply, which could lead to an increase in energy prices and, consequently, in general price levels, resulting in a new inflationary trend.

These risks may interact together and, should they materialise, may be mutually reinforcing and would adversely affect: (i) the Issuer's cost of funding and its ability to issue Notes under the Programme; (ii) the yield on Portuguese government bonds, which would affect the Issuer's capital position; and (iii) the Portuguese economy, which would in turn adversely affect the Issuer's business.

Adverse macroeconomic conditions in Portugal have in the past had, and may continue to have, a material adverse effect on the Issuer's business, reputation, financial condition and results of operations or prospects. An adverse economic environment may affect the behaviour and the financial position of the Issuer's customers and. consequently, the supply of and demand for the products and services offered by the Issuer. In particular, limited growth in customer lending is currently expected in the short to medium term, which may make it difficult for the Issuer to generate sufficient interest income to maintain its net interest margin.

Furthermore, declines in corporate profitability and increases in corporate and personal bankruptcies have had, and may continue to have, an adverse effect on the ability of the Issuer's clients to repay loans and may result in an increase in overdue loans, reflecting a deterioration in the quality of the Issuer's assets.

Any of the above factors may adversely affect the business, financial condition and performance of the Issuer.

The impact of the war in Ukraine and the Israel-Hamas conflict on the Portuguese financial system

Russia's invasion of Ukraine on 24 February 2022 triggered the enforcement of economic sanctions on Russia globally (including by the European Union, United States of America and the United Kingdom) and a surge in various commodity prices, which have inevitably resulted in a change in the outlook for growth in activity and prices in most economies, albeit to differing extents.

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

In relation to the Banco Montepio Group more specifically, the potential direct impact of the war in terms of credit exposure to Ukraine and Russia is not significant, such exposure in relation to individuals with residence in either of the two countries amount to around €3 thousand as at 31 December 2023 (€43 thousand as at 31 December 2022).

A prolonged conflict between Israel and Hamas, especially if it extends to major oil-producing countries in the region, such as Iran, could have serious consequences if energy costs for businesses and households were to increase as a result of disrupted supply, with negative consequences for global economic growth.

Banco Montepio Group's credit exposure to Israel amounted to €2.5 thousand as at 31 December 2023 and relates to individual's resident in that country.

Although the Issuer's credit exposure directly impacted by these conflicts is not significant, there are sectors of activity that are more exposed to the indirect impact of these conflicts, namely through the increases in energy and commodity prices, as well as the disruptions in various supply chains. The Banco Montepio Group has carried out an analysis of its loan portfolio, which has allowed it to identify the sectors of activity where it expects the indirect impact of these conflicts to be more significant. The Banco Montepio's exposure to customers in the identified sectors of activity amounted to €3.6 billion as at 31 December 2023.

With regards to the indirect implications, a conflict such as these will tend to have an adverse impact on the Banco Montepio Group's income statement due to lower activity resulting from increased uncertainty and higher credit risk, with potential consequences on impairment.

The impact on net interest income will depend on market expectations of the future of interest rates and the monetary policy decisions of the European Central Bank (the "**ECB**"), where the positive effect of the refixing of the EURIBOR linked loan portfolios may be offset by the negative impact on the level of defaults and, consequently, loan impairments. The phasing out of the ECB's high interest rate policy may be postponed and a less accommodative monetary policy may be adopted in view of the impact of the military conflicts on energy prices and, consequently, on inflation.

In addition, exposure to the economies most impacted by the conflicts by some systemic banking entities may bring about some disruptions to financial stability, and there is still considerable uncertainty surrounding the magnitude of such exposures and interconnections with other financial entities.

All the above factors could have a materially adverse effect on the Issuer and/or the Banco Montepio Group's business, reputation, financial condition and results, operations or prospects.

COVID-19 pandemic and similar future outbreaks impacting global economy and markets

COVID-19, reportedly first discovered in Wuhan, Hubei Province, China, on 31 December 2019, was a new strain of Coronavirus that had not been previously identified in humans.

Despite successful vaccination programmes in many countries, the risk to the global economy posed by further virus mutation continues. Another wave of infections due to virus mutations could result in a more widespread health crisis. Additionally, the various pandemic containment measures undertaken by governments, including lockdowns, have had financial consequences for corporations and individuals. These factors in combination may result in protracted volatility in the international markets and/or a severe and extended global recession because of disruptions to nearly all economic sectors.

This pandemic has had, and might still have, substantial worldwide negative effects. As such, the Issuer may be adversely affected by the wider macroeconomic effects of the COVID-19 pandemic and any potential similar future outbreaks, given the likeliness of a substantial negative effect on Portugal and the Portuguese economy.

In the medium to long-term, if the spread of COVID-19 resurges or new strains of the virus (including strains against which current vaccinations are less effective) emerge, macroeconomic conditions may continue to be adversely affected, leading to further economic downturns in the markets in which the Issuer operates and in the global economy more broadly (and such downturns could be widespread, severe and lasting). The ability of the Issuer's customers and third-party providers to comply with their continuing obligations, including to the Issuer's, may also be materially adversely affected.

The actions taken by governments and other relevant authorities in response to the COVID-19 pandemic and any potential similar future outbreaks, including the imposition of quarantine, stay at home or mandatory business closures may reduce the ability of the Issuer and its clients to carry out their work. This may if such measures are re-introduced in the future, either directly or indirectly, have an impact on the global economy, the Issuer, its clients, investors and credit markets which in turn may adversely affect the Issuer's business, reputation, financial condition and results, operations or prospects.

The Issuer is exposed to credit risk

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 counterparties. Risks arising from changes in credit quality and the repayment of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Issuer's businesses.

The Issuer must comply with limitations on credit risk concentration. An exposure is classified as a large exposure when the liabilities of a counterparty (or such counterparty's group) represent 10 per cent. or more of Banco Montepio's Tier 1 Capital. As at 31 December 2023, none of Banco Montepio's exposure to a counterparty (or such counterparty's group) was above this level. The total exposure of Banco Montepio to a counterparty (or such counterparty's group) cannot exceed 25 per cent. of Banco Montepio's Tier 1 Capital. As at 31 December 2023, none of Banco Montepio's exposures exceeded such level.

The Issuer must comply with limitations on credit to qualified shareholders. The total exposure of Banco Montepio to a qualified shareholder cannot exceed 10 per cent. of Banco Montepio's own funds and the global value of exposures to qualified shareholders cannot be greater than 30 per cent. of such own funds. As at 31 December 2023, Banco Montepio did not have any exposure to a qualified shareholder exceeding such limit.

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

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

As at 31 December 2023, Banco Montepio's total credit risk exposure was €17,754 million (€18,271 million as at 31 December 2022). The balance of Non-Performing Exposures ("**NPEs**") amounted to €380 million as at 31 December 2023 (€631 million as at 31 December 2022), representing 3.2 per cent. (5.2 per cent. as at 31 December 2022) of the Issuer's gross loans and advances to customers.

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

The Issuer's activity is subject to market risk

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

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

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

For interest rate risk measurement purposes, the sensitivity of assets and liabilities to interest rate changes are aggregated by time bands according to their respective repricing dates, and the balance-sheet interest rate mismatch is calculated. As at 31 December 2023, the interest rate gap was €6,993 million compared to €7,327 million as at 31 December 2022.

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

The Issuer must comply with limitations on equity participations in relation to own funds. Direct and indirect participating interests held by Banco Montepio in the share capital of entities not subject to Banco de Portugal's supervision cannot exceed 15 per cent. (individually) and 60 per cent. (in aggregate) of Banco Montepio's own funds. Participating interests and non-participating interests are, for the purposes of Banco de Portugal's regulations, distinguished essentially by determining the period of time over which the interest is to be held or is intended to be held. An interest will be defined as "participating" if there is a sufficient degree of permanence in such holding. As at 31 December 2023, Banco Montepio did not hold any participating interest, directly or indirectly, in the share capital of any such entities which exceeded such limits.

The Issuer must comply with limitations on participating interests in relation to the share capital of certain companies. The direct and indirect participating interests to be held for three years or more by Banco Montepio in non-financial entities are limited to 25 per cent. of the voting rights in the share capital of such non-financial entities. As at 31 December 2023, Banco Montepio did not hold any participating interest, directly or indirectly, exceeding such limit.

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

The most relevant exposures of the Issuer are in relation to Italian, Spanish and Portuguese sovereign debt. Please refer to the risk factor headed "*Sovereign Debt and Sovereign Risk*" for additional information.

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

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

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

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

After almost 7 years of negative Euribor rates, on 21 July 2022, the ECB decided to raise euro interest rates by 50 basis points, i.e. 0.5 percentage points, in an effort to curb the record inflation prevailing in the eurozone. However, Euribor rates were already in positive territory before the ECB's decision. The 12-month rate turned positive in April 2022, with the 6-month and 3-month rates reaching that threshold in June and mid-July 2022, respectively. On 8 September 2022 and 27 October 2022, the ECB decided to further raise euro interest rates by 75 basis points in each meeting, and on each of the meetings on 15 December 2022, 2 February 2023 and 16 March 2023 decided to further raise rates by 50 basis points; on 4 May 2023, 15 June 2023, 27 July 2023, and 14 September 2023, the ECB decided to further raise euro interest rates by 25 basis points in each meeting, totalling a 450 basis points aggregated increase since July 2022. This was the last increase in euro interest rates and the ECB has kept rates unchanged since then and is not expected to raise rates further in the next 12 months as inflation has started to fall.

The impact of a change in interest rates could have an adverse effect on the Issuer's profits and/or net interest income. As at 31 December 2023, an increase in interest rates by 1.0 percentage point would have led to an increase in the expected economic value of the bank portfolio of approximately €16.7 million, compared with an increase of €44.2 million as at 31 December 2022.

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 negatively affect its business, financial condition and results of operation or prospects.

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

Liquidity risk reflects the risk that the Issuer may be unable to fulfil its payment obligations upon maturity without significant losses arising from a deterioration of 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.

The ECB makes funding available to European banks that satisfy certain conditions, including pledging eligible collateral. As of 31 December 2023, the Issuer had a €4,690 million portfolio of assets eligible for Eurosystem monetary policy operations, of which €925 million were encumbered. The total funding obtained by the Issuer from the ECB amounted to €874 million as at 31 December 2023, corresponding entirely to funds raised under the TLTRO-III ("**Targeted Longer-term Refinancing Operations**").

Although the monetary policy followed by the ECB prior to July 2022 has contributed to improving the liquidity conditions of European banks (namely (i) the low interest rate on the targeted longer-term refinancing operations programme ("**TLTRO III**"); (ii) the improved financing and liquidity packages; and (iii) the package of collateral easing measures to respond to the Covid-19 pandemic), the ECB has started removing the monetary stimulus given the rise in inflation. This will require the Issuer to find alternative funding sources, some of which may be more costly or may not be available at all, or to dispose of assets at a potentially significant discount in relation to their respective book values, with a corresponding negative impact on the Issuer's capital position and results of operations. Additionally, any sudden change could also have a material effect on the financial markets and the valuation of the Issuer's assets, including its public debt portfolio.

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

Litigation and Conduct risks

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

(i) on 9 September 2019, Banco Montepio was notified of the decision by the Competition Authority (*Autoridade da Concorrência*) on the administrative process PRC-2012/9, in which it was held that Banco Montepio (and other Portuguese banks) were engaged in anti-competitive practices and the exchange of sensitive commercial information, in breach of Article 9 of Law no. 19/2012, of 8 May 2012 (as amended) and Article 101 of the Treaty on the Functioning of the European Union, and imposed on Banco Montepio a fine of €13 million; and

(ii) the Banco de Portugal has instituted various administrative proceedings against Banco Montepio for alleged breaches of regulatory requirements. The Banco de Portugal has issued summary decisions against Banco Montepio in some of these proceedings, whereas others are in a preliminary phase. Where defendants have not provided evidence to support their claims, it is difficult to assess the risk of a finding against Banco Montepio. As at 31 December 2023, the Issuer assessed an aggregate level of potential fines in respect of these proceedings to be approximately €280,000.

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

The Issuer's activity is subject to reputational risk

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

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

Risks related to a downgrade in the credit ratings of the Issuer

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

The Issuer's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Issuer's cost of borrowing funds. As at the date of this Base Prospectus, the Issuer had been assigned a rating of: Long Term Issuer Default Rating of "BB" with stable outlook and Short Term Issuer Default Rating of "B" by Fitch; Baseline Credit Assessment of "ba2" by Moody's and Long Term Issuer Rating of "BB" with stable trend and Short Term Issuer Rating of "R-4" with stable trend by DBRS. The ratings assigned to the Issuer by Fitch indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time, however, business or financial flexibility exists that supports the servicing of financial commitments. The rating assigned to the Issuer by Moody's indicates that the Issuer is judged to have speculative intrinsic, or standalone, financial strength, and are subject to substantial credit risk absent any possibility of extraordinary support from an affiliate or a government. The rating assigned to the Issuer by DBRS indicates that the Issuer is of speculative, non-investment grade credit quality and the capacity for the payment of financial obligations is uncertain and vulnerable to future events. A downgrade of the Issuer's credit ratings, or being placed on a negative rating watch, may increase its cost of borrowing and have a material adverse effect on its business, reputation, financial condition and results, operations or prospects.

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

Information on the ratings granted to the Issuer (including any changes to the ratings as described in the preceding paragraphs), as well as on any update to the Issuer's rating, is available on the Issuer's website (https://www.bancomontepio.pt/en/institutional/investor-relations/rating).

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

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

Risks related to Sovereign Debt and Sovereign Risk

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

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

The Issuer maintains trading and investment positions in debt securities, foreign exchange, equity and other markets. The most significant exposure of the Issuer is in relation to sovereign debt, namely Italian followed by Portuguese and Spanish, as comprised in its own securities portfolio. As at 31 December 2023, the exposure of the Issuer to foreign sovereign debt was €2,782 million in other financial assets at amortised cost portfolio (bonds issued by foreign public entities). As at 31 December 2023, the exposure of the Issuer to Portuguese sovereign debt was €1,071 million, with €18.3 million in fair value through other comprehensive income ("**FVOCI**") portfolio and €1,053 million in other financial assets at amortised cost portfolio (bonds issued by public entities – domestic). These positions could be adversely affected by volatility in sovereign debt creating a risk of substantial losses. As at 31 December 2023, the book value of the portfolio of other financial assets at amortised cost amounted to €3.9 billion and the unrealised losses amounted to €313 million.

As at 31 December 2023, there were no net gains on the sale of Portuguese sovereign bonds compared to a loss of €1.0 million as at 31 December 2022. As at 31 December 2023, the net gains obtained on the sale of foreign sovereign bonds amounted to €0.9 million compared to a loss of €2.2 million as at 31 December 2022. There is a risk that the Issuer may not receive any capital gains in the future or even that losses may be recognised in the future if market appetite for Portuguese securities turns subdued compared to other peripheral economies.

Risks related to Concentration risk and exposure to the real estate market

The Issuer has credit exposure to certain groups of clients. As at 31 December 2023, the Issuer's top 10 client group credit exposures represented 5.5 per cent. of the Issuer's total credit exposure (which includes Gross loans and advances to customers in the aggregate amount of €11,734 million, guarantees and sureties provided in the aggregate amount of €519 million and irrevocable credit facilities amounting to €638 million).

In particular, the Issuer is exposed to a contraction of the real estate market in Portugal given its exposure to the Portuguese real estate market through mortgage loans, loans granted to construction companies, assets obtained in lieu of payment (disclosed as "Non-current assets held for sale" and "Other assets" in its balance sheet), properties securing loans or related to its operations, funding of real estate development projects and through the exposure to real estate funds which are majority owned by the Issuer (disclosed in the Issuer's balance sheet as "Investment Properties"), as well as real estate fund units (*unidades de participação*) held in its own portfolio.

The total value of Investment properties (*propriedades de investimento*) held by the Issuer as at 31 December 2023 amounted to €57.7 million (€72.7 million as at 31 December 2022) being comprised of real estate properties held by various funds which are consolidated into the results of the Banco Montepio Group and properties held by SSAGIncentive – Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A.

The Issuer's Assets received in recovery of credit (including Impairment for assets received in recovery of credit) amounted to €206 million as at 31 December 2023 (€324 million as at 31 December 2022) and included buildings and other assets resulting from the foreclosure of loans to customers, originated by (i) delivery of the assets, with option to repurchase or leasing, accounted with the entering into of the contract or the promise to deliver the asset and the respective irrevocable power of attorney issued by the customer in the name of the Issuer; or (ii) the adjudication of the assets as a result of a judicial process of guarantees execution, accounted with the title of adjudication or following the adjudication request after the record of the first (*payment pro solvendo*). According to the Issuer's expectation, these assets are expected to be sold in a period of less than one year and the Issuer has a strategy for its sale. Nevertheless, given prevailing market conditions, and although those assets are intended to be sold as soon as possible, in some situations the Issuer's expectations may not be fulfilled.

The participation units (*unidades de participação*) of real estate investment funds held in the Issuer's variable-income securities – investment units amounted to €36.5 million as at 31 December 2023 (€58.3 million as at 31 December 2022).

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

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

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

Banco Montepio is exposed to pension fund risk

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

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

As at 31 December 2023, the accumulated actuarial remeasurements recognised in the other comprehensive income of the pension fund amounted to €219.8 million (€135.3 million as at 31 December 2022).

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

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

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

This could have an adverse effect on Banco Montepio's business, reputation, financial condition and results, operations or prospects.

Risks related to Deferred Tax Assets regime

As at 31 December 2023, the Issuer had registered Deferred Tax Assets ("**DTAs**") of €381.1 million (€413.6 million as at 31 December 2022), of which €52.2 million were not dependent on future profitability (€58.7 million as at 31 December 2022).

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

Pursuant to current legislation (Law no. 61/2014, of 26 August (as amended)), if the Issuer incurs losses on an individual basis, there is the risk that the Portuguese Government will become a shareholder of Banco Montepio by virtue of the conversion of some DTA into ordinary shares. Taking into consideration that Banco Montepio registered a negative net income on an individual basis in 2020 and 2021, following the approval of the annual accounts by the governing bodies and in accordance with the provisions of Law no. 61/2014, of 26 August (as amended), in 2021 and 2022 a partial portion of the DTAs resulting from non-deduction of expenses and deductions of assets value resulting from loan impairment losses and post-employment or long-term employee benefits was converted into tax credits, for which purpose a special reserve corresponding to 110 per cent. of its amount was set up.

Accordingly, in accordance with Article 8 of the annex to Law no. 61/2014, of 26 August (as amended), in 2023 Banco Montepio created a special reserve in the amount of €4.8 million, corresponding to a tax credit of €272,953, which on 31 December 2023 was included in the calculation of the total current tax assets.

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

Risks related to IT and telecommunications systems risk, risk of internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties which could have a material adverse effect on the Issuer

The Issuer and its activities are increasingly dependent on highly sophisticated information technology ("**IT**") systems, as a result the failure of computer or telecommunications systems could have an adverse effect on the Issuer. Given the high volume of transactions the Issuer processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures of the Issuer's internal processes, employees or systems, including any of the Issuer's financial,

accounting or other data processing systems, could lead to financial loss and damage to the Issuer's reputation. In addition, despite the contingency plans the Issuer has in place, the Issuer's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its operations and the communities in which it does business.

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

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

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

The Issuer is subject to the risk of fraud, crime, money laundering, cybercrime and other types of misconduct by employees and third parties, as well as to unauthorised transactions by employees, third party service providers and external staff, including "rogue trading". This type of risk could result in breaches of law, rules, regulations and internal policies, losses, claims, fines, regulatory action, legal proceedings or reputational damage.

The Issuer may be subject to disruptions of its operating or information systems, arising from criminal acts by individuals and groups via cyberspace, which may interrupt the service to clients.

The continuous efforts of individuals and groups, including organised crime, via cyberspace to commit fraud through electronic channels or to gain access to information technology systems used by the Issuer (including with respect to clients' and the Issuer's information held on those systems and transactions processed through these systems) are a growing threat to the Issuer. The manifestations of risks to technology — including cyber security — change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential attacks via cyberspace, it is possible that future attacks may lead to significant breaches of security and loss of (personal) data. In addition, the Issuer may as a result not be able to access data or operate its systems, it may not be able to recover data, or establishing that data is not compromised may be very time consuming and costly.

There is a risk that cyber-security risk may not be adequately managed or, even if adequately managed, a cyber-attack may take place and be successful, which could lead to breach of regulations, investigations and administrative enforcement by supervisory authorities and claims that may materially and adversely affect the Issuer's business, reputation, financial condition and results, operations or prospects and its position in legal proceedings.

The Issuer remains potentially exposed to the risk that the procedures implemented and the measures adopted with respect to the storage and processing of personal data relating to its customers may prove to be inadequate and/or not in compliance with the laws and regulations in force from time to time and/or may not be promptly or properly implemented by employees and associates, especially considering the entry into force on 25 May 2018 of the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC). Thus, data could be subject to damage, loss, theft, disclosure or processing for purposes other than those authorised by the customers, or even use by unauthorised parties (whether third parties or employees of companies of the Issuer).

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

RISKS RELATED TO THE LEGAL AND REGULATORY FRAMEWORK

Legislation on Bank Recovery and Resolution

On 10 February 2012, the Decree-Law no. 31-A/2012 introduced the legal framework for the adoption of resolution measures into the General Regime for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras* ("**RGICSF**") regulated by the Decree-Law 298/92, of 31 December 1992, as amended).

Such resolution framework has been further amended by Decree Law no. 114-A/2014, of 1 August, Decree Law no. 114-B/2014, of 4 August, and Law no. 23-A/2015, of 26 March, which have transposed the Directives 2014/49/EU of 16 April on deposit guarantee schemes and the Bank Recovery and Resolution Directive (as amended, "**BRRD**"). Law no. 23-A/2022, of 9 December, transposed Directive 2019 (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 ("**BRRD II**").

A Single Resolution Mechanism ("**SRM**") has been introduced including a single resolution board ("**SRB**") and a single fund for the resolution of banks. The requirements of the SRM are set out in the SRM Regulation (Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended from time to time) and the BRRD.

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

The minimum requirement for own funds and eligible liabilities regime ("**MREL**") requires the issue of new senior debt with a subordination structure or strengthening of Tier 2 capital. The implementation of the MREL regime is subject to a transition period and will have implications on the issue of debt by bank institutions, which will lead to changes in the liability structure.

The Law no. 23/2019 of 13 March 2019 transposed to Portuguese law the Directive (EU) 2017/2399 of the European Parliament and of the Council, of 12 December 2017, as regards the ranking of certain debt instruments in the insolvency hierarchy. This law grants a full depositor preference in bank insolvency and resolution proceedings against senior debt and introduced a new class of debt, the senior non-preferred debt, that will rank below preferential senior debt, but above subordinated debt. Additionally, under the final rules to be implemented following the European Commission's proposal, in April 2023, to adjust and further strengthen the existing EU bank crisis management and deposit insurance framework, the ranking in insolvency of depositors may be further changed or enhanced.

In accordance with Portuguese law, financial institutions are required to meet MREL requirements set by Banco de Portugal. Banco Montepio has already been notified by Banco de Portugal regarding the MREL requirements to be met which are as follows:

(a) MREL requirement to be met permanently by Banco Montepio from 1 January 2022 onwards, based on its consolidated financial position, of 5.33 per cent. of total leverage ratio exposure ("**LRE**");

(b) MREL requirement as a percentage of total risk weighted assets ("**RWA**") shall be met during a transition period ending on 1 January 2025;

(c) Determination of an intermediate target, that expired on 1 January 2022, in which Banco Montepio, based on its consolidated financial position, had to comply with a MREL requirement set at 13.67 per cent. of RWA;

(d) From 1 January 2022 to 1 January 2025, there is an indicative MREL level, based on the consolidated financial position of Banco Montepio, which increases on the first day of each year, starting on 1 January 2022 with a mandatory requirement of 13.67 per cent., until it reaches 20.77

per cent., plus the combined buffer requirements (2.77 per cent. as of the date of this Base Prospectus), which must be met from 1 January 2025; and

(e) No minimum subordination requirement has been applied.

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

As of 31 December 2023, Banco Montepio complied with the intermediate MREL requirement, both as a percentage of the RWA (with a ratio of 21.4 per cent. (compared to a ratio of 14.7 per cent. as of 1 January 2022)) and as a percentage of the LRE (with a ratio of 9.3 per cent. (compared to a ratio of 5.4 per cent. as of 1 January 2022)).

In order to meet MREL requirements, the Issuer may need to issue MREL-eligible instruments, impacting its funding structure and financing costs. Such mechanisms and procedures, besides having the capacity to restrain the Issuer's strategy, could increase the average cost of the Issuer's liabilities, in particular, without limitation, the cost of additional Tier 1 and Tier 2 instruments and thus negatively affect the Issuer's earnings. Tier 1 instruments may also result in a potential dilution of the percentage of ownership of existing shareholders, if they include convertibility features.

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

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

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

Activity, liquidity, and capital adequacy requirements applicable to the Issuer limit its ability to advance loans to customers and may require it to issue additional capital in the future. This may affect the Issuer's future activities, its results and the cost and ability to obtain funds that could be classified as own funds, and the repayment of the existing subordinated debt.

Pressure to comply with activity, liquidity, and capital adequacy requirements applicable to the Issuer could force the Issuer to liquidate assets held at depressed prices or on unfavourable terms, thus leading to a materially adverse impact on its business, reputation, financial condition and results of operation or prospects.

Compliance with anti-money laundering, anti-bribery and counter-terrorist financing rules entails significant costs and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the Issuer believes that its current anti-money laundering, anti-bribery and counter-terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, the Issuer cannot guarantee that it will comply, at all times, with all applicable rules or that its regulations for fighting money laundering, bribery and terrorism financing, as extended to the Issuer, are applied by its employees under all circumstances. This may lead to material adverse effects on the Issuer's business, reputation, financial condition and results, operations or prospects.

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

Due to the persistence of the financial crisis and the subsequent government intervention, regulation in the financial services sector has increased substantially over the last decade and this trend is expected to continue. Further regulation of the sector may include measures such as the imposition of higher and more stringent capital requirements, leverage ratios and loss absorbing capacity resources more generally, as well as more demanding duties concerning the disclosure of information and more onerous restrictions on certain types of activities or transactions.

In addition, new regulations may restrict or limit the type or volume of transactions in which the Issuer participates or cause a change in the fees or commissions that the Issuer charges on certain loans or other products; consequently, any changes in regulation or supervision, particularly in Portugal, may have a material adverse effect on the Issuer's business, reputation, financial condition and results, operations or prospects.

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.

It is not possible to predict the timing or form of any future regulatory initiatives. A potential further alignment by the Bank of Portugal to the ECB's regulations and recommendations may harden its stance in certain areas, such as capital requirements and acceleration of NPE disposals, which may, in turn, have an adverse impact on the Issuer and/or the Banco Montepio Group's results and financial position. Further changes or difficulties in the interpretation of or compliance with new tax or variations in the interpretation of laws, regulations and guidelines might negatively affect the Issuer's business, reputation, financial condition and results of operations or prospects.

The fulfilment of current and future capital requirements, as set out by the European Commission, the European Council, and the European Parliament (together, the "**European Authorities**"), by the Bank of Portugal and by the ECB has had, and could further have, a significant impact on the Issuer's capital structure and financial position.

The CRR has been directly applicable in European States since 1 January 2014 and includes provisions regarding, for instance, own funds requirements, minimum capital ratios and liquidity ratios. These measures may have a significant impact on the Issuer's capital and on its respective assets and liabilities management.

Banks operating in Portugal are obliged to comply with several capital ratios, including a minimum Common Equity Tier 1 ("**CET1**") ratio of 4.5 per cent., a minimum Tier 1 ratio of 6 per cent. and a minimum total capital ratio of 8 per cent., in each case of risk-weighted assets ("**RWAs**").

The capital adequacy requirements currently applicable, or in the future applicable, to the Issuer may limit its ability to advance loans to customers and may require it to issue additional equity capital or subordinated debt in the future, which are expensive sources of funding.

CRD V and CRR II introduced a new approach for the measurement of counterparty credit risk, the implementation of the net stable funding ratio ("**NSFR**"), a changed framework for interest rate risk and changes to the treatment of trading book exposures, in addition to other amendments relating to capital, liquidity, leverage, remuneration and the EU's recovery and resolution framework.

Most of the provisions of CRD V were required to be transposed into national law by 28 December 2020, with application immediately thereafter. CRD V was transposed into domestic law in 2022 through Law no. 23-A/2022, of 9 de December.

The November 2016 Proposals also include phase-in arrangements for the regulatory capital impact of IFRS 9 and the ongoing interaction of IFRS 9 with the regulatory framework. The impact of changes to the IFRS, such as IFRS 9, cannot always be accurately quantified in advance, but the changes in the fair values and impairments of financial instruments resulting from the above could have a material adverse effect on the Issuer's business, reputation, financial condition, results, operations and, if such changes are significant, also on its prospects. For more information, see risk factor headed "*Basel Committee: potential impact of Basel IV requirements*".

Requirements related to capital ratios may affect profitability

As at the date of this Base Prospectus, Banco Montepio's minimum capital ratio requirements under Pillar 1, on a consolidated basis, are: 4.5 per cent. for CET1, 6.0 per cent. for Tier 1 and 8.0 per cent. for Total Capital.

Under the Supervisory Review and Evaluation Process ("**SREP"**), Banco de Portugal determined for Banco Montepio an additional 3.25 per cent.

The Issuer's Overall Capital Requirements ("**OCR**") determined by Banco de Portugal include the Combined Buffer Requirements ("**CBR**") in addition to the Pillar 1 and SREP. The CBR are comprised of (i) a capital conservation buffer of 2.5 per cent. of risk-weighted assets comprised of CET1 Capital, (ii) a countercyclical capital buffer between 0 and 2.5 per cent. of risk-weighted assets, comprised of CET1 Capital, pursuant to the conditions to be established by the competent authorities, and (iii) a systemic risk buffer applicable to Other Systemically Important Institutions ("**O-SII**"): between 0 and 3 per cent. of risk-weighted assets, comprised of CET1 Capital.

The counter-cyclical capital buffer corresponds to an additional buffer of Common Equity Tier 1 capital that should be built up to protect the banking sector in periods when risks of system-wide stress are growing due to excessive credit growth. Banco de Portugal is responsible for setting and disclosing, on a quarterly basis, the countercyclical buffer rate that applies to all credit institutions and investment firms with credit exposures to the domestic private non-financial sector. The rate shall be set between 0 per cent. and 2.5 per cent. (of the total risk exposure amount), unless exceptional circumstances justify the setting of a higher rate. Banco de Portugal discloses the countercyclical buffer rate decision on its website (at https://www.bportugal.pt/en/page/countercyclical-capital-buffer) on a quarterly basis. At its most recent revision, on 27 March 2024, Banco de Portugal determined a countercyclical capital buffer rate of 0 per cent. to be in force as from 1 April 2024. The information contained through the hyperlink in this paragraph is considered to be additional information to be disclosed to investors rather than information required by the Prospectus Regulation and is not incorporated by reference into this Base Prospectus.

The risk buffer applicable to O-SII is one of the instruments that the Banco de Portugal can use to pursue an intermediate goal of macroprudential policy, namely, to mitigate the build-up of systemic risk arising from misaligned incentives and moral hazard. It is revised annually or if a significant restructuring process occurs, such as a merger or acquisition.

Banco de Portugal publishes the names of the banking groups identified as O-SIIs on its website (at https://www.bportugal.pt/en/page/o-sii-capital-buffer). The Issuer has been classified as an O-SII and the buffer shall consist of CET1 capital on a consolidated basis of 0.25 per cent. as at 1 January 2024. The information contained through the hyperlink in this paragraph is considered to be additional information to be disclosed to investors rather than information required by the Prospectus Regulation and is not incorporated by reference into this Base Prospectus.

Banco de Portugal may also determine the application of a systemic risk reserve to all or a subset of the exposures, between 1 and 3 per cent. or between 3 and 5 per cent. of risk-weighted assets, depending on the economic situation, comprised by Common Equity Tier 1 capital, to prevent or reduce systemic or macro-prudential risks not covered (i) by Regulation (EU) No. No 575/2013 of the European Parliament and of the Council of 26 June 2013, or (ii) by countercyclical and Global Systemically Important Institutions ("**G-SII**") or O-SII reserves; and where such risks are likely to disrupt the financial system with potential severe consequences for the financial system and the national economy.

In view of the above-mentioned, Banco Montepio is required to comply with the capital ratio requirements (on a consolidated basis) of 9.09 per cent. for CET1, 11.20 per cent. for Tier 1 and 14.02 per cent. for Total capital. As of 31 December 2023, the Total Capital ratio of the Issuer, on a consolidated and fully implemented basis was 18.6 per cent. (15.7 per cent. as at 31 December 2022), the Tier 1 ratio was 16.0 per cent. and the CET1 ratio was 16.0 per cent.

In order to meet OCR requirements, the Issuer may need to raise capital, issue Tier 1 or Tier 2 eligible instruments, impacting its funding structure and financing costs. Such mechanisms and procedures, besides having the capacity to restrain the Issuer's strategy, could increase the average cost of the Issuer's liabilities in particular, without limitation, the cost of additional Tier 1 and Tier 2 instruments and thus negatively affect the Issuer's earnings.

Legislation changes regarding banking commissions

The current legislation in Portugal, Decree-Law 3/2010, of 5 January 2010, prohibits charges for the provision of payment services and for operations at ATMs. The law prohibits the collection of charges by credit institutions for cash withdrawals, deposits or service payments at ATMs, as well as the collection of charges by beneficiaries of payment services for payment transactions via automatic payment terminals. Law 53/2020, of 26 August, extended this legislation on 26 August 2020, and came into effect on 1 January 2021, to impose limits on the collection of commissions by payment service providers for withdrawals of funds, payments of services or transfers, in or through payment applications operated by third parties (*e.g.* MBWay or PayPal), websites or in a merchant shop and for issuing virtual cards for secure purchases on websites and codes for cash withdrawals at ATMs. Additionally, new legislation was introduced, Law 57/2020, of 28 August, which came into effect on 1 January 2021. This new legislation has introduced rules for the protection of consumers of financial services in banking commissioning, housing credit and consumer credit, which prohibits imposing additional commission for certain activities. Law 44/2020, of 19 August, amended the basic bank account commissioning terms and conditions in order to offer to these current account holders' low-cost access to a set of banking services considered essential. Law 24/2023, of 29 May, has brought new obligations for credit institutions in the marketing of mortgage and home loans, has extended the services included in the basic bank account services offering and has introduced new restrictions on the charging of commissions.

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

Borrower's protection laws

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

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

Basel Committee: potential impact of Basel IV requirements

In December 2017, the Basel Committee on Banking Supervision ("**BCBS**") published a package of proposed reforms for the global regulatory framework of banking industry which is frequently referred to as "**Basel IV**". The BCBS's aim is to make the capital framework more robust and to improve confidence in the system.

The BCBS has proposed reforms which are designed to make banks more resilient and increase confidence in the banking system. The Basel IV proposals announced recently include updates to the ways banks calculate their capital requirements ratios with the aim of making outcomes more comparable across banks globally.

The framework will now be considered by lawmakers in national jurisdictions and at the EU level. As part of this process, national or EU authorities must decide on the use of a limited number of alternative calculations allowed under the BCBS proposal, so called "national options and discretions".

The BCBS proposed a nine-year implementation timetable. A five-year "phase-in" period was previously expected to commence on 1 January 2022, with full implementation expected from 1 January 2027. In light of the COVID-19 pandemic, the BCBS revised the timeline with the "phase-in" period commencing on 1 January 2025, with full implementation expected from 1 January 2030.

