Base Prospectus dated 29 August 2024

novobanco

NOVO BANCO, S.A.

(*incorporated with limited liability in Portugal*)

€5,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**" and the "**Base Prospectus**", respectively), Novo Banco, S.A. (the "**Issuer**" or the "**Bank**" or "**novobanco**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate principal amount of Notes outstanding will not at any time exceed €5,000,000,000 (or the equivalent in other currencies).

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Notes issued under the Programme for the period of 12 months from the date of this Base Prospectus to be admitted to the official list of Euronext Dublin (the "**Official List**") and to Euronext Dublin for such Notes to be admitted to trading on Euronext Dublin's Regulated Market (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 have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**"). The applicable Final Terms (as defined in "*Overview of the Programme—Method of Issue*") 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).

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland only approves 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 either 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.

Each Series (as defined in "*Overview of the Programme—Method of Issue*") of Notes will be issued in dematerialised book-entry form (*forma escritural*) and will be in registered (*nominativas*) form in the Specified Denomination specified in the applicable Final Terms and 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 the entity responsible for the management and operation of the Central de Valores Mobiliários, a Portuguese Securities Centralised System managed and operated by Interbolsa (the "**CVM**"). The CVM currently has links in place with Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") through securities accounts held by Euroclear and Clearstream, Luxembourg with Affiliate Members (as defined in "*Form of the Notes and Clearing System*") of Interbolsa.

Senior Preferred Notes, Senior Non-Preferred Notes and Tier 2 Notes (each as defined in "*Terms and Conditions of the Notes*") issued under the Programme are expected to be rated Ba1, Ba1 and Ba2, respectively, by Moody's Investors Service España, S.A. ("**Moody's**") and BB (high), BB and BB (low), respectively, by DBRS Ratings GmbH ("**DBRS**"). Senior Preferred Notes issued under the Programme are expected to be rated BBB- by Fitch Ratings Ireland Limited ("**Fitch**"). Moody's, Fitch and DBRS are established in the European Union (the "**EU**") and registered under Regulation (EC) No 1060/2009 (the "**EU 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 EU CRA Regulation. The ratings which Moody's, Fitch and/or DBRS may give to the Tranches of Notes (as defined in *"Overview of the Programme—Method of Issue*") to be issued under the Programme may be endorsed by Moody's Investors Service Limited, Fitch Ratings Limited 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 of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**").

Tranches of Notes 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. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable 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 EU or in the UK and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable) will be disclosed in the applicable Final Terms. A list of rating agencies registered under the EU 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 will be valid as a base prospectus under the Prospectus Regulation for 12 months from 29 August 2024. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Base Prospectus. Investors should also see the "*Terms and Conditions of the Notes*" and "*Taxation*" in respect of procedures to be followed to receive payments under the Notes. Holders are required to adopt the procedures as described herein in order to receive payments on the Notes free from Portuguese withholding tax. Holders must rely on the procedures of Interbolsa to receive payments under the Notes.

Arranger

J.P. Morgan

Dealers

BofA Securities

Citigroup

Crédit Agricole CIB

Deutsche Bank

J.P. Morgan

Société Générale Corporate & Investment Banking

IMPORTANT NOTICES

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

The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Base Prospectus and each applicable Final Terms for each issuance of Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus and each applicable Final Terms is in accordance with the facts and this Base Prospectus as completed by the applicable Final Terms makes no omission likely to affect the import of such information.

Certain information in this Base Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. 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 the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed €5,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

No person has been authorised to give any information or to make any representation not contained in or consistent with this Base Prospectus in connection with the issue or sale of the Notes and any information or representation not so contained must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers (as defined in "*Overview 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 amended or 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 amended or supplemented or that the information contained in it or any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The minimum specified denomination of the Notes shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

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

To the fullest extent permitted by law, none of the Arranger or the Dealers accepts 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 disclaims 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 Arranger or the Dealers 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 Arranger or the Dealers.

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

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

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

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(e) is 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.

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

OFFER RESTRICTIONS

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe or purchase, any of the Notes. The distribution of this Base Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Notes and distribution of this Base Prospectus, see "*Subscription and Sale*" below.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The 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 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. Any 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.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**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, 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. 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.