There is still a high degree of uncertainty with regards to the Basel IV implementation, and subsequently how and when it will be implemented in the EU. It is thus too early to draw firm conclusions regarding the impact on the future capital requirements of the Issuer.

Furthermore, under the CRD IV, institutions may be subject to restrictions in relation to making "discretionary payments" (which are defined broadly as payments relating to CET1 capital, variable remuneration and payments on additional tier 1 instruments) in certain circumstances, including a shortfall in meeting its capital buffer requirements or a failure to meet the minimum requirement for own funds and eligible liabilities. If the Issuer's ability to make discretionary payments becomes subject to such restrictions, this could have an impact on its ability to raise, and the cost of, any form of capital or funding (including but not limited to Subordinated Notes and Senior Non-Preferred Notes).

On 23 November 2016, the EU Commission proposed substantial changes to the CRD IV, the CRR, the Bank Recovery and Resolution Directive (as amended, the "**BRRD**") and the Single Resolution Mechanism framework (the "**November 2016 Proposals**"). The November 2016 Proposals were adopted by the Council on 14 May 2019 and published in the Official Journal of the EU, as follows:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (as amended, the "**BRRD II**"); and

- 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 ("**SRMR II**").

Both BRRD II and SRMR II entered into force on 27 June 2019. BRRD II foreseen transposition date was on or before 28 December 2020 and SRMR II applying from 28 December 2020.

BRRD II was transposed into domestic law through Law no. 23-A/2022, of 9 de December (which amended RGICSF).

Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Regulation as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements ("**CRR II**") and Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures ("**CRD V**") introduce a new approach for the measurement of counterparty credit risk, the implementation of the Net Stable Funding Ratio ("**NSFR**"), a changed framework for interest rate risk and changes to the treatment of trading book exposures, in addition to other amendments relating to capital, liquidity, leverage, remuneration and the EU's recovery and resolution framework. CRD V was transposed into domestic law through Law no. 23-A/2022, of 9 de December (which amended RGICSF).

CRR II came into effect on 28 June 2021, subject to certain applications and exemptions, such as those relating to the transitional arrangements for International Financial Reporting Standard 9 – Financial Instruments ("**IFRS 9**") and the characteristics of new regulatory capital instruments. The impact of changes to the IFRS, such as IFRS 9, cannot always be accurately quantified in advance, but the changes in the fair values and impairments of financial instruments resulting from the above could have a material adverse effect on the Issuer’s business, reputation, financial condition, results, operations and, if such changes are significant, also on its prospects.

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.

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

Following the decision of Banco de 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, S.A. ("**Novobanco**"), specifically set up for that purpose and capitalised by the resolution fund – as created by

Decree-law 31- A/2012, of 10 February 2012 (the "**Resolution Fund**"). The Resolution Fund is funded by contributions from the institutions participating in the Resolution Fund and contributions from the Portuguese banking sector – with an initial share capital of €4.9 billion. Of this amount, €300 million corresponded to the Resolution Fund's own financial resources, €3.9 billion resulted from a loan granted by the Portuguese State (the "**2014 Portuguese State Loan**"), €700 million from a loan granted by a group of credit institutions that are members of the Resolution Fund including the Issuer (the "**Participants' Loan**"). As at 31 December 2023, the Issuer's share of the Participants' Loan was €70 million.

The Issuer's *pro rata* share in the Resolution Fund will vary from time to time according to the Issuer's liabilities and own funds, when compared to the other institutions participating in the Resolution Fund. Contributions to the Resolution Fund are adjusted to reflect the risk profile, the systemic relevance and the solvency position of each participating institution. This number varies over time and it is very difficult to determine the Issuer's exact participation at any given point in time.

In 2022, the total contribution amount to the National Resolution Fund totalled €83.8 million (€77.9 million in 2021), which represented an increase of €5.8 million compared to the previous year, of which approximately 6.1 per cent. (6.0 per cent. in 2021) were contributions from the Issuer. In 2023, the contribution of the Issuer amounted to €2.3 million.

In relation to the contributions from the Portuguese banking sector, in accordance with the available data, in 2022 it amounted to €204.5 million (€186.8 million in 2021), of which approximately 6.0 per cent. (5.5 per cent. in 2021) was paid by the Issuer. In 2023, the contribution of the Issuer amounted to €11.7 million.

In 2022 the periodic contribution created within the scope of BRRD transposition amounted to €158.1 million (€133.1 million in 2021), of which approximately 5.3 per cent. (5.8 per cent. in 2021) was paid by the Issuer, which included the contributions collected under the combined terms of the scheme transposing BRRD and the SRM Regulation from the institutions covered by the SRM. This amount was therefore almost entirely transferred to the Single Resolution Fund ("**SRF**") in accordance with the Intergovernmental Agreement and is not included in the calculation of the funding sources of the Resolution Fund. Excluded from the transfer to the SRF is only the amount paid to the Resolution Fund by the participating institutions that do not fall within the scope of the SRM, which amounted to 3 thousand euros. In 2023, the payment of the Issuer under the BRRD periodic contribution scheme amounted to €5.2 million.

The negative impact on the Issuer of the resolutions of BES and Banco Internacional do Funchal, S.A. ("**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.

Requirements related to liquidity ratios may affect profitability

The Basel III recommendations endorse the implementation of liquidity coverage ratios for short and medium/long-term liabilities, known as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio **("NSFR")**.

The LCR addresses the sufficiency of high-quality liquid assets to meet short-term liquidity needs under a severe stress scenario and is calculated in accordance with Delegated Regulation (EU) 2015/61 of the European Commission, of 10 October 2014. Since 2018, financial institutions have been required to maintain, in their own portfolio, high quality liquid assets corresponding to 100 per cent. of the net cash outflows in the following 30 days. As at 31 December 2023, the Issuer's LCR was 233.1 per cent. (249.6 per cent. as at 31 December 2022), above the 100 per cent. minimum regulatory requirement in force since 1 January 2018.

The NSFR seeks to establish a minimum acceptable amount of stable funding based on the liquidity characteristics of an institution's assets and activities over one year period. As at 31 December 2023, the Issuer's NSFR stood at 130.4 per cent. (125.0 per cent. as at 31 December 2022), above the 100 per cent. minimum regulatory requirement that will be in force.

The fulfilment of these ratios by the Issuer may lead to the constitution of portfolios with highly liquid assets but low profitability. Additionally, it may lead to an increase in the financing costs since the ratios

increase favours the long-term financing over the short-term. Such changes may have a negative impact on the Issuer's results.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

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

Risks relating to Reset Notes

The interest rate on Reset Notes (as defined in the Conditions) will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes.

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date and with such sum converted as described in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable) (each such interest rate, a "**Subsequent Reset Rate**"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

Notes subject to optional redemption by the Issuer

Notes may, subject as provided in the Conditions, be redeemed before their Maturity Date (i) at any time for taxation reasons in accordance with Condition 5(c); (ii) if Call Option is specified in the applicable Final Terms, at the sole discretion of the Issuer on any Optional Redemption Date; (iii) if Clean-Up Call Option is specified in the applicable Final Terms, at the sole discretion of the Issuer, subject to the conditions set out in Condition 5(k), and where the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes originally issued has been redeemed, at their Clean-up Call Option Amount (which shall be applicable to all but not some only of the remaining outstanding Notes), together with any accrued but unpaid interest thereon to (but excluding) the date fixed for redemption); or (iv) in respect of (a) Subordinated Notes only, at any time following the occurrence of a Capital Event, and (b) Subordinated Notes, Senior Non Preferred Notes or certain Ordinary Senior Notes, at any time following the occurrence of an MREL Event – in each case at their Early Redemption Amount, Optional Redemption Amount or Clean-up Call Option Amount, as applicable, together with interest accrued (but unpaid) to the date fixed for redemption in accordance with the Conditions. An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect, or is perceived to be able to elect, to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, certain Ordinary Senior Notes, provide for limited events of default. Noteholders may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure under the RGICSF

Noteholders have a very limited ability to accelerate the maturity of their Subordinated Notes, Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, certain Ordinary Senior Notes. The terms and conditions of the Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, certain Ordinary Senior Notes do not provide for any events of default,

except in the case that (i) an order is made by any competent court commencing bankruptcy or insolvency proceedings against the Issuer or for its winding up or dissolution, or the Issuer institutes such proceedings, suspends payments or makes a general arrangement for the benefit of its creditors or (ii) an order is made or an effective resolution is passed by the Issuer's shareholders for the winding-up of the Issuer.

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

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

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

The Issuer may, at its option, redeem all, but not some only, of the Subordinated Notes, or Senior Non Preferred Notes and/or certain Ordinary Senior Notes where "Ordinary Senior Notes - MREL Event" has been specified as "Applicable" in the relevant Final Terms, at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving an irrevocable notice to Noteholders at their Early Redemption Amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, upon a Capital Event (in the case of Subordinated Notes only) or following the occurrence of an MREL Event (in the case of Subordinated Notes, Senior Non Preferred Notes and/or certain Ordinary Senior Notes).

The early redemption of the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes where "Ordinary Senior Notes - MREL Event" has been specified as "Applicable" in the relevant Final Terms upon a Capital Event (in the case of Subordinated Notes) or upon an MREL Event (in the case of Subordinated Notes, Senior Non Preferred Notes or certain Ordinary Senior Notes), as applicable, will be subject to the prior consent of the Competent Authority (as defined in the Conditions) if and as required therefor under Applicable Banking Regulations (as defined in the Conditions) and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

There can be no assurance that the Competent Authority will give its consent or approval to any such redemption. Noteholders should be aware that the consent or approval of the Competent Authority will depend, amongst other things, on the capital adequacy of the Issuer at the relevant time.

It is not possible to predict whether or not Subordinated Notes, Senior Non Preferred Notes or certain Ordinary Senior Notes will or may qualify as MREL-Eligible Instruments (see "*–The qualification of Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes as MREL-Eligible Instruments is subject to uncertainty*") or if any further change in the laws or regulations of Portugal, the Applicable Banking Regulations, the MREL Requirements or in the application or official interpretation thereof will occur and whether such change may lead to the circumstances in which the Issuer is able to elect to redeem such Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes, and if so whether or not the Issuer will elect to exercise such option to redeem such Notes or if any prior consent of the Competent Authority, if required, will be given.

Early redemption features (including any redemption of the Notes pursuant to Condition 5(e) (*Redemption due to a Capital Event*) or pursuant to Condition 5(f) (*Redemption due to an MREL Event*) are likely to

limit the market value of the Notes. During any period when the Issuer may redeem the Notes or is perceived to be able to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or at any time where there is any actual increase in the likelihood that the Issuer will be able to redeem the Notes early. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The qualification of Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes as MREL-Eligible Instruments is subject to uncertainty

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

If for any reasons the Subordinated Notes, the Senior Non Preferred Notes and the Ordinary Senior Notes where "Ordinary Senior Notes - MREL Event" has been specified as "Applicable" in the relevant Final Terms are not MREL-Eligible Instruments or if they initially are MREL-Eligible Instruments and subsequently become ineligible due to a change in Portuguese law or the MREL Requirements, then an MREL Event (as defined in the Conditions) will occur, with the consequences indicated in the Conditions. See "— *The Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes may be redeemed prior to maturity upon a Capital Event or upon the occurrence of an MREL Event*".

Notes issued at a substantial discount or premium

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

The regulation and reform of "benchmarks" may adversely affect the value of Floating Rate Notes or Reset Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (such as the Reference Rate) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Floating Rate Notes or Reset Notes linked to or referencing such a "benchmark".

The Benchmarks Regulation could have a material impact on any Floating Rate Notes or Reset Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the relevant "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant "benchmark".

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

The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks

The Issuer may issue Floating Rate Notes, the interest rate on which fluctuates according to fluctuations in a specified interest rate benchmark. Reference rates and indices, including interest rate benchmarks, such as EURIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

(i) Temporary unavailability of the Relevant Screen Page

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

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

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

(ii) Benchmark Events

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate, failing which an Alternative Rate to be used in place of the Original Reference Rate and, in each case, an Adjustment Spread and any Benchmark Amendments (as defined in the Conditions). If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed is unable to determine a Successor Rate or Alternative Rate, the Issuer, acting in good faith and in a commercially reasonable manner, may determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate.

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

If a Successor Rate or Alternative Rate is determined by the Independent Adviser or the Issuer, as the case may be, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser or the Issuer, as the case may be, and applied to such Successor Rate or Alternative Rate in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest and the application of any Adjustment Spread may result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of

Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

(iii) Potential for a fixed rate return

The Issuer may be unable to appoint an Independent Adviser or each of the Independent Adviser and the Issuer may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

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

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

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

Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser (and the Issuer, as the case may be) fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. Further, the Conditions provide that no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes:

(A) in the case of Subordinated Notes, as Tier 2 Capital; and/or

(B) in the case of Senior Notes, as MREL-Eligible Instruments for the purposes of the Applicable Banking Regulations,

or, in the case of Ordinary Senior Notes and Senior Non Preferred Notes only, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Competent Authority treating a future Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date for the purposes of qualification of the Notes as MREL-Eligible Instruments of the Issuer. This also risks the Floating Rate Notes in effect becoming Fixed Rate Notes.

(iv) ISDA Determination

Where ISDA determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect

of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is EURIBOR, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If EURIBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return of the Floating Rate Notes.

Holders of the Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL Eligible Instruments upon issuance) will have limited remedies

The sole remedy against the Issuer available to any Noteholder for recovery of amounts owing in respect of any payment of principal or interest in respect of any Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL Eligible Instruments upon issuance) will be the institution of proceedings for the winding up of the Issuer and/or proving in any winding up of the Issuer. As such, the remedies available to holders of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL Eligible Instruments upon issuance) are more limited than those typically available to holders of senior-ranking securities, including Ordinary Senior Notes, which may make enforcement more difficult.

Limitation on gross-up obligation under the Subordinated Notes, Senior Non Preferred Notes and the Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance)

The Issuer's obligation under Condition 7 to pay additional amounts in the event of any withholding or deduction in respect of Portuguese taxes on any payments under the terms of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance) applies only to payments of interest and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance) to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance), Noteholders may receive less than the full amount of principal due under the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance) upon redemption, and the market value of the Subordinated Notes, Senior Non Preferred Notes or the Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance) may be adversely affected.

Unless otherwise specified in the relevant Final Terms, the Terms and Conditions of the Notes contain a waiver of set-off, netting and compensation rights

Subject to applicable law, no holder of a Subordinated Note, a Senior Non Preferred Note or an Ordinary Senior Note (with characteristics such that they are capable of qualifying as MREL Eligible Instruments upon issuance) may exercise or claim any set-off, netting or compensation right in respect of any amount owned by it to the Issuer arising under or in connection with the Subordinated Note, the Senior Non Preferred Note or the Ordinary Senior Note, as the case may be, and each holder of a Subordinated Note, a Senior Non Preferred Note or an Ordinary Senior Note (with characteristics such that they are capable of qualifying as MREL Eligible Instruments upon issuance), as the case may be, shall, by virtue of its subscription, purchase or holding of any such Note, be deemed to have waived all such rights of set off.

Notwithstanding the preceding paragraph, if any of the amounts owing to any holder by the Issuer in respect of, or arising under or in connection with the relevant Notes is discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the

Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

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

Subject as provided herein, in particular to the provisions of Condition 5(j), if a Capital Event or a MREL Event occurs, the Issuer may, subject to the Issuer giving not less than 15 nor more than 60 calendar days' notice to the Noteholders and the Agents in accordance with Condition 12, which notice shall be irrevocable (i) that the relevant securities will be Compliant Securities and (ii) that such securities will not have terms materially less favourable to Noteholders than the terms of the relevant Notes) at its option and without the consent or approval of the Noteholders, elect either (i) to substitute all (but not some only) of the relevant Notes for, or (ii) vary the terms of the relevant Notes such that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 5(j)). While Compliant Securities generally must contain terms that are materially no less favourable to Noteholders as the original terms of the relevant Notes, there can be no assurance that the terms of any Compliant Securities will be viewed by the market as equally favourable, or that the Compliant Securities will trade at prices that are equal to the prices at which the relevant Notes would have traded on the basis of their original terms.

Risk relating to Subordinated Notes and Senior Non Preferred Notes

The risk factors relating to Subordinated Notes and Senior Non Preferred Notes described below should be read together with the general risk factors relating to the Notes described above.

An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency or resolution

The Issuer's obligations under the Subordinated Notes (as defined in the relevant Conditions) will be unsecured and subordinated obligations of the Issuer and will rank junior to all unsubordinated obligations of the Issuer (including any Senior Non Preferred Liabilities (as defined in the Conditions)). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become (i) subject to resolution under the BRRD (as implemented in Portugal through Law No. 23-A/2015 of, 26 March 2015, (which amended the RGICSF)) and the Subordinated Notes become subject to the application of the Portuguese Bail-In Power, as defined below, (and, in case they constitute Tier 2 instruments, the Non-viability Loss Absorption Measure (as defined below)) or (ii) insolvent.

The Portuguese Bail-in Power is any statutory write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements relating to the resolution of credit institutions and investment firms incorporated in the Portuguese Republic, in effect and applicable to the Issuer, including the laws, regulations, rules or requirements relating to (i) the transposition of the BRRD and BRRD II (including, but not limited to, Law No. 23-A/2015 of 26 March 2015 and Law No. 23-A/2022 of 9 December, which amended the RGICSF), (ii) the SRM Regulation, and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of credit institutions or investment firms (or other affiliate of such entities) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of such credit institutions or investment firms or any other person (or suspended for a temporary period).

In the case of any exercise of the Portuguese Bail-In Power by the Relevant Resolution Authority, the sequence of any resulting write-down or conversion of eligible instruments under Article 48 of the BRRD provides for the principal amount of Tier 2 instruments (such as the Subordinated Notes if they qualify as such as it is expected) to be written-down or converted into equity or other securities or obligations prior to the principal amount of subordinated debt that is not Additional Tier 1 or Tier 2 instruments (Instruments) in accordance with the hierarchy of claims provided in the applicable insolvency legislation and for the latter to be written-down or converted into equity or other securities or obligations prior to any write-down or conversion of the principal amount or outstanding amount of any other eligible liabilities (such as the Ordinary Senior Notes and Senior Non Preferred Notes), in accordance with the hierarchy of claims provided in the applicable insolvency legislation, subject, in all cases, to mandatory provisions of Portuguese law, including but not limited to the Portuguese implementation of Article 48(7) of the BRRD in article 10 of Law 23-A/2022, of 9 December, which added article 8-B, including (1)(3) to Decree-Law 199/2006, of 25 October, to the effect that claims resulting from items qualifying (whether in whole or in

part) as own funds of the Issuer have a lower priority ranking than any claim that results from an item which does not qualify (whether in whole or in part) as own funds of the Issuer. Subordinated Notes which constitute Tier 2 instruments may be subject to the Non-viability Loss Absorption Measure (as defined below), which may be imposed prior to or in combination with any exercise of the Portuguese Bail-In Power Measure.

The RGICSF provides for the resolution authorities having the power to permanently write down, or convert into equity (common equity tier 1 instruments), capital instruments such as Tier 2 instruments and Additional Tier 1 capital instruments at the point of non-viability of an institution or such institution's group and before any other resolution action has been taken (the "**Non-viability Loss Absorption Measure**").

An investor in Senior Non Preferred Notes assumes an enhanced risk of loss compared to creditors of the Issuer's Senior Higher Priority Liabilities

The Senior Non Preferred Notes are senior non preferred obligations and are junior to the Issuer's unsubordinated obligations including the Ordinary Senior Notes and deposits which provide a preferential claim over the claim of holders of Senior Non Preferred Notes and Ordinary Senior Notes.

The Senior Non Preferred Notes constitute direct, unconditional and unsecured senior non preferred obligations of the Issuer in accordance with Article 8-A of Decree Law No. 199/2006, of 25 October 2006, as amended or superseded (including by Law 23/2019, of 13 March 2019, which implemented Directive 2017/2399, of 12 December 2017 ("**Article 8-A**")). Upon the insolvency of the Issuer, the payment obligations of the Issuer in respect of rights of the holders of any Senior Non Preferred Notes rank, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), (a) *pari passu* among themselves and with any Senior Non Preferred Liabilities (as defined in the Conditions), (b) junior to any present or future claims of depositors of the Issuer and to any Senior Higher Priority Liabilities (as defined in the Conditions) and, accordingly, upon the insolvency of the Issuer, the claims in respect of the Senior Non Preferred Notes will be met after payment in full of the claims of depositors of the Issuer and the Senior Higher Priority Liabilities, and (c) senior to all present and future subordinated obligations of the Issuer (including, for the avoidance of doubt, all Subordinated Notes) in accordance with Article 8-A.

The Issuer's Senior Higher Priority Liabilities would include, among other liabilities, its obligations in respect of unsecured derivatives and other unsecured financial contracts and its unsubordinated and unsecured debt securities other than the Senior Non Preferred Liabilities. Law No. 23/2019, of 13 March 2019, confers a preferential claim for generally all bank deposits (including all corporate bank deposits) over both Senior Non Preferred Notes and Ordinary Senior Notes. If the Issuer were wound up, liquidated or dissolved, the liquidator would apply the available assets to satisfy all claims in respect of its unsubordinated liabilities, first to satisfy claims of all other creditors (including depositors and secured creditors in respect of their security) ranking ahead of holders of Senior Higher Priority Liabilities, and then to satisfy claims of the Senior Higher Priority Liabilities and then the Senior Non Preferred Notes (and other Senior Non Preferred Liabilities). If the Issuer does not have sufficient assets to settle the claims of higher ranking creditors (including depositors) in full, the claims of the Noteholders under Notes will not be satisfied. Noteholders will share equally in any distribution of assets available to satisfy all claims in respect of equal-ranking liabilities if the Issuer does not have sufficient funds to make full payment to all of them.

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

As a consequence, holders of the Senior Non Preferred Notes would bear significantly more risk than creditors of the Issuer's Senior Higher Priority Liabilities and could lose all or a significant part of their investment if the Issuer were to become (i) subject to resolution under the BRRD and the Senior Non Preferred Notes were to become subject to the application of the Portuguese Bail-In Power or (ii) insolvent.

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

On 14 March 2019, Law No. 23/2019 of 13 March 2019 entered into force. This legislation implements Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 and provides for the legal recognition of unsecured senior non preferred obligations in Portugal. It also confers a preferential claim to generally all bank deposits *vis-à-vis* senior unsecured debt (including the Senior Non Preferred Notes and the Ordinary Senior Notes). There is little trading history for senior non preferred securities of Portuguese financial institutions. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non preferred securities. The credit ratings assigned to senior non preferred securities such as the Senior Non Preferred Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non preferred securities such as the Senior Non Preferred Notes will be lower than those expected by investors at the time of issuance of the Senior Non Preferred Notes. If so, Noteholders may incur losses in respect of their investments in the Senior Non Preferred Notes.

Risks related to Notes generally

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. There is no obligation on the Issuer to maintain any rating for itself or for the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. 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. Any rating agency may lower or withdraw its rating. In the event that the ratings initially assigned to the Notes are subsequently lowered, withdrawn or qualified for any reason, the Issuer will not be obliged to provide any credit facilities or credit enhancement for the original ratings to be restored. Any such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Notes.

The ratings assigned to the Notes assess the likelihood of full and timely payment of interest due on each Interest Payment Date to holders of the Notes, and the likelihood of ultimate payment of principal in relation to the Notes on the Maturity Date. The ratings address only the credit risks associated with the transaction. However, other non-credit risks are not addressed but may have a significant effect on yield to investors. Due to the methodology of 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 may also likely be downgraded by an equivalent amount. In addition, the negative economic impact which may be caused by events such as certain meteorological conditions, natural disasters, fires, war or military conflicts, or widespread health crises (such as COVID-19) or the fear of such crises may result in downgrades to the ratings assigned to the Notes.

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

Credit Rating Agency Regulation requirements

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes 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 Final Terms.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA 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). Such general restrictions 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). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

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 Notes 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 Notes may have a different regulatory treatment, which may impact the value of the Notes 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.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

Interest rate risks

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

Floating Rate Notes bear a variable interest income. A holder of a Floating Rate Note is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of Floating Rate Note in advance. Interest on Floating Rate Notes may be payable plus or minus a margin.

Modification and waiver

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

The Terms and Conditions of the Notes also provide that the Agent and the Issuer may agree, without the consent of the Noteholders (and by acquiring the Notes, the Noteholders agree that the Agent and the Issuer may, without the consent of the Noteholders), to make any modification to the provisions of the Conditions

or the Instrument which: (i) is not prejudicial to the interests of the Noteholders; (ii) is of a formal, minor or technical nature; (iii) is made to correct a manifest or proven error; or (iv) is to comply with mandatory provisions of any applicable law or regulation. Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable.

Change of law

The Terms and Conditions of the Notes and any non-contractual obligations arising out of or in connection with them are governed by English law, save that Conditions 2 and 15 and the provisions relating to the form (*representação formal*) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, Portuguese law, in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or Portuguese law or administrative practice in either of those jurisdictions after the date of issue of the relevant Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

The Notes are unsecured and therefore subject to the resolution regime

The Notes are unsecured and therefore subject to the resolution regime, including the bail-in tool (see further "*Legislation on Bank Recovery and Resolution*" above). The impact on investors, in a resolution scenario, depends crucially on the rank of the liability in the resolution creditor hierarchy. In the event of resolution, *inter alia*: (i) the outstanding amount of the Notes may be reduced to zero or the Notes may be converted into ordinary shares of the Issuer or other instruments of ownership; (ii) a transfer of assets (*e.g.* to a bridge bank) or a sale of business may limit the capacity of the Issuer to meet its repayment obligations; and (iii) the maturity of any Notes or the interest rate under such Notes can be altered and the payments may be suspended for a certain period. When a resolution measure is applied no shareholder or creditor of the institution (including the Noteholders) subject to resolution may have losses greater than it would have if the institution had entered into liquidation. Noteholders may have a right to compensation if the treatment they receive in resolution is less favourable than the treatment they would have received under normal liquidation proceedings ("no creditor worse off"). This assessment must be based on an independent valuation of the firm. Completion of this assessment, as well as payment of any potential consideration, may be delayed and occur considerably later than contractual payment dates.

Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 (regarding the ranking of unsecured debt instruments in insolvency hierarchy), which amended BRRD, was implemented in Portugal through Law No. 23/2019, of 13 March 2019, creating a new asset class of "non-preferred" senior debt that ranks in insolvency above own-funds instruments and subordinated liabilities that do not qualify as own funds, but below other senior liabilities. Further, it confers a preferential claim to generally all deposits vis-à-vis unsecured senior debt. Additionally, under the final rules to be implemented following the European Commission's recent proposal to adjust and further strengthen the existing EU bank crisis management and deposit insurance framework, the ranking in insolvency of depositors may be further changed or enhanced.

The taking of any such actions could adversely affect the rights of Noteholders, including the write-down or conversion (in whole or in part) of their Notes. Any such actions or the perceived likelihood of any such actions being taken may adversely impact the price or value of their investment in the Notes.

Risks related to procedures for collection of Noteholders' details

It is expected that the direct registering entities *(entidades registadoras directas)*, the participants and the clearing systems will follow certain procedures to facilitate the collection from the effective beneficiary of the Notes (the "**beneficial owner**") of the information referred to in "*Risks related to withholding tax*" above required to comply with the procedures and certifications required by Decree-Law no. 193/2005, of 7 November (as amended). Under Decree-Law no. 193/2005, of 7 November (as amended), the obligation of collecting from the beneficiaries proof of their non-Portuguese resident status and of the fulfilment of the other requirements for the exemption rests with the direct registering entities (*entidades registadoras directas*), the participants and the entities managing the international clearing systems. Details of those procedures are set out in "*Taxation – Special Tax Regime for Debt Securities (Decree-Law 193/2005)*". Such procedures may be revised from time to time in accordance with applicable Portuguese laws and

regulations, further clarification from the Portuguese tax authorities, regarding such laws and regulations, and the operational procedures of the clearing systems. While the Notes are registered by Interbolsa, beneficiaries must comply with such procedures in order to receive payments under the Notes free of any withholding, if applicable. Beneficiaries must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes. None of the Issuer, the Arranger, the Dealers, the agents or the clearing systems assume any responsibility therefor.

Legal considerations may restrict certain investments

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

Appointment of a Dealer as Calculation Agent

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such case, the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Reliance upon Interbolsa procedures

Investments in Notes will be subject to Interbolsa procedures and Portuguese law with respect to the following:

(a) *Form and Transfer of the Notes*

Notes held through accounts of affiliate members of Interbolsa will be represented in dematerialised book-entry form (*forma escritural*) and will be registered Notes (*nominativas*).

Notes 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 Notes held in the individual securities accounts opened by the clients of the affiliate members of Interbolsa (which may include Euroclear and Clearstream, Luxembourg, thus becoming indirect Participants in Interbolsa). The transfer of Notes and their beneficial interests will be made through Interbolsa.

(b) *Payments on Notes*

All payments on Notes (including without limitation the payment of accrued interest and/or principal) will be (i) made by the Issuer to the Agent, (ii) transferred, in accordance with the procedures and regulations of Interbolsa, from the account held by the Agent with Banco de Portugal to the accounts of the affiliate members of Interbolsa who hold control accounts on behalf of the Noteholders and, thereafter, (iii) transferred by the affiliate members of Interbolsa from their accounts to the accounts of their clients (which may include Euroclear Bank and Clearstream, Luxembourg).

The Noteholders must rely on the procedures of Interbolsa to receive payment under the Notes. The records relating to payments made in respect of beneficial interests in the Notes are maintained by the affiliate members of Interbolsa and the Issuer accepts no responsibility for, and will not be liable in respect of, the maintenance of such records.

(c) *Risks related to withholding tax applicable on the Notes*

Pursuant to Decree-Law 193/2005, of 7 November 2005, as amended, investment income paid to non-resident beneficial owners of Notes, and capital gains derived from a sale or other disposition of such Bonds, will be exempt from Portuguese income tax only if certain documentation requirements are duly complied with.

It is expected that the direct registering entities (*entidades registadoras directas*), the participants and the clearing systems will follow certain procedures to facilitate the collection from the effective beneficiary of the Notes (the "**beneficial owner**") of the information required to comply with the procedures and certifications required by Decree-Law no. 193/2005, of 7 November (as amended). Under Decree-Law no. 193/2005, of 7 November (as amended), the obligation of collecting from the beneficiaries proof of their non-Portuguese resident status and of the fulfilment of the other requirements for the exemption rests with the direct registering entities (*entidades registadoras directas*), the participants and the entities managing the international clearing systems. Details of those procedures are set out in "*Special Tax Regime for Debt Securities (Decree-Law 193/2005)*" as amended, under the "Taxation" chapter. Such procedures may be revised from time to time in accordance with applicable Portuguese laws and regulations, further clarification from the Portuguese tax authorities regarding such laws and regulations, and the operational procedures of the clearing systems. While the Notes are registered by Interbolsa, beneficiaries must comply with such procedures in order to receive payments under the Notes free of any withholding tax, if applicable.

Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding tax rate (see "*Special Tax Regime for Debt Securities (Decree-Law 193/2005)"* as amended). The Issuer will not gross up payments in respect of any such withholding tax in case the conditions described in detail under the "Taxation" section are not fully met. Accordingly, beneficial owners of Notes must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes. None of the Issuer, the Arranger, the Dealers, the agents or the clearing systems assume any responsibility, therefore.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

1. the information set out at the following pages of the annual report and audited consolidated annual financial statements of Banco Montepio as at and for the financial year ended 31 December 2023, together with the notes and the audit report thereon (the "**Annual Report 2023**") (available at https://www.bancomontepio.pt/content/dam/montepio/pdf/institucional/investor-relations/financial-information/2023/annual-reports/banco-montepio-annual-report-2023.pdf):

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Financial Information	58-87
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Consolidated Income Statement	133
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Declaration of Conformity	463
Reports and Opinion of the Supervisory Board	464-491 (PDF pages)
Statutory Audit Report and Auditors' Report on the audit of the consolidated financial statements	493-503 (PDF pages)
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2. the information set out at the following pages of the annual report and audited consolidated annual financial statements of Banco Montepio as at and for the financial year ended 31 December 2022, together with the notes and the audit report thereon (the "**Annual Report 2022**") (available at https://www.bancomontepio.pt/content/dam/montepio/pdf/institucional/investor-relations/financial-information/2022/annual-reports/banco-montepio-annual-report-2022.pdf):

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[1] Where the Annual Report 2023 is not paginated, the page references below are references to the PDF pages.

[2] Where the Annual Report 2022 is not paginated, the page references below are references to the PDF pages.

Annual Report 2022	**Page[2]**
Consolidated Balance Sheet	184
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Statutory Audit Report and Auditors' Report on the audit of the consolidated financial statements	559-569 (PDF pages)
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3. all pages of the earnings release of Banco Montepio as at and for the first three months ended 31 March 2024 (the "**Q1 2024 Earnings Release**") (available at https://www.bancomontepio.pt/content/dam/montepio/pdf/institucional/investor-relations/financial-information/2024/quarter-reports/banco-montepio-consolidated-results-1-quarter-2024.pdf).

4. the terms and conditions of the Notes set out on pages 43-77 (inclusive) of the base prospectus dated 7 June 2023 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2023 Conditions**") (available at https://www.bancomontepio.pt/content/dam/montepio/pdf/institucional/investor-relations/funding-programmes/emtn-programme/emtn-programme/base-prospectus/base-prospectus-dated-7-june-2023/base-prospectus-7-June-2023.pdf).

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

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the Issuer's website does not form part of this Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus, unless they are incorporated separately elsewhere in the Base Prospectus, shall not form part of this Base Prospectus.

The documents listed above have been previously published or are published simultaneously with this Base Prospectus and have been filed with the CSSF. Such documents shall be incorporated by reference in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated herein by reference may be obtained free of charge at the specified offices of the Issuer and the Agent and will also be available to view on the website of the Luxembourg Stock Exchange *(www.luxse.com).*

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 is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by registration in the Interbolsa book-entry system and governed by these terms and conditions and by a deed poll given by Caixa Económica Montepio Geral, caixa económica bancária, S.A. (in its capacity as issuer, the "**Issuer**") in favour of the Noteholders as amended and restated on 17 May 2024 (the "**Instrument**"), which includes the form of the Notes referred to below. Agency terms dated 17 May 2024 (as amended and/or supplemented and/or restated as at the date of issue of the Notes (the "**Issue Date**"), the "**Agency Terms**") has been entered into in relation to the Notes by Caixa Económica Montepio Geral, caixa económica bancária, S.A. in its capacity as Issuer and in its capacity as agent (in such capacity, the "**Agent**"). Copies of the Agency Terms are available for inspection during usual business hours at the registered office of the Agent (presently at Rua Castilho 5, 1250-066 Lisbon, Portugal).

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Instrument, and are deemed to have notice of those provisions of the Agency Terms applicable to them.

1. Form, Denomination and Title

Notes are issued in dematerialised book-entry (*forma escritural*) and registered nominative (*nominativas*) form, in the Specified Denomination as specified in the applicable Final Terms **provided that** in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the minimum Specified Denomination shall be €100,000 (or its equivalent in other currencies as at the date of issue of the relevant Notes) as specified in the applicable Final Terms.

The Notes will be registered by *Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* ("**Interbolsa**") as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**").

The Notes shall be issued in registered nominative form (*nominativas*), not bearer form (*ao portador*), whether in definitive bearer form or otherwise.

Each person shown in the individual securities account held with an affiliated member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a "**Certificate**") will be delivered by the relevant affiliated member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant Noteholder and in accordance with that affiliated member's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

Title to the Notes passes upon registration in the individual securities account held with an affiliated member of Interbolsa. Any Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

The Notes are Ordinary Senior Notes, Senior Non Preferred Notes or Subordinated Notes as specified in the applicable Final Terms.