PROHIBITION OF SALES TO UK 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 EUWA; or (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 the Insurance Distribution Directive, 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 ("**UK MiFIR**"). Consequently, no key information document required by the PRIIPs Regulation 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.

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**"), 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).

Notice to investors in Canada: 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 amendment thereto) 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 adviser.

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**")).

For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "*Subscription and Sale*".

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "**Stabilisation Manager(s)**") (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may 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 any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

GENERAL

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by the European Money Markets Institute (as administrator of EURIBOR).

As at the date of this Base Prospectus, the 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 Benchmark Regulation (Regulation (EU) 2016/1011) (the "**BMR**").

FORWARD-LOOKING STATEMENTS

Certain information contained in this Base Prospectus, including any information as to the Issuer's strategy, market position, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "budget", "project", "aim", "estimate", "may", "will", "could", "should", "schedule" and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Issuer, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, those described in "*Risk Factors*".

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Base Prospectus speak only as at the date of this Base Prospectus, reflect the current view of the executive board of directors of the Issuer (the "**Board**") with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer's operations, results of operations, strategy, liquidity, capital and leverage ratios and the availability of new funding. Investors should specifically consider the factors identified in this Base Prospectus that could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Base Prospectus are qualified by these cautionary statements. Specific reference is made to the information set out in "*Risk Factors*" and "*Description of the Issuer and of the Group*".

Subject to applicable law or regulation, the Issuer explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Base Prospectus that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Base Prospectus.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a prospectus supplement as required by Article 23 of the Prospectus Regulation.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

The historical financial information incorporated by reference in this Base Prospectus has been prepared in accordance with the International Financial Reporting Standards (the "**IFRS**") issued by the International Accounting Standards Board ("**IASB**") as adopted by the EU. The historical financial information presented in

this Base Prospectus consists of (i) audited consolidated financial information of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 and (ii) unaudited (with limited review) interim condensed consolidated financial information of the Issuer for the six months ended 30 June 2023 and 30 June 2024.

Alternative Performance Measures

To supplement the Group's consolidated financial statements presented in accordance with IFRS, the Group uses certain ratios and measures which are included in this Base Prospectus that might be considered to be "alternative performance measures" (each an "**APM**") as described in the ESMA Guidelines on Alternative Performance Measures (the "**ESMA Guidelines**") published by ESMA on 5 October 2015. The ESMA Guidelines provide that an APM is understood as "a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework".

The Group believes that the inclusion of APMs, when considered in conjunction with measures reported under IFRS, is useful to investors because it provides a basis for measuring the Group's performance in the periods presented and enhances investors' overall understanding of the Group's financial performance. The APMs utilised by the Group have been consistently defined and represented for all periods for which financial information is included in this Base Prospectus. APMs are not defined in accordance with IFRS accounting standards, they are unaudited and the definitions of APMs used by the Group may differ from, and therefore may not be comparable to, APMs used by another entity. APMs should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS.

For further information on the APMs used by the Group, including their definition and purpose, basis of calculation and reconciliation to the Group's financial statements, see pages 53 to 55 of the Group's 2024 interim report and pages 114 to 117 of the 2023 Annual Report.

Currency Presentation

Unless otherwise indicated, all references in this Base Prospectus to "**€**" or "**euro**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union (the "**EMU**") pursuant to the Treaty establishing the European Community, as amended. The Issuer prepares its financial statements in euro. Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in euro.

Rounding

Percentages and certain amounts in this Base Prospectus, including financial, statistical and operating information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

Definition

The Issuer and its subsidiaries are together referred to in this Base Prospectus as the "**Group**".

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OVERVIEW OF THE PROGRAMME

*The following overview is qualified in its entirety by the more detailed information contained elsewhere in this Base Prospectus. Capitalised terms used herein and not otherwise defined have the respective meanings given to them in the "Terms and Conditions of the Notes" (the "**Conditions**").*

Issuer	Novo Banco, S.A.
Legal Entity Identifier	5493009W2E2YDCXY6S81
Description	Euro Medium Term Note Programme
Programme Size	Up to €5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
Arranger	J.P. Morgan SE
Dealers	BofA Securities Europe SA Citigroup Global Markets Europe AG Crédit Agricole Corporate and Investment Bank Deutsche Bank Aktiengesellschaft J.P. Morgan SE Société Générale 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 Programme. References in this Base Prospectus to "**Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the Programme (and whose appointment has not been terminated) and persons appointed as dealers in respect of one or more Tranches.
Initial Paying Agent	Novo Banco, S.A.
Initial Agent Bank	Novo Banco, 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. The specific terms of each Tranche (which will be completed, where necessary, with the applicable terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will

be completed in the final terms document relating to the Notes (the “**Final Terms**”).

Issue Price	Notes may be issued at their principal amount or at a discount or premium to their principal amount.
Form of Notes	The Notes will be issued in dematerialised book-entry form (*forma escritural*) and will be in registered (*nominativas*) form and will be integrated in and held through Interbolsa, as the entity responsible for the management and operation of the CVM. The terms and conditions of each Series of Notes shall be the Conditions set out in this Base Prospectus, as supplemented and/or completed by the applicable Final Terms. The Notes are constituted by a deed poll given by the Issuer in favour of the Holders dated 29 August 2024 (the “**Instrument**”). Notes to be issued under the Programme will be Senior Preferred Notes, Senior Non-Preferred Notes or Tier 2 Notes, as specified in the applicable Final Terms.
Clearing Systems	Notes will be cleared and settled through Interbolsa (and indirectly through Euroclear and Clearstream, Luxembourg). For a summary description of certain related rules applicable to the Notes, see the section “*Form of the Notes and Clearing System*”.
Currencies	Subject to compliance with all applicable legal and/or regulatory requirements and acceptance by Interbolsa for registration and clearing securities, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer and as specified in the applicable 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. *Tier 2 Notes must have a maturity date falling at least five years after the Issue Date.*
Specified Denomination	Notes will be in such denominations as may be specified in the applicable Final Terms, save that (i) 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 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 UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum 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 applicable Final Terms.
Reset Notes	Reset Notes will, in respect of an initial period, bear interest at the Initial Rate of Interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to the relevant Mid-Swap Rate or Reference Bond Rate, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms, as further described in the Conditions and subject to the benchmark discontinuation provisions set out in Condition 3(k) (*Benchmark Discontinuation*). Such interest will be payable in arrear on the Reset Note Interest Payment Date(s) specified in the applicable Final Terms or determined pursuant to the Conditions.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series by reference to EURIBOR as adjusted for any applicable margin and subject to the benchmark discontinuation provisions set out in Condition 3(k) (*Benchmark Discontinuation*). Interest periods may be specified in the applicable Final Terms.
Zero Coupon Notes	Zero Coupon Notes may be issued at their principal 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 applicable Final Terms will specify the redemption amounts payable. Unless previously redeemed, purchased and cancelled, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount, which shall be at least equal to its principal amount. Early redemption will be permitted for taxation reasons or, if "Loss Absorption Disqualification Event" is specified as applicable in the applicable Final Terms, upon the occurrence of a Loss Absorption Disqualification Event or, in the case of Tier 2 Notes, upon a Capital Disqualification Event, but otherwise early redemption will be permitted only to the extent specified in the applicable Final Terms. Any early redemption of Notes will be subject to Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred*

	Notes) or 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase of Tier 2 Notes*), as applicable.
Optional Redemption	The applicable Final Terms will state whether Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) 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 (other than Notes redeemed at the Make-Whole Redemption Amount) or purchased and subsequently cancelled in accordance with Condition 4 and, in either such case, the terms applicable to such redemption. Any optional redemption of Notes will be subject to Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes*) or 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase of Tier 2 Notes*), as applicable. The Notes may not be redeemed at the option of Holders.
Benchmark Discontinuation	In the case of Reset Notes or Floating Rate Notes, on the occurrence of a Benchmark Event, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread and any Benchmark Amendments in accordance with Condition 3(k) (*Benchmark Discontinuation*).
Status of Senior Preferred Notes	Senior Preferred Notes will constitute direct, unsecured, unsubordinated and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. If a Winding-Up occurs, the rights and claims of the Holders shall rank (A) *pari passu* among themselves and with any other Senior Higher Priority Liabilities, save for those Senior Higher Priority Liabilities that have been accorded by law preferential rights and (B) senior to (i) Senior Non-Preferred Liabilities and (ii) all present and future subordinated obligations (including, for the avoidance of doubt, all Tier 2 Notes) and all classes of share capital of the Issuer. See Condition 2(a) (*Status of Senior Preferred Notes*).
Status of Senior Non-Preferred Notes	Senior Non-Preferred Notes will constitute direct, unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. If a Winding-Up occurs, the rights and claims of the Holders shall rank (A) *pari passu* among themselves and with any other Senior Non-Preferred Liabilities, (B) junior to (i) as at the Issue Date of the first tranche of the Notes, any excluded liabilities pursuant to Article 72a(2) of the CRR and (ii) any Senior Higher Priority Liabilities in accordance with Article 8-A and (C) senior to all present and future subordinated obligations