The Notes are Fixed Rate Notes, Reset Notes, Floating Rate Notes, Zero Coupon Notes, a combination of any of the foregoing or any other kind of Notes, depending upon the Interest and Redemption/Payment Basis specified in the applicable Final Terms.

In these Conditions, "**Noteholder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the relevant individual securities account held with an affiliated member of Interbolsa.

2. **Status**

(a) ***Status of Ordinary Senior Notes***

The obligations of the Issuer under the Ordinary Senior Notes are direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), in the event of the winding up of the Issuer, such obligations rank and will rank:

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

(ii) senior to (i) Senior Non Preferred Liabilities and (ii) all present and future subordinated obligations of the Issuer (including, for the avoidance of doubt, all Subordinated Notes).

(b) ***Status of Senior Non Preferred Notes***

The obligations of the Issuer under the Senior Non Preferred Notes are direct, unconditional and unsecured (subject to the provisions of Condition 3) obligations of the Issuer and, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), in the event of the winding up of the Issuer, such obligations rank and will rank:

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

(ii) junior to any present or future claims of depositors of the Issuer and to any Senior Higher Priority Liabilities (and, accordingly, upon the insolvency of the Issuer, the claims in respect of Senior Non Preferred Notes will be met after payment in full of the claims of depositors of the Issuer and the Senior Higher Priority Liabilities) in accordance with Article 8-A; and

(iii) senior to all present and future subordinated obligations of the Issuer (including, for the avoidance of doubt, all Subordinated Notes) in accordance with Article 8-A.

(c) ***Status of Subordinated Notes***

The Subordinated Notes are direct and unsecured obligations of the Issuer subordinated as provided below and such obligations rank and will rank *pari passu* among themselves.

The claims of the holders of the Subordinated Notes against the Issuer in respect of payments pursuant to the Subordinated Notes will, in the event of the bankruptcy or winding up of the Issuer, (to the extent permitted by Portuguese law) be subordinated in right of payment in the manner provided in this Condition 2(c) and the Instrument, to the claims of all Senior Creditors of the Issuer but shall rank (a) at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith and (b) in priority to any present or future claims of holders of (1) all share capital of the Issuer, (2) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital of the Issuer, and (3) all other obligations of the Issuer which rank, or are expressed to rank, junior to the Subordinated Notes or Tier 2 Capital of the Issuer.

For the purposes of these Conditions:

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, minimum requirements for eligible liabilities, resolution and/or solvency then in effect in Portugal and applicable to the Issuer, including, without limitation to the generality of the foregoing, CRD, the BRRD, the SRM Regulation and those regulations, requirements, guidelines and policies relating to capital adequacy, minimum requirements for eligible liabilities, resolution and/or solvency in each case to the extent then in effect of the Competent Authority and/or any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union (including, for the avoidance of doubt the CRD Regulation);

"**Article 8-A**" means Article 8-A of Decree-Law 199/2006 of 25 October 2006, as amended or superseded (including by Law 23/2019 of 13 March 2019, which implemented Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017);

"**BRRD**" means 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, as the same may be amended or superseded from time to time (including by BRRD II);

"**BRRD II**" means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998, as the same may be amended or superseded from time to time;

"**Competent Authority**" means Banco de Portugal, the European Central Bank or such other or successor authority (whether in Portugal or elsewhere) having primary responsibility for prudential supervision, resolution matters and/or empowered by national law to supervise the Issuer as part of the supervisory system in operation in Portugal (and which may be the Relevant Resolution Authority (as defined below) where the context so requires);

"**CRD**" means any of, or any combination of, the CRD Directive, the CRR and any CRD Implementing Measures;

"**CRD Directive**" means Directive (EU) 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 and repealing Directives 2006/48/EC of the European Parliament and of the Council of 14 June 2006 and 2006/49/EC of the European Parliament and of the Council of 14 June 2006, as the same may be amended or superseded from time to time (including by the CRD V Directive);

"**CRD Implementing Measures**" means any rules implementing the CRD Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a stand alone basis) or the Banco Montepio Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital or the minimum requirement for own funds and eligible liabilities, as the case may be, of the Issuer (on a stand alone basis) or the Banco Montepio Group (on a consolidated basis);

"**CRD V Directive**" means Directive 2019/878 (EU) of the European Parliament and of the Council of 20 May 2019 as regards exempted entities, financial holding companies,

mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures of the European Parliament and of the Council of 20 May 2019 amending the CRD, as the same may be amended or superseded 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 investment firms (as the same may be amended or superseded from time to time, including by CRR II);

"**CRR II**" means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements of the European Parliament and of the Council of 20 May 2019 amending the CRR, and Regulation (EU) No 648/2012, as the same may be amended or superseded from time to time;

"**Senior Creditors**" means (a) creditors of the Issuer whose claims are admitted to proof in the winding-up of the Issuer and who are depositors and/or other unsubordinated creditors (*credores comuns*) of the Issuer (including, without limitation, holders of Senior Notes) and (b) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims relate to obligations which constitute, or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital or Tier 2 Capital of the Issuer, or whose claims otherwise rank or are expressed to rank *pari passu* with, or junior to, the claims of holders of the Subordinated Notes);

"**Senior Notes**" means Ordinary Senior Notes and/or Senior Non Preferred Notes;

"**Senior Higher Priority Liabilities**" means any obligations of the Issuer under any Ordinary Senior Notes and any other unsecured and unsubordinated obligations of the Issuer other than Senior Non Preferred Liabilities;

"**Senior Non Preferred Liabilities**" means any unsecured senior non preferred obligations of the Issuer under Article 8-A (including any Senior Non Preferred Notes) and any other obligations which, by law and/or by their terms, and to the extent permitted by Portuguese law, rank *pari passu* with the Senior Non Preferred Notes; and

"**Tier 1 Capital**" and "**Tier 2 Capital**" each have the respective meanings given to such terms by the Applicable Banking Regulations from time to time.

(d) ***Waiver of Set-Off***

This Condition 2(d) applies to: (i) Subordinated Notes; (ii) Senior Non Preferred Notes; and (iii) Ordinary Senior Notes unless "Ordinary Senior Notes: Waiver of Set-Off" is expressly specified to be "Not Applicable" in the relevant Final Terms for such Ordinary Senior Notes.

Subject to applicable law, no holder of a relevant Note may at any time exercise or claim any right of set-off, netting or compensation in respect of any amount owed by it to the Issuer arising out of or in connection with the relevant Notes and each holder of such Note shall, by virtue of its subscription, purchase or holding of any such Note, be deemed to have waived all such rights of set-off or netting.

Notwithstanding the preceding sentence, if any of the amounts owing to any holder of a relevant Note by the Issuer in respect of, or arising under or in connection with the relevant Notes are discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

3. **Negative Pledge in relation to certain of the Ordinary Senior Notes**

(a) ***Restriction***

This Condition 3(a) applies to Ordinary Senior Notes unless "Ordinary Senior Notes: Negative Pledge" is expressly specified to be "Not Applicable" in the relevant Final Terms for such Ordinary Senior Notes.

So long as any of the Ordinary Senior Notes remains outstanding (as defined in the Instrument) neither the Issuer nor any of its Subsidiaries (as defined in Condition 9) shall create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Indebtedness, or any guarantee of or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Ordinary Senior Notes (A) are secured equally and rateably therewith in the same manner or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Ordinary Senior Noteholders (as defined in the Instrument).

(b) ***Relevant Indebtedness***

For the purposes of this Condition, "**Relevant Indebtedness**" means any present or future (actual or contingent) indebtedness for money borrowed or raised in the form of, or represented by, bonds, notes, debentures, debenture stock, loan stock, certificates or other instruments that are, or are capable of being, quoted, listed or traded on any stock exchange, or other securities market (including, without limitation, any over-the-counter market) (other than an issue which is placed in Portugal in an amount greater than 50 per cent. of its aggregate principal amount). For the avoidance of doubt, "**indebtedness for money borrowed or raised**", for the purpose of this definition, does not include preference shares or any other equity securities or Covered Bonds (as defined below).

"**Covered Bonds**" means any mortgage-backed bonds and/or covered bonds or notes (*Obrigações Cobertas*) issued by the Issuer, the obligations of which benefit from a special creditor privilege (*privilégio creditório especial*) as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other loans permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation, in particular, Decree-Law no. 31/2022, of 6 May, as the same may be amended or superseded from time to time.

4. **Interest and other Calculations**

(a) ***Interest on Fixed Rate Notes***

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g).

(b) ***Interest on Reset Notes***

(i) *Rates of Interest and Interest Payment Dates*

Each Reset Note bears interest:

(A) from (and including) the Interest Commencement Date specified in the applicable Final Terms to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(B) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the date(s) so specified in the applicable Final Terms on which interest is payable in each year (each, an "**Interest Payment Date**") and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the amount of interest (the "**Interest Amount**") payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount, in accordance with the provisions for calculating amounts of interest in Condition 4(g) and, for such purposes, references in Condition 4(a) to "Fixed Rate Notes" shall be deemed to be to "Reset Notes" and Condition 4(a) shall be construed accordingly.

(ii) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, subject to Condition 4(j), the Calculation Agent shall request each of the Mid-Swap Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Mid-Swap Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent and with such sum converted as described in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable).

If on any Reset Determination Date only one or none of the Mid-Swap Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 4(b)(ii), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, an amount set out in the relevant Final Terms as the "**First Reset Period Fallback**".

For the purposes of this Condition 4(b)(ii), "**Mid-Swap Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(iii) *Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount*

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Agent and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed and notice thereof to

be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth London Business Day (where a "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London) thereafter. So long as the Notes are listed on the Luxembourg Stock Exchange, the Issuer will notify the Luxembourg Stock Exchange of any reset Rate of Interest and relevant Interest Amount(s) no later than the first day of each Reset Period.

(iv) *Determination or Calculation*

If for any reason the Calculation Agent defaults in its obligation to determine the First Reset Rate of Interest, a Subsequent Reset Rate of Interest or to calculate any Interest Amount in accordance with this Condition 4(b), the Issuer (or an agent appointed by it on its behalf) shall determine the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 4 and to any terms specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer (or its agent) shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(c) ***Interest on Floating Rate Notes***

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g). Such Interest Payment Date(s) is/are either specified in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, or (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms

and, subject to Condition 4(j), the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms;

(y) the Designated Maturity is a period specified in the applicable Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

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

(B) Screen Rate Determination for Floating Rate Notes

(x) 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 Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)),

(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 as determined by the Calculation Agent or other party responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms (and references in this Condition 4(c)(iii)(B) to "**Calculation Agent**" shall be construed accordingly).

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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being

other than EURIBOR, the Rate of Interest in respect of such Notes will be determined as specified in the applicable Final Terms.

(y) If the Relevant Screen Page is not available or if, sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (Brussels 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, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, 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 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 11.00 a.m. (Brussels 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 Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market **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 as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified in the relevant Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is

specified in the relevant Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the relevant Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period **provided however that** if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(d) ***Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)(B)).

(e) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(f) ***Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding***

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, *then* any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(g) ***Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such

Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Clean-up Call Option Amounts***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any Rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Clean-up Call Option Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Clean-up Call Option Amount to be notified to the Issuer, the Agent, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. All certificates, communications, opinions, determinations, calculations and quotations given, expressed, made or obtained for the purposes of the provisions of Conditions 4(b) and 4(c) by the Calculation Agent shall (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agent, the Calculation Agent and all Noteholders and (in the absence of bad faith and wilful default) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers and duties pursuant to such provisions.

(i) ***Determination or Calculation***

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Clean-up Call Option Amount, the Issuer shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Issuer shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(j) ***Benchmark Discontinuation***

(i) *Independent Adviser*

Notwithstanding the provisions above in Conditions 4(b) and 4(c), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable and at its own cost (**provided that**, in the case of Reset Notes, such appointment need not be made earlier than 30 days prior to the first date on which the Original Reference Rate is to be used to determine any Rate of Interest (or any component part thereof)), to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(j)(iv)) and, in each case, an Adjustment Spread and any Benchmark Amendments (in accordance with Conditions 4(j)(v) and 4(j)(vi)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4(j)(i) shall be required to act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent or the Noteholders for any determination made by it, pursuant to this Condition 4(j)(i).

(ii) *Issuer Determination*

If (a) the Issuer is unable to appoint an Independent Adviser or (b) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 4(j)(i) prior to the relevant Interest Determination Date or Reset Determination Date, as applicable, the Issuer, acting in good faith and in a commercially reasonable manner, may itself determine (but shall not be obliged to determine) (i) a Successor Rate or Alternative Rate and (ii) in either case, an Adjustment Spread (if any) and/or any Benchmark Amendments in accordance with this Condition 4(j) (with the relevant provisions in this Condition 4(j) applying *mutatis mutandis* to allow such determinations to be made by the Issuer without consultation with an Independent Adviser). In the event the Issuer decides to make a determination in accordance with this Condition 4(j), without prejudice to the definitions hereof, for the purposes of determining any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments (as the case may be), the Issuer shall take into account any relevant and applicable market precedents and customary market usage as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

(iii) *Issuer's failure to determine a Successor Rate or Alternative Rate*

If the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate, or otherwise decides not to determine a Successor Rate or Alternative Rate in accordance with this Condition 4(j), the Rate of Interest applicable to the next succeeding Interest Accrual Period or Reset Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period or Reset 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, First Margin, Subsequent Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period or Reset Period, as applicable, from that which applied to the last preceding Interest Accrual Period or Reset Period, the Margin, First Margin, Subsequent Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period or Reset Period, as applicable, shall be substituted in place of the Margin, First Margin, Subsequent Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period or Reset Period, respectively. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period or Reset Period only

and any subsequent Interest Accrual Periods or Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(j)(i).

(iv) *Successor Rate or Alternative Rate*

If the Independent Adviser (failing which, the Issuer) determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(j)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(j)).

(v) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(vi) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (if any) is determined in accordance with this Condition 4(j) and the Independent Adviser (or Issuer, as the case may be) determines (a) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or the applicable Adjustment Spread (if any) (such amendments, the "**Benchmark Amendments**") and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(j)(vii), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(j)(vi), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(j), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes:

(A) in the case of Subordinated Notes, as Tier 2 Capital; and/or

(B) in the case of Senior Notes, as MREL-Eligible Instruments for the purposes of the Applicable Banking Regulations,

or, in the case of Ordinary Senior Notes and Senior Non Preferred Notes only, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Competent Authority treating a future Interest Payment Date as the effective maturity of the Notes, rather than the

relevant Maturity Date for the purposes of qualification of the Notes as MREL-Eligible Instruments of the Issuer.

(vii) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(j) will be notified promptly by the Issuer to the Calculation Agent, the Agent and, in accordance with Condition 12, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Agent of the same, the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) (subject to Condition 4(j)(v) above) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(j); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (if any).

The Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Calculation Agent and the Noteholders.

(viii) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under this Condition 4(j), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(ii) or 4(c), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(k) ***Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) 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);

(ii) the Independent Adviser (failing which, the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser (failing which, the Issuer) determines that no such spread is customarily applied);

(iii) the Independent Adviser (failing which, the Issuer) 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 Independent Adviser determines that no such industry standard is recognised or acknowledged); or

(iv) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser (failing which, the Issuer) determines in accordance with Condition 4(j)(iv) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(j)(vi).

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will 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

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used, either generally or in respect of the Notes; or

(v) it has become unlawful for the Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(vi) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used,

provided that in the case of (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which T2 is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Additional Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"**Clean-up Call Effective Date**" means the Issue Date of the first tranche of the Notes.

"**Clean-up Call Minimum Percentage**" means 75 per cent. or such other higher percentage specified in the relevant Final Terms.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "Actual/Actual" or "Actual/Actual — ISDA" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation 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 Calculation Period divided by 365;

(iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Calculation 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_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D2 will be 30;

(v) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Calculation 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_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Calculation 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_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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_2 will be 30; and

(vii) if "Actual/Actual-ICMA" is specified in the applicable Final Terms,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**Determination Date**" means the date specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date.

"**EURIBOR**" means the euro interbank offered rate administered by the European Money Markets Institute.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended from time to time.

"**First Margin**" means the margin specified as such in the applicable Final Terms.

"**First Reset Date**" means the date specified in the applicable Final Terms.

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date.

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 4(b)(ii), 4(b)(iv) and (if applicable) Condition 4(j), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin (with such sum converted (if necessary) from a basis equivalent to the Fixed Leg Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent).

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(j)(i).

"**Fixed Leg Frequency**" means the frequency specified as such in the applicable Final Terms.

"**Initial Rate of Interest**" has the meaning specified in the applicable Final Terms.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Final Terms,

shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is British Pound Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither British Pound Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified in the applicable Final Terms.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended, supplemented and/or updated as at the Issue Date of the first Tranche of the Notes, unless otherwise specified in the applicable Final Terms.

"**Mid-Market Swap Rate**" means, subject to Condition 4(b)(ii) and (if applicable) Condition 4(j), for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Frequency (as specified in the applicable Final Terms) (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Swap Rate Period (as specified in the relevant Final Terms) and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Floating Leg Frequency (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate.

"**Mid-Swap Floating Leg Benchmark Rate**" means, subject as set out in the Final Terms and to Condition 4(j), if applicable, EURIBOR.

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 4(b)(ii) and (if applicable) Condition 4(j), either:

(i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Swap Rate Period (if specified in the relevant Final Terms); and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Swap Rate Period (if specified in the relevant Final Terms); and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent.

"**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) on the Notes.

"**Rate of Interest**" means, in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable, and in any other case, the rate of interest payable from time to time in respect of the Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms.

"**Reference Rate**" means EURIBOR.

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

(i) 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

(ii) 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 bodies or (d) the Financial Stability Board or any part thereof.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms, or such replacement page on that service which displays the information.

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the applicable Final Terms) in accordance with Condition 4(a) as if the relevant Reset Date was an Interest Payment Date.

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period,

the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period.

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be.

"**Second Reset Date**" means the date specified in the applicable Final Terms.

"**Specified Currency**" means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated.

"**Subsequent Margin**" means the margin specified as such in the applicable Final Terms.

"**Subsequent Reset Date**" means the date or dates specified in the applicable Final Terms.

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (or to (but excluding) the Maturity Date, if there is no succeeding Subsequent Reset Date).

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii) and (if applicable) Condition 4(j), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Fixed Leg Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

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

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

(l) ***Calculation Agent***

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Note is outstanding (as defined in the Instrument). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Clean-up Call Option Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. **Redemption, Purchase and Options**

(a) ***Final Redemption***

(i) Unless previously redeemed, purchased and cancelled as provided below, each Senior Note or Subordinated Note shall be finally redeemed on the Maturity Date

specified in the applicable Final Terms at its Final Redemption Amount (which is its nominal amount). Senior Non Preferred Notes and Ordinary Senior Notes intended by the Issuer to be MREL-Eligible Instruments for the purposes of the Applicable Banking Regulations will have an original maturity of at least one year or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations. Subordinated Notes will have a minimum maturity of at least five years or as otherwise permitted or required in accordance with Applicable Banking Regulations from time to time. For the avoidance of doubt, no payments of principal under the Notes will be made in instalments.

(b) ***Early Redemption***

(i) *Zero Coupon Notes*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such subparagraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. In the case of Subordinated Notes, such redemption is also subject to the provisions of Condition 2(c) and Condition 5(k). The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(e).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Final Terms.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount (together with any accrued interest).

(c) ***Redemption for Taxation Reasons***

The Senior Notes and Subordinated Notes may, subject to the provisions of Condition 5(k), be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 15 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued (but unpaid) to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as described under Condition 7 as a result of any change in, or amendment to, the laws or regulations of Portugal or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(c).

(d) ***Redemption at the Option of the Issuer***

(i) If Call Option is specified in the applicable Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms), redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued (but unpaid) to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

In the case of Subordinated Notes, such redemption cannot occur earlier than five years from the Issue Date of the relevant Subordinated Notes and its exercise is subject to the provisions of Condition 5(k).

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the information required for compliance with any applicable laws and stock exchange or other relevant authority requirements.

(ii) If (i) Clean-up Call Option is specified in the applicable Final Terms and (ii) the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes originally issued has been redeemed or purchased and subsequently cancelled in accordance with this Condition 5, the Issuer may, from (and including) the Clean-up Call Effective Date subject to the provisions of Condition 5(k), having given not more than the maximum period nor less than minimum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 12, to the Noteholders at any time redeem all (but not some only) of the Notes then outstanding at the Clean-up Call Option Amount specified in the applicable Final Terms together, if applicable, with unpaid interest accrued to (but excluding) such date fixed for redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

For the purposes of this Condition 5(d)(ii), any further securities issued pursuant to Condition 11 so as to be consolidated and form a single series with the Notes outstanding at that time will be deemed to have been originally issued.

(e) ***Redemption due to a Capital Event***

Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to Condition 5(k)) at any time (if this Subordinated Note is not a Floating Rate Note) or on any Interest Payment Date (if this Subordinated Note is a Floating Rate Note), on giving not less than 15 nor more than 60 days' notice to Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (together with interest accrued (but unpaid) to the date fixed for redemption) if, at any time, the Issuer determines that a Capital Event has occurred.

For the purposes of these Conditions:

"**Capital Event**" means the determination by the Issuer after consultation with the Competent Authority that all or any part of the Notes are not eligible for inclusion in the Tier 2 capital of the Issuer or the Banco Montepio Group pursuant to Applicable Banking Regulations (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer or the Banco Montepio Group, as the case may be). For the avoidance of doubt, any amortisation of the Notes pursuant to the CRR shall not constitute a Capital Event; and

"**Group**" means the Issuer and its subsidiaries taken as a whole.

(f) ***Redemption due to an MREL Event***

If, in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where "Ordinary Senior Notes - MREL Event" has been specified as "Applicable" in the relevant Final Terms only, following the MREL Requirement Date, an MREL Event has occurred and is continuing, then the Issuer may at its option, subject to the provisions of Condition 5(k), on giving not less than 15 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes. The Issuer shall redeem the relevant Notes on the date specified for redemption in such notice.

Notes redeemed early pursuant to this Condition 5(f) will be redeemed at their early redemption amount (the "**Early Redemption Amount (MREL Event)**") (which shall be the principal amount or such other Early Redemption Amount (MREL Event) as may be specified in or determined in accordance with the relevant Final Terms) together (if appropriate) with interest accrued (but unpaid) to the date fixed for redemption.

For the purposes of these Conditions:

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Portugal), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing the BRRD, or any successor requirement under EU legislation and relevant implementing legislation and regulation in Portugal;

"**MREL Event**" means, if as a result of any amendment to, or change (or any pending change that the Competent Authority considers sufficiently certain), in the Applicable Banking Regulations, or in the application or official interpretation thereof, in any case becoming effective after the Issue Date, that at any time, on or following the MREL Requirement Date, all or part of the outstanding nominal amount of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes where "Ordinary Senior Notes - MREL Event" has been specified as applicable in the relevant Final Terms, does not fully qualify or ceases to qualify as MREL-Eligible Instruments of the Issuer and/or the Banco Montepio Group, except where such non-qualification (i) is due solely to the remaining maturity of the relevant Notes being less than any period prescribed for

MREL-Eligible Instruments by the Applicable Banking Regulations or (ii) is as a result of the relevant Notes being bought back by or on behalf of the Issuer or a buy-back of the relevant Notes which is funded by or on behalf of the Issuer or (iii) in the case of Ordinary Senior Notes where "Ordinary Senior Notes - MREL Event" has been specified as applicable in the relevant Final Terms, is due to the relevant Ordinary Senior Notes not meeting any requirement in connection to their ranking upon insolvency of the Issuer due to any limitation on the amount of such Notes that may be eligible for inclusion in the amount of MREL- Eligible Instruments of the Issuer and/or the Banco Montepio Group;

"**MREL-Eligible Instrument**" means an instrument that complies with the MREL Requirements;

"**MREL Requirement Date**" means the date from which the Issuer and/or the Banco Montepio Group is obliged to meet any MREL Requirements; and

"**MREL Requirements**" means minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Banco Montepio Group under the Applicable Banking Regulations.

(g) ***Redemption at the Option of Noteholders***

If, in relation to Ordinary Senior Notes only, Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deliver a notice to the Agent in accordance with the standard procedures of Interbolsa stating the principal amount of the Notes in respect of which such option is exercised (a "**Put Notice**") to the specified office of the Agent at any time within the notice period during normal business hours of the Agent. In the Put Notice the relevant Noteholder must specify a bank account to which payment is to be made under this Condition 5.

(h) ***Purchases***

The Issuer and any of its Subsidiaries (but subject to Condition 5(k) in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes intended by the Issuer to be MREL-Eligible Instruments) may purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, or the relevant Subsidiary cancelled.

(i) ***Cancellation***

All Notes which are redeemed will forthwith be cancelled in accordance with the applicable regulations of Interbolsa. All Notes so cancelled shall not be capable of being reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged upon cancellation thereof.

(j) ***Substitution and Variation of Notes***

If (i) "Capital Event – Substitution and Variation" or "MREL Event – Substitution and Variation", as the case may be, is specified as "Applicable" in the relevant Final Terms and the Issuer is satisfied that a Capital Event (as defined in Condition 5(e)) or, as the case may be, an MREL Event (as defined in Condition 5(f)), has occurred and is continuing, or (ii) if required to ensure the effectiveness and enforceability of Condition 15, the Issuer may, subject to the provisions of Condition 5(k) and the notice requirements below but without any requirement for the consent or approval of the Noteholders or the Agent, either substitute all (but not some only) of the relevant Notes for, or vary the terms of the relevant Notes such that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 5(j), the Issuer shall either vary the terms

of, or substitute, the relevant Notes in accordance with this Condition 5(j), as the case may be and, subject as set out below, the Agent shall agree to such substitution or variation.

In connection with any substitution or variation in accordance with this Condition 5(j), the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this Condition 5(j) is subject to the Issuer giving not less than 15 nor more than 60 calendar days' notice to the Noteholders and the Agent in accordance with Condition 12, which notice shall be irrevocable.

Any substitution or variation in accordance with this Condition 5(j) shall not give the Issuer an option to redeem the relevant Notes under the Conditions.

For the purposes of this Condition 5(j):

"**Compliant Securities**" means securities that:

(a) are issued by the Issuer;

(b) rank equally with the ranking of the relevant Notes;

(c) save in respect of the effectiveness and enforceability of Condition 15, have terms not materially less favourable to Noteholders than the terms of the relevant Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing), **provided that** such securities:

(1) contain terms such that they qualify as Tier 2 Capital or MREL-Eligible Instruments, as the case may be; and

(2) include terms which provide for the same (or, from a Noteholder's perspective, more favourable) Rate of Interest from time to time, Interest Payment Dates, Maturity Date and Early Redemption Amount(s) as apply from time to time to the relevant Series of Notes immediately prior to such substitution or variation; and

(3) shall preserve any existing rights under the Conditions to any accrued interest, principal and/or premium which has not been satisfied; and

(4) do not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or interest; and

(5) do not contain terms providing for loss absorption through principal write down, write-off or conversion to ordinary shares, other than through the application of statutory powers pursuant to the Applicable Banking Regulations; and

(6) do not contain terms such that redemption pursuant to any one or more of Conditions 5(c), 5(e) or 5(f) could occur upon, or be foreseeable as a result of, such substitution or variation;

(d) are listed on (i) the regulated market of the Luxembourg Stock Exchange or (ii) such other EEA regulated market as selected by the Issuer; and

(e) where the relevant Notes which have been substituted or varied had a published rating solicited by the Issuer from a Rating Agency immediately prior to their substitution or variation (a "**Published Rating**") each such Rating Agency has ascribed, or announced its intention to ascribe, (i) an equal or higher Published Rating to the relevant Notes as substituted or varied or (ii) where the Published Rating was, as a result of Condition 15 becoming ineffective and/or unenforceable, amended prior to such substitution or variation, the Published Rating immediately prior to such amendment.

"**Rating Agency**" means Moody's Investor Service España, S.A., Fitch Ratings Ireland Limited and DBRS Ratings GmbH or their respective successors.

(k) ***Pre-conditions to Redemption, Purchase, Substitution or Variation of Notes***

Any redemption, purchase, substitution or variation of Notes in accordance with Conditions 5(c), 5(d), 5(e), 5(f), 5(g), 5(h) and 5(j) is subject to:

(i) the Issuer having obtained the Competent Authority's prior consent or permission if and to the extent required therefor under the Applicable Banking Regulations in force at the relevant time;

(ii) the Issuer having complied with any other pre-conditions to, or requirements applicable to, such redemption, purchase, substitution or variation as may be required by the Competent Authority or the Applicable Banking Regulations in force at the relevant time;

(iii) in the case of early redemption of Notes pursuant to Condition 5(c) only, before the publication of any notice of redemption, the Issuer shall deliver to the Agent (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment;

(iv) in the case of the early redemption of Subordinated Notes pursuant to Condition 5(c) only (before five years after the Issue Date of such Notes), the Issuer having demonstrated to the satisfaction of the Competent Authority that (a) the change in the applicable tax treatment is material and was not reasonably foreseeable as at the Issue Date of the most recent Tranche of the Notes and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and

(v) in the case of early redemption of Subordinated Notes pursuant to Condition 5(e) only (before five years after the Issue Date of such Notes), the Issuer having demonstrated to the satisfaction of the Competent Authority that (a) the circumstances giving rise to a Capital Event were not reasonably foreseeable as at the Issue Date of the most recent Tranche of the Subordinated Notes and (b) the change in the applicable regulatory classification is sufficiently certain.

6. **Payments**

(a) ***Payments of Principal and Interest***

Payments in respect of Notes will be made by transfer to the registered account of the Noteholder maintained by or on behalf of it with a bank that processes payments in the relevant currency, details of which appear in the records of the relevant affiliated member of Interbolsa at the close of business on the Payment Business Day (as defined below) before the due date for payment of principal and/or interest.

"**Payment Business Day**" means a day which (subject to Condition 8):

(a) is or falls before the due date for payment of principal and/or interest; and

(b) is a TARGET Business Day.

(b) ***Payments subject to Fiscal Laws***

Without prejudice to the provisions of Condition 7, all payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer or its agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws,

regulations, directives or agreements and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof (without prejudice to the provisions of Condition 7), or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) ***Appointment of Agents***

The Issuer reserves the right at any time to vary or terminate the appointment of the Agent or the Calculation Agent(s) and to appoint additional or other Agents, **provided that** the Issuer shall at all times maintain (i) an Agent, (ii) one or more Calculation Agent(s) where the Conditions so require and (iii) such other agents as may be required by the rules of any stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 12.

(d) ***Non-Business Days***

If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Portugal, in such jurisdictions as shall be specified as "Financial Centres" in the applicable Final Terms and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

7. **Taxation**

(a) ***Withholding***

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall (subject to the conditions and limitations set out below) be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Portugal or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Payments of interest and other types of remuneration on the Notes will be made without withholding or deduction for or on account of taxes imposed or levied by the Portuguese Republic where the relevant proof of non-residence status has been provided by the Noteholders to the direct registration entities prior to the Relevant Date.

In the event that any withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Portugal or any political subdivision or any authority therein or thereof having power to tax is required by law, the Issuer shall pay in respect of payments of principal and interest in the case of Ordinary Senior Notes (with characteristics such that they are not capable of qualifying as MREL-Eligible Instruments upon issuance), and interest only in the case of Senior Non Preferred Notes, Subordinated Notes and Ordinary Senior Notes (with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance) such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them (in respect of payments of interest only, in the case of Senior Non Preferred Notes, Subordinated Notes and

Ordinary Senior Notes with characteristics such that they are capable of qualifying as MREL-Eligible Instruments upon issuance) had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

(i) *Other connection*

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with Portugal other than the mere holding of the Note; or

(ii) *Lawful avoidance of withholding*

(A) to, or to a third party on behalf of, the beneficial owner of the Notes in respect of whom the information (which may include certificates) required in order to comply with Decree-Law no. 193/2005, of 7 November 2005 (as amended), and any implementing legislation, is not received; or (B) to, or to a third party on behalf of, the beneficial owner of the Notes (i) in respect of whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received before the Relevant Date, and (ii) who is resident in one of the states which is party to any such applicable tax treaty; or (C) to, or to a third party on behalf of, the beneficial owner of the Notes resident in a country, territory or region subject to a clearly more favourable tax regime as defined in Ministerial order (*Portaria*) no. 150/2004 of 13 February 2004 (as amended or superseded from time to time), with the exception of central banks and governmental agencies, international bodies recognised by Portugal or entities resident in countries or jurisdictions with whom Portugal has a double tax treaty in force or a tax information exchange agreement in force; or (D) to, or to a third party on behalf of (i) an effective beneficiary of the Notes who is a Portuguese resident subject to Portuguese corporation tax with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portugal acting in respect of the holding of the Notes through a permanent establishment in Portugal except whenever it benefits from a Portuguese withholding tax waiver; or

(iii) *Undisclosed beneficial owners*

presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of a FATCA Withholding.

(b) ***Definitions***

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall

be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

8. **Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within twenty years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9. **Events of Default**

(a) ***Ordinary Senior Notes***

This Condition 9(a) applies to Ordinary Senior Notes unless the relevant Final Terms expressly specify Condition 9(a) as being "Not Applicable".

In the case of Ordinary Senior Notes to which this Condition 9(a) applies, if any of the following events ("**Events of Default**") occurs and is continuing, any Noteholder may give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest:

(i) *Non-Payment*

Default is made for more than 10 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or

(ii) *Breach of Other Obligations*

The Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Instrument and such default is incapable of remedy or is not remedied within 30 days after written notice of such default shall have been given to the Issuer by a Noteholder; or

(iii) *Cross-Default*

(A) any other present or future indebtedness of the Issuer or any of its Subsidiaries (as defined below) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, **provided that** the amount of the relevant indebtedness, guarantees and/or indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred, individually or in the aggregate, exceeds €10,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to 1 per cent. of the Issuer's total equity; or

(iv) *Enforcement Proceedings*

One or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer or any of its Subsidiaries or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Subsidiaries and in any of the above cases, is not discharged or stayed within 60 days or, if later, the date specified therein for payment; or

(v) *Security Enforced*

Any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

(vi) *Insolvency*

Any of the Issuer or any of its Subsidiaries (i) is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, (ii) stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts or (iii) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or

(vii) *Winding-up*

An order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Subsidiaries, or the Issuer or any of its Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms previously approved by an Extraordinary Resolution (as defined in the Instrument) of the Noteholders or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

(viii) *Authorisation and Consents*

Any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Instrument, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Instrument admissible in evidence in the courts of Portugal, is not taken, fulfilled or done; or

(ix) *Illegality*

It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or Instrument; or

(x) *Analogous Events*

Any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs **provided that** except in the case of paragraphs (i) and (vii) such event is materially prejudicial to the interests of the Noteholders.

For the purpose of these Conditions:

"**Subsidiary**" means any entity of which the Issuer has control and "**control**" for the purpose of this definition means the beneficial ownership whether direct or indirect of the majority of the issued and/or voting share capital or the right to direct the management and policies of such entity, whether by the ownership of share capital, contract or otherwise. A certificate by any two authorised officers

of the Issuer listing the entities that are Subsidiaries at any time shall, in the absence of manifest error, be conclusive and binding on all parties.

(b) ***Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes***

This Condition 9(b) only applies if the Note is (i) a Senior Non Preferred Note, (ii) a Subordinated Note or (iii) an Ordinary Senior Note where the applicable Final Terms expressly specify Condition 9(a) as being "Not Applicable" and references in this Condition 9(b) to Notes shall be construed accordingly.