	(including, for the avoidance of doubt, (i) all Tier 2 Notes and all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith) and all classes of share capital of the Issuer in accordance with Article 8-A. See Condition 2(b) (*Status of Senior Non-Preferred Notes*).
Status of Tier 2 Notes	The Tier 2 Notes will constitute direct, unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. If a Winding-Up occurs, the rights and claims of the Holders shall be subordinated as provided in Condition 2(c) (*Status of Tier 2 Notes*) to the claims of all Senior Creditors and shall rank (a) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (b) senior to 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 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer. See Condition 2(c) (*Status of Tier 2 Notes*).
Substitution and Variation	If "Substitution and Variation" is specified as being applicable in the applicable Final Terms and a Tax Event, Loss Absorption Disqualification Event or Capital Disqualification Event, as the case may be, has occurred and is continuing, or in order to ensure the effectiveness and enforceability of Condition 12(d) (*Acknowledgement of Statutory Loss Absorption Powers*), the Issuer may, subject to the provisions of Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes*) or 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase of Tier 2 Notes*), as applicable, 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, Loss Absorption Compliant Notes or Tier 2 Compliant Notes, as the case may be. See Condition 4(h) (*Substitution or Variation*).
Default	If the Issuer has not made payment of any amount in respect of the Notes for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Notes.

	In the event of a Winding-Up of the Issuer, a Holder may prove and/or claim in such Winding-Up of the Issuer. See Condition 6(a) (*Default*).
Enforcement	Subject to Condition 6(a) (*Default*), a Holder may at its discretion institute steps, actions or proceedings to enforce any term or condition binding on the Issuer, other than any payment obligation of the Issuer, under the Instrument, Agency Terms or the Notes. See Condition 6(b) (*Enforcement*).
Modification	The Instrument will contain provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions or any provisions of the Instrument. See Condition 9 (*Meetings of Holders, Modification and Waiver*).
Ratings	Senior Preferred Notes, Senior Non-Preferred Notes and Tier 2 Notes issued under the Programme are expected to be rated Ba1, Ba1 and Ba2, respectively, by Moody's and are expected to be rated BB (high), BB and BB (low), respectively, by DBRS. Senior Preferred Notes issued under the Programme are expected to be rated BBB- by Fitch. Each of Moody's, Fitch and DBRS is established in the EU and registered under the EU CRA Regulation. Tranches of Notes 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 applicable 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 EU or the UK and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable) will be disclosed in the applicable 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.
Withholding Tax and Additional Amounts	All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will (subject to certain customary exceptions as described in the Conditions) pay such Additional

	Amounts as may be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. In no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 and any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.
Governing Law	English law, save that Conditions 1 (*Form, Denomination, Title and Transfer*), 2 (*Status; No Set-Off*) and 12(d) (*Acknowledgement of Statutory Loss Absorption Powers*) and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, Portuguese law. See Condition 12(a) (*Governing Law*).
Listing and Admission to Trading	Application has been made to list the Notes on the Official List and to admit the Notes to trading on the Market. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Notes which are neither listed nor admitted to trading on any market may also be issued.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the UK, Italy, Singapore, Canada, Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*". Category 2 for the purposes of Regulation S under the Securities Act.
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 applicable Final Terms.