If any one or more of the following events (each an "**Event of Default**") shall occur:

(i) bankruptcy or insolvency proceedings are commenced by a court against the Issuer or the Issuer institutes such proceedings or suspends payments or makes a general arrangement for the benefit of its creditors; or

(ii) if otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved by an Extraordinary Resolution of the Noteholders an order is made or an effective resolution is passed for the winding up of the Issuer,

any Noteholder may give notice to the Issuer that the relevant Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount together with accrued interest. For the avoidance of doubt, no Noteholder may give notice that the Notes shall become immediately due and payable other than in the circumstances described in paragraphs (i) and (ii) above and the Issuer shall not be obliged to pay any sum or sums sooner than such sum or sums would otherwise have been payable by it (other than as described in paragraphs (i) and (ii) above).

Without prejudice to Conditions 9(b)(i) and 9(b)(ii) above, if the Issuer breaches any of its obligations under the Instrument or the relevant Notes (other than any payment obligation of the Issuer under or arising from the Instrument or such Notes, including, without limitation, payment of any principal or interest in respect of such Notes and any damages awarded for breach of any obligations), then any Noteholder may bring such proceedings as it may think fit to enforce the obligation in question **provided that** the Issuer shall not, as a result of the bringing of any such proceeding, be obliged to pay any sum sooner than the same would otherwise have been payable by it. However, nothing in this Condition 9(b) shall prevent any Noteholder instituting proceedings for the winding-up of the Issuer and/or proving in any winding-up of the Issuer in respect of any payment obligations of the Issuer arising from the Subordinated Notes or the Instrument (including any damages awarded for breach of any such obligation), subject to a grace period of 10 days (in the case of interest) or seven days (in the case of principal).For the purpose of this Condition 9(b) only, the Issuer may only redeem such Notes prior to maturity with the prior consent or approval of the Competent Authority (if and to the extent such prior consent is required by the Applicable Banking Regulations at the relevant time).

10. **Meetings of Noteholders and Modification**

(a) ***Meetings of Noteholders***

The Instrument contains provisions for convening meetings (including a virtual meeting or a hybrid meeting, each as defined in the Instrument) of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of any of these Conditions or any provisions of the Instrument. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest

or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, or the Clean-up Call Option Amount (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

(b) ***Modification***

The Agent and the Issuer may agree, without the consent of the Noteholders (and by acquiring the Notes, the Noteholders agree that the Agent and the Issuer may, without the consent of the Noteholders), to make any modification to the provisions of the Conditions or the Instrument which: (i) is not prejudicial to the interests of the Noteholders; (ii) is of a formal, minor or technical nature; (iii) is made to correct a manifest or proven error; or (iv) is to comply with mandatory provisions of any applicable law or regulation. Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable.

(c) ***Compliance with Applicable Banking Regulations***

The Issuer shall comply with Applicable Banking Regulations in connection with any modification or proposed modification of these Conditions.

11. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

12. **Notices**

Notices to the holders of Notes shall be valid (i) if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*); or (ii) so long as the Notes are admitted to trading on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (*www.luxse.com*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

The Issuer shall also comply with Portuguese law in respect of Notices.

13. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

14. **Governing Law and Jurisdiction**

(a) ***Governing Law***

The Notes and the Instrument and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that Conditions 2 and 15 and the provisions relating to the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, and Clauses 5, 6, 7 and 12 of the Instrument, and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, Portuguese law.

(b) ***Jurisdiction***

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes and accordingly any legal action or proceedings arising out of or in connection with any Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Instrument irrevocably submitted to the jurisdiction of such courts.

(c) ***Service of Process***

The Issuer has irrevocably appointed Hackwood Secretaries Limited at its offices presently located at One Silk Street, London EC2Y 8HQ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

15. **Statutory Loss Absorption Powers**

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 15 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Loss Absorption Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due on a permanent basis; or

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person; or

(C) the cancellation of the Notes or Amounts Due; or

(D) the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

(ii) that the terms of the Notes are subject to, and may be varied, if deemed necessary by the Relevant Resolution Authority, to give effect to, the exercise of the Loss Absorption Power by the Relevant Resolution Authority.

No repayment or payment of Amounts Due will become due and payable or be paid after the exercise of any Loss Absorption Power if and to the extent that such amounts have been reduced,

converted, cancelled, suspended (for so long as such suspension or moratorium is outstanding), amended or altered as a result of such exercise.

Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual exercise of any Loss Absorption Power with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Loss Absorption Power nor the effects on the Notes described in this Condition 15.

The exercise of the Loss Absorption Power by the Relevant Resolution Authority with respect to the Notes shall not constitute a default or an event of default for any purpose and the Conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations, including the RGICSF and the SRM Regulation, relating to the resolution of credit institutions, investment firms and/or the Issuer and/or the Banco Montepio Group incorporated in Portugal.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Loss Absorption Power to the Notes.

The exercise of the Loss Absorption Power by the Relevant Resolution Authority pursuant to any relevant laws, regulations, rules or requirements in effect in the Portuguese Republic is not dependent on the application of this Condition 15.

In these Conditions:

"**Amounts Due**" means the principal amount, together with any accrued but unpaid interest, and any additional amounts referred to in Condition 7, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Loss Absorption Power by the Relevant Resolution Authority;

"**RGICSF**" means the "*Regime Geral das Instituições de Crédito e Sociedades Financeiras*" approved by Decree-Law 298/92, of 31 December 1992, as amended or superseded from time to time, laying down the Portuguese legal regime governing certain aspects of incorporation, organisation and operation of credit institutions, financial companies and investment firms;

"**Loss Absorption Power**" means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (i) the transposition of the BRRD (including, but not limited to, Law No. 23-A/2015 of 26 March 2015 and Law No. 23-A/2022 of 9 December, which amended the RGICSF), (ii) the SRM Regulation and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of certain entities as set out in such law, regulation, rules or requirements can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations;

"**Relevant Resolution Authority**" means any authority lawfully entitled to exercise or participate in the exercise of any Loss Absorption Power from time to time; and

"**SRM Regulation**" means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or superseded from time to time.

FORM OF THE NOTES

General

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

The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Notes.

In relation to each issue of securities, Interbolsa's centralised system comprises, *inter alia*, (i) the issue account, opened by the 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 consumers in accordance with its individual securities accounts.

Notes held through Interbolsa will be attributed an International Securities Identification Number ("**ISIN**") code through the codification system of Interbolsa and will be settled by Interbolsa's settlement system. Under the procedures of Interbolsa's settlement system, settlement takes place on the third business day after the trade date and is provisional until the financial settlement that takes place at Banco de Portugal (or at Caixa Geral de Depósitos, if denominated in currencies other than euro) on the settlement date.

Form of the Notes

The Notes of each Series will be in book-entry form (*escriturais*) and title to the Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable Comissão do Mercado de Valores Mobiliários (the "**CMVM**" – the Portuguese Securities Authority) and Interbolsa regulations. No physical document of title will be issued in respect of Notes held through Interbolsa.

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

Each person shown in the individual securities account held with an Interbolsa Participant as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded therein.

Payment of principal and interest in respect of Notes held through Interbolsa

Whilst the Notes are held through Interbolsa, (I) payment of principal and interest in euros in respect of the Notes will be (i) credited, according to the procedures and regulations of Interbolsa, by the relevant paying agent (acting on behalf of the Issuer) to the payment current-accounts held in the payment system of Banco de Portugal by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Notes and thereafter (ii) credited by such Interbolsa Participants from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; (II) payment of principal and interest in currencies other than euros in respect of the Notes 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 Interbolsa Participants, and thereafter (b) transferred by such Interbolsa Participants from such relevant accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the

beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Transfer of Notes held through Interbolsa

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

USE OF PROCEEDS

The net proceeds from each issue of Notes by the Issuer under the Programme will be applied by the Issuer for its general corporate purposes or as otherwise stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

Introduction to Banco Montepio

Caixa Económica Montepio Geral, caixa económica bancária, S.A. ("**Banco Montepio**" or the "**Issuer**") was created on 24 March 1844 for an indefinite period and as at 31 December 2023, Banco Montepio had a total share capital of €1,210,000,000 (€1,210,000,000 as of the date of this Base Prospectus), the majority of which (99.99 per cent.) is owned by its founder Montepio Geral – Associação Mutualista ("**MGAM**"). Banco Montepio, together with its subsidiaries, are referred to in this Base Prospectus as "**Banco Montepio Group**". MGAM and its subsidiaries are together referred to in this Base Prospectus as "**MGAM Group**".

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

MGAM is a private institution of social support (i.e. a mutual benefits association) whose principal purposes are to promote and develop initiatives designed to ensure the social protection and welfare of its 604,799 mutual members (as at 31 December 2023), their families and other beneficiaries nominated by them. The welfare schemes MGAM offers include pensions and other retirement benefits, disability benefits, death grants, guarantees of the payment of housing charges, life annuities, study schemes and other schemes for young people and a wide variety of collective schemes. It also has co-operation agreements with a variety of organisations in health and welfare. Other activities include the organisation of members' social functions, publication of a members' magazine, sponsorship of cultural, artistic and social events and the awarding of prizes and scholarships.

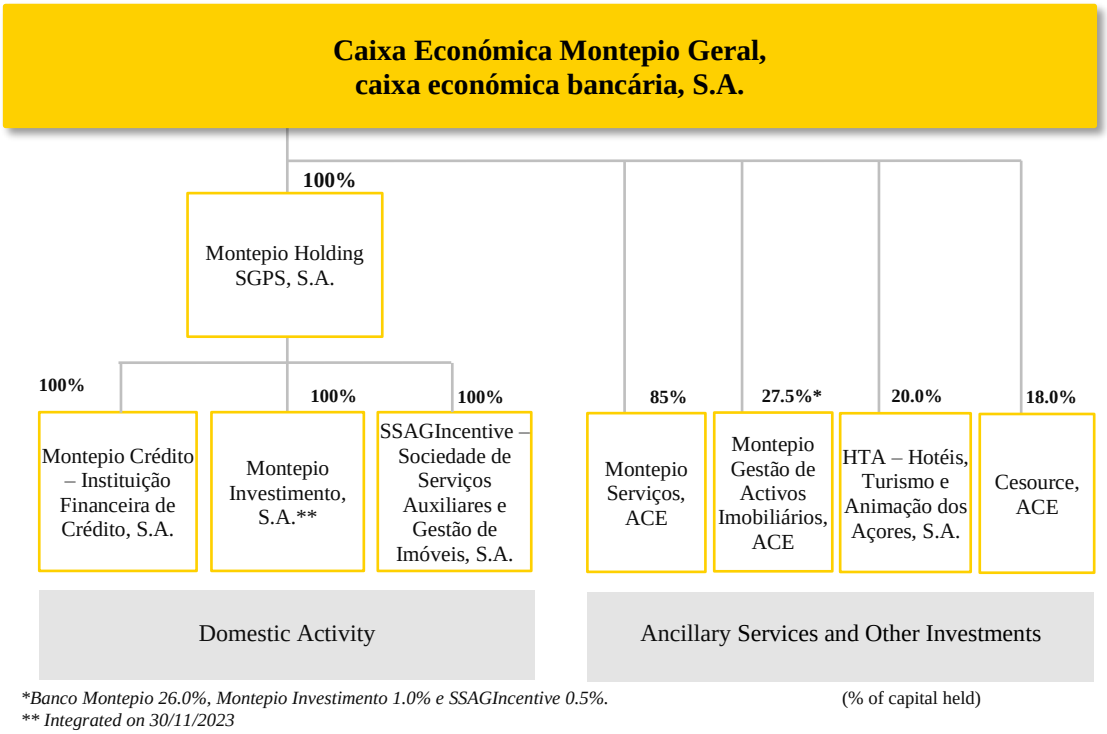
Banco Montepio is a credit institution, authorised to operate as a full-service savings bank (*caixa económica bancária*) to pursue all the businesses permitted to banks in Portugal. As at 30 June 2023, it ranked seventh in the Portuguese banking system on the basis of total net assets (source: *Associação Portuguesa de Bancos*).

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

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

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

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



In addition to Banco Montepio, the Banco Montepio Group comprises the following three domestic entities, whose accounts are fully consolidated with Banco Montepio: Montepio Crédito, Instituição Financeira de Crédito, S.A., Montepio Investimento, S.A. ("**BEM**"), and SSAGIncentive - Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A. (Real Estate sector). Each of these companies are wholly owned by Montepio Holding, SGPS, S.A. ("**Montepio Holding**") (previously Finibanco Holding, SGPS, S.A.) which itself is fully owned by Banco Montepio. For further information, please refer to the section "*Description of the Issuer - Outline of the performance of the Banco Montepio Group's companies*". In addition, within the domestic market, Banco Montepio also has a small qualified holding in HTA-Hotéis, Turismo e Animação dos Açores, S.A. (Tourism sector), in Montepio Gestão de Ativos Imobiliários, ACE (a complementary group of companies (*Agrupamento Complementar de Empresas*) responsible for the integrated management of the MGAM Group's entire property portfolio), in Cesource, ACE (a complementary group of companies (*Agrupamento Complementar de Empresas*) created to provide specialised services in the area of IT technologies to improve the conditions and the management of the resources and the results of the economic activities of the members of this complementary group of companies), and in Montepio Serviços, ACE, (a complementary group of companies (*Agrupamento Complementar de Empresas*) whose main objective is to optimise resources, improve operational efficiency and achieve economies of scale by eliminating duplicated cost structures within MGAM Group companies), whose accounts are consolidated by the equity method. The dissolution and liquidation of Montepio Gestão de Ativos Imobiliários, ACE was proposed on 21 November 2023, followed by a General Meeting on 29 December 2023 that approved this process.

On an international level, as part of the strategic redefinition of international participations, Banco Montepio announced on 4 October 2022 that its subsidiary Montepio Holding, SGPS, S.A. had agreed to sell its stake in the share capital of Finibanco Angola S.A. (in which the Banco Montepio Group had control with an effective participation of 80.2 per cent. as at 31 December 2022) to Access Bank Plc.

In accordance with the policy of the Board of Directors to simplify the corporate structure of the Banco Montepio Group and the provisions of IFRS 5, the operations of Banco Montepio's subsidiary – Finibanco Angola, S.A. were deemed discontinued operations for the purposes of its financial accounts as at and for the year ended 31 December 2022, and was accounted for in the Issuer's consolidated balance sheet as "Non-current assets held for sale - discontinued operations" or "Non-current liabilities held for sale -

discontinued operations", as applicable, and in its income statement as "Profit/(loss) from discontinued operations".

On 30 June 2023, the Banco Montepio Group completed the sale of 51 per cent. of the share capital and voting rights it held in Finibanco Angola to Access Bank, and accordingly it ceased to consolidate this subsidiary. At the end of June 2023 Banco Montepio still held a stake in Finibanco Angola equivalent to 29.2 per cent. of the share capital, the sale of which was completed in August 2023, and, as a result, Banco Montepio has ceased to have any banking operations in the Angolan market.

On 8 September 2023, Montepio Holding agreed to sell its 100 per cent. stake in Montepio Investimento, S.A. ("**BEM**") to the fintech company, RAUVA Enterprises, S.A., subject to the satisfaction of certain conditions precedent to the closing of the share sale, including regulatory and supervisory approvals. Most of BEM's assets, liabilities and operations have been transferred to Banco Montepio as part of a carve-out of BEM's business in order to simplify the Banco Montepio Group structure. See "*Description of the Issuer – Outline of the performance of the Banco Montepio Group's companies*" below.

The Banco Montepio Group also includes the real estate properties held by the following special purpose entities and investment funds:

- Valor Arrendamento– Fundo de Investimento Imobiliário Fechado (Closed-end Real Estate Investment Fund) 100 per cent. held by Banco Montepio;
- Polaris – Fundo de Investimento Imobiliário Fechado (Closed-end Real Estate Investment Fund) 100 per cent. held by Banco Montepio;
- Portugal Estates Fund (PEF) - Fundo de Investimento Imobiliário Fechado (Closed-end Real Estate Investment Fund) 100 per cent. held by Banco Montepio; and
- Carteira Imobiliária – Fundo Especial de Investimento Imobiliário Aberto (Open-end Special Real Estate Investment Fund) 100 per cent. held by Banco Montepio.

For more information please see note 57 (*Subsidiary and associates*) to the Annual Report 2023.

The Issuer undertakes a major role in the implementation of Banco Montepio Group's business strategy, as it uses its nationwide branch network comprising 232 branches in Portugal as at 31 December 2023 (246 branches in Portugal as at 31 December 2022). Banco Montepio's commercial network is further complemented by a network of electronic channels, together with its presence in various overseas Portuguese communities (including five representative offices outside of Portugal). Banco Montepio is no longer present in Angola, after the sale of Finibanco Angola. For further information, please refer to the section "*International Activity*".

Banco Montepio is a full-service savings bank (*caixa económica bancária*) incorporated as a public limited liability company (*sociedade anónima*) and operating under the laws of the Portuguese Republic and is registered at the Lisbon Commercial Registry Office (1st Section) under the single registration and tax identification number 500 792 615 and is domiciled in Portugal, having its registered office at Rua Castilho, 5, 1250-066 Lisbon, Portugal, with telephone number +351 213 248 000.

History

In 1840, Francisco Manuel Alvares Botelho established Montepio dos Empregados Públicos, a mutual benefit association intended to assist its members through periods of unforeseen financial hardship, caused by illness, disability or death. Its name was changed twice, firstly to Montepio Geral, Associação de Socorros Mútuos and in 1844 it was changed to Montepio Geral – Associação Mutualista, the name that MGAM still bears today.

In 1844, MGAM created Caixa Económica de Lisboa, (which was renamed Caixa Económica Montepio Geral on 23 April 1991) with the aim of attracting small-scale savings and providing credit facilities. MGAM and its subsidiaries and affiliates offer a wide variety of banking, insurance and fund management products from Banco Montepio's branches throughout Portugal. Originally, Banco Montepio was run as a division of MGAM but, by the late 1930s, the two organisations had become separate legal entities. In accordance with Decree-Law no. 460/77, of 7 November 1977 (as last amended by Decree-Law 391/2007, of 13 December 2007), MGAM is a "collective person of public interest".

In 1995, Banco Montepio acquired certain limited assets and liabilities from a small savings bank in the Azores, Caixa Económica Açoreana. S.A. This acquisition allowed Banco Montepio to establish its presence in the Azores Autonomous Region.

Additionally, in January 1997, Banco Montepio acquired certain assets and liabilities of another small savings bank, Caixa Económica Comercial e Industrial ("**CECI**").

In 2010, MGAM acquired the whole of Finibanco-Holding, SGPS, S.A. through a friendly public takeover bid. The main goals of the transaction were the expansion of the MGAM Group's mutualism activities and the diversification of its business activities.

In order to take the necessary steps to achieve consolidation, on 31 March 2011, Banco Montepio acquired from MGAM, through a share purchase agreement, 100 per cent. of the share capital and of the voting rights of Finibanco-Holding, SGPS, S.A. (now Montepio Holding, SGPS, S.A.) and, indirectly, all of the share capital and the voting rights of Finibanco, S.A. ("**Finibanco**", now Montepio Investimento, S.A.), as well as those of Finicrédito – Instituição Financeira de Crédito, S.A. (now Montepio Crédito, Instituição Financeira de Crédito, S.A.) and those of Finivalor – Sociedade Gestora de Fundos Mobiliários, S.A. (now Montepio Valor – SGOIC, S.A.).

Finibanco Holding. SGPS, S.A., the holding company of the Portuguese financial group "Finibanco" (the "**Finibanco Group**"), comprised a number of subsidiaries which included, among others, a bank (Finibanco), an Angolan bank (Finibanco Angola), a credit financial institution (Finicrédito, Instituição Financeira de Crédito, S.A.) and an asset management company (Finivalor – Sociedade Gestora de Fundos Mobiliários, S.A.). Under the share purchase agreement, Banco Montepio indirectly acquired 81.6 per cent. of the share capital and the voting rights of Finibanco Angola.

In 2013, some of Banco Montepio's capital became open to public investment for the first time. On 25 November 2013, Banco Montepio launched an initial public offer ("**IPO**") of €200 million securities (*Unidades de Participação*) representative of its participation fund (*Fundo de Participação*) ("**Participation Fund**"). On 17 December 2013, the securities were admitted to listing on Euronext Lisbon after the Regulated Market Special Session.

On 2 December 2014, Montepio Holding SGPS, S.A. acquired a stake of 44.6 per cent. in BTM's share capital, acquiring management control following an agreement with the remaining shareholders of the bank (Rabobank, based in the Netherlands, holding identical equity participation as the Banco Montepio Group; Norfund, also known as the Norwegian Investment Fund for Developing Countries, with an equity participation of 8.4 per cent.; and GAPI-SI, S.A., a financial institution that has the aim of contributing to economic and social development of Mozambique, with an equity participation of 2.5 per cent.).

On 10 October 2015, the new savings banks act by Decree-Law no. 190/2015, of 10 September ("**Savings Banks Act**"), entered into force, which classified savings banks (*caixas económicas*) with assets equal to or greater than €50 million as full service savings banks (*caixas económicas bancárias*) (as opposed to affiliated savings banks (*caixas económicas anexas*)) and required such banks to adopt the form of public limited liability companies (*sociedades anónimas*).

The Savings Banks Act further determines that only mutual associations (*associações mutualistas*), charities (*misericórdias*) or other beneficence institutions can hold the majority of the capital or the voting rights in a savings bank (*caixa económica bancária*).

In 2016, the Issuer was characterised as a full service savings bank (*caixa económica bancária*) following the enforcement of the Savings Bank Act and the resolution of Banco de Portugal pursuant to paragraph 2 of the Savings Bank Act (which provides that, unless otherwise determined at any time by Banco de Portugal, full service savings banks already in existence upon the entry into force of the new legislation shall not be automatically required to arrange for their conversion into public limited liability companies). An Extraordinary General Meeting of Banco Montepio was convened for 22 November 2016, to deliberate on the transformation of Banco Montepio into a public limited liability company and the consequent amendment of its Articles of Association.

The participants in the Extraordinary General Meeting approved by majority to transform Banco Montepio into a public limited liability company (*sociedade anónima*) and to amend the Articles of Association. The project for the amended Articles of Association was approved in its entirety, without prejudice to the

reconsideration of some matters depending on the recommendations or decisions conveyed by the supervising authorities. As the knowledge of such recommendations or decisions was key to the conclusion of the matters being discussed the session was suspended until 13 December 2016.

The Extraordinary General Meeting was resumed on 13 December 2016 and on 4 April 2017 in order to approve all the required procedures regarding the transformation into a public limited liability company. The effectiveness of such resolutions was conditional on (i) ratification by the General Meeting of MGAM, to be held no later than 9 May 2017; and (ii) their respective registration. Upon these conditions being met, Banco Montepio's capital should be represented in full by ordinary shares. These two conditions were met respectively on 9 May 2017 and 14 September 2017 and since then Banco Montepio's share capital has been fully represented by ordinary shares.

In December 2018, the Banco Montepio Group sold its 45.8 per cent. holding in BTM, reducing its international branches by 10. For further information, please refer to section "*International Activity*".

In May 2019, Montepio Investimento S.A. was relaunched with a new brand - Banco de Empresas Montepio (BEM) - with the aim of bringing together corporate and investment banking in a single entity, presenting an integrated offering in corporate finance, debt and equity capital markets, advisory, structured finance, equity and debt distribution and credit services.

On 30 November 2021, Banco Montepio, as sole shareholder, approved the procedural initiatives established by law relating to the voluntary dissolution and liquidation of Banco Montepio Geral Cabo Verde Sociedade Unipessoal, S.A., which was completed in 2022. For further information, please refer to the section "*International Activity*".

In December 2021, Banco Montepio sold 100 per cent. of its capital and voting rights in Montepio Valor - SGOIC, S.A. to MGAM, which simplified the corporate structure of Banco Montepio Group in line with its strategy.

An extraordinary general meeting of shareholders was held on 10 February 2023, at which it was unanimously decided to restructure the equity items, with the specific purpose of strengthening the funds that may be classified as distributable by the regulatory authorities, in order to cover the negative retained earnings, by reducing the share capital by 1,210,000,000.00 euros, without changing the number of existing shares and without altering the total equity value. As of the date of this Base Prospectus, Banco Montepio's share capital, in the amount of €1,210,000,000, was fully represented by ordinary shares.

On 5 July 2023 Banco Montepio announced to the market that its subsidiary Montepio Holding, SGPS, S.A. completed the sale of a stake representing 51 per cent. of the share capital and voting rights in Finibanco Angola to Access Bank Plc, a commercial bank based in Lagos, Nigeria, with a significant presence on the African continent. On 28 August 2023 Banco Montepio announced to the market that it had completed the sale of the remaining 29.2 per cent. stake still held in Finibanco Angola to Access Bank. As a result, the Banco Montepio Group no longer has any exposure to the Angolan market and has accomplished its strategy of simplifying the Group's corporate structure and focusing on the Portuguese domestic market. For further information, please refer to the section "*International Activity*".

Strategy

The Board of Directors is committed to enhancing the efficiency, profitability and adequacy of Banco Montepio's business model so that it meets demanding contemporary customer requirements.

In view of the challenges facing Banco Montepio, the banking sector and the Portuguese economy, the Board of Directors of the Issuer adopted a multi-dimensional, multi-year adjustment programme in 2020, through four main strategic pillars: (i) business model enhancement, (ii) operational adjustment, (iii) capital preservation, and (iv) Group simplification.

(i) The business model enhancement focuses on strengthening customer-oriented banking services and improving proximity relationships in a more comprehensive channel mix, on strengthening financing to the economy by supporting the financial needs of households and SMEs, and on developing distribution capacity and complementary margin in order to reinforce the profitability of Banco Montepio's domestic operation.

(ii) The operational adjustment focuses on accelerating the Issuer's digital transition, through the adoption of best market practices, both in terms of customer experience and operational efficiency.

In line with the simplification of Banco Montepio Group's activity, the operating and customer service model is being adjusted, namely aiming to:

- Strengthen the business model, reinforcing the focus on products with greater added value for the customer;
- Accelerate the digital transition, both in internal processes and in customer relationship platforms;
- Increase efficiency, namely by reviewing internal processes and regulations;
- Adjust the distribution model by merging geographically redundant branches; and
- Implement new concepts and new ways of working, valuing collaboration and flexibility and promoting a better balance between personal and professional life.

As part of its plan to optimise distribution channels, Banco Montepio has adjusted the scale of its branch network on the basis of geographical coverage, profitability, and market size, whilst maintaining adequate coverage of its customer base and business stability. Between the end of 2019 and 31 December 2023, Banco Montepio reduced its branch network by 98 branches (39 in 2020, 37 in 2021, 15 in 2022 and 7 in 2023), and as a result has realised savings in operating costs.

At the same time, Banco Montepio approved an adjustment programme to resize the workforce through a number of measures, including early retirement, mutual agreement terminations and labour flexibility measures to accommodate new forms of work, such as part-time and remote work. In order to provide the best conditions and support to employees who wish to join the voluntary programme, the Ministry of Labour, Solidarity and Social Security authorised the extension of the quota for eligibility for social protection in unemployment to 400 employees. The measures implemented contributed to a net reduction in the Banco Montepio Group's workforce by 979 employees at the end of 2023 compared to the end of 2019. Excluding the impact of the deconsolidation of Banco Montepio Geral Cabo Verde and Finibanco Angola, the number of employees has been reduced by 741 compared to the end of 2019 (a reduction of 20 per cent.), including a reduction of 210 employees in 2023. As a result of these measures, the objectives of the adjustment programme were achieved.

To accelerate its digital transformation, Banco Montepio has improved the automation and redesign of internal processes through advances in its data collection and processing models, improving its service model, optimising customer journeys and strengthening its cybersecurity processes.

In terms of customer experience, Banco Montepio has developed initiatives to increase the efficiency and effectiveness of customer interactions with the bank. These include the launch of a new institutional website, the introduction of new digital journeys, such as the Mortgage Loan Simulation, Retirement Savings Plan subscription and APProva app membership, the provision of new online International Business functionalities, the development of the M.A.R.I.A. voice bot and the availability of the M24 app in Huawei's AppGallery.

By successfully implementing these business and distribution model measures, Banco Montepio has been able to improve its efficiency, as measured by the cost to income, without specific impacts ratio, which stood at 46.2 per cent. in December 2023, compared to 63.2 per cent. in December 2022.

(iii) With regard to capital preservation, Banco Montepio has significantly improved its capital ratios by adopting several measures aimed at reducing Risk Weighted Assets ("**RWA**") through efficient management of its loan and securities portfolio and divestment of non-performing assets, and by focussing on growing its core lending business in lower-risk segments and maximising the return on capital employed.

In 2023, Banco Montepio continued to consolidate its growth capital trajectory, with a total capital ratio of 18.6 per cent. on a fully implemented basis, well above the OCR and the Pillar 2 Guidance. The successful execution of its capital plan allowed Banco Montepio to reach historic highs, without recourse to shareholders.

The strengthening of profitability levels in Banco Montepio's core business, with an impact on organic capital generation capacity, resulted in consolidated net income for the year attributable to the shareholders (excluding the effect of the reclassification of the foreign exchange reserve of €116.1 million following the deconsolidation of Finibanco Angola S.A. in the first half of 2023)

reaching a record €144.5 million for the year ended 31 December 2023, compared with €33.8 million in 2022.

Banco Montepio achieved its objective of reducing its NPL ratio and not being classified as an "NPL bank" ahead of its original schedule. Banco Montepio's NPL ratio reached 3.2 per cent. as at 31 December 2023 compared with 5.2 per cent. as at 31 December 2022. This was achieved with a significant reduction in the amount of non-performing loans, as a result of the focus on improving recovery processes, without jeopardising capital ratios. In fact, the reduction of NPLs has had a positive effect on capital ratios as NPL portfolios have been sold without losses.

Banco Montepio also met its objectives outlined in its real estate risk reduction plan for 2023, having recorded a net deleveraging of the real estate portfolio of €134 million in 2023, and with the ratio of real estate to net assets reaching 1.5 per cent., bringing forward the commitment assumed for the end of 2024.

(iv) With regards to simplifying the Group's corporate structure, the adjustment measures are aimed at disposing of shareholdings in the domestic and international markets, as well as modernising and streamlining the Banco Montepio Group's internal procedures.

In the international market, Banco Montepio concluded the liquidation of Banco Montepio Geral Cabo Verde on 30 September 2022 and completed the sale transaction of the participation in Finibanco Angola on 10 August 2023.

In the domestic market, on 8 September 2023, Montepio Holding agreed to sell its 100 per cent. stake in BEM to the fintech company, RAUVA Enterprises, S.A., subject to the satisfaction of certain conditions precedent to the closing of the share sale, including regulatory and supervisory approvals. As a result of Banco Montepio's adjustment programme, the Banco Montepio Group's Board of Directors approved the transfer of most of BEM's assets, liabilities and operations to Banco Montepio as part of a carve-out of BEM's business in order to simplify the Banco Montepio Group structure. See "*Description of the Issuer – Outline of the performance of the Banco Montepio Group's companies*" below.

The successful implementation of the adjustment plan in 2023 has enabled Banco Montepio to achieve significant improvements to the structure of the organisation, and to proceed with the implementation of further strategic initiatives in the period 2024-2026 to ensure the sustainability of its business, despite the challenging macroeconomic and financial context, marked by geopolitical tensions and changes in the economic and financial environment.

The measures included in the adjustment plan reinforce the 4 strategic objectives that support Banco Montepio's action, in line with the mission statement approved by the General Meeting of Shareholders – maximising operating income, digital transformation and operational adjustment, capital preservation, and simplification of governance - and consider 5 vectors of analysis identified in view of the challenges of the current context, within the preparation of the multi-year budget - retail, companies, organization, processes and IT, talent and social economy.

Banco Montepio accelerates Digital Transformation with Artificial Intelligence solutions

In 2019, Banco Montepio established a partnership with IBM to introduce artificial intelligence and cognitive technology tools as part of its programme to introduce digital transformation and to optimise customer experience and business processes.

To accelerate Banco Montepio's innovation and automation strategy, the Issuer reinforced the automation and reengineering of processes, progressed in data collection and processing models, adjusted its service model, optimised customer journeys and improved cybersecurity mechanisms.

M.A.R.I.A. (Montepio's Automated Real-time Interaction Assistant), Banco Montepio's voice-answering virtual agent which operates using artificial intelligence and that is able to carry out virtual conversations with customers to resolve calls without the need to resort to a human operator, continued to progressively expand its customer service capacity and its ability to understand customers' intentions, improving contact execution and providing customers with a more empathetic and personalised experience, contributing to a gradual increase in trust in Banco Montepio.

M.A.R.I.A. began by activating debit and credit cards, rapidly moving on to receiving orders for balance and movement enquiries (accounts and cards), transfers between Banco Montepio's accounts, interbank

transfers and immediate transfers. At the end of 2023, M.A.R.I.A. recorded a customer service satisfaction score of 80 per cent.

Current Activities

The Banco Montepio Group is one of the main Portuguese financial groups in retail banking, with its core business focused on the domestic market.

The Issuer operates as a universal bank offering a wide range of banking and financial products and services, such as mutual, real estate and pension funds, insurance (life and non-life), investment management services and the provision of credit cards, aimed at catering to all its customers' financial needs. As a comprehensive and diversified group, it provides its retail and corporate customers (the latter of which mainly consists of SMEs and middle market companies) a universal offer of complementary products and services through its domestic distribution network.

The Issuer has also been offering international transactions to its Portuguese customers, particularly by way of the provision of foreign currency, documentary credits and payment orders, focusing mainly on attracting deposits from non-resident Portuguese nationals. To this end, Banco Montepio Group currently has five representative offices in Paris, Toronto, Geneva, Frankfurt and Newark.

Analysis of the Issuer's financial performance

2023 consolidated activity and results (*audited*)

Banco Montepio has been carrying out several initiatives aimed at the development and implementation of an economically sustainable business model, in order to provide stable profitability, reduce NPEs and enable the organic growth of capital levels and liquidity buffers. Accordingly, the Issuer continues to deleverage its balance sheet, which resulted in reductions in its non-performing loan portfolio and real estate exposures. In addition, the Issuer's liquidity position was strengthened by attracting and retaining customer deposits and actively managing its securities portfolio to meet regulatory capital and liquidity requirements.

The table below sets out the Issuer's consolidated balance sheet as at 31 December 2022 and 31 December 2023.

CONSOLIDATED BALANCE SHEET

	31 December 2022	**31 December 2023**	**Change 31 December 2023/ 31 December 2022**	
			Amount (€ million)	*%*
Cash and deposits at central banks, Loans and deposits to credit institutions payable on demand and Other loans and advances to credit institutions	1,542	1,411	(131)	(8.5%)
Loans and advances to customers	11,713	11,453	(260)	(2.2%)
Securities portfolio and other financial assets*	4,387	4,074	(313)	(7.1%)
Non current assets held for sale and Investment Properties	73	58	(15)	(20.6%)
Non current assets held for sale - Discontinued operations	200	0	(200)	(100.0%)
Current tax assets and Deferred tax assets	420	383	(37)	(8.8%)
Other	771	610	(161)	(20.9%)
Total assets	**19,106**	**17,989**	**(1,117)**	**(5.8%)**
Deposits from central banks and Deposits from other credit institutions	3,232	1,783	(1,448)	(44.8%)
Deposits from customers	13,115	13,366	251	1.9%
Debt securities issued and Other subordinated debt	824	947	123	15.0%
Non current liabilities held for sale - Discontinued operations	102	0	(102)	(100.0%)
Other	314	326	12	3.7%
Total liabilities	**17,587**	**16,423**	**(1,164)**	**(6.6%)**
Share capital	2,420	1,210	(1,210)	(50.0%)

	31 December 2022	31 December 2023	Change 31 December 2023/ 31 December 2022	
			Amount (€ million)	*%*
Legal reserve, Fair value reserves, Other reserves and Retained earnings and Non-controlling Interests	(934)	328	1,262	(135.1%)
Consolidated net income for the year attributable to the Shareholders	34	28	(5)	(16.1%)
Total Shareholders' Equity	**1,519**	**1,566**	**47**	**3.1%**
Total liabilities and Shareholders' Equity	**19,106**	**17,989**	**(1,117)**	**(5.8%)**

* Includes instruments at fair value through profit or loss, namely credits that do not meet the SPPI tests (Solely Payments of Principal and Interest).