RISK FACTORS

Any investment in the Notes is subject to a number of risks, most of which are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the Issuer and the financial services industry in Portugal in general, together with all the other information contained, and incorporated, in this document. This section describes the risk factors which are considered by the Issuer to be material to the Issuer and an investment in the Notes issued under the Programme. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be other risks and uncertainties which are currently not known to the Issuer or which it currently does not consider to be material. Should any of the risks described below, or any other risks or uncertainties, occur this could have a material adverse effect on the Issuer's business, results of operation, financial condition or prospects which in turn would be likely to cause the price of the Notes to decline and, as a result, an investor in the Notes could lose some or all of its investment. In addition, many of these factors are correlated and may require changes to the Issuer's capital requirements, and events described therein could therefore have a compounding adverse effect on the Issuer.

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

Prospective investors should also read the detailed information set out, and incorporated, elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

1. RISKS RELATING TO THE ISSUER

A. Risks relating to the economic and financial environment

Risks relating to the Portuguese economy

As a financial group whose core business is banking (taking deposits and granting credit) operating mainly in Portugal, the Group is dependent on the performance of the Portuguese economy. Moreover, in the last two years, the proportion of the Group's business conducted in Portugal stabilised, as the Group focused on its core retail and corporate banking business in Portugal and having divested from its non-core operations abroad, including as required by the commitments undertaken by the Portuguese Government towards the European Commission (the "**EC**"). As at 30 June 2024 and 31 December 2023, 92.8 per cent. and 93.0 per cent., respectively, of the Group's consolidated net assets related to its business activities in Portugal. Consequently, the business of the Group is particularly exposed to macroeconomic conditions, which affect growth in the Portuguese market and in turn are affected by both domestic and international economic and political events. Furthermore, because the Group has significant exposure to large corporate and small and medium-sized enterprise ("**SME**") lending, the performance of which is closely linked to both trends in the economy and export activity, the Group could be more heavily affected by macroeconomic conditions in Portugal than other Portuguese banks with less exposure to the large corporate and SME segments.

Economic conditions in Portugal have been improving, with the Portuguese economy performing strongly up until the end of February 2020. The economic situation changed dramatically in March 2020, when the Covid-19 pandemic hit. The Portuguese Government implemented a comprehensive package of measures (included measures to counter the negative economic impact of Covid-19), addressing the immediate health policy challenges and implementing social distancing measures.

With the restrictions starting to ease in May 2020, economic activity gradually increased. Eventually, the support, along with significant progress in the vaccination drive, led to a significant decline in the number and in the severity of new Covid-19 cases. The removal of most restrictions up to the end of the "state of contingency" in October 2021, allowed for an improvement in most indicators of economic activity, sustaining an economic recovery. GDP increased 5.7 per cent. in 2021, 6.8 per cent. in 2022 and 2.3 per cent. in 2023 (*Source: Statistics Portugal*). In 2023, economic activity benefited from an increase in private consumption (1.6 per cent. growth (*Source: Statistics Portugal*)) and tourism services exports (18.9 per cent. growth (*Source: Statistics Portugal*)). The EC foresees annual GDP growth of 1.7 per cent. in 2024 (*Source: EC European Economic Forecast – Spring 2024*).

The average annual unemployment rate fell from 6.7 per cent. to 6.1 per cent. of the labour force in 2022, but increased to 6.5 per cent in 2023 (*Source: Statistics Portugal*). The benign performance of the labour market in 2022 could be seen as a result of government support schemes to firms in the context of the pandemic and in the context of the energy shock suffered by the European and Portuguese economies with the start of the Russia-Ukraine conflict (as defined below). Furthermore, firms appeared to be reluctant to lay off workers, as labour shortages (particularly of skilled workers) remained a constraint in many sectors of activity. In 2023, the increase in the unemployment rate was mostly explained by short-term unemployment and among people under 24 years old. The proportion of long-term unemployment decreased in 2023. The monthly unemployment rate increased from 6.7 per cent. to 6.9 per cent. between December 2023 and February 2024, but decreased afterwards to 6.4 per cent. in June 2024 (*Source: Statistics Portugal*). A higher than expected increase in the unemployment rate in 2024 would have a negative impact on consumption and could lead to a higher than expected increase in non-performing loans. The EC expects an average annual unemployment rate in Portugal of 6.5 per cent. in 2024 and 6.4 per cent. in 2025 (*Source: EC European Economic Forecast – Spring 2024*).