Capital

In 2023, Banco Montepio implemented a set of measures aimed at improving capital ratios, namely through the reduction of RWA, focusing on the deleveraging of the balance sheet through divestment in non-performing or non-strategic assets, focusing on the growth of the core business of lending in segments with lower risk, and with the objective of maximising the return on equity.

RWA maintained its downward trajectory, recording a decrease of €635 million as at 31 December 2023 compared to the end of 2022, mainly due to the reduction of non-core assets as well as the completion of a new securitisation transaction in a synthetic format, which focused on a mortgage loan portfolio, completed in 2023. The reduction of the stock of Non-Performing Loans, of real estate and of investment units, contributed notably to the reduction of RWA, together with a rebalancing of the balance sheet, which benefited from an efficient management of risk allocation in the credit portfolios, with a different credit risk profile and lower consumption of underlying capital.

Total own funds increased to €1,436 million on 31 December 2023, compared to €1,343 million on 31 December 2022 (an increase of €93 million). The increase in total own funds was impacted by the sharp devaluation of the Angolan Kwanza in the period, which led to a significant worsening of negative foreign exchange reserves, the effects which were offset by the favourable performance of the activity in Portugal. It should be noted that the initial unfavourable impact resulting from the adjustment of the value of the stake in Finibanco Angola was already incorporated in the 2022 accounts, so that in 2023, in addition to the exchange rate evolution, there was a marginal positive impact on the reduction of RWA related to the deconsolidation of this subsidiary. As at 31 December 2023, the CET1 and Total Capital ratios of Banco Montepio, pursuant to the phasing-in rules, amounted to 16.1 per cent. and 18.8 per cent., respectively, compared to 13.7 per cent. and 16.2 per cent., respectively, as at 31 December 2022.

On a fully implemented basis, as at 31 December 2023, the CET1 ratio was 16.0 per cent. and the Total Capital ratio was 18.6 per cent. The difference between the fully implemented capital ratios and the phasing-in capital ratios was mainly due to IFRS 9 phasing-in. As at 31 December 2019, the Issuer had completed the implementation of the deferred tax regime, and is only subject to completing the transition to IFRS 9. Furthermore, Banco Montepio has endorsed the prudential filter relating to the fair-value reserves of public debt, the impact of which is negligible.

The leverage ratio, pursuant to the phasing-in rules, amounted to 6.7 per cent. as at 31 December 2023, compared to 5.9 per cent. as at 31 December 2022, which is above the minimum benchmark defined by the Basel Committee on Banking Supervision (3 per cent.).

In accordance with the provisions in force on 31 December 2023, the OCR, which include the combined buffer requirements, were 9.09 per cent, 11.20 per cent. and 14.02 per cent. for Common Equity tier 1, Tier 1 and Total Capital, respectively. As of 31 December 2023, the capital ratios reported by Banco Montepio were above the required prudential levels, with significant buffers in relation to the OCR, including the combined buffer requirements, not only under the phasing in criteria, but also on a fully implemented basis. Notwithstanding, the Board of Directors remains committed to the reinforcement of capital ratios and will maintain a set of initiatives to this end (such as the continuous reduction of the NPE and real estate assets exposure).

The table below sets out the Issuer's own funds and capital ratios as at 31 December 2022 and 31 December 2023.

OWN FUNDS AND CAPITAL RATIOS

	31 December 2022	31 December 2023	Change 31 December 2023/ 31 December 2022	
			Amount (€ million)	*%*
Total own funds (€ millions)				
Common Equity Tier 1	1,135	1,229	94	8.3%
Tier 1	1,136	1,229	93	8.2%
Total Capital	1,343	1,436	93	6.9%
Risk-weighted assets	8,276	7,641	(635)	(7.7%)
Phasing-in ratios				
Common Equity Tier 1	13.7%	16.1%		2.4 p.p.
Tier 1	13.7%	16.1%		2.4 p.p.
Total Capital	16.2%	18.8%		2.6 p.p.
Fully implemented ratios				
Common Equity Tier 1	13.2%	16.0%		2.8 p.p.
Tier 1	13.2%	16.0%		2.8 p.p.
Total Capital	15.7%	18.6%		2.9 p.p.
Leverage ratios				
Phasing-In	5.9%	6.7%		0.9 p.p.
Fully implemented	5.6%	6.7%		1.0 p.p.

The table below sets out a summary of the Issuer's capital requirements as at 31 December 2022 and 31 December 2023 under phasing-in:

	31 December 2022 (unaudited)	31 December 2023 (unaudited)
		(€ thousand)
Common Equity Tier 1 Capital		
Share capital	2,420,000	1,210,000
Consolidated net income for the year attributable to the Shareholders, legal reserve, fair value reserves and other reserves and retained earnings[(a)]	(911,956)	350,471
Non-controlling interests eligible for CET1	3,496	-
Other regulatory adjustments	(376,156)	(331,061)
	1,135,384	**1,229,410**
Tier 1 Capital		
Non-controlling interests eligible for Tier 1	763	-
	1,136,147	**1,229,410**
Tier 2 Capital		
Subordinated debt	206,323	206,323
Non-controlling interests eligible for Tier 2	420	-
Regulatory adjustments	-	(89)
	206,743	206,234
Total own funds	**1,342,890**	**1,435,644**
Own funds' requirements		
Credit risk	563,133	528,826
Market risk	14,375	4,108
Operational risk	49,752	54,308
Other requirements	34,851	24,060
	662,111	**611,302**
Prudential ratios		
Common Equity Tier 1 ratio	13.7%	16.1%
Tier 1 ratio	13.7%	16.1%
Total Capital ratio	16.2%	18.8%

[(a)] Includes a forecast of dividend distributions to be made in the future.

A General Meeting was held on 10 February 2023 and a unanimous decision was taken on the reformulation of the equity items with the specific purpose of reinforcing funds which meet the regulatory criteria to qualify as distributable funds, with a view to covering negative retained earnings, by reducing share capital

by €1,210,000,000, without changing the number of existing shares and without altering the total equity value.

This change did not have any impact on the amount of own funds of the Issuer since it did not imply any changes in the total equity, as demonstrated in the below calculations of capital requirements as of 31 December 2022 considering this change:

	31 December 2022
	(€ thousand)
Common Equity Tier 1 Capital	
Share capital	1,210,000
Consolidated net income for the year attributable to the Shareholders, legal reserve, fair value reserves and other reserves and retained earnings	298,044
Non-controlling interests eligible for CET1	4,007
Other regulatory adjustments	(376,156)
	1,135, 895
Tier 1 Capital	
Non-controlling interests eligible for Tier 1	763
	1,136, 658
Tier 2 Capital	
Subordinated debt	206,323
Non-controlling interests eligible for Tier 2	420
	206,743
Total own funds	**1, 343,401**
Own funds' requirements	
Credit risk	563,133
Market risk	14,375
Operational risk	49,752
Other requirements	34,851
	662,111
Prudential ratios	
Common Equity Tier 1 ratio	13.7%
Tier 1 ratio	13.7%
Total Capital ratio	16.2%

Customers' resources

Since 2019, Banco Montepio has developed a series of initiatives aimed at targeting new and retaining current, customer resources, under its liquidity risk management strategy.

Total customers' resources amounted to €14,737 million as at 31 December 2023, of which €13,367 million correspond to total on-balance customers' resources, with 90.7 per cent. referring to deposits from customers.

As at 31 December 2023, deposits from customers amounted to €13,366 million, predominantly made up of individual customers deposits, representing 72.0 per cent. of total deposits.

In 2023, deposits from customers increased by €251 million in comparison with 2022, with term deposits increasing by €1,297 million and sight deposits decreasing by €1,045 million. The deposits from customers changed the trend in sight deposits/term deposits mix towards term deposits, which was 42 per cent./58 per cent. as at 31 December 2023 (compared to 51 per cent./49 per cent. as at 31 December 2022).

Off-balance sheet resources reached €1,370 million as at 31 December 2023, compared to €1,158 million recorded as at 31 December 2022 (an increase of 18.4 per cent.), supported by the increase in securities investment funds (an increase of €120 million), in real estate investment funds (an increase of €82 million) and in pension funds (and increase of €17 million).

The table below sets out the Issuer's customers' resources as at 31 December 2022 and 31 December 2023.

CUSTOMERS' RESOURCES

	31 December 2022	31 December 2023	Change 31 December 2023/ 31 December 2022	
			Amount (€ million)	*%*
Deposits from customers	**13,115**	**13,366**	**251**	**1.9**
Sight Deposits[(1)]	6,637	5,591	(1,045)	(15.8)
Term Deposits[(2)]	6,478	7,775	1,297	20.0
Off-Balance sheet resources	1,158	1,370	213	18.4
Total Customers' resources	**14,273**	**14,737**	**464**	**3.2**

(1) corresponds to Deposits repayable on demand, Other deposits and Adjustments from operations at fair value option
(2) corresponds to corresponds to Term deposits and Saving accounts

Issued Debt

As at 31 December 2023, the value of Debt securities issued and Other subordinated debt increased by €123 million (an increase of 15.0 per cent.) to stand at €947 million, compared to €824 million recorded as at 31 December 2022, as a result of the issuance of €200 million MREL eligible debt in October 2023 pursuant to the Programme and the amortisation of notes under certain securitisations (-€83 million).

Liquidity

In 2023, Banco Montepio continued to promote management measures aimed at upholding a robust liquidity position, with levels substantially above the regulatory limits in force.

The management of Banco Montepio's balance sheet led to the Liquidity Coverage Ratio ("**LCR**") reaching 233.1 per cent. as at 31 December 2023, compared to a ratio of 249.6 per cent. recorded as at 31 December 2022, thus standing 133.1 p.p. above the minimum regulatory requirement of 100 per cent.

Additionally, the Issuer maintained a comfortable stable funding base, determined by the outlined funding structure, namely through recourse to medium and long-term instruments, which enabled the Net Stable Funding Ratio ("**NSFR**") to stand at 130.4 per cent., above the 125.0 per cent. recorded on 31 December 2022.

The performance of Deposits from customers and the growth of Loans and advances to customers led to a loan-to-deposit ratio (Loans and advances to customers / Deposits from customers), calculated in accordance with the Bank of Portugal Instruction no. 16/2004, of 85.7 per cent. as at 31 December 2023, compared to 89.3 per cent. as at 31 December 2022.

The table below sets out the Issuer's loan to deposit ratios as at 31 December 2022 and 31 December 2023.

LOAN TO DEPOSITS RATIOS

	31 December 2022	31 December 2023	Change 31 December 2023/ 31 December 2022
Loans and advances to customers / Deposits from customers (a)	89.3	85.7	(3.6) p.p.
Loans and advances to customers / Total on-balance sheet customers' resources (b)	85.4	81.2	(4.1) p.p.

(a) In compliance with Instruction of the Banco de Portugal No. 16/2004, as amended.
(b) Total on-balance sheet customers' resources = Deposits from customers and Debt securities issued, as published in the Financial Statements.

The total value of the pool of eligible assets as at 31 December 2023 decreased by €865 million as compared to 31 December 2022. As at 31 December 2023, the value of the pool of collateral for Eurosystem operations amounted to €4,690 million, compared to €5,555 million as at 31 December 2022. At the end of

2023, this pool included marketable assets, namely eligible debt instruments, amounting to €4,427 million, and non-marketable assets, such as eligible credit rights granted to Non-Financial Corporations and Public Sector Entities, namely bank loans and drawn credit lines, amounting to €264 million. As at 31 December 2023, the liquidity deposited with central banks and other credit institutions amounted to €1,411 million, compared with €1,542 million at the end of 2022, a decrease of €131 million (-8.5 per cent.), notwithstanding the liquidation of the TLTRO and the consequent reduction of more than €2 billion in the ECB's refinancing operations.

The use of ECB resources as at 31 December 2023 decreased by €2,085 million to €899 million compared to the amount as at 31 December 2022. The Issuer substantially reduced the funding obtained by it from the ECB, maintaining very comfortable levels in its LCR and NSFR ratios, by issuing standard market instruments for this purpose, such as the senior preferential debt issue mentioned above and funding via repo operations, as well as increasing customer resources. In terms of available collateral for obtaining liquidity, the value of the eligible assets increased by €1,220 million to an amount of €3,791 million as at 31 December 2023. The liquidity buffer, derived from the sum of the Cash and deposits in central banks and the available liquidity resulting from the pool of ECB eligible assets, exceeded the €4.8 billion threshold at the end of 2023, therefore, contributing to the strengthening of the liquidity ratios and to the liquidity of the Issuer.

The table below sets out the Issuer's pool of eligible assets for refinancing operations with the ECB as at 31 December 2022 and 31 December 2023.

POOL OF ELIGIBLE ASSETS FOR REFINANCING OPERATIONS WITH THE ECB

	31 December 2022	**31 December 2023**	**Change 2023/2022**	
			Amount (€ million)	*%*
Pool of eligible assets [(a)]	5,555	4,690	(865)	(15.6)
Use of the pool [(b)]	2,984	899	(2,085)	(69.9)
Pool of available assets	**2,571**	**3,791**	**1,220**	**47.5**

(a) Includes eligible assets, free of onus, for operations in the Collateralised Interbank Market.
(b) Includes monetary policy operations and SICOI. These figures include also off-balance sheet items.

Asset Quality

As at 31 December 2023, Gross loans and advances to customers amounted to €11,734 million, representing a decrease of 2.8 per cent. compared to €12,068 million as at 31 December 2022. The decrease in Gross loans and advances compared to 31 December 2022 was primarily due to a reduction of €251 million in non-performing loans (-39.8 per cent.) in accordance with Banco Montepio's deleverage strategy, notwithstanding Banco Montepio's commitment to supporting families, companies and social economy entities. Excluding the NPL component, gross performing loans decreased only by €82 million compared to the end of 2022 (-0.7 per cent.), reflecting the market trend as a result of the macroeconomic context of high interest rates, with lower demand for credit from both companies and individuals, particularly in mortgage loans, which were also negatively impacted by an increase in early repayments (partial and total). The increase in the level of mortgage repayments was encouraged by a rising interest rate environment, as well as regulatory changes including the exemption from the early repayment commission or the possibility of mobilising Retirement Savings Plan (PPR) products in the case of own permanent housing.

Banco Montepio's credit quality indicators have benefited from a policy of strict risk-taking discipline, as well as from the measures that Banco Montepio has adopted in the areas of credit monitoring and recovery. As a result of the actions that have been implemented, at the end of 2023 there was a reduction in both the number of new contracts that went into default (-12 per cent.) and the amount in default (-13 per cent.), compared to 2022. Despite the challenging context of recent interest rate rises, these figures remained lower than those recorded in the pre-moratorium period (-16 per cent. and -55 per cent., respectively, compared to the end of 2019).

The decrease in Gross loans and advances to customers was driven by a decrease in loans to individuals of €58 million (-0.9 per cent.), constituted by a reduction of €40 million in mortgage loans (-0.7 per cent.) and

a reduction of €18 million in other loans (-2.5 per cent.), and by a decrease of loans to corporates of €275 million (-4.8 per cent.).

Excluding the effect of the reduction in non-performing loans, whilst the level of performing loans decreased as at 31 December 2023 by €82 million compared to 2022, the trend in the corporate loan segment stabilised compared to 2022 whilst performing loans to individuals decreased by €58 million compared to 2022, primarily as a result of the mortgage loan portfolio.

Within the scope of Banco Montepio's adjustment programme, the improvement of credit quality is also based on a more effective and integrated management of non-performing exposures, by maximising recoveries and by corporate finance solutions, benefiting from the strategic focus on the segments of individuals, companies (especially small and medium-sized enterprises) and social economy entities.

The table below sets out the Issuer's loans and advances to customers as at 31 December 2022 and 31 December 2023.

LOANS AND ADVANCES TO CUSTOMERS

(By sector of activity)

	31 December 2022	**31 December 2023**	**Change 31 December 2023/31 December 2022**	
			Amount (€ million)	*%*
Individuals	**6,327**	**6,268**	**(58)**	**(0.9)**
Housing loans	5,581	5,541	(40)	(0.7)
Others	746	727	(18)	(2.5)
Corporate	**5,741**	**5,466**	**(275)**	**(4.8)**
Manufacturing industries	1,185	1,089	(96)	(8.1)
Wholesale and retail trade	886	823	(62)	(7.1)
Construction and Real estate activities	990	921	(69)	(6.9)
Accommodation and catering activities	569	518	(51)	(9.0)
Financial and insurance activities	372	387	16	4.2
Transportation and storage	385	350	(35)	(9.1)
Business Services	406	439	34	8.3
Other collective service activities	379	375	(4)	(1.2)
Others	569	563	(6)	(1.1)
Gross loans and advances to customers	**12,068**	**11,734**	**(333)**	**(2.8)**
Impairment for credit risks	**355**	**281**	**(74)**	**(20.7)**
Loans and advances to customers	**11,713**	**11,453**	**(260)**	**(2.2)**

As at 31 December 2023, the Loans and advances to customers included receivables assigned to the cover pool relating to Banco Montepio's covered bond programme, which totalled €3,047 million. This represented an increase from €2,753 million as at 31 December 2022. Loans that were subject to securitisation and not derecognised on the balance sheet totalled €632 million, compared to €776 million as at 31 December 2022.

As at 31 December 2023, the credit that the Banco Montepio Group granted to its shareholders and related parties amounted to €46,959 thousand (€25,375 thousand as at 31 December 2022). The execution of transactions between the Banco Montepio Group and its shareholders or related natural or legal persons is always subject to review by the Board of Directors and the Audit Committee, under the terms of article 20 of the Portuguese Securities Code (*Código dos Valores Mobiliários*), at the proposal of the commercial network and supported by an analysis and opinion, issued by the Risk Division, on compliance with the limit established in article 109 of the General Regime of Credit Institutions and Financial Companies. The impairment for credit risk for these contracts amounts to €97 thousand as at 31 December 2023 (€62 thousand as at 31 December 2022).

Banco Montepio reduced non-performing exposures ("**NPEs**") within total gross loans and advances to customers to 3.2 per cent. as at 31 December 2023 (compared to 5.2 per cent. as at 31 December 2022). This was due to the decrease in NPEs to €380 million as at 31 December 2023 compared to 31 December 2022. The NPE ratio net of loan impairment stood at 0.8 per cent. at 31 December 2023, evolving favourably compared to the 2.3 per cent. recorded at the end of 2022.

In 2023, Banco Montepio reinforced the coverage of NPEs by impairment for credit risk and associated collateral and financial guarantees to 115.1 per cent. as at 31 December 2023, compared to 100.8 per cent. as at 31 December 2022, while the coverage by impairments for credit risks amounted to 73.9 per cent., compared to 56.1 per cent. as at 31 December 2022.

The table below sets out the Issuer's loan quality indicators as at 31 December 2022 and 31 December 2023.

LOAN QUALITY INDICATORS

	31 December 2022	31 December 2023	Change 31 December 2023/ 31 December 2022	
			Amount (€ million)	*%*
Gross loans and advances to customers	12,068	11,734	(333)	(2.8)
Past due loans and advances and interest - more than 90 days	270	173	(97)	(36.1)
Impairment for credit risks	355	281	(74)	(20.7)
Ratios (%)				
Cost of credit risk	0.1	0.4	0.3	p.p.
Loans and interest overdue by more than 90 days	2.2	1.5	(0.8)	p.p.
Non-performing exposures (NPE) [(a)] / Gross loans and advances to customers	5.2	3.2	(2.0)	p.p.
Forborne exposures [(a)] / Gross loans and advances to customers	4.3	2.8	(1.5)	p.p.
Coverage by Impairments for credit risks (%)				
Loans and interest overdue by more than 90 days	131.2	162.7	31.5	p.p.
Non-performing exposures (NPE) [(a)]	56.1	73.9	17.8	p.p.
Non-performing exposures (NPE), also including associated collaterals and financial guarantees [(a)]	100.8	115.1	14.3	p.p.

[(a)] EBA definition

As at 31 December 2023, the Issuer's past due loans and advances and interest amount stood at €183 million or 1.6 per cent. of the Issuer's gross loans and advances to customers, compared with €279 million or 2.3 per cent. as at 31 December 2022.

The analysis of past due loans and advances and interest as at 31 December 2022 and 31 December 2023, by type of customer and purpose, is as follows:

	31 December 2022	31 December 2023
		(€ thousand)
Corporate		
Construction/Production	33,270	16,900
Investment	141,395	99,409
Working capital[(1)]	56,017	30,736
Others	11,009	7,557
Retail		
Mortgage loans	15,809	10,558
Consumer credit	17,767	15,183
Others	3,358	2,708
	278,625	**183,051**

[(1)] corresponds to "Treasury"

The following table sets forth the default period of time for past due loans and advances and interest as at 31 December 2022 and 31 December 2023:

	31 December 2022	31 December 2023
		(€ thousand)
Past due loans and advances and interest		
Less than 90 days	8,415	10,319
More than 90 days	270,210	172,732
	278,625	**183,051**

As part of its strategy to rebalance its asset structure, Banco Montepio has continued to identify and implement measures to improve liquidity levels and actively manage its portfolio of securities and other instruments.

As at 31 December 2023, Banco Montepio's securities portfolio and other financial assets amounted to €4,074 million, compared to €4,387 million as at 31 December 2022.

In analysing the securities portfolio by type of instrument, there was a year-on-year decrease of €290 million in bonds and other debt instruments, which includes public debt, that led to a decrease of 7.1 per cent. in the securities portfolio and other financial assets as compared to 31 December 2022.

As was the case at year-end 2022, the securities portfolio and other financial assets as at 31 December 2023 was mostly comprised of bonds and other debt instruments, whose weight in the total portfolio increased to 96 per cent. In turn, the proportion of participation units decreased to 3.4 per cent. and equities decreased to a residual level of 1.3 per cent. of the portfolio.

The following table sets out the Banco Montepio Group's credit risk exposure as at 31 December 2022 and 31 December 2023:

	31 December 2022	***31 December 2023***
	(€ thousand)	
Loans and deposits at credit institutions payable on demand	52,287	61,041
Other loans and advances to credit institutions	106,376	178,902
Loans and advances to customers	11,713,097	11,453,259
Financial assets held for trading	21,697	16,320
Financial assets at fair value through profit or loss	8,970	8,653
Financial assets at fair value through other comprehensive income	76,252	24,785
Hedging derivatives	-	6,174
Other financial assets at amortised cost	4,119,387	3,878,848
Other assets	81,939	63,752
Guarantees granted	462,194	519,196
Irrevocable credit lines	720,589	638,083
Revocable credit lines	908,210	904,721
	18,270,998	**17,753,734**

Earnings

In the year ended 31 December 2023, Banco Montepio recorded a positive consolidated net income for the period attributable to the shareholders of €28.4 million compared to €33.8 million in the year ended 31 December 2022.

In 2023, net income benefited from the positive contribution of operating income, particularly net interest income and net commissions.

Regulatory contributions, namely contributions on the banking sector, ex-ante to the single resolution fund, national resolution fund and deposits guarantee fund, decreased to €19.3 million in 2023 (compared to €25.9 million in 2022), but still represented 68 per cent. of consolidated net income in 2023.

The table below sets out the Issuer's income statement for the year ended 31 December 2022 and 31 December 2023.

	31 December 2022	31 December 2023	Change 31 December 2023 / 31 December 2022	
			Amount (€ million)	%
Net interest income (1)	**251.5**	**408.1**	**156.6**	**62.3**
Net fee and commission income (2)	120.5	127.0	6.5	5.4
Core total operating income ((1)+(2))	**372.0**	**535.1**	**163.1**	**43.8**
Dividends from equity instruments	1.0	0.9	(0.1)	(10.6)
Results from financial operations	12.0	(26.5)	(38.5)	(319.7)
Other results[(a)]	(14.9)	(5.6)	9.3	(62.5)
Total operating income (3)	**370.1**	**503.9**	**133.8**	**36.2**
Staff Costs	152.6	153.7	1.1	0.7
General and administrative expenses	59.7	64.2	4.4	7.4
Depreciation and amortization	34.0	37.9	3.9	11.5
Operating costs (4)	**246.4**	**255.8**	**9.4**	**3.8**
Operating costs, excluding specific impacts[(b)]	**235.8**	**247.5**	**11.7**	**5.0**
Net operating income before provisions and impairments ((3)-(4))	**123.7**	**248.1**	**124.4**	**100.6**
Net provisions and impairments[(c)]	44.5	65.7	21.3	47.8
Share of profits/(losses) booked under the equity method	0.5	0.6	0.1	11.2
Profit/(loss) before income tax	**79.7**	**182.9**	**103.2**	**129.5**
Income tax[(d)]	35.6	50.3	14.7	41.4
Profit / (loss) after income tax from continuing operations	**44.1**	**132.6**	**88.5**	**200.6**
Profit/(loss) from discontinued operations	**(13.0)**	**(102.5)**	(89.5)	689.8
Non-controlling interests	(2.7)	1.7	4.4	(165.3)
Consolidated net income for the year attributable to the shareholders	**33.8**	**28.4**	**(5.4)**	**(16.1)**

(a) Other results is comprised by "Net gains/ (losses) arising from sale of other financial assets" and "Other operating income / (expense)", as disclosed in the Consolidated Income Statement.

(b) Excluding the amount related to the increase in staff costs and general administrative expenses arising from the operational adjustment measures (€10.5 million in 2022 and €6.9 million in 2023).

(c) Net provisions and impairments is comprised by "Impairment of loans and advances to customers and to credit institutions", "Impairment of other financial assets", "Impairment of other assets" and "Other provisions", as disclosed in the Consolidated Income Statement.

(d) Income tax is comprised by "Income Tax - Current" and "Income Tax - Deferred", as disclosed in the Consolidated Income Statement.

Total operating income increased to €503.9 million in 2023, compared to €370.1 million recorded in 2022. This represented an increase of 36.2 per cent. benefiting from increases in net interest income (+€156.6 million), net fee and commission income (+€6.5 million) and other results (+€9.3 million), despite the negative impact of the decrease in financial operations (-€38.5 million), which was primarily attributable to the devaluation of the Angolan Kwanza in 2023.

Net interest income reached €408.1 million, compared to €251.5 million in 2022, essentially reflecting the increases in commercial net interest income by €210.6 million, which reflects the repricing of the loan portfolio in the context of market interest rates, despite the increase in the cost of funding of the deposit portfolio, which in turn reflects the pricing of new term deposits at higher levels than in the previous year.

Net interest income from the securities portfolio also had a positive contribution, increasing by €9.4 million, due to the higher contribution from the securities portfolio (+€7.6 million), reflecting Banco Montepio's active investment strategy, and the lower cost of senior debt (-€2.1 million), due to the combined effect of the repayment at maturity of the €750 million of mortgage covered bonds (in November 2022) and the €200 million MREL-eligible debt issuance (in October 2023).

In 2023, there was an increase in the amount of interest received on Banco Montepio's loans and advances to customers portfolio by €287.2 million in comparison with 2022, due to the price effect of higher market interest rates, and there was an increase of the interest related to deposits from customers portfolio by €76.6 million, as a result of the price management of new deposits and of the renewal of existing deposits, with

the average interest rates on Loans and advances to customers and Customer deposits standing at 4.5 per cent. and 0.6 per cent., respectively.

Net interest income related to commercial activity and the securities portfolio more than offset the effect of the €63.6 million increase in the cost of funding and other costs, mainly resulting from the impact of the funding strategy related to TLTRO-III and the excess liquidity associated with the rise in market interest rates.

The table below sets out the Issuer's net interest income for the year ended 31 December 2022 and 31 December 2023.

	31 December 2022	31 December 2023
		(€ thousand)
Interest and similar income		
Loans and advances to customers	258,588	545,820
Deposits from central banks and other loans and advances to credit institutions	22,572	26,930
Other financial assets at amortised cost	13,161	20,148
Financial assets held for trading	127	1,061
Hedging derivatives	5,210	3,388
Financial assets at fair value through other comprehensive income	1,057	696
Financial assets at fair value through profit or loss	135	402
Other interest and similar income	2	17
	300,852	598,462
Interest and similar expense		
Other subordinated debt	19,334	19,584
Deposits from customers	7,045	83,677
Debt securities issued	6,841	4,790
Deposits from central banks and other credit institutions	8,579	71,152
Hedging derivatives	2,781	3,525
Lease liabilities	592	750
Other interest and similar expense	4,190	6,878
	49,362	190,356
Net interest income	**251,490**	**408,106**

In the year ended 31 December 2023, Banco Montepio's net interest margin rose to 2.36 per cent., compared to 1.37 per cent. in 2022, benefiting from the context of rising market interest rates.

The table below sets out a breakdown of the Issuer's net interest margin as at 31 December 2022 and 31 December 2023.

BREAKDOWN OF NET INTEREST MARGIN

	31 December 2022			31 December 2023		
	Avg. amount	Avg. rate (%)	Interest	Avg. amount	Avg. rate (%)	Interest
	(€ million)		*(€ million)*	*(€ million)*		*(€ million)*
Interest – generating assets						
Deposits at central banks and other credit institutions	1,631	1.1	18.5	826	2.9	24.3
Other loans and advances to other credit institutions	387	1.0	4.1	158	1.7	2.7
Loans and advances to customers	12,215	2.1	258.6	11,891	4.5	545.8
Securities portfolio	3,877	0.4	14.3	4,144	0.5	21.9
Other assets at fair value[(1)]	9	1.4	0.1	9	4.5	0.4
Other (includes derivatives)	0	0.0	5.2	0	0.0	3.4
Interest and similar income	18,120	1.6	300.9	17,027	3.5	598.5
Interest – generating liabilities						
Deposits from ECB	2,899	0.3	8.0	1,952	2.9	58.2
Deposits from other credit institutions	373	0.1	0.6	671	1.9	13.0
Deposits from customers	12,879	0.1	7.0	12,898	0.6	83.7
Senior debt	1,305	0.5	6.8	612	0.8	4.8
Subordinated debt	216	8.8	19.3	216	8.9	19.6

	31 December 2022			31 December 2023		
	Avg. amount	Avg. rate (%)	Interest	Avg. amount	Avg. rate (%)	Interest
	(€ million)		*(€ million)*	*(€ million)*		*(€ million)*
Other (includes derivatives)[2]	0	0.0	7.6	0	0.0	11.2
Interest and similar expense	17,673	0.3	49.4	16,350	1.1	190.4
Net interest income		**1.37**	**251.5**		**2.36**	**408.1**

(1) Other assets at fair value corresponds to the sum of Financial assets at fair value through profit or loss and Other interest and similar income.

(2) Other (includes derivatives) corresponds to the sum of Financial liabilities held for trading, Hedging derivatives, Lease liabilities and other interest and similar expense.

Net fee and commission income increased from €120.5 million in 2022 to €127.0 million in 2023, representing an increase of 5.4 per cent., with higher income from account maintenance and management (+€10.6 million) and market commissions (+€0.7 million), which benefited from the implementation of a set of initiatives aimed at adapting Banco Montepio's value proposition to the service provided to customers, and which, in aggregate, made it possible to offset the unfavourable performances of commissions related to payment services (-€1.6 million) and credit operations (-€2.8 million), which were negatively impacted by price changes introduced in July 2023 following the entry into force of Law 24/2023, of May 29, which exempts individual customers from paying credit processing commissions.

Results from financial operations

The results from financial operations recorded an amount of -€26.5 million in 2023, reflecting a decrease of €38.5 million compared to the €12.0 million accounted in 2022, due to a reduction of the results from foreign exchange revaluation of -€31.1 million, driven by the Angolan Kwanza devaluation, and to the fair value of financial assets and liabilities of -€6.1 million, influenced by the unfavorable impact of derivatives associated with securitization transactions.

RESULTS FROM FINANCIAL OPERATIONS

	31 December 2022	*31 December 2023*	*Change 31 December 2023/ 31 December 2022*	
			Amount (€ million)	*%*
Net gains / (losses) arising from financial assets and liabilities at fair value through profit or loss	(0.2)	(6.3)	(6.1)	2,811.8
Net gains / (losses) arising from financial assets at fair value through other comprehensive income	1.4	0.1	(1.3)	(90.6)
Net gains / (losses) arising from exchange differences	10.8	(20.3)	(31.1)	(287.5)
Results from financial operations	**12.0**	**(26.5)**	**(38.5)**	**(319.7)**

Operating costs

Operating costs for 2023 totalled €255.8 million, representing an increase of €9.4 million (+3.8 per cent.) compared to €246.4 million in 2022. Excluding the impact resulting from the implementation of operational adjustment measures to the workforce and non-recurring costs related to early retirements and mutual agreement terminations, operating costs increased by €11.7 million (+5.0 per cent.) when compared to 2022.

Staff costs in 2023 reached €153.7 million, reflecting an increase of €1.1 million (+0.7 per cent.) compared to the amount of €152.6 million accounted in 2022. Excluding the impact of accounting for non-recurring costs related to the adjustment program and early retirements and mutual agreement terminations, staff costs increased by €3.4 million (+2.4 per cent.), reflecting the effect of salary increases.

General and administrative expenses stood at €64.2 million in 2023, reflecting an increase of €4.4 million compared to the €59.7 million recorded in 2022 (7.4 per cent.), essentially reflecting the effect of the higher level of inflation on contracted services and the increase in costs incurred with specialised services – IT services (+€3.2 million), in the context of the Banco Montepio Group's digital transformation process,

mitigated by the reduction in costs with advertising, water, energy and fuel, and consumables, totalling €0.6 million.

Depreciation and amortisation totalled €37.9 million in 2023 (€34.0 million in 2022), reflecting the investments made under the global IT and digitalisation strategy.

Efficiency has improved significantly, with the cost-to-income ratio (excluding non-recurring costs related to the staff adjustment measures and to early retirements and mutual agreement terminations, as well as the more volatile components of results, such as results from financial operations and other results (results from the sale of other assets and other operating income)) falling to 46.2 per cent. (-17.0 p.p.), essentially supported by the increase in Operating Income, comparing to 63.2 per cent. at the end of 2022.

The table below sets out the Issuer's operating costs for the year ended 31 December 2022 and 31 December 2023.

OPERATING COSTS

	31 December 2022	31 December 2023	Change 31 December 2023 / 31 December 2022	
			Amount (€ million)	%
Staff Costs	152.6	153.7	1.1	0.7
General and administrative expenses	59.7	64.2	4.4	7.4
Depreciation and amortisation	34.0	37.9	3.9	11.5
Operating costs	**246.4**	**255.8**	**9.4**	**3.8**
Operating costs (comparable)[(a)]	**235.8**	**247.5**	**11.7**	**5.0**
Efficiency ratios				
Cost-to-income (Operating costs (comparable) / Total operating income) [(a)]	63.7%	49.1%	(14.6)	p.p.
Cost-to-income (Operating costs / Total operating income) [(b)]	66.6%	50.8%	(15.8)	p.p.
Cost-to-income, excluding Results from financial operations and Other income [(c)]	66.1%	47.7%	(18.3)	p.p.
Cost-to-income, excluding specific impacts [(d)]	63.2%	46.2%	(17.0)	p.p.

(a) Excludes the increase in staff costs of €10.5 million in 2022 and €6.9 million in 2023, driven by the adjustment programme. In 2023 there was an additional one-off cost of €1.3 million related to early retirements and voluntary redundancies.

(b) Pursuant to Banco de Portugal Instruction No. 16/2004, in its current version.

(c) Excludes Results from financial operations and Other income (proceeds from the sale of other assets and other operating income). In previous financial periods, this was also referred to as "Cost-to-income, excluding specific impacts".

(d) Excludes Results from financial operations and Other income (proceeds from the sale of other assets and other operating income) and the increase in staff costs of €10.5 million in 2022 and €8.2 million in 2023, driven by the adjustment programme. In previous financial periods, this was also referred to as "Cost-to-income, excluding specific impacts and adjustment costs".

Impairments and provisions

Net provisions and impairments totalled €65.7 million in 2023, representing an increase of €21.3 million (+47.8 per cent.) compared to 2022. The increase observed in 2023 reflects mainly the increase of impairment of loans and advances to customers and credit institutions by €36.3 million, and the decrease of other provisions by €13.0 million.

In 2023, impairment of loans and advances to customers and credit institutions (net of reversals) stood at €49.6 million, compared to €13.4 million in 2022 (+€36.3 million), and reflects the impact of both collective impairment charges and impairments on individual exposures. This evolution resulted in the cost of credit risk standing at 0.4 per cent. in 2023, compared to 0.1 per cent. in 2022. However, it should be noted that the cost of risk was favourably impacted by the reversal of impairment associated with the recovery of significant stage 3 impaired loans.

The aggregate of other impairments and provisions decreased to €16.1 million in 2023, a reduction of €15.0 million compared to the amount recorded in 2022 (€31.1 million), essentially as a result of the decrease in impairment of other financial assets (-€1.2 million), which benefited from the rating upgrade of the Portuguese Republic applicable to the portfolio of Portuguese public debt, the lower impairment on other assets (-€0.9 million), essentially due to the evolution of impairment on properties for trading, which

includes the impact of applying the new calculation criteria, and the lower allocation to other provisions (-€13.0 million) resulting from the reversal of guarantees and commitments.

IMPAIRMENT AND PROVISIONS

	31 December 2022	31 December 2023	Change 31 December 2023 / 31 December 2022	
			Amount (€ million)	%
Impairment of loans and advances to customers and to credit institutions	13.4	49.6	36.3	271.1
Impairment of other financial assets	2.3	1.2	(1.2)	(49.8)
Impairment of other assets	24.9	24.0	(0.9)	(3.5)
Other provisions	3.9	(9.1)	(13.0)	(331.2)
Net provisions and impairment	**44.5**	**65.7**	**21.3**	**47.8**

International activity

The international activity of the Banco Montepio Group was conducted by its subsidiaries Finibanco Angola (until 28 August 2023) and Banco Montepio Geral Cabo Verde, Sociedade Unipessoal, S.A. ("Banco MG Cabo Verde") (until 30 September 2022).

Following the introduction of a new legal framework in Cape Verde and having considered its strategic options, in 2021 Banco Montepio's Board of Directors approved a dissolution process for Banco MG Cabo Verde, its wholly owned subsidiary. The dissolution and voluntary liquidation of Banco MG Cabo Verde was completed on 30 September 2022.

In 2015, following a strategic review of its international business and its determination to increase its focus on domestic operations, Banco Montepio entered into an agreement to sell shares representing 30.6 per cent. of the share capital of Finibanco Angola. The agreement was executed and the respective payments were settled over the time. Under this agreement, Banco Montepio sold shareholdings of 0.20 per cent. and 1.15 per cent. in Finibanco Angola in 2017 and 2018 respectively and as at 31 December 2022, the Banco Montepio Group still had control of Finibanco Angola and an effective stake of 80.2 per cent. of voting rights.

On 5 July 2023 Banco Montepio Group completed the sale of a stake representing 51 per cent. of the share capital and voting rights in Finibanco Angola to Access Bank, a commercial bank based in Lagos, Nigeria. On 28 August 2023 Banco Montepio announced to the market the sale of its remaining 29.2 per cent. stake in Finibanco Angola to Access Bank. As a result, Banco Montepio has ceased to have any direct or indirect participation in Finibanco Angola, S.A. The sale of its shareholding in Finibanco was an important milestone in the Issuer's adjustment programme, allowing it to focus on its domestic market and to simplify its corporate structure.

As at 31 December 2023, Banco Montepio Group had no foreign operations (as at 31 December 2022 they represented 1.0 per cent. of total assets, 0.3 per cent. of total loans and advances to customers and 0.7 per cent. of total customer resources). Additionally, as at 31 December 2023 Banco Montepio maintained its five representative offices (Frankfurt, Geneva, Paris, Newark and Toronto) that seek to ensure the Issuer's presence with Portuguese communities living abroad.

Key indicators

The table below sets out the Issuer's key indicators as at 31 December 2022 and 31 December 2023.

	31 December 2022	31 December 2023	Change 31 December 2023/31 December 2022
ACTIVITY AND RESULTS (€ million)			

Total assets	19,106	17,989	(5.8%)
Gross loans and advances to customers	12,068	11,734	(2.8%)
Deposits from customers	13,115	13,366	1.9%
Total shareholders' equity	1,519	1,566	3.1%
Recurring net income (Consolidated net income for the year attributable to the Shareholders, excluding the reclassification of foreign exchange reserve)	33.8	144.5	327.5%
Reclassification of foreign exchange reserve		(116.1)	-
Consolidated net income for the year attributable to the Shareholders	33.8	28.4	(16.1%)
SOLVENCY (a)			
Common Equity Tier 1 ratio	13.7%	16.1%	2.4 p.p.
Tier 1 ratio	13.7%	16.1%	2.4 p.p.
Total Capital ratio	16.2%	18.8%	2.6 p.p.
Leverage ratio	5.9%	6.7%	0.8 p.p.
Risk weighted assets (€ million)	8,276	7,641	(7.7%)
LIQUIDITY RATIOS			
Loans and advances to customers / Deposits from customers (b)	89.3%	85.7%	(3.6 p.p.)
LCR	249.6%	233.1%	(16.5 p.p.)
NSFR	125.0%	130.4%	5.4 p.p.
ASSET QUALITY			
Cost of credit risk	0.1%	0.4%	0.3 p.p.
Non-performing exposures (NPE) (c) / Gross Loans to customers	5.2%	3.2%	(2.0 p.p.)
NPE (c) coverage by credit risk impairments	56.1%	73.9%	17.8 p.p.
NPE (c) coverage by credit risk impairments and associated collaterals and financial guarantees	100.8%	115.1%	14.3 p.p.
PROFITABILITY AND EFFICIENCY			
Total operating income / Average total assets (b)	1.9%	2.8%	0.9 p.p.
Net income before income tax / Average total assets (b)	0.4%	1.0%	0.6 p.p.
Net income before income tax / Average total equity (b)	5.4%	11.8%	6.4 p.p.
Recurrent net income / Average equity	2.3%	9.3%	7.0 p.p.
Cost-to-income (Operating costs / Total operating income) (b)	66.6%	50.8%	(15.8 p.p.)
Cost-to-Income, excluding specific impacts (d)	63.2%	46.2%	(17.0 p.p.)
Staff costs / Total operating income (b)	41.2%	30.5%	(10.7 p.p.)
EMPLOYEES AND DISTRIBUTION NETWORK (Number)			
Employees			
Banco Montepio Group	3,406	2,983	(12.4%)
Banco Montepio	3,043	2,860	(6.0%)
Branches			
Domestic network - Banco Montepio	239	232	(2.9%)
International Network (e)	20	0	(100.0%)
Representation Offices - Banco Montepio	5	5	0.0%

(a) Pursuant to CRD IV / CRR (phasing-in). The ratios include the net income of the period.

(b) Pursuant to Banco de Portugal Instruction No. 16/2004, as amended.

(c) EBA definition.
(d) Excludes results from financial operations and other operating results (net gains arising from the sale of other financial assets and other operating income) and non recurring operating costs driven by the operational adjustment plan. In previous financial periods, this was also referred to as "Cost-to-income, excluding specific impacts and adjustment costs".

(e) Includes corporate centres.

Employees

Banco Montepio Group has been resizing its staff since 2020, with the aim of aligning its efficiency indicators with the broader sector and made a series of employee benefits available in relation to Health Protection, Maintenance of Credit Conditions, Outplacement Service and Social Protection in the event of unemployment.

As at 31 December 2023, the Banco Montepio Group had a total of 2,983 employees (compared to 3,406 as at December 2022), 95.9 per cent. of which were employees of Banco Montepio (amounting to 2,860), being the 12.4 per cent. reduction a result of the ongoing staff adjustment process. On 31 December 2022, International activity, with a weight of 6.3 per cent., referred exclusively to Finibanco Angola, S.A., which had ceased to exist by 31 December 2023, following the sale of Finibanco Angola.

Lending Policies and Procedures

Banco Montepio's loans are granted at branch level, through direct contact with the borrower. Loans are not granted through brokers. Although Banco Montepio requires all applications to be submitted at the branch level, a website and an app are available as additional tools for customers to contact the Issuer.

At the branch level, the documentation required by current legislation and internal credit guidelines (i.e. application form, identification documents, informative questionnaires) is collected, checked and entered into the application scoring system.

Once the information has been validated, the branch submits the loan application to the risk analysis process of an independent credit risk analysis department, which collects and reviews the income and liability information.

Credit risk models play an important role in the credit decision process. The credit decision process relies on a set of guidelines based on scoring models developed for personal and business customers and the rating for the corporate sector. The application scoring/rating system contains pre-defined validation rules, which constitute the first phase of the underwriting and lending policy. The credit scoring system automatically cross-checks internal and/or external databases for incidents and checks credit policies/rules (i.e. income and liabilities and debt service-to-income ratio (which is the ratio between monthly instalments of total credit agreements and the borrower’s income, net of taxes and contributions to social security)). Credit decisions are based on risk ratings and compliance with various rules relating to the applicant's financial capacity and behaviour.

With regard to the methods of analysis, within credit risk, the credit risk techniques and models are based on econometric modelling based on the institution's experience in granting various types of credit facilities and, where possible, recovery.

Individual entrepreneurs (*Empresários em nome individual - ENI*) and micro-enterprises are considered to be part of the retail segment and therefore scoring models specific to the retail segment are applied. There are also behavioural scoring models for retail portfolios, which are used to monitor the credit portfolio and evaluate new credit proposals, and which are combined with application scoring information where applicable.

For non-retail portfolios, internal rating models are used for small, medium and large companies, differentiated by industry or by the life cycle of the company, i.e. start-ups.

Regardless of the typology of the model used, each proposal, contract or client is assigned to a single risk scale class, in ascending order of probability of default, made up of 18 classes, of which the first 15 classes correspond to performance risk classes, classes 16 to 17 to delinquency classes (30 to 60 days and 60 to 90 days, respectively) and class 18 to default, in accordance with the internal definition in force, which follows the regulatory requirements.

Following the risk analysis process, the loan application is filtered through the credit decision process. All applications rejected by the scoring model must be submitted to the credit risk analysis department for validation before a final decision is made.

The fundamental principle of credit risk analysis is independence from business decisions.

The response of scoring systems, internal ratings and internal pricing models in relation to credit decisions can only be overridden by higher decision levels within the Banco Montepio Group in accordance with the principles of delegation of responsibility, which are defined by the size of the transaction and the global customer exposure, the type of transaction/collateral and the assigned risk class. In this context, the principle that higher exposure transactions must be approved by higher hierarchical levels is emphasised. These limits are approved by the Board of Directors, with the highest level of authority being the Board of Directors. Rejection situations are defined to minimise the risk of adverse selection, but there is always an internal scoring/rating class for rejection.

A lending decision is usually taken at branch level. At intermediate stages, the intervention of a collegiate system of at least two members of staff is mandatory, one belonging to the commercial network and the other to the specialised credit analysis department (independent of the commercial structure) and the risk department, which is responsible for developing credit risk models (scoring and rating) and monitoring Banco Montepio's risk control on a global basis.

As part of credit risk monitoring, internal reports are prepared containing key risk indicators for the credit portfolio and metrics for the use of rating/scoring models. In terms of preventive monitoring, an early warning system is in place for indicators of a deteriorating credit risk profile for a given counterparty.

Credit Recovery Policy

In 2020, Banco Montepio implemented a reorganisation project relating to non-performing credit recovery whereby processes were established with the main focus on enhancing efficiency of operations from the early stages of default. This involved implementing a lean process redesign and standard predefined cure approaches.

Standard pre-defined approaches are differentiated by segment and credit features, depending on length of time for cash shortages (short term, medium-term or long-term recoveries), willingness of customers to cooperate, collateral valuation, litigious treatment, and not providing the ability to reduce guarantees.

Standard pre-defined treatments are part of the new practices implemented to reduce the recovery process cycle, and therefore enabling more cost-effective cure strategies with less impact on the Issuer's net income. Law firms pre-appointed by the Issuer deal with all the judicial recovery processes, regardless of the complexity of the process or the exposure amount to be recovered.

In 2021, Banco Montepio implemented new settlement plans and related decision levels for loans in arrears with less than 1 month through standardised recovery solutions available to the branches' teams to enhance the recovery procedures and modus operandum from the early stages of default.

The Banco Montepio Group has adopted forbearance measures and practices, aligned in terms of risk, in order to adjust the disposable income or the financial capacity of customers to their debt service. On this basis, the recommendations legislated in the scope of the default regimes (Decree-Law no. 227/2012, of 25 October, as amended) and for companies (SIREVE, PER, PEAP, PEVE, RERE) were adopted, with these being widely disclosed in the institutional website, in the internal rules and communications, to be disclosed and implemented vis-à-vis customers presenting evidence of financial difficulties.

Regarding the forbearance measures and in accordance with Implementing Regulation (EU) 2015/227, of 9 January 2015, contractual changes are considered (grace period of the principal, extension of the term, deferral of the principal, etc.) as are the consolidation of debts in other loan arrangements with conditions adjusted to the customer's current situation.

The implementation of external servicing by specialised law firms for insolvency portfolios has been implemented since 2022. The hiring of servicers with an end-to-end strategy has also been implemented for Retail portfolios without guarantees.

Within the scope of the ongoing reorganisation, several measures were implemented to adjust the structure and the recovery operating model, in order to better implement and guarantee compliance with the strategy outlined for Banco Montepio to reduce its stock of NPLs. As a result of this reorganisation, two separate departments were created, one for handling Corporate and Mid-Corporate portfolios and the other for Small Business portfolios.

The process for monitoring clients with out-of-court cases has also been revised and improved, as have the organisational policies of the recovery department and the governance rules for credit recovery.

As at 31 December 2023, the loan and advances to customers' portfolio included loans amounting to €326.6 million (compared to €520.6 million as at 31 December 2022) which, given customers' financial difficulties, were subject to amendments of the initial conditions. These loans had an impairment of €102.8 million as at 31 December 2023 (compared to €164.2 million as at 31 December 2022).

Additionally, the restructured loans and advances to customers' portfolio of Banco Montepio includes contracts resulting from a formal restructuring with the customers and the consequent execution of a new loan to replace the previous loans. The restructuring may result from a reinforcement of guarantees and/or liquidation of part of the loan and involve an extension of maturities or a change in the interest rate. The analysis of restructured loans as at 31 December 2022 and 31 December 2023, by credit type, is as follows:

	31 December 2022	31 December 2023
		(€ thousand)
Corporate		
Loans	99,644	17,535
Current account loans	28,989	693
Finance leases	2,853	831
Other loans	31,013	1,875
Retail		
Mortgage loans	7,661	15,868
Consumer credit and other loans	4,208	2,085
	174,368	38,887

Restructured loans are also subject to an impairment analysis that results from a revaluation of expected cash flows, discounted at the original effective interest rate, and considering the new collaterals presented.

As at 31 December 2023, impairment charges on restructured loans not yet due amounted to €7.9 million, which corresponds to an impairment rate of 20.3 per cent. (compared to €41.0 million and impairment rate of 23.5 per cent. as at 31 December 2022). The reduction in the impairment rate compared to December 2022 is explained by the greater collateralisation of the new restructured contracts.

The total amount of principal and interest recovered in written-off loans as at 31 December 2023 amounted to €7.7 million compared to €8.5 million as at 31 December 2022.

Banco Montepio uses real and financial collaterals as instruments to mitigate credit risk. The real collateral correspond mainly to mortgages on residential properties in the scope of housing loans and mortgages on other types of properties in the scope of other types of loans. To reflect the market value of these, they are reviewed regularly based on valuations conducted by certified independent appraiser entities or through the use of revaluation coefficients that reflect the trend in the market for the type of property and the geographical area. Financial collateral is revalued based on market values of the respective assets, when available, with certain depreciation coefficients applied to reflect their volatility. Most of the real collateral is revalued at least once a year.

The following tables show total NPEs (as per EBA definition) and total impairment charges as at 31 December 2022 and 31 December 2023:

	31 December 2022	31 December 2023
		(€ thousand)
(a) Stock of Non-performing exposures	631,434	380,069
(b) Gross loans and advances to customers	12,067,614	11,734,214
Non-performing exposures / Gross loans and advances to customers (a / b)	**5.2%**	**3.2%**

	31 December 2022	31 December 2023
		(€ thousand)
(a) Impairment for credit risks	354,517	280,955
(b) Stock of Non-performing exposures	631,434	380,069
Coverage of Non-performing exposures by Impairment for credit risks (a / b)	**56.1%**	**73.9%**

Risk Management

The Banco Montepio Group is exposed to financial and non-financial risks. The most relevant financial risks are credit, concentration, market, interest rate, banking portfolio market, foreign currency, liquidity,

real estate, and Pension Fund risks. Additionally, the Banco Montepio Group is subject to non-financial risks, namely operating, reputation, and strategy and business risks. Depending on the nature and relevance of the risk, plans, or actions are designed and supported by information systems and procedures that provide a high level of assurance that risk management measures have been properly implemented. For all risks identified as material, Banco Montepio has implemented a process for the identification and review, with such risks being subject to regular monitoring and mitigation actions in order to reduce potential losses for the Banco Montepio Group.

The control and the efficient management of risk play a key role in the balanced and sustained development of Banco Montepio. In addition to contributing to the profitability and reducing risk exposure in each business line, the control and management of risk supports Banco Montepio in maintaining an appropriate risk profile in terms of its solvency and liquidity.

The monitoring of these risks is centralised in the Risk Division, the unit responsible for the risk management function of the Banco Montepio Group, which regularly informs the Board of Directors of the evolution of the risk profile of the institution and, if necessary, proposes risk exposure mitigation/reduction actions.

The Banco Montepio Group's risk management policy is the responsibility of the Board of Directors, who set out the tolerance levels and maximum risk limit for each specific risk considered materially relevant in accordance with the defined strategic objectives and business plan, with this policy being reviewed regularly. It is also the responsibility of the Board of Directors to ensure an adequate risk control at Group level, namely through the respective supervisory boards. The Risk Committee is the non-executive body with the role of risk management supervision. Its mission is to monitor the design and implementation of the risk strategy and risk appetite of the Banco Montepio Group and to verify whether these are aligned with a sustainable strategy for Banco Montepio in the medium and long-term, and providing advice to the Board of Directors and Executive Commission in these areas.

The Board of Directors seeks to ensure that Banco Montepio has sufficient capital to meet regulatory requirements and to cover potential losses resulting from its activities, with an optimised balance sheet structure that maintains a stable and safe funding capacity and liquidity profile, allowing it to face stress situations and ensuring the continuity of its operations and the protection of its depositors and holders of non-subordinated debt.

The Banco Montepio Group's risk management policy is designed to ensure an adequate relationship, at all times, between its own funds and the business it carries on, and also to evaluate the risk/return profile by business line, through the monitoring and control of the main types of financial and non-financial risks (such as credit, market, liquidity, real estate and operating) which the Banco Montepio Group's business is subject to.

In order to ensure the effective management of the risks associated with the Banco Montepio Group's activities, the Risk Division is responsible for ensuring that all Group companies implement risk management systems that are coherent with each other and in accordance with the requirements set forth in the internal regulation of the Banco Montepio risk management function, in the Banco Montepio Group's global risk policy and in the remaining applicable internal policies and regulations, as well as the respective legal and regulatory framework. The Risk Division is responsible for monitoring the risk management activity of Group companies, on a consolidated and individual basis, ensuring the consistency of the risk concepts used, the methodologies for risk identification, measurement and control, the supporting standards and respective risk profile monitoring processes, as well as the compliance with the applicable regulatory and prudential requirements, namely on a consolidated basis. These activities are directly assured by the risk management functions of those entities, except where Banco Montepio's Board of Directors decides that the development of these responsibilities by Banco Montepio's Risk Division is more effective and efficient.

In common with many similar credit institutions which finance housing loans, the Issuer's loan assets are relatively illiquid whilst its funding is based on retail deposits, most of which are either legally available on demand or are of a short-term nature (although in practice such deposits usually remain with the Issuer for extended periods).

Liquidity risk is assessed using regulatory indicators defined by the supervisory authorities and other internal measurements for which exposure limits are also defined. This control is reinforced by the

execution of stress tests, aimed at characterising Banco Montepio's risk profile, and ensuring that the Banco Montepio Group meets its obligations in the event of a liquidity crisis.

The objective of controlling the liquidity levels is to maintain a satisfactory level of liquid assets so as to meet financial needs in the short, medium and long term. Liquidity risk is monitored daily, with various reports being prepared for control and monitoring purposes and to support decision-taking within the Assets and Liabilities Committee ("**ALCO**"). Under the control of risk levels, limits are defined for various liquidity risk indicators, which are monitored through weekly and monthly reports.

The evolution of the liquidity position is monitored, in particular, based on estimated future cash flow projections for various time horizons, considering Banco Montepio's balance sheet. The liquidity position of the day under review and the amount of assets that are considered highly liquid in the uncompromised securities portfolio are added to these projections so as to determine the accumulated liquidity gap for various time horizons. Moreover, the level of compliance of the liquidity prudential indicators, LCR, NSFR and Additional Liquidity Monitoring Metrics ("**ALMM**"), and of internal ratios such as, for example, loan-to-deposits ratios, concentration of funding sources, short term funding and eligible assets are monitored as well.

The table below sets out the liquidity gaps in December 2023:

LIQUIDITY POSITION GAPS

	Maturity periods				
Position reference date + forecast amount	**On sight and up to 1 week**	**Above 1 week and up to 1 month**	**Above 1 month and up to 3 months**	**Above 3 months and up to 6 months**	**Above 6 months and up to 12 months**
					(€ million)
Accumulated mismatches	5,024	5,011	4,984	4,732	3,929

As at 31 December 2023, the LCR reached 233.1 per cent., having decreased from the 249.6 per cent. recorded as at 31 December 2022, standing 133.1 p.p. above the minimum regulatory requirement of 100 per cent. As at 31 December 2023 the commercial gap stood at a comfortable level with the loan-to-deposit ratio, consisting of loans and advances to customers divided by deposits from customers, at 85.7 per cent.

The NSFR stood at 130.4 per cent. in December 2023, above the minimum requirement of 100 per cent.

Concerning the exchange rate risk of the banking book, in general, the funds raised in foreign currencies are invested in assets in the respective money market for maturity periods that are not higher than those of the resources. Therefore, the existing foreign exchange gaps essentially derive from possible mismatches between the maturity periods of the assets and liabilities. The current foreign exchange exposure of the Banco Montepio Group in consolidated terms fell compared to the previous year after the sale of the 51 per cent. stake in Finibanco Angola, and results mainly from Montepio Holding's Angolan Kwanza deposits in that Angolan financial institution.

Exposure limits have been defined for exchange rate risk of the banking book, which are monitored by the Issuer's management bodies and by the ALCO, where any potential exposure above the established limits follows an established approval process, including approval by the management body or the implementation of measures to hedge the relevant risk.

The limits defined for exchange rate risk include limits of position by currency, in consolidated and individual terms, as well as in terms of Value-at-Risk ("**VaR**"), and are also disaggregated in terms of the trading book and banking book.

The total assets and liabilities, by currency, as at 31 December 2023 is as follows:

	Euro	**U.S. Dollar**	**Angolan Kwanza**	**Swiss Franc**	**Pound Sterling**	**Other foreign currencies**	**Total amount**
				(€ thousand)			
Total Assets	17,766,771	186,628	30,130	2,975	1,199	1,752	17,989,455
Total liabilities	16,226,813	141,312	37	4,386	18,917	31,519	16,422,984
Exchange forward transactions		(45,423)		1,404	17,720	29,834	
Exchange Gap		(107)	30,093	(7)	2	67	

	Euro	U.S. Dollar	Angolan Kwanza	Swiss Franc	Pound Sterling	Other foreign currencies	Total amount
				(€ thousand)			
Stress Test		**22**	**(6,019)**	**2**			

The result of the stress test performed corresponds to the estimated impact (before tax) on equity, including minority interests, due to a devaluation of 20.0 per cent. in the exchange rate of each currency against the Euro.

Interest rate risk in the banking book is assessed through risk sensitivity analysis, on an individual and consolidated basis for the subsidiaries included in the Banco Montepio Group's consolidated balance sheet.

Interest rate risk is appraised in accordance with the impacts on net interest income, net worth and own funds caused by variations in market interest rates. The main risk factors in the context of interest rate risk arise from the mismatch between the interest rate revision periods and/or residual maturity between assets and liabilities (repricing risk), from non-parallel variations in interest rate curves (yield curve risk), from the nonexistence of perfect correlation between different indexers with the same repricing period (basis risk), and from the options associated to instruments which enable divergent action of agents depending on the level of rates that are contracted and applied at any given time (option risk).

Following the recommendations of Basel and Banco de Portugal Instruction number 34/2018 of 15 June 2018 (as amended), the Banco Montepio Group calculates its exposure to balance sheet interest rate risk at least quarterly, based on the methodology of the Bank of International Settlements ("**BIS**"), classifying all the headings of the assets, liabilities and off-balance sheet items which do not belong to the trading book, by repricing brackets.

In this context, limits are defined for exposure to interest rate risk factors which are monitored by ALCO, where any overrunning of the established limits, even if temporary, requires the approval of the management body or the implementation of measures to cover the exposure.

At the same time, a stress test is conducted with six shock scenarios in the interest rate curve. This test measures impacts on net interest income at one year and on net worth of the shocks in the interest rate curve prescribed in the BIS document of April 2016, Standards – Interest rate risk in the banking book.

Based on the financial features of each contract, the respective expected cash flow projection is made, according to the rate repricing dates and any pertinent performance assumptions that are considered.

The table below presents a summary of the exposure to interest rate risk, given by the repricing gaps in the balance sheet's assets and liabilities, and off-balance sheet items, on a consolidated basis, as at 31 December 2022 and 31 December 2023, which are not accounted in the trading book:

INTEREST RATE REPRICING GAPS

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years
			(€ thousand)		
31 December 2023					
Assets					
Debt securities	36,441	795,387	61,512	1,576,179	1,464,794
Loans and advances	5,909,394	2,910,606	1,248,353	1,361,841	1,224,992
Others	921,625	-	-	-	-
Off-balance sheet	10,007	9,133	40,901	280,745	-
Total	**6,877,467**	**3,715,126**	**1,350,766**	**3,218,765**	**2,689,786**
Liabilities					
Debt securities issued	172,005	100,000	550,635	255,184	8,407
Term deposits	2,428,905	1,691,921	2,512,806	1,084,309	-
Others	1,390,240	-	58,603	150,000	150,492
Off-balance sheet	39,158	264,833	12	93	853
Total	**4,030,308**	**2,056,754**	**3,122,056**	**1,489,586**	**159,752**
GAP (Assets - Liabilities)	**2,847,159**	**1,658,372**	**(1,771,290)**	**1,729,179**	**2,530,034**

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years
			(€ thousand)		
31 December 2022					
Assets					
Debt securities	33,740	27,826	282,386	2,144,391	1,757,383
Loans and advances	6,351,630	3,209,863	1,406,712	1,061,814	421,711
Others	1,153,782	0	0	0	43,577
Off-balance sheet	6,903	16,036	3,010	38,888	0
Total	**7,546,055**	**3,253,725**	**1,692,108**	**3,245,093**	**2,222,671**
Liabilities					
Debt securities issued	247,100	0	50,659	650,635	12,218
Term deposits	1,862,789	1,139,178	1,434,196	1,900,929	0
Others	288,074	890,900	189,571	1,688,673	230,997
Off-balance sheet	29,251	16,036	13	106	997
Total	**2,427,214**	**2,046,114**	**1,674,439**	**4,240,343**	**244,212**
GAP (Assets - Liabilities)	**5,118,841**	**1,207,611**	**17,669**	**(995,250)**	**1,978,459**

	December 2023				December 2022			
	December	Annual average	Maximum	Minimum	December	Annual average	Maximum	Minimum
								(€ thousand)
Interest Rate Gap	6,993,454	7,013,224	7,327,328	6,718,890	7,327,328	5,276,384	7,327,328	3,836,113

Sensitivity to the balance sheet interest rate risk is calculated by the difference between the present value of the interest rate mismatch discounted at market interest rates and the discounted value of the same cash flows, simulating parallel shifts of the market interest rate curve.

As at 31 December 2023, based on the interest rate gaps observed, an instantaneous and parallel positive variation in the interest rates by 100 basis points would cause an increase in the economic value expected from the banking portfolio of approximately €16.7 million (31 December 2022: increase of €44.2 million).

The concept of market risk reflects the potential loss that could be recorded by a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the different financial instruments comprising the portfolio, considering both the correlations that exist between them and their volatility.

VaR is one of the key metrics used to measure and monitor market risk. The Banco Montepio Group calculates the VaR on a daily basis, both for its trading book and for the portfolio of financial assets at fair value through other comprehensive income. VaR is also calculated on a time horizon of 10 business days and at a 99 per cent. significance level, by the historical simulation method. The types of risk considered in this methodology are interest rate risk, exchange rate risk, price risk, spread risk and commodities risk.

With respect to market risk information and analysis, there is regular reporting on Banco Montepio's own portfolios and those of other entities of the Banco Montepio Group, with various risk limits being defined, including overall limits of VaR, by issuer, by type/class of asset and stop loss and loss trigger limits for positions held for trading and in other comprehensive income.

In the reports produced, the various exposure limits are controlled, following analysis of the risks of concentration, credit, interest rate and asset price variation, among others. These analyses consider the analysis of scenarios, namely the sensitivities of the securities portfolio to variations of interest rates, spreads, adverse exchange rate evolution and variation of the market prices of shares and real estate properties.

In addition to the risk report of Banco Montepio's overall portfolio, specific risk reports are also produced for the trading book and the proprietary portfolios of financial assets at fair value through other comprehensive income.

In order to ensure more effective risk management, the positions in Banco Montepio's overall portfolio are disaggregated into a portfolio of financial assets at fair value through other comprehensive income, portfolio of other financial assets at amortised cost, portfolio of financial assets not necessarily held for trading at fair value through profit or loss, and portfolios of assets held for trading (which exclude hedge coverages and fair value options), with risk limits being defined according to the type of portfolio. The

thresholds applicable to the portfolios are defined in internal regulations, updated on an annual basis or whenever justified by alterations to market risk levels. Stop loss and loss trigger thresholds are also defined and applicable to the portfolios. Whenever any of these thresholds are reached, the re-examination of the strategy intrinsic to this position is compulsory.

As at 31 December 2023 the Banco Montepio Group's investment portfolio was mainly concentrated on bonds, representing 95.9 per cent. (31 December 2022: 96.2 per cent.) of the securities portfolio and other financial assets, with the majority of the portfolio being comprised of sovereign bonds, mainly from Italy, Portugal and Spain.

Banco Montepio held no position in credit derivatives as at 31 December 2022 and 31 December 2023.

Regarding the credit quality of the debt securities portfolio, approximately 99.2 per cent. is rated as investment grade as at 31 December 2023 (31 December 2022: 98.2 per cent.). Of note are the Portuguese, Spanish and Italian sovereign bonds with a rating of A-, BBB+ and BBB, respectively, that represent 91.3 per cent. (31 December 2022: 91.8 per cent.) of the portfolio. In terms of the portfolio breakdown by issuer, there were no material changes in 2023, although the average quality of the issuers improved, mainly as a result of the upgrades in the sovereign ratings of Ireland (A+ to AA-), Portugal (BBB- to A-) and Greece (BB- to BB+) in 2023.

A summary of the banking and trading book's VaR indicators in December 2022 and December 2023 is presented below. It should be noted that the percentage decrease in the VaR of the banking and trading portfolios is due to the reduction of the high level of risk associated with the consequences of the war in Ukraine and the general rise in prices, and consequently the removal of the extreme observations observed in 2022 from the VaR calculation.

	December 2022		December 2023	
	Banking book	**Trading book**	**Banking book**	**Trading book**
Market VaR[(1) (2)]	**3.01%**	**8.44%**	**1.37%**	**2.15%**
Interest Rate Risk	2.36%	8.28%	1.19%	0.56%
Exchange Rate Risk	0.10%	2.04%	0.07%	0.72%
Price Risk	0.01%	2.57%	0.01%	1.39%
Credit risk (spread)	1.04%	2.18%	0.40%	0.11%
Commodity Risk	0.00%	0.00%	0.00%	0.50%

(1) Time horizon of 10 days and significance level of 99 per cent.; Percentage over total portfolio assets.
(2) Includes the diversification effect.

Moreover, analyses are also conducted of scenarios and stress (based on past extreme events) for the trading book to complement the analysis of all the other risk indicators.

Competition

As at 30 June 2023, the Issuer was the seventh largest bank in Portugal on the basis of total net assets (source: *Associação Portuguesa de Bancos*). Despite competition in the market, Banco Montepio has been able to sustain its position in the market and to preserve its market share in banking activity. Banco Montepio's overall market share (deposits and loans) was 5.1 per cent. as at 31 December 2023 (source: *Banco de Portugal Financial and Monetary Statistics (individual basis*)).

Furthermore, as at 31 December 2023, the Issuer had a market share of 5.4 per cent. in mortgage loans and 5.6 per cent. in loans to non-financial corporations (source: *Banco de Portugal, Financial and Monetary Statistics (individual basis)*). As at 31 December 2023, Banco Montepio's market share in total deposits was 5.1 per cent., reaching 5.4 per cent. in the household deposits segment (source: *Banco de Portugal, Financial and Monetary Statistics (individual basis)*).

The Issuer considers that its primary competitive advantage is its superior customer service, as a result of being majority owned by a mutual benefits association, its product offering including private pension schemes provided by MGAM and its reputation as a stable financial institution.

Technology

In 2020, Banco Montepio launched a digital transformation process, making the modernisation of its IT systems a strategic priority in order to provide its customers with high quality and innovative services, which it believes is essential to maintain its competitiveness in the Portuguese market.

Innovative projects have been and are being implemented with a positive impact, such as:

- In 2023, Banco Montepio began the process of renewing its internal ATM network (*Serviço Chave24*), through the installation of 101 new state-of-the-art machines, known as VTMs. This investment strengthens customer self-service capabilities at the counter, taking advantage of the growing technological capabilities of a new generation of ATMs. In addition to this hardware renewal, Banco Montepio also developed a new application software (customer front-end) for these VTMs, which is more modern, agile and intuitive. By the end of 2023, VTMs were already providing the main operations carried out by customers, including deposits and withdrawals of notes and coins, cheque deposits, transfers and payments.

- Adoption of a customer relationship management solution to support Banco Montepio's digital marketing strategy, bringing new capabilities to Banco Montepio with a revised 360º customer vision (by adding value through new commercially relevant information) and integration with the product catalogue and other distribution channels to improve total customer relationship awareness.