However, the recovery of the Portuguese economy was constrained by the economic global conditions persisting since 2022, marked by the Russia-Ukraine conflict and the significant and widespread increase in inflation and interest rates. In Portugal, the annual average consumer price index ("**CPI**") inflation rose to 7.8 per cent. in 2022, with the energy and food components rising 23.7 per cent. and 12.2 per cent., respectively (*Source: INE, January 2023*). In 2023, the annual average CPI inflation rate decreased to 4.3 per cent. with a decrease of 9 per cent. in energy prices and a further increase in food prices of 9.5 per cent. In the services sector, prices exhibited annual average increases of 4.3 per cent. in 2022 and 4.6 per cent. in 2023. In 2024, CPI inflation continued to moderate. The EC expects an average annual CPI inflation rate of 2.3 per cent. in 2024 and 1.9 per cent. in 2025 (*Source: EC European Economic Forecast – Spring 2024*). Besides recent improvements, significant uncertainties over the short and medium term remain. A further significant increase in inflation in the euro area could impact the recent earning trend of the interest rates, generating higher than expected household debt service burdens, which could translate into lower spending on goods and services, hurting economic growth, and to a rise in non-performing loans.

The stock of non-performing loans ("**NPLs**") has consistently declined (from a peak of 17.9 per cent. of total loans in June 2016 to 2.7 per cent. in the first quarter of 2024 (*Source: Bank of Portugal, Portuguese Banking System Statistics*). The end of the loan moratoria in September 2021, the gradual retreat of policy support measures associated with the Covid-19 pandemic and the impacts of the energy shock and higher inflation and interest rates on households and firms did not translate into any significant deterioration in credit quality.

House prices increased 7 per cent. year-on-year in the first quarter of 2024 (*Source: Statistics Portugal*) and some indicators point to signs of overvaluation in housing (*Source: Bank of Portugal, Financial Stability Report, May 2024*). Lower demand could lead to a sudden fall in house prices and to a deterioration in the financial health of firms in the real estate sector.

Activity growth expectations in 2023 and 2024 are based on the assumption of progress in the execution of investments under the Recovery and Resilience Plan (the "**Plan**"). Higher inflation and a rise in construction costs, as well as shortages of materials and management problems, could lead to a less effective execution of the Plan and to a lower than expected increase in investment in 2024 and 2025, affecting GDP growth.

A significant increase in energy and non-energy commodity prices, and a sudden cut-off in Russian gas supplies to Europe could lead to energy rationing and to a contraction in economic activity in the euro area, with negative indirect effects on the Portuguese economy. Additionally, further escalation of tensions between Russia and Europe or the United States (the "**US**") would heighten uncertainty and have negative impacts on financial markets, which could lead to negative economic effects and to a rise in risk premia in the euro area periphery sovereign debt. The rise in geopolitical tension in the Middle East, after the Hamas attack on Israel in October 2023, represents a further risk to energy prices and economic activity as a whole. Tension has also increased with Iran and other groups in the region. See also the risk factor entitled "*—The Group is exposed to global economic conditions and geopolitical risks*".

Concerns relating to macroeconomic conditions in Portugal, including regarding Portuguese public finances and political and social stability, have affected and may in the future affect the business and results of operations of financial institutions in Portugal, including the Issuer and other members of the Group. For example, difficulties in achieving further structural fiscal consolidation could prevent further improvements in economic conditions. These factors could impair the implementation of certain economic policies, and in turn, could affect the long-term growth potential of the Portuguese economy, thereby reducing the prospective profitability of the Issuer's business. All of these factors could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Portugal's fragile demographics (projected declining and ageing population) and low productivity growth exacerbate the growth challenges of the Portuguese economy. Low productivity growth would likely stifle the economy's growth potential, without further improvements in the efficiency of the public administration, judiciary, and the business environment, including with respect to barriers in services markets.

The macroeconomic factors described above, and their impact on the banking sector in Portugal, could have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group is exposed to global economic conditions and geopolitical risks

The Group's businesses and performance are affected by global economic conditions and the perceptions of those conditions and future economic prospects.