- Banco Montepio also integrates services using security assertion markup language authentication with Microsoft Entra ID, leveraging the security settings for access management outside the corporate network.

- The adoption of an integration layer reference architecture based on application programme interfaces ("**API**") and microservices for internal and external use, thereby increasing standardisation and reuse of IT components within the Banco Montepio Group's IT systems.

- As part of the Issuer's digital transformation process, Banco Montepio is currently developing and deploying solutions using Kubernetes technology, API services, mobile application services and other modern cloud solutions.

- Banco Montepio divides its systems into two categories: "Core System" and "Distributed Systems". The Core System corresponds to the mainframe, while the Distributed Systems represent the Windows and Linux platforms on which most departmental applications are hosted. Banco Montepio has implemented a private cloud solution based on VMware, following the "infrastructure as a service" model, which allows powerful consolidation and virtualisation of Distributed Systems, platform process automation and network virtualisation, resulting in increased operational efficiency, faster time to production, increased security against modern cyber threats and reduced infrastructure-related effort and costs.

- Banco Montepio has also implemented geographically distributed CITRIX virtualisation farms to provide branch users with more flexible and agile access to new applications. In addition to on-premises use, the entire infrastructure is managed by delivery controllers based in the Citrix Cloud. The implemented solution takes advantage of NetScaler load balancers and application virtualisation using HYPER-V. The use of load balancers improves the speed and quality of application delivery to the end user. The product helps business customers perform tasks such as traffic optimisation, load balancing and web application acceleration while maintaining data security. It also performs various types of caching and compression. The benefits of application virtualisation include ease of maintenance and greater portability, making it easier to deploy programmes across different versions of Windows. Another benefit of application virtualisation is that applications that depend on custom drivers or libraries can be easily installed, making it easier to deploy upgrades and patches.

- Banco Montepio has long adopted a cloud integration strategy using Microsoft 365 solutions. In this strategy, Banco Montepio also uses the solutions related to the Power Platform (Power BI, Power APPS, Power Automate). Currently, there are several projects and solutions using the new artificial intelligence initiatives, such as Open AI and Copilot.

The security infrastructure ensures the protection of all systems in a high-availability system through geo-cluster checkpoint firewalls, which integrate threat protection with Radware intrusion detection mechanisms, geographical balancing and Radware local balancing. All components of the solution are present in a dedicated infrastructure with multi-user interconnections to ensure that all national and

international communications and their content are served in Lisbon or Porto, providing protection against failures in the event of local or regional network interruptions, power outages or natural disasters.

Additionally, it should be noted that:

- The Issuer's core system provides 24x7 availability: current account processing, domestic transfers and payments, internal ATM cash transactions, debit and credit cards, savings accounts and interbank transfers are available in real time, 24 hours a day, every day of the week, and no outage or interruption of service occurs solely due to issues related to batch processing.

- Internet banking (Net24) and mobile banking (Netmóvel24) were integrated into a customer experience omnichannel platform, including several native apps for iOS and Android, offering customers a wide range of transactions online, including enquiries, deposits, transfer orders and bill payments, as well as online brokerage services. To enhance security, additional features have been added to the omnichannel platform that implement strong customer authentication.

- Integrated with the branch solution, an IT architecture has been implemented to support the dematerialisation of financial processes, replacing traditional paper-based and supported forms and applications, in line with the best technical and security standards, with the aim of enhancing Banco Montepio's image of innovation and digital transformation, improving customer satisfaction and reducing operating costs and operational risks.

- To support the anti-money laundering ("**AML**") process, two applications stand out: the Fircosoft suite for filtering transactions and customers and SAS AML for monitoring transactions and customers.

- A virtual assistance agent, based on artificial intelligence technology, which is the first point of contact for customers using the contact center service has been implemented with the aim of increasing efficiency and reducing costs in customer service.

- the Robot Process Automation project implemented a new technology architecture to enable end-to-end automation of low value-added processes/activities, resulting in more satisfied customers and cost-saving efficiencies for the Issuer.

- Implementation of the new 3-D SECURE TECHNOLOGY, provided by SIBS, ensures the highest level of security in the prevention of card payment fraud by incorporating the use of strong customer authentication in e-commerce operations carried out with payment cards.

Banco Montepio has also contracted Advanced Cybersecurity Services and multidisciplinary intelligence teams that provide the latest information on relevant threat news, botnets, threat actors and cybercrime. These services cover modules such as phishing, data leakage, cybersquatting, malicious code detection, vulnerabilities, brand abuse and mobile applications.

The cyber risk strategy includes the identification and assessment of threats to data on a regular basis, monitored by internal and external audits. Data security within the framework of the cyber risk strategy includes several implemented controls, such as: physical security of the infrastructure, perimeter security controls, access controls and business continuity and disaster recovery strategies that provide protection against local or regional network failures, power outages or natural disasters.

Every year, Banco Montepio carries out a cyber risk assessment with an external party and determines the evolution of the Banco Montepio Group's security infrastructure. At the beginning of 2024, Banco Montepio's Capability Maturity Model Integration classification was 2.9, compared to the average of 2.7 of its peers.

Banco Montepio uses BitSight for risk scoring. BitSight offers a security ratings solution that provides a platform for quantifying the external cybersecurity posture of organisations using publicly available data, generating a credit score-like rating between 250 and 900. In March 2024, Banco Montepio had a score of 790, which places the Issuer at the advanced level of security according to BitSight's approach.

Banco Montepio has established an information security policy. The purpose of this policy is to define the objectives and principles to which the Issuer is committed and to maintain resilience for the normal and

correct functioning of all operations, according to their information security characteristics, and to guarantee continuous evaluation, monitoring and improvement processes. It also defines and monitors the procedures to be implemented to ensure and protect the confidentiality, availability and integrity of assets against threats and vulnerabilities. This policy has been approved by the Board of Directors and communicated to all employees.

All employees, including senior management, are involved in an information security awareness and training programme. This programme is ongoing and includes e-learning training, simulations of phishing attacks and workshops.

A security incident management strategy, defined and approved by senior management, is fully operational and supported by external parties responsible for monitoring data security events in the data infrastructure.

Banco Montepio has not been subject to a major cyber attack in the last 12 months that could damage or jeopardise its normal activities and business.

Legal and arbitration proceedings

On 9 September 2019, Banco Montepio was notified of the decision by the Competition Authority on the administrative process PRC-2012/9, in which it was held that Banco Montepio (and other Portuguese banks) were engaged in anti-competitive practices and the exchange of sensitive commercial information, in breach of Article 9 of Law no. 19/2012, of 8 May 2012 (as amended) and Article 101 of the Treaty on the Functioning of the European Union, and imposed on Banco Montepio a fine of €13 million. The decision was appealed by Banco Montepio (and the other Portuguese banks) to the Competition, Regulation and Supervision Court (*Tribunal da Concorrência, Regulação e Supervisão*) of Santarém. By appealing this decision, the obligation to pay the fine was suspended until a final decision is made. On 28 April 2022 the Competition, Regulation and Supervision Court of Santarém proved that the financial institutions exchanged sensitive information on the commercial conditions of credit but had doubts whether such institutions infringed competition rules because it was not proven that this practice had an impact on customers. Therefore, the case was transferred to the Court of Justice of the European Union to apply an objective test on whether such exchange of information had an impact on competition. Ultimately the proceedings were suspended on the basis of the statute of limitations (*com suspensão do prazo prescricional*) and remitted to the Luxembourg court because of the risks of the case being time-barred. Based on all the relevant circumstances, management of the Issuer considers it unlikely that the administrative fine (*coima*) will eventuate.

In connection with administrative process PRC-2012/9, in March and April 2024, Banco Montepio and other credit institutions were also served with the collective actions brought by Associação Ius Omnibus (administrative process no. 2/24.1YQSTR and no. 6/24.4YQSTR) and by AMPEMEP-Associação de Micro, Pequenas e Médias Empresas Portuguesas (administrative process no. 10/24.1YQSTR) before the Competition, Regulation and Supervision Court of Santarém. These lawsuits are characterised as private enforcement actions for the alleged violation of competition law resulting from the exchange of information that is the subject of the Competition Authority's pending administrative process PRC-2012/9. The lawsuits allege general estimates of damages based on economic studies and do not include specific claims for damages against each of the defendants. As at the date of this Base Prospectus, the proceedings are at an early stage.

In December 2019, Banco Montepio was notified by the Banco de Portugal of administrative proceedings (*processo de contraordenação*) no. 45/17/CO relating to seven alleged violations of duties concerning accounting standards and internal control systems occurring between 2013 and 2015. Banco Montepio challenged these proceedings and submitted the relevant evidence to support its position. On 26 January 2022, the Banco de Portugal published the decision condemning Banco Montepio and ordering it to pay a single fine of €475,000. Banco Montepio challenged this decision and the Competition, Regulation and Supervision Court (*Tribunal da Concorrência, Regulação e Supervisão*) of Santarém reduced the fine to €380,000. Banco Montepio has already paid €100,000 and filed an appeal with suspensive effect with the Lisbon Court of Appeal. The Lisbon Court of Appeal partially upheld Banco Montepio's appeal and sentenced the bank to pay a single fine of €350,000, with a 20 per cent. reduction in the amount to be paid, corresponding to an actual payment of €280,000, representing a reduction of €100,000 in the fine compared with the decision of the Court of First Instance and a reduction of €195,000 in the fine compared with the decision of the Banco de Portugal. Notwithstanding the reduction of the fine, Banco Montepio appealed to

the Constitutional Court on 27 April 2023. As at the date of this Base Prospectus, Banco Montepio cannot predict the outcome of these proceedings.

Save as disclosed above, there have been no new governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Banco Montepio is aware) during the period covering at least the 12 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.

Board of Directors and other Corporate and Governing Bodies of the Issuer

Following the implementation of the 2013 Articles of Association, the Issuer's governing structure comprises management and supervisory bodies separate from those of MGAM. Nonetheless, as the Issuer is an entity 99.99 per cent. owned by MGAM, there is a core of shared strategic principles.

In the General Meeting held on 30 April 2015, which continued on 27 May 2015, a partial amendment of the Issuer's by-laws was approved. The amended by-laws were ratified by the General Meeting of MGAM held on 25 June 2015.

One of the key amendments to the Issuer's by-laws was to how members of the different governing bodies were elected. In accordance with the amended by-laws, as approved in the said General Meeting of MGAM held on 25 June 2015, all governing bodies are elected in the General Meeting of the Issuer (i.e. members of the Board of Directors of MGAM are no longer statutorily members of the General and Supervisory Board of the Issuer).

One other relevant amendment was the inclusion of new governing bodies, as foreseen in RGICSF: (i) a Remuneration Committee; (ii) an Evaluation Committee; and (iii) a Risk Committee. The members of these new governing bodies were also elected in the General Meeting of the Issuer.

On 22 July 2015 an Issuer's Extraordinary General Meeting was convened to elect, *inter alia*, the members of its Executive Board of Directors and General and Supervisory Board for the term 2015/2018. This Extraordinary General Meeting took place on 5 August 2015.

Following the approval of the Savings Banks Act, which entered into force on 10 October 2015, and the resolution of the Banco de Portugal pursuant to paragraph 2 of the Savings Bank Act, an Extraordinary General Meeting of Banco Montepio was convened on 22 November 2016, to discuss Banco Montepio's transformation into a public limited liability company and consequently amend its Articles of Association.

The transformation into a public limited liability company was further discussed in an Extraordinary General Meeting of the Issuer held on 4 April 2017, in accordance with number 2 of Article 6 of the Savings Banks Act. This adopted resolutions that needed to be ratified by resolution of the General Meeting of MGAM, which held an extraordinary session on 9 May 2017, in accordance with Article 6 (4) (g) of the Decree-Law No. 190/2015, of 10 September, Articles 32 and 33 of Banco Montepio's by-laws and Article 25 (g) of the MGAM's by-laws.

It should also be noted that the effectiveness of the resolutions taken at the Extraordinary General Meeting held on 4 April 2017, regarding Banco Montepio's transformation into a public limited liability company, only occurred after Banco Montepio's commercial registration, which took place on 14 September 2017.

On 14 September 2017, the deed was executed, converting Banco Montepio into a public limited liability company, and changing its legal name to Caixa Económica Montepio Geral, caixa económica bancária, S.A.

Banco Montepio's corporate governance, after its transformation into a public limited liability company and as provided in Article 6 of the new by-laws, maintained the General Meeting, the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor as the governing bodies of Banco Montepio, but the Remuneration Committee, the Evaluation Committee and the Risks Committee became corporate bodies of Banco Montepio. Two new corporate bodies, the Financial Matters Commission and the Company Secretary of Banco Montepio, were also added.

According to the resolutions taken in the General Meeting of Banco Montepio, the members of the Executive Board of Directors and the General and Supervisory Board maintained their terms in the statutory bodies after the transformation of the Issuer into a public limited liability company (*sociedade anónima*).

Banco Montepio's corporate governance was a two-tier model, which included an Executive Board of Directors, a General and Supervisory Board and a Statutory Auditor. Pursuant to the Issuer's corporate governance, the General and Supervisory Board was the body responsible for the supervision, monitoring and counselling of the Issuer's activity.

Meanwhile, the Issuer implemented an important change in its corporate governance and, since 16 March 2018, it has operated a one-tier corporate structure with a Board of Directors, including an Audit Committee and an external independent auditor.

According to the corporate governance model adopted by the Issuer – the one-tier Anglo-Saxon model – and following the approval in the General Meeting held on 16 March 2018, the corporate bodies for the 2018-2021 term were elected and the new Articles of Association were approved.

The Articles of Association were further amended on 30 October 2018, according to which the Board of Directors shall be comprised of a minimum of twelve and maximum of nineteen members, including a non-executive Chair and an executive Vice-Chair, all of whom shall be elected at a General Meeting of Shareholders, and, in addition to its legal duties, shall undertake the Issuer's management pursuant to Article 13 of the Articles of Association. The Board of Directors shall delegate the current management of the Issuer on an Executive Committee, appointing its members and defining their respective competencies, operating rules and the limits of its powers, and shall appoint a Chief Executive Officer, who cannot be the Chairperson of the Board of Directors.

The non-executive members of the Board that form the Audit Committee have supervisory powers (i.e. they are prevented from exercising executive tasks) and are responsible for overseeing the management of the Issuer.

The auditor is responsible for obtaining reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion. An audit performed by the auditor is conducted in accordance with the International Standards on Auditing and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors.

In accordance with Article 6 of the Articles of Association in force, approved at the universal shareholders' meeting (*Assembleia geral universal*) of Banco Montepio held on 29 December 2023, Banco Montepio's Governing Bodies are the following:

(a) General Meeting of Shareholders;

(b) Board of Directors, which includes an Audit Committee; and

(c) Statutory Auditor.

The General Meeting Board, the Board of Directors, the Audit Committee and the Statutory Auditor, shall be elected pursuant to the terms of the Articles of Association. The term of office shall be four years and members may be re-elected.

Considering in particular the period legally established for the exercise of the Statutory Auditor's functions and without prejudice of the imperatively established limits that may be applicable, the General Meeting may, by the same majority necessary for the amendment of the Articles of Association, establish the mandate of the Statutory Auditor for a minimum period of one year and a maximum of four years.

The members of the governing bodies are elected at the General Meeting, in accordance with Articles 10 and 12 of the Articles of Association.

The governing bodies for the 2022-2025 term, elected at the General Meeting held on 29 April 2022, were authorised by the Bank of Portugal on 19 July 2022 and took office on 25 July 2022.

The Corporate and Governing Bodies of the Issuer and the relevant members for the mandate 2022-2025 are set out below.

Board of Directors

The current members of the Board of Directors were elected at the General Meeting held on 29 April 2022 and started their role on 25 July 2022, following the approval of Bank of Portugal on 19 July 2022. The following are the current members of the Board of Directors of the Issuer:

Name		**Other positions in Banco Montepio Group**
Manuel Ferreira Teixeira	President of the Board of Directors (Chairman)	No other positions
Clementina Maria Dâmaso de Jesus Silva Barroso	Non-executive member	No other positions
Eugénio Luís Correia Martins Baptista	Non-executive member	No other positions
Florbela dos Anjos Frescata Lima	Non-executive member	No other positions
Maria Cândida de Carvalho Peixoto	Non-executive member	No other positions
Maria Lúcia Ramos Bica	Non-executive member	No other positions
Pedro Manuel Moreira Leitão	President of the Executive Committee (CEO)	Vice-President of the Board of Directors of Montepio Holding, SGPS, S.A. President of the Board of Directors of Montepio Investimento, S.A.
Ângela Isabel Sancho Barros	Executive Member	Member of the Board of Directors of Montepio Investimento, S.A.
Helena Catarina Gomes Soares de Moura Costa Pina	Executive member	Member of the Board of Montepio Gestão de Activos Imobiliários, ACE (Representative of Banco Montepio)
Isabel Cristina dos Santos Pereira da Silva	Executive member	No other positions
Jorge Paulo Almeida e Silva Baião	Executive member	Member of the Board of Montepio Serviços, ACE (Representative of Banco Montepio)
José Carlos Sequeira Mateus	Executive member	Member of the Board of Directors of Montepio Investimento, S.A. Member of the Board of Directors of Montepio Holding, SGPS, S.A.

Areas of responsibility of the Board of Directors' Chairman and each executive member of the Board of Directors:

Area of Responsibility	
Manuel Ferreira Teixeira President of the Board of Directors (Chairman)	Internal Audit Division (hierarchical report, functional report to the Audit Committee)
Pedro Leitão President of The Executive Board (CEO)	Human Resources Division[(1)] Communication and Brand Division Marketing Division Sustainability Office
Isabel Silva Executive Member	North and Centre Commercial Division South and Autonomous Regions Commercial Division Social Economy and Public Sector Commercial Division Corporate Banking Division Investment Banking and Specialized Business Division Pricing Control Office
José Carlos Mateus Executive Member	Financial and International Division Strategic Planning and Control Division Credit Analysis Division Accounting and Financial Reporting Division Economic and Financial Studies Office Investor Relations Office
Ângela Barros Executive Member	Risk Division Compliance Division Data Protection Office Model Validation Office Rating Office Individual Impairment Office

Helena Soares de Moura Executive Member	Human Resources Division Legal Division Transformation and Quality Division Corporate Governance Division Real Estate and Property Division Internal Control Office
Jorge Baião Executive Member	Information Systems Division Services and Operations Division Credit Recovery Division Data and Analytics Division Cybersecurity Office Montepio Serviços, ACE [(2)]

(1) With accompanying delegation to Helena Soares de Moura
(2) Shared services' entity part of Group Montepio

General Meeting Board

The current member of the General Meeting Board was elected at the General Meeting held on 29 April 2022 and he started his role on the same date, with the appointment lasting until 2025.

The member of the General Meeting Board of the Issuer is listed below:

Name		**Other positions**
António Manuel Lopes Tavares	Chairperson	Not applicable

Audit Committee

The current members of the Audit Committee were elected at the General Meeting held on 29 April 2022 and each member started their role on 25 July 2022, following the approval of the Bank of Portugal on 19 July 2022, with the appointment lasting until 2025. The following are the members of the Audit Committee of the Issuer:

Name	
Clementina Maria Dâmaso de Jesus Silva Barroso	Chairperson
Florbela dos Anjos Frescata Lima	Member
Maria Cândida de Carvalho Peixoto	Member
Maria Lúcia Ramos Bica	Member

Assessment, Nominations, Ethics, Sustainability and Governance Committee

Name	
Maria Cândida de Carvalho Peixoto	Chairperson
Clementina Maria Dâmaso de Jesus Silva Barroso	Member
Eugénio Luís Correia Martins Baptista	Member

Risk Committee

Name	
Florbela dos Anjos Frescata Lima	Chairperson
Maria Lúcia Ramos Bica	Member
Eugénio Luís Correia Martins Baptista	Member

Remuneration Committee

Additionally, at the General Meeting held on 29 April 2022, the Shareholders also approved the election of the Remuneration Committee of the General Meeting provided for in Article 12 c) of Banco Montepio's Articles of Association.

The members of the Remuneration Committee of the General Meeting of the Issuer are the following:

Name	
Paulo Câmara Pires dos Santos	Chairperson
António Miguel Lino Pereira Gaio	Member
Soledade Carvalho Duarte[(1)]	Member

[(1)] Appointed at the General Meeting held on the 28th April 2023.

Statutory Auditor

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., registered at CMVM under number 20161485, with Head Office at Palácio Sottomayor, Rua Sousa Martins, number 1 – 3rd floor, 1069-316 Lisbon, was elected as Statutory Auditor for the period 2023-2025 in the General Meeting held on 28 April 2023.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. is a member of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) under no. 183. PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. has no material interest in the Issuer.

Governing and Corporate bodies – areas of focus

According to the Articles of Association, the areas of focus of each governing body and corporate body are as follows:

General Meeting

The General Meeting of Banco Montepio consists of shareholders who have voting rights. Each share represents one vote. Only shareholders with voting rights and who, at registration date (zero hours (GMT)

of the fifth working day prior to the General Meeting's date), own at least one share, may attend, speak and vote at the General Meeting, personally or through a representative.

The General Meeting Board comprises a Chair and a Secretary, both elected at the 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 Issuer'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.

The ordinary General Meeting discusses the matters submitted to the Annual General Meeting, under Article 376 (1) of the Portuguese Companies Code (*Código das Sociedades Comerciais*), and any other matters included on the agenda. The General Meeting may also be held extraordinarily whenever one is convened in accordance with the law and the Articles of Association.

General Meeting decisions are 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, merger, splits, transformation or winding-up of the Issuer shall only be valid if approved by 2/3 (two-thirds) of the votes cast.

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

1. Electing members of the General Meeting Board and of the Governing Bodies;

2. Electing the Statutory Auditor, following a proposal from the Audit Committee;

3. Electing, every four years, a Remuneration Committee comprised of three independent members empowered to set the remuneration of Governing Bodies members, pursuant to Article 399 (1) of the Portuguese 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 established 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 Issuer's geographical presence policy;

8. Discussing the Board of Directors' report on subsidiaries;

9. Being informed, pursuant to the law, of appeals lodged.

Board of Directors

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

The Board of Directors acts 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 by the majority of votes cast by the members present, and the Chair has a casting vote.

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

1. Requesting the convening of General Meetings;

2. The preparation of the annual management report, the individual and consolidated accounts for the year and the proposed profit distribution, 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. Preparing mergers, split and transformation proposals;

13. Setting up the committees and commissions it deems necessary to fulfil its duties 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;

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 current 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 composition, operating rules and the powers of the Executive Committee, and shall appoint its chair and, eventually, a vice-chair.

In addition to the committees referred to in the Articles of Association, the Board of Directors may also approve the appointment 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 has a minimum of 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 Issuer's strategy and general policies, the Banco Montepio 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 Issuer'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. Prepare an annual report on its audit work and give its opinion on the report, accounts and proposals submitted by the Board of Directors, 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 the Statutory Auditor;

12. Monitor the auditing of Banco Montepio's financial statements;

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 has 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 person 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 keeps a written record of all checks, audits and complaints received and actions taken, and the respective outcomes.

Risk Committee

The Risk Committee has a minimum of three and a maximum of five members, including a Chairperson, appointed by the Board of Directors from among its non-executive members who must have the knowledge, skills and experience required by law. The majority of the Risk Committee members, including the Chair, must have the status of independent (in accordance with article 31.º-A of the RGICSF).

The Risk Committee is in charge of performing the duties set out in the law and, in particular:

1. Advising the Board of Directors as to Banco Montepio's risk appetite and its general, current and future risk strategy;

2. Assisting the Board of Directors in supervising the implementation of Banco Montepio's risk strategy;

3. 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;

4. Examining whether the incentives defined in Banco Montepio's remuneration policy take into consideration risk, capital, liquidity and expectations as to results;

5. Supervising the execution of strategies regarding all of Banco Montepio's significant risks, in order to assess their suitability in relation to the approved risk policy and strategy, the risk appetite statement and the capital and liquidity policy;

6. Analysing a set of possible scenarios, including stress scenarios, to assess how Banco Montepio's risk profile would react to external and internal events;

7. Making recommendations to the Board of Directors on necessary adjustments to the risk strategy.

The Committee shall draw up minutes of its meetings.

Assessment, Nominations, Ethics, Sustainability and Governance Committee

Following the general principle of optimising the structure, the Board of Directors, on its meeting held on 25 July 2022, under the provisions of Article 14 (3) of the Articles of Association, considered it adequate to appoint a committee to support the Board in matters of ethics, sustainability and corporate governance and also in matters relating to assessments and nominations.

The Assessment, Nominations, Ethics, Sustainability and Governance Committee is comprised of three members, including its Chair, all appointed by the Board of Directors from amongst its non-executive members. In accordance with the criteria provided for in the applicable legal and regulatory provisions and in the internal policy for the selection and assessment of the suitability of the members of the management and supervisory bodies, the majority of the Committee's members must have independent statute (in accordance with article 31.º-A of the RGICSF), and must have, individually and collectively, the knowledge, experience and skills necessary for fulfilling their duties.

The Assessment, Nominations, Ethics, Sustainability and Governance Committee is responsible for assisting the Board of Directors and the Remuneration Committee appointed by the General Meeting in the exercise of their respective powers, in terms of (a) selection and assessment of suitability, profile and performance, (b) remuneration and incentives created in this context to risk, capital and liquidity management effects, and (c) ethics, sustainability and corporate governance.

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 Portuguese Companies Code (*Código das Sociedades Comerciais*), and is responsible for obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion. 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 the Issuer on their respective boards, none of them have any conflict or potential conflict between their duties to the Issuer and their private interests or other principal activities as listed above.

Business Addresses

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

Material Contracts

As at the date of this Base Prospectus, there are no material contracts that are reasonably likely to have a material effect on the Base Prospectus.

Banco Montepio and its relationship with MGAM

The information disclosed below in relation to Montepio Geral Associação Mutualista (MGAM) is presented for information only. MGAM is not responsible for payments on the Notes issued under the Programme which are the sole responsibility of Banco Montepio.

Banco Montepio is a full-service savings bank (*caixa económica bancária*) organised as public limited liability company (*sociedade anónima*) which is authorised to carry on business as a universal bank, under the supervision of Banco de Portugal. It has separate legal personality and its majority shareholder is MGAM, with 99.99 per cent. shareholding. MGAM has no responsibility in respect of Banco Montepio's debts. For the avoidance of doubt, MGAM will not guarantee any Notes that may be issued by Banco Montepio pursuant to the EMTN Programme described in this Base Prospectus.

Banco Montepio was established by MGAM as a dependent entity of MGAM (*caixa económica anexa*) with a view to paying MGAM its annual net profits (subject to any deduction required by Banco Montepio's Articles of Association) so as to enable MGAM to meet its own objectives as a mutual benefit association (*associação mutualista*).

MGAM is a "private institution of social support" (*i.e.* an *instituição particular de solidariedade social* of the mutual benefits association type (*associação mutualista*)) whose principal goals are to promote and develop initiatives designed to ensure the social protection and welfare of its members, their families and other beneficiaries nominated by them. MGAM is not permitted to carry out banking or trading activities. It is limited to its principal social welfare objects. MGAM can, however, establish subsidiaries and can invest its funds in a number of ways. It is subject to the Portuguese Mutual Association Code. As at 31 December 2023, the total number of MGAM's permanent members was 604,799 (606,483 as at 31 December 2022). The welfare schemes which MGAM offers include pensions and other retirement benefits, disability benefits, death grants, guarantees of the payment of housing charges, life annuities, study schemes and other schemes for young people and a wide variety of collective schemes.

MGAM's main source of funds is membership revenues (*quotas*). Those funds are invested in property and a number of different types of securities and equity participations, particularly financial institutions (including its interest in Banco Montepio). It also has co-operation agreements with a variety of organisations in health and welfare. Other activities include the organisation of members' social functions, publication of a members' magazine, sponsorship of cultural, artistic and social events and the awarding of prizes and scholarships.

MGAM is under no legal obligation to increase Banco Montepio's share capital or otherwise to support Banco Montepio.

Outline of the performance of the Banco Montepio Group's companies

Montepio Holding, SGPS, S.A.

In June 2013, Finibanco Holding, SGPS, S.A. changed its corporate name to Montepio Holding, SGPS, S.A.

Montepio Holding, SGPS, S.A. is a holding company, with a 100 per cent. stake in Montepio Crédito, Instituição Financeira de Crédito, S.A., SSAGIncentive and Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A..

Until 30 December 2021, Montepio Holding, SGPS, S.A. also held 100 per cent. of the capital and voting rights of Montepio Valor - SGOIC, S.A., which were sold to Montepio Geral Associação Mutualista. This sale simplified the corporate structure of Banco Montepio Group.

The companies in which Montepio Holding has a stake carry out a range of diversified activities, including banking, specialised consumer credit and long-term rentals.

Montepio Investimento, S.A.

Montepio Investimento, S.A., 100 per cent. controlled by Banco Montepio through Montepio Holding SGPS, S.A., operated under the trade name of Banco de Empresas Montepio ("**BEM**"). BEM provided commercial and investment banking products and services in order to complement Banco Montepio Group's offering to corporate customers, especially the SME and middle market segments. BEM's corporate banking service supported customers through their business cycle, namely in areas related to international trade, factoring and treasury management. Its investment banking operations covered corporate finance, capital markets, advisory services, structured finance, and debt and equity distribution for Portuguese companies.

In 2023, BEM maintained a performance oriented towards the objective of complementing Banco Montepio Group's offer of products and services aimed at the Corporate Banking area, especially the SME and middle market segments.

The Corporate Banking area supported its customers throughout all the stages of their business cycle, with specific solutions for every need, namely in areas related to international trade, factoring and treasury management. The Investment Banking area (which incorporates the areas of Corporate Finance, Capital Market, Advisory Services, Structured Finance, and Debt and Equity Distribution) supported the restructuring, capitalisation and enhancement of companies' strengths, thus contributing to investment and sustainable growth of the Portuguese private companies' sector. BEM had a team of specialised professionals working side by side in permanent coordination, to assure that the customers receive a full and personalised service.

On 8 September 2023, Montepio Holding SGPS, S.A. agreed with RAUVA Enterprises, S.A., to sell 100 per cent. of BEM's share capital, subject to the satisfaction of certain conditions precedent to the closing of the share sale, including regulatory and supervisory approvals. Since 8 September 2023, most assets, liabilities and operations of BEM have been transferred to Banco Montepio as part of a carve-out of BEM's business. The carve-out will create synergies within the Banco Montepio Group, while maintaining and enhancing the integrated commercial and investment banking offer that BEM has successfully developed, with the aim of better serving its customers. In line with BEM's strategy, Banco Montepio will maintain these activities and BEM's value proposition to companies, but with a different operating model to allow greater integration and simplification of services within the Banco Montepio Group.

The carve-out was executed on 28 November 2023 through BEM's subscription of Banco Montepio's share capital increase in the amount of €144.2 million (which equalled the net asset value of BEM, as certified by an independent chartered accountants firm pursuant to Article 28 of the Portuguese Companies Code (*Código das Sociedades Comerciais*)) via new contributions in kind equalling €178.8 million (to reflect a share premium of €35 million in addition to the net asset value of BEM). Banco Montepio issued 288,375,098 new ordinary shares, each with a nominal value of €0.50 in connection with this capital increase.

On 29 December 2023, the General Meeting of Banco Montepio approved the reduction of Banco Montepio's share capital in the amount of €144.2 million through the cancellation of those 288,375,098 new ordinary shares held by BEM. The total consideration received by BEM for that cancellation was €178.8 million.

As at 31 December 2023, BEM's Net assets totalled €188.0 million, a reduction of €332.1 million compared to 31 December 2022 and its Liabilities totalled €1.3 million, which decreased by €335.6 million compared to the end of 2022. This reduction reflects the transfer of assets, liabilities and operations to Banco Montepio for the sum of €178.8 million and the increase in the balance sheet item Loans and advances to credit institutions repayable on demand.

As at 31 December 2023, Shareholders' equity stood at €186.7 million (an increase in €3.6 million compared to 31 December 2022), reflecting the favourable evolution of net income in 2023.

In 2023, Operating income totalled €9.4 million (a decrease of €1.2 million compared to 2022), reflecting the decrease in income from financial operations (a decrease of €0.9 million compared to 2022) which was penalised by the higher devaluation of venture capital fund units but partially offset by the higher income recorded under other debt issuers (reflecting the recycling of the fair value reserve on debt instruments as part of the transfer of assets to Banco Montepio in November 2023).

In 2023, the decrease in Net commissions (a decrease of €0.2 million), reflecting lower market commissions, and the decrease in other income (a decrease of €0.2 million), reflecting an increase in other operating expenses and the lower income from the sale of loans (which was mitigated by higher income from the sale of trading properties, by the lower charges for sector contributions and by the increase in other operating income), also contributed to the decrease in operating income. On a positive note, Net interest income increased by €0.1 million compared to 2022, supported by the increase in interest on loans and advances to customers, which offset the increase in funding costs.

Operating costs in 2023 fell to €4.5 million, compared with €5.5 million in 2022, as a result of the reduction in personnel costs (a decrease of 19.7 per cent.), general administrative costs (a decrease of 3.9 per cent.) and depreciation (a decrease of 33.2 per cent.). This reduction in operating costs reflects the effect of the gradual transfer of BEM's activities to Banco Montepio, which was completed on 28 November 2023.

Income before taxes, impairment and provisions totalled €4.9 million in 2023, compared to €5.1 million in 2022, reflecting the decrease in operating income, partially mitigated by the reduction in operating costs as a result of the gradual transfer of BEM's business to Banco Montepio.

The BEM key indicators are summarised in the following table.

Activity and Results (million euros)

			Change 2023/2022	
	2022	**2023**	**Amount**	**%**
Net assets	520.1	188.0	(332.1)	(63.9)
Loans and advances to customers	427.8	0	(427.8)	(100)
Securities portfolio[(1)]	54.1	0	(54.1)	(100)
Equity	183.2	186.7	3.6	1.9
Operating income	10.6	9.4	(1.2)	(11.7)
Operating costs[(2)]	5.5	4.5	(1.0)	(17.7)
Income before taxes, impairments and provisions	5.1	4.9	(0.3)	(5.3)

(1) Includes Financial assets not held for trading at fair value through profit or loss and Financial assets at fair value through other comprehensive income.
(2) Includes personnel expenses, administrative expenses and annual amortisation.

Montepio Crédito – Instituição Financeira de Crédito, S.A.

Montepio Crédito – Instituição Financeira de Crédito, S.A. ("**Montepio Crédito**"), 100 per cent. controlled by Banco Montepio, through Montepio Holding, SGPS, S.A., offers specialised credit in the automobile, home and services sectors, and equipment, complemented by products and services for customers that are individuals, companies and institutions which operate in the Social Economy sector. The specialised credit segment forms one of the elements of Banco Montepio Group's strategy, reflecting its focus on consumer credit.

As a result of the repositioning made in terms of the Banco Montepio Group and the strong relations established with its partners, based on the experience acquired over the years, Montepio Crédito has developed a specialised offer of credit solutions in the following areas: Automobile, Health, Automobile Repair, Telecommunications and Furniture for the segment of individuals; and Logistics, Water, Transport, Energy, Energy Efficiency and Industry for the segment of companies.

Montepio Crédito has an extensive team of professionals in the networks in which it operates, in order to provide a high quality service and support to its customers, through the diversity of its specialised offer in the areas of personal credit, loans linked to an asset, movable property leases and operating leases (renting). The entire team relies on the centralised support of a specialised back-office.