In February 2022, the global economy was negatively impacted by the start of a military conflict by the Russian Federation ("**Russia**") in Ukraine (the "**Russia-Ukraine conflict**"), which further contributed to disruptions in global supply chains that were already affected by the Covid-19 pandemic, which in turn led to a significant and widespread increase in inflation rates, mainly through an acceleration in energy and food prices. The EU imposed economic sanctions on Russia and Belarus, which included, among others, a ban on all transactions with the Russian Central Bank and the freezing of its assets and the exclusion of major Russian banks from SWIFT. The direct exposure of the Portuguese economy to Russia or Ukraine is not significant. In 2023, Portuguese exports of goods to Russia represented 0.3 per cent. of total exports of goods, while imports (58 per cent. of which were mineral fuels) represented 1.3 per cent. of total imports of goods (*Source: INE, 2023*). Russian foreign direct investment in Portugal amounted to EUR 390 million, while Portuguese foreign direct investment in Russia stood at EUR 10 million in 2023 (*Source: Bank of Portugal, 2024*). Portuguese exports and imports of goods to and from Ukraine represented 0.3 and 1.4 per cent. of total exports and total imports, respectively, in 2023, with 70 per cent. of imports related to cereals (*Source: INE, 2023*).

Energy trade with Russia was not interrupted in Europe but fears of future significant supply disruptions translated into a higher risk premia in oil and gas prices. Along with the constraints still felt in supply chains, this contributed to a significant rise in inflation. In the euro area, CPI inflation rose to 8.4 per cent. in 2022 (*Source: Eurostat, February 2023*). In this context, several central banks, including the European Central Bank (the "**ECB**"), accelerated the removal of monetary policy stimuli, which led to a rise in expectations of market interest rates and to a rise in volatility in financial markets, with increased fears of deceleration or contraction in global economic activity. Between July 2022 and September 2023, the ECB raised its policy interest rates by a cumulative 450 basis points, leaving the rate on the main refinancing operations at 4.5 per cent. and the deposit facility rate at 4.0 per cent.

The International Monetary Fund expects the global economy to grow by 3.2 per cent. in 2024 and 2025, at the same rate as in 2023 (*Source: World Economic Outlook, April 2024*). For the euro area, the EC foresees GDP growth of 0.8 per cent. in 2024 and 1.4 per cent. in 2025. The EC sees inflation falling in 2024, but still remaining above the ECB's target at 2.5 per cent., down from 5.4 per cent. in 2023 (*Source: EC European Economic Forecast, Spring 2024*). In June 2024, the ECB lowered interest rates by 25 basis points, based on the assessment of improved inflation outlook, as underlying inflation eased and inflation expectations declined. But uncertainty remains and inflation could be higher and more persistent than expected, forcing the ECB to pause the ongoing gradual easing of monetary tightening. Tighter than expected monetary and financial conditions could lead to an environment of restricted liquidity. This, in turn, could lead to downward asset revaluations in markets, with negative wealth effects and with adverse impacts on confidence and spending by households and firms. There is also a possibility that an extended Russia-Ukraine conflict contributes to more permanent increases in energy and food prices, with a negative impact on global economic activity. Natural gas prices could increase again significantly in 2024. Lower than expected temperatures could reinforce an upward pressure on global gas demand and on prices. Europe, in particular, also faces the risk of being cut off completely from the supply of Russian gas. All this could create a need to ration energy, which would likely lead to a contraction in economic activity.

In the United States, the Federal Reserve kept the target for the fed funds rate unchanged until August 2024, at 5.25-5.50 per cent. Besides a decreasing trend in inflation (3 per cent. in June 2024 versus target of 2 per cent. (*Source: US Bureau of Labor Statistics*)) and a low unemployment rate (4.3 per cent. of the labour force in July 2024 (*Source: US Bureau of Labor Statistics*)), the persistence of restrictive monetary conditions has dampened economic activities. Production has exhibited some signs of deterioration, mostly in industry, and employment has been decelerating. Signs of lower consumption are also visible, with the monetary restrictiveness weakening families' purchasing power. Although a cycle of reduction in the target for the fed funds rate is expected from September 2024, it is still uncertain. On the one hand, a sharp deterioration in real economic conditions in the United States economy could force the Federal Reserve to reduce interest rates more quickly. On the other hand, a more persistent inflation could delay the reduction in the target for the fed funds rate.