At 31 December 2023, Net assets totalled €573.5 million, compared to €569.2 million as at 31 December 2022 (an increase of €4.3 million), as a result of the increases in Loans and advances to customers (an increase of €5.3 million), Financial assets at fair value through profit or loss (an increase of €0.7 million) and Deferred tax assets (an increase of €0.5 million), which offset the reductions in Loans and advances to other credit institutions (a decrease of €1.4 million) and Other assets (a decrease of €0.9 million).

At 31 December 2023, Liabilities totalled €509.0 million, an increase of €7.7 million compared to the end of 2022, mainly due to the increase in the balance sheet item Deposits from other financial institutions (an increase of €49.7 million) which were mitigated by the reductions in financial liabilities associated to transferred assets (a decrease of €39.6 million), Current tax liabilities (a decrease of €1.6 million) and Other liabilities (a decrease of €0.7 million). At 31 December 2023, Shareholders' equity fell by €3.4 million compared to the end of 2022, reflecting the negative Net income for the period ended 31 December 2023 of €2.8 million and actuarial deviations of negative €0.6 million.

Operating income reached €8.9 million in 2023 (a reduction of €11.4 million or 56.2 per cent. compared to €20.3 million in 2022). However, this figure was penalised by the decrease of net interest income (a decrease of €8.7 million compared to 2022) as a result of the rise in market interest rates which led to an increase in the cost of funding which was not offset by the increase in interest on loans. It should be noted that Montepio Crédito's loan portfolio has a significant proportion of fixed-rate operations and the funding obtained is essentially variable-rate, the main component of which comes from the Group's funding. Also contributing to the reduction in operating income were lower net commissions (which were reduced by €0.8 million) and lower income from assets and liabilities at fair value through profit or loss (which were reduced by €1.7 million). On the other hand, other operating income evolved favourably, but remained negative by €0.8 million (a decrease of €0.3 million compared to 2022).

Operating costs in 2023 fell to €11.2 million, representing a reduction of €1.6 million compared to the amount recorded in 2022, due to the decrease in general and administrative expenses (a decrease of 28.7 per cent.) and depreciation charges (a decrease of 33.7 per cent.), which more than offset the increase in staff costs (an increase in 2.4 per cent.).

This led to a negative income before taxes, impairments and provisions of €2.3 million in the year ended 31 December 2023, a reduction of €9.8 million compared to the amount recorded in the year ended 31 December 2022.

The Montepio Crédito key indicators are summarised in the following table.

Activity and Results (million euros)

			Change 2023/2022	
	2022	**2023**	**Amount**	**%**
Net assets	569.2	573.5	4.3	0.8
Loans and advances to customers	547.7	553.0	5.3	1.0
Equity	67.9	64.5	(3.4)	(5.0)
Operating income	20.3	8.9	(11.4)	(56.2)
Operating costs[(1)]	12.9	11.2	(1.6)	(12.7)
Income before taxes, impairments and provisions	7.4	(2.3)	(9.8)	(131.5)

[(1)] Includes personnel expenses, administrative expenses and annual amortisation.

SSAGIncentive - Sociedade de Serviços Auxiliares e Gestão de Imóveis, S.A.

SSAGIncentive - Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A. ("**SSAGIncentive**"), is 100 per cent. controlled by Banco Montepio through Montepio Holding SGPS, S.A., with its corporate object being real estate property management and trading.

As at 31 December 2023, the Assets of SSAGIncentive totalled €53.2 million, showing a reduction of 1.4 per cent. compared to €53.9 million recorded at the end of 2022, as a result of the decrease registered in the Real Estate Inventories, partially offset by the increase in the caption Cash and bank deposits, reflecting the amount received from the sale of properties.

Real estate properties under management are accounted for as inventories and refer to the acquisitions made to Banco Montepio of immovable properties for sale, namely fractions of real estate valued at market value. On 31 December 2023, inventories amounted to €12.9 million, of which €4.7 million refer to buildings and €8.2 million refer to land, showing a reduction of €4.8 million compared to €17.6 million recorded as at 31 December 2022, as a result of the sales throughout 2023. In 2023, 32 properties were sold, generating capital gains of €0.2 million, compared to 48 properties sold and capital gains of €0.4 million in 2022.

Cash and bank deposits totalled €40.2 million as at 31 December 2023, representing an increase of €3.9 million compared to €36.3 million recorded at the end of 2022, representing the deposits made with Banco Montepio and reflecting the amount received with the sale of the properties.

As at 31 December 2023, Equity stood at €52.7 million, compared to €53.5 million as at 31 December 2022, and was the main source of funding for assets, representing 99.1 per cent. of total assets (99.2 per cent. as at 31 December 2022).

Sales and services provided amounted to €4.0 million in 2023, compared to €5.9 million in 2022, corresponding to the amounts arising from sales of inventories under SSAGIncentive's current activity.

Cost of goods sold and materials consumed reached €3.8 million in 2023, representing a reduction of €1.8 million compared to 2022, and represents the acquisition cost of the properties sold, after deducting the respective impairment.

Impairment of inventories amounted to €1.0 million in 2023 in comparison to €1.1 million in 2022, reflecting the impact of the higher level of reversal of impairments of real estate properties for trading in 2023.

Overall, income before impairments and provisions in 2023 fell to -€1.2 million compared to -€1.1 million in 2022, reflecting the decrease in gross margin on property sales, despite the lower level of inventories' impairment recorded in 2023.

The SSAGIncentive key indicators are summarised in the following table.

Activity and Results (million euros)

			Change 2023/2022	
	2022	**2023**	**Amount**	**%**
Net assets	53.9	53.2	(0.8)	(1.4)
Inventories	17.6	12.9	(4.8)	(27.0)
Equity	53.5	52.7	(0.8)	(1.5)
Income before impairments and provisions	(1.1)	(1.2)	(0.1)	6.6

TAXATION

The following is a general description of certain Portuguese, Luxembourg and United States tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Portugal, Luxembourg and the United States of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Portugal

The following is a general description of certain Portuguese tax consequences of the acquisition and ownership of Notes. It does not purport to be an exhaustive description of all tax considerations that may be relevant to decide about the purchase of Notes. Notably, the following general discussion does not consider any specific facts or circumstances that may apply to a particular purchaser.

This overview is based on the laws of Portugal currently in full force and effect and as applied on the date of this Base Prospectus, thus being subject to variation, possibly with retroactive or retrospective effect.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences resulting from the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or are deemed to be, residents.

The economic advantages deriving from interests, redemption or reimbursement premiums and other types of remuneration arising from Notes issued by private entities are qualified as investment income for Portuguese tax purposes. In the case of Zero Coupon Notes, the difference between the redemption value and the subscription cost is regarded as investment income and is taxed accordingly.

General tax regime on debt securities

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to personal income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income (*englobamento*), subject to tax at the current progressive rates of up to 48 per cent. plus an additional surcharge of 2.5 per cent. applicable on income exceeding €80,000 and up to €250,000 and of 5 per cent. applicable on income exceeding €250,000.

Without prejudice to the Special Tax Regime for Debt Securities (Decree-Law 193/2005, as amended) as described further below, the general tax regime on debt securities applicable to non-resident individuals 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.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are taxed at a special tax rate of 28 per cent. levied on the positive difference between the capital gains and capital losses of each year, which is the final tax on that income unless the individuals have held the Notes for less than 365 days and their taxable income, including the balance of the capital gains and capital losses, amounts to or exceeds €81,199. If so, capital gains will be mandatorily included in the individuals' taxable income and will be subject to tax at progressive rates of up to 48 per cent. plus an additional surcharge of 2.5 per cent. applicable on income exceeding €80,000 and up to €250,000 and of 5 per cent. applicable on income exceeding €250,000. Resident individuals that are not subject to the income inclusion obligation may still elect to include such income in their taxable income.

Interest and other investment income derived from Notes and capital gains obtained with the transfer of Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to corporate income tax at a rate of (i) 21 per cent. (14.7 per cent. in the Autonomous Region of Madeira; 14.7 per cent. in the Autonomous Region of Azores) or (ii) if the taxpayer is a small or medium enterprise or a small and mid-capitalization enterprise (Small Mid Cap) as established

in Decree-Law no. 372/2007, of 6 November 2007, as amended, and additional conditions are met, 17 per cent. (8.75 per cent. in four of the eleven municipalities of the Autonomous Region of Madeira; 8.75 per cent. in the Autonomous Region of Azores) for taxable profits up to €50,000 and 21 per cent. (14.7 per cent. in the Autonomous Region of Madeira; 14.7 per cent. in the Autonomous Region of Azores) on profits in excess thereof, to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income. Corporate taxpayers with a taxable income of more than €1,500,000 are also subject to State surcharge (*derrama estadual*) of 3 per cent. on the part of their taxable profits that exceeds €1,500,000 up to €7,500,000 (2.1 per cent. in the Autonomous Region of Madeira; 2.1 per cent. in the Autonomous Region of Azores), of 5 per cent., on the part of the taxable profits that exceeds €7,500,000 (3.5 per cent. in the Autonomous Region of Madeira; 3.5 per cent. in the Autonomous Region of Azores) and 9 per cent. on the part of the taxable profits that exceeds €35,000,000 (6.3 per cent. in the Autonomous Region of Madeira; 6.3 per cent. in the Autonomous Region of Azores).

Withholding tax at a rate of 25 per cent. applies on interest and other investment income (except where the beneficial owner is either a financial institution, a pension fund, a retirement or education fund, a share savings fund, a venture capital fund, a collective investment undertaking or an exempt entity as specified by current Portuguese tax law), which is deemed a payment on account of the final tax due.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts opened in the name of one or more resident accountholders or non-resident accountholders with or without a permanent establishment in Portugal acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

A withholding tax rate of 35 per cent. also applies in case of investment income payments to individuals or legal persons resident in a country, territory or region subject to a clearly more favourable tax regime as defined by Ministerial order (*Portaria*) no. 150/2004 of 13 February 2004 (as amended or superseded from time to time).

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.

Capital gains obtained on the transfer of Notes by non-resident individuals are exempt from Portuguese capital gains taxation unless the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime as defined by Ministerial order (*Portaria*) no. 150/2004 of 13 February 2004 (as amended or superseded from time to time). If the exemption does not apply, the gains will be subject to personal income tax at a rate of 28 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

Capital gains obtained on the disposal of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the beneficial owner is more than 25 per cent. directly or indirectly held by Portuguese resident entities (the referred 25 per cent. threshold will not be applicable when the following cumulative conditions are met by the seller): (i) the entity at issue has its residence in the European Union in the European Economic Area (**provided that** such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States), or in any country with which Portugal has a double tax treaty in force that foresees information exchange; (ii) such entity is subject and not exempt from a corporate tax in accordance with article 2 of Directive 2011/96/EU, or a tax of similar nature with a rate not lower than 60 per cent. of the Portuguese IRC rate; (iii) it holds at least 10 per cent. of the share capital or voting rights for at least 1 year uninterruptedly prior to the disposal; and (iv) it is not intervenient in an artificial arrangement or a series of artificial arrangements that have been put into place for the main purpose, or one of the main purposes, of obtaining a tax

advantage) or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime as defined by Ministerial order (*Portaria*) no. 150/2004 of 13 February 2004 (as amended or superseded from time to time). If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

Special Tax Regime for Debt Securities (Decree-Law 193/2005)

Pursuant to Decree-law 193/2005, of 7 November 2005 as amended from time to time ("**Decree-law 193/2005**"), investment income paid on, as well as capital gains derived from a sale or other disposal of the Notes, to non-Portuguese tax resident beneficial owners will be exempt from Portuguese income tax provided the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as the CVM managed by Interbolsa), or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU member states or (iii) integrated in other centralised systems not covered above **provided that**, in this last case, the Portuguese Government authorises the application of the Decree-Law 193/2005, and the beneficiaries are:

(a) central banks or governmental agencies; or

(b) international bodies recognised by the Portuguese Government; or

(c) entities resident in countries or jurisdictions with whom Portugal has a double tax treaty in force or a tax information exchange agreement in force; or

(d) other entities without head offices, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in Ministerial order (*Portaria*) no. 150/2004 of 13 February 2004 (as amended or superseded from time to time).

For purposes of application at source of this tax exemption regime, Decree-Law 193/2005 requires completion of certain procedures aimed at verifying the non-resident status of the Noteholder and the provision of information to that effect. Accordingly, to benefit from this tax exemption regime, a Noteholder is required to hold the Notes through an account with one of the following entities:

(a) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;

(b) an indirect registered entity, which, although not assuming the role of the "direct registered entities", is a client of the latter; or

(c) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

Direct registered entities are required, for the purposes of Decree-Law 193/2005, to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account.

Domestic Cleared Notes

Registration of the Notes in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the beneficial owner, to be provided by the Noteholder to the direct registered entity prior to the relevant date for payment of interest or other investment income (*rendimentos de capitais*) and to the transfer of Notes, as follows:

(i) if the beneficial owner is a central bank, an international body recognised as such by the Portuguese Government, or a public law entity and respective agencies, a declaration issued by the beneficial owner of the Notes itself duly signed and authenticated, or proof of non-residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal

not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(ii) if the beneficial owner of the Notes is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification official document or (B) a certificate issued by the entity responsible for such supervision or registration, or by tax authorities, confirming the legal existence of the beneficial owner of the Notes and its domicile; or (C) proof of non-residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(iii) if a beneficial owner of Notes is either an investment fund or a collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a double tax treaty or an agreement for exchange of information regarding tax matters, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, domicile and law of incorporation; or (B) proof of non-residence pursuant to the terms of paragraph (iv) below, so long as the beneficial owners of Notes provide the confirmation referred to in paragraph (iv) below; and

(iv) in any other case, information provided in accordance with the following rules: confirmation must be made by the relevant beneficial owner of Notes by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities, (B) a document issued by the relevant Portuguese Consulate certifying residence abroad, or (C) a document specifically issued by an official entity taking part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country; for these purposes, an identification document such as a passport or an identity card or document by means of which it is indirectly possible to presume the relevant tax residence (such as a work or permanent residency permit) are not acceptable. The beneficial owner of the Notes must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The beneficial owner of the Notes must inform the direct registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

Luxembourg

Luxembourg tax residency of the Noteholders

A Noteholder will not become resident, or be deemed to be resident in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to Luxembourg individual resident beneficial owners are subject to a 20 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria,

Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Until recently, the FTT proposal was at a standstill at the level of the European Council. Following the meeting of the Council of the EU on 14 June 2019, the FTT currently considered by the participating Member States would be levied on the acquisition of shares or similar instruments of listed companies which have their head offices in a member state of the EU (and market capitalisation in excess of €1 billion on 1 December of the preceding year), rather than on any type of financial instrument. In order to reach a final agreement among the participating Member States, further work in the Council and its preparatory bodies will be required in order to ensure that the competencies, rights and obligations of non-participating EU member states are respected.

The proposed FTT remains subject to negotiation between participating Member States and the scope of any such tax and its adoption is uncertain and remains unclear. Additional EU member states may decide to participate.

If the proposed directive or any similar tax was adopted, and depending on the final terms and scope of the FTT, transactions on the Notes could be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Administrative cooperation in the field of taxation

The new regime under Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

Under Council Directive 2014/107/EU, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the State of Residence) information regarding bank accounts, including depository and custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Council Directive. The information refers not only to personal information such as name, address, state of residence, tax identification number and date and place of birth, but also to the account balance at the end of the calendar year, and (i) in case of depository accounts, income paid or credited in the account during the calendar year; or, (ii) in the case of custodial accounts, the total gross amount of interest, dividends and any other income generated, as well as the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

Portugal has implemented Directive 2011/16/EU through Decree-Law No. 61/2013 of 10 May.

Also, Council Directive 2014/107/EU was implemented through Decree-Law No. 64/2016 of 11 October. Under such law, the Issuer will be required to collect information regarding certain accountholders and report such information to Portuguese tax authorities which, in turn, will report such information to the relevant tax authorities of EU member states or states which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard.

In view of the above-mentioned regimes, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations and the forms to use for that end were provided by the Ministry of Finance, through Order No. 302-A/2016 of 2 December 2016, Order No. 302-B/2016 of 2 December 2016, Order No. 302-C/2016 of 2 December 2016, Order No. 302-D/2016 of 2 December 2016 and Order No. 302-E/2016 of 2 December 2016.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as "**FATCA**", a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Portugal) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Dealer Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 17 May 2024 (the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on their own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by an Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment and update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

If TEFRA C is specified as "Applicable" in the relevant Final Terms, then the Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such an identifiable Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons of any identifiable Tranche of Notes. Term used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering an offer or sale of Notes within the United States by any dealer that is participating in the offering of such Notes may violate the registration requirements of the Securities Act.

Each purchaser of Notes outside the United States pursuant to Regulation S and every subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, will be deemed to have represented, agreed and acknowledged that:

(a) the Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulations S; and

(b) this Note has not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered,

sold, pledged or otherwise transferred within the United States except pursuant to an exemption from registration under the Securities Act.

Prohibition of Sales to European Economic Area Retail Investors

Unless the relevant Final Terms in respect of any Notes specifies "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction Under the Prospectus Regulation

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may make an offer of such Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended or supplemented from time to time.

Prohibition of sales to United Kingdom Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to United Kingdom Retail Investors" as "Not Applicable", in relation to the United Kingdom, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes

which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement 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 domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction under the UK Prospectus Regulation

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to United Kingdom Retail Investors" as "Not Applicable", each Dealer shall be required to represent and agree that it has not made and will not make an offer of Notes to the public which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

United Kingdom – Other regulatory restrictions

Each Dealer has represented, warranted and agreed that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

France

Each of the Dealers and the Issuer have represented and agreed that:

(a) in relation to offers to the public in France:

it has only made and will only make an offer of Notes to the public in France in the period beginning on the date of notification to the *Autorité des marchés financier*s ("**AMF**") of approval of the prospectus in relation to those Notes, by the competent authority of a Member State of the European Economic Area, other than the AMF, and ending at the latest on the date which is 12 months after the date of the approval of this Base Prospectus, all in accordance with the Prospectus Regulation and any applicable French law and regulation; or

(b) in relation to offers addressed solely to qualified investors in France:

it has only offered or sold and will only offer or sell, directly or indirectly, any Notes in France to and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France, this Base Prospectus, the relevant final terms or any other offering material relating to the Notes to qualified investors as defined in Article 2(e) of the Prospectus Regulation.

This Base Prospectus has not been submitted to the clearance procedures of the AMF.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA), pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Canada

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes and the Notes will not be qualified for sale under the

securities laws of Canada or any province or territory thereof. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgement on this Base Prospectus or on the merits of the Notes, and any representation to the contrary is an offense. The offer and sale of Notes in Canada is being made on a private placement basis only pursuant to an exemption from the requirement that the Issuer prepares and files a prospectus under applicable Canadian securities laws.

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 distributed, and will not offer, sell or distribute, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof other than in compliance with all applicable securities laws of Canada or any province or territory thereof and without limiting the generality of the foregoing:

(a) it will offer, sell or distribute the Notes to purchasers in Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45 106 - Prospectus Exemptions ("**NI 45-106**") or Subsection 73.3(1) of the Securities Act, and are permitted clients, as defined in National Instrument 31 103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations and that are not a person created or used solely to purchase or hold the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(b) each Dealer is (i) appropriately registered under applicable Canadian securities laws in each relevant province or territory to distribute the Notes, or (ii) is relying on an exemption from the dealer registration requirements under applicable Canadian securities laws and has complied with the requirements of that exemption; and

(c) no offering memorandum (as defined in applicable Canadian securities laws) or any other offering material will be distributed or delivered in or to a resident of Canada in connection with the offering of Notes, except in compliance with applicable Canadian securities laws.

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes 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 Notes 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 Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or distribute any Notes or any copy of this Base Prospectus or any other document relating to the Notes in the Republic of Italy ("**Italy**") in an offer of securities to the public under the meaning of Article 2, letter (d) of the Prospectus Regulation and/or Article 1, paragraph 1, letter (t) of Legislative Decree no. 58 of 24 February 1998, as amended (the "**Financial Services Act**") except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and Article 100 of the Financial Services Act and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**Issuers Regulation**"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or registers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

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

[**PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**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 (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, 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 Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][3]

[**PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) 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 domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][4]

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

[**UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is 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 domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**")][UK MiFIR]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should

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[3] Include where item (vii) of Section 6 (Distribution) of Part B - Other Information of the Final Terms specifies "Applicable".

[4] Include where item (viii) of Section 6 (Distribution) of Part B - Other Information of the Final Terms specifies "Applicable".

take into consideration the manufacturer['s/s'] target market assessment; however, a 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 Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore** – SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"), and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ['prescribed capital markets products']/[capital markets products other than 'prescribed capital markets products'] (as defined in the CMP Regulations 2018) and are [Excluded]/[Specified] 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).][5]

Final Terms dated [●]

Legal entity identifier (LEI): 2138004FIUXU3B2MR537

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

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €6,000,000,000

Euro Medium Term Note Programme

Part A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 17 May 2024 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus for the purposes of [the Prospectus Regulation / Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**")] (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8.2(a) the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (at www.luxse.com) and on the website of the Issuer (at https://www.bancomontepio.pt/institucional/investor-relations/funding-programmes).]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [7 June 2023] which are incorporated by reference in the base prospectus dated 17 May 2024. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the base prospectus dated 17 May 2024 [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**") in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the base prospectus dated [7 June 2023]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (at www.luxse.com) and on the website of the Issuer (at https://www.bancomontepio.pt/institucional/investor-relations/funding-programmes).]

[5] For any Notes to be offered to Singapore investors, the Issuer is to consider whether it needs to reclassify the Notes pursuant to Section 309B of the SFA prior to the launch of the Offer.

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

1.	(i)	Series Number:	[●]
	[(ii)	Tranche Number:	[●]]
	[(iii)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert amount, interest rate, maturity date and issue date of the Series*] on [*insert date*/the Issue Date].]
2.	Specified Currency or Currencies:		[●]
3.	Aggregate Nominal Amount of Notes:		[●]
	(i)	Series:	[●]
	[(ii)	Tranche:	[●]]
4.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(i)	Specified Denominations:	[●] (*Notes will only be tradeable in the Specified Denomination*)
	(ii)	Calculation Amount:	[●]
6.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date	[*Specify*/Issue Date/Not Applicable]
7.	Maturity Date:		[*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
8.	Interest Basis:		[[●] per cent. Fixed Rate] [Reset Notes] [[EURIBOR] +/– [●] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
9.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [par]/[[●] per Calculation Amount] [*such amount will be no less than par*]
10.	Put/Call Options:		[Investor Put] [Issuer Call] [Issuer Clean-up Call] [(further particulars specified below)] [Not Applicable]
11.	[(i)]	Status of the Notes:	[Ordinary Senior Notes] [Senior Non Preferred Notes] [Subordinated Notes]

[(ii)]	[Date [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[●] in each year
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv)	Broken Amount(s):	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
	(v)	Day Count Fraction:	[Actual/Actual]/[Actual/Actual-ISDA]/[Actual/365(fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360(ISDA)]/[Actual/Actual-ICMA]
	(vi)	Determination Dates:	[●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA)*
13.	**Reset Note Provisions**		[Applicable/Not Applicable] (*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]
	(ii)	First Margin:	[+/-][●] per cent. per annum
	(iii)	Subsequent Margin:	[[+/-][●] per cent. per annum][Not Applicable]
	(iv)	Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date[[in each case,] subject to adjustment in accordance with paragraph 13(xvi)]
	(v)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[●] per Calculation Amount][Not Applicable]
	(vi)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
	(vii)	First Reset Date:	[●][subject to adjustment in accordance with paragraph 13(xvi)]
	(viii)	Second Reset Date:	[●]/[Not Applicable][subject to adjustment in accordance with paragraph 13(xvi)]

	(ix)	Subsequent Reset Date(s):	[●] [and [●]] [subject to adjustment in accordance with paragraph 13(xvi)]
	(x)	Relevant Screen Page:	[●]
	(xi)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(xii)	Fixed Leg Frequency:	[●]
	(xiii)	Floating Leg Frequency:	[●]
	(xiv)	Day Count Fraction:	[Actual/Actual][Actual/Actual – ISDA][Actual/365 (Fixed)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)][Actual/Actual – ICMA]
	(xv)	Determination Dates:	[●] in each year
	(xvi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention]
	(xvii)	Business Centre(s):	[●]
	(xviii)	Calculation Agent:	[●]
	(xix)	[First Reset Period Fallback:]	[●]
	(xx)	[Swap Rate Period:]	[●]
14.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] (*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Period(s):	[●]
	(ii)	Specified Interest Payment Dates:	[●]
	(iii)	Interest Period Date:	[●] [Not Applicable] (*Not Applicable unless different from Interest Payment Date*)
	(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention]
	(v)	Business Centre(s):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
	(viii)	Screen Rate Determination:	
		• Reference Rate:	EURIBOR

- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]

(ix) ISDA Determination:

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

(x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]

(xi) Margin(s): [+/-][●] per cent. per annum

(xii) Minimum Rate of Interest: [●] per cent. per annum

(xiii) Maximum Rate of Interest: [●] per cent. per annum

(xiv) Day Count Fraction: [Actual/Actual][Actual/Actual – ISDA][Actual/365 (Fixed)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)][Actual/Actual – ICMA]

15. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

(*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Amortisation Yield: [●] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

16. **Call Option** [Applicable/Applicable subject to the Relevant Authority's prior permission (as set out in Condition 5(k))/Not Applicable]

(*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount

(iii) Ordinary Senior Notes – MREL Event: [Not Applicable/The provisions in Condition 5(f) apply]]

(iv) If redeemable in part:

(a) Minimum Redemption Amount: [●] per Calculation Amount

(b) Maximum Redemption Amount: [●] per Calculation Amount

(v) Notice period [●]

17.	**Clean-up Call Option**		[Applicable/Not Applicable] (*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Clean-up Call Minimum Percentage:	[As per the Conditions/*specify*]
	(ii)	Clean-up Call Option Amount:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
18.	**Put Option**		[Applicable/Not Applicable] (*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[●]
		(a) Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
		(b) Notice period:	[●]
19.	**Final Redemption Amount**		[●] per Calculation Amount
20.	**Early Redemption Amount** Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, upon a Capital Event (in the case of Subordinated Notes) or on event of default		[●] per Calculation Amount
21.	**[Early Redemption Amount (MREL Event)** Early Redemption Amount (MREL Event) per Calculation Amount payable upon an MREL Event (in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where "Ordinary Senior Notes MREL Event" has been specified as "Applicable" in the Final Terms)]		[●] per Calculation Amount[6]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Financial Centre(s) or other special provisions relating to payment dates:	[*Not Applicable/give details. (Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 13(xvii) relates)*]

[6] Include only for Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where "Ordinary Senior Notes – MREL Event" has been specified as "Applicable" in the Final Terms.

23.	[Ordinary Senior Notes: Waiver of Set-Off	Condition [2(d)] is [Not] Applicable][7]
24.	[Ordinary Senior Notes: Negative Pledge	Condition 3(a) is [Not] Applicable][8]
25.	[Ordinary Senior Notes: Events of Default	Condition 9(a) is [Not] Applicable][9]
26.	[Capital Event: Substitution and Variation	Condition 5(j) is Applicable/Not Applicable][10]
27.	[MREL Event: Substitution and Variation	Condition 5(j) is Applicable/Not Applicable][11]

THIRD PARTY INFORMATION

[Not Applicable][[[●] has been extracted from [●]], which, when read together with the Base Prospectus referred to above, contains all information that is material in the context of the issue of the Notes. 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 [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of Caixa Económica Montepio Geral, caixa económica bancária, S.A.:

By:.....
Duly authorised

By:.....
Duly authorised

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[7] Include for Ordinary Senior Notes only. Select "Applicable" for Ordinary Senior Notes intended to be MREL Eligible Instruments.

[8] Include for Ordinary Senior Notes only.

[9] Include for Ordinary Senior Notes only. Select "Not Applicable" for Ordinary Senior Notes intended to be MREL Eligible Instruments.

[10] Include for Subordinated Notes only.

[11] Include for Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes intended to be MREL Eligible Instruments.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the [Official List] of [the Luxembourg Stock Exchange/[●]] and to be admitted to trading on [the Luxembourg Stock Exchange's regulated market/[●]] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the [Official List] of [the Luxembourg Stock Exchange/[●]] and to be admitted to trading on [the Luxembourg Stock Exchange's regulated market/[●]] with effect from [●].][Not Applicable.] (*Where documenting a fungible issue need to indicate that* original *Notes are already admitted to trading.*)
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	[The Notes to be issued [have been rated/are expected to be] rated]/[The Notes to be issued have not been rated][The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [Fitch: [●]] [Moody's: [●]] [DBRS: [●]] [[Other]: [●]] *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) (*Include appropriate Credit Rating Agency Regulation (1060/2009) ("**CRA Regulation**") or Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of the domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") disclosure*) [*A list of rating agencies registered under the CRA Regulation can be found at (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk).*] [*The UK CRA Regulation rating agency register can be found at (https://register.fca.org.uk/s/).*]

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

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

[[Save for any fees payable to the [Managers/Dealers],] [So/so] far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

[●]

(Amend as appropriate if there are other interests)

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

4. **YIELD**

[*Include for Fixed Rate Notes only*]

Indication of yield:	[●] [Not Applicable]

5. **OPERATIONAL INFORMATION**

(i)	ISIN:	[●]
(ii)	Common Code:	[●]
(iii)	CUSIP:	[●]
(iv)	CINS:	[●]
(v)	Any clearing system(s) other than Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., Euroclear Bank S.A./NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s) [and address(es)*]]
(vi)	Names and addresses of initial Paying Agent(s) (if any):	[●]
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[●] [Not Applicable]
(viii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[No] / [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will

		depend upon satisfaction of the Eurosystem eligibility criteria.]

6. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Date of [Subscription] Agreement:	[●]
(iv)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(vi)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA C Applicable/TEFRA Not Applicable]
(vii)	Prohibition of Sales to European Economic Area Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified.* *If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)
(viii)	Prohibition of Sales to United Kingdom Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified.* *If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)

7. **BENCHMARKS REGULATION**

	Benchmarks Regulation: Article 29(2) statement on benchmarks:	[Not Applicable] [Applicable: Amounts payable under the Notes are calculated by reference to EURIBOR, which [is provided by the European Money Markets Institute ("**EMMI**").]]

8. **USE AND ESTIMATED NET AMOUNT OF PROCEEDS**

(i)	Use of Proceeds:	[Per the Base Prospectus]/[*specify*]]
(ii)	Net Amount of Proceeds:	[●]

GENERAL INFORMATION

1. **Authorisation** - The Issuer has obtained all necessary consents, approvals and authorisations in the Portuguese Republic in connection with the establishment and update of the Programme. The 2024 update of the Programme was authorised by a resolution of the Executive Committee passed on 9 April 2024 and the Board of Directors of the Issuer approved on 29 April 2024.

2. **Approval, listing and admission to trading** - Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

3. **No significant change in the financial position of the Issuer** - There has been no significant change in the financial position of Banco Montepio and/or the Banco Montepio Group and no significant change in the financial performance of Banco Montepio and/or the Banco Montepio Group since the end of the last financial period for which financial information has been published, 31 March 2024.

4. **Material adverse change in the prospects of the Issuer** - There has been no material adverse change in the prospects of Banco Montepio since 31 December 2023, the date of the last audited consolidated annual financial statements of Banco Montepio for the financial year ended 31 December 2023.

5. **Litigation** - Save as disclosed on pages 121-123 in "– *Description of the Issuer – Legal and arbitration proceedings*", neither Banco Montepio nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Banco Montepio is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects, in the context of the issue of the Notes, on the financial position or profitability of the Banco Montepio Group.

6. **Conditions for Determining Price** - The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.

7. **Interbolsa** - Notes have been accepted for clearance through Interbolsa. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. The address of Interbolsa is Avenida da Boavista, no. 3433, 4100-138, Porto, Portugal. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any Alternative Clearing System will be specified in the applicable Final Terms.

8. **Documents available** - For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and, in the case of (iii), (iv), (v), (vi) and (viii) below, copies will be available free of charge, at the (a) registered office of the Issuer and at the specified office of the Agent and (b) on the website of the Issuer at https://www.bancomontepio.pt/investor-relations :

   (i) the Instrument (which includes the form of the Notes);

   (ii) the Agency Terms;

   (iii) the Articles of Association of the Issuer;

   (iv) the Annual Report 2023 and the Annual Report 2022;

   (v) the Q1 2024 Earnings Release;

(vi) the 2023 Conditions;

(vii) each set of Final Terms for Notes that are listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange or are listed or admitted to trading on any other stock exchange; and

(viii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.

In addition, a copy of the Base Prospectus, any Final Terms that are listed and admitted to trading on the regulated market of Luxembourg Stock Exchange and the documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange (www.luxse.com).

9. **Issuer's 2022 and 2023 accounts** - PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. have audited the financial statements of Banco Montepio for the year ended 31 December 2022 and 31 December 2023, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

10. **Third party information** - Where information has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of such third party information is identified where used.

11. **Issuer's code** - The Legal Entity Identifier (LEI) code of the Issuer is 2138004FIUXU3B2MR537.

12. The Issuer's website is https://www.bancomontepio.pt. Unless specifically incorporated by reference into this base prospectus, information contained on the website does not form part of this Base Prospectus.

13. For the avoidance of doubt, the Issuer shall not have any obligation to supplement this Base Prospectus after the end of its 12-month validity period.

14. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities, including potentially the Notes offered hereby. Any such positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph 15, the term “affiliates” includes parent companies.

REGISTERED OFFICE OF THE ISSUER

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

Rua Castilho, 5
1250-066 Lisbon
Portugal

ARRANGER

BofA Securities Europe SA
51 rue La Boétie
75008 Paris
France

DEALERS

BofA Securities Europe SA
51 rue La Boétie
75008 Paris
France

Banco Santander, S.A.
Ciudad Grupo Santander
Avenida de Cantabria s/n
Edificio Encinar 28660 Boadilla del Monte
Madrid
Spain

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

Caixa Económica Montepio Geral
caixa económica bancária, S.A.
Rua Castilho, 5
1250-066 Lisbon
Portugal

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt am Main
Germany

Crédit Agricole Corporate and Investment Bank
12, Place des Etats-Unis
CS 70052 - 92547 Montrouge Cedex
France

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt/ Main
Germany

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate & Investment Banking
Via Manzoni 4
20121 Milan
Italy

J.P. Morgan SE
Taunustor 1 (TaunusTurm)
60310
Frankfurt am Main
Germany

Morgan Stanley Europe SE
Grosse Gallusstrasse 18
60312 Frankfurt-am-Main
Germany

Natixis
7 promenade Germaine Sablon
75013 Paris
France

NatWest Markets N.V.
Claude Debussylaan 94
1082 MD Amsterdam
The Netherlands

Société Générale
Immeuble Basalte
17 Cours Valmy
CS 50318
92972 Paris La Défense Cedex
France

UniCredit Bank GmbH
Arabellastrasse, 12
81925 Munich
Germany

AGENT

Caixa Económica Montepio Geral, caixa económica bancária, S.A.
Rua Castilho, 5
1250-066 Lisbon
Portugal

LEGAL ADVISERS

To the Issuer as to English law:

Dentons UK & Middle East LLP
One Fleet Place London EC4M 7WS United Kingdom

To the Issuer as to Portuguese law:

PLMJ Advogados, SP, RL.
Avenida Fontes Pereira de Melo 43
1050-119 Lisbon
Portugal

To the Dealers as to English law:

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

AUDITORS TO THE ISSUER

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Palácio Sottomayor
Rua Sousa Martins, number 1 – 3rd floor
1069-316 Lisbon
Portugal

Listing Agent

Matheson LLP
70 Sir John Rogerson's Quay
Dublin 2
Ireland