A revaluation in asset prices and a market correction resulting from a stronger and more persistent than expected rise in inflation and in interest rates could lead to lower confidence levels, negative economic effects and a tightening in financing conditions. Higher interest rates and currency appreciations in the main developed economies could lead to capital outflows from emerging markets, particularly from those with more visible macroeconomic imbalances. Risks of financial instability and of recessions in emerging markets could rise, with the need to increase domestic interest rates and with declines in commodity prices. Worsening economic conditions in emerging markets could have a negative impact on the Portuguese business sector. Investor confidence could deteriorate, affecting financing conditions faced by the Portuguese Government and by Portuguese businesses. Portuguese exports and business investments could also feel a negative impact.

Global economic growth and, particularly, activity in Europe, could be severely affected by an escalation of the war in Ukraine and by an increase in political and military tensions between Western countries and Russia,

including the risk of a nuclear accident. The rise in uncertainty could delay investment and consumption decisions, hurting economic growth. A rise in public defence spending could contribute to a further upward pressure on inflation and on interest rates. Confidence levels could also be constrained by a rise in political and trade tensions between China and the US, and by a rise in tensions between the US and Iran, related to the latter's nuclear programme. This could also translate into a significant increase in oil prices, with negative impacts on global growth. The US and European economies also face an increasing risk of cyber terrorism, which could disrupt economic activity. Furthermore, the geopolitical tension in the Middle East, particularly between Israel and Iran and other groups in the region, also influences oil prices and transportation routes through the Red Sea and the Suez Canal.

Besides the geopolitical risks described above, external risks include changes in the framework of the EU, or uncertainties or further consequences arising from the UK's exit from the EU, including the possibility that other member states of the EU (the "**EU Member States**") may seek to leave the EU in the future, or any other significant changes to the structure of the EU and/or EMU, as well as the increased shift in the focus of some national governments toward more protectionist or restrictive economic and trade policies, which in some cases has led to the imposition of trade tariffs.

In March 2023, US authorities seized control of and closed Silicon Valley Bank ("**SVB**"), which had faced losses related to its large exposure to long term debt, triggering a run on its deposits. In order to boost confidence in the banking sector and to prevent contagion effects, a full guarantee on SVB deposits was announced and a new emergency liquidity facility for the banking sector was created. Nevertheless, with the rapid and strong increase in interest rates in the US in 2022-23, financial institutions heavily exposed to long term debt – particularly mid-sized US regional banks – could be seen as vulnerable to potential losses in their balance sheets. This could support a fall in the deposits of these institutions, forcing asset sales (including debt sales), with losses. Market expectations of interest rates have been revised downwards. Although European and Portuguese banks were not directly exposed to the issues that led to the SVB closure, the fall in investor confidence and adverse economic impacts in the US have led to contagion effects at the global level, as evidenced by the ensuing events concerning other financial institutions, including Credit Suisse and Signature Bank. Further adverse economic and market conditions could pose various challenges and exert downward pressure on asset prices and on credit availability, increase funding costs, and impact credit recovery rates and the credit quality of the Group's businesses, customers and counterparties, including issuers of sovereign debt.

Risks relating to the Portuguese Sovereign Risk and Rating Downgrades

Economic growth, the improvement in public accounts and the stabilisation of the banking sector led to upgrades in the Portuguese sovereign rating in the past years. As at the date of this Base Prospectus, Portuguese sovereign debt is rated A- by Fitch, A- by S&P Global Ratings Europe Limited ("**S&P**"), A3 by Moody's Deutschland GmbH ("**Moody's Deutschland**") and A (positive) by DBRS. With these ratings, Portugal's sovereign debt is considered investment grade by all the main rating agencies.

S&P, Moody's Deutschland, Fitch and DBRS have downgraded the long-and short-term ratings and outlook of Portugal on several occasions since 2010 due to the uncertainties and risks of a prolonged recession, the outlook for modest GDP growth, high levels of unemployment, limited fiscal flexibility, the high leverage of the private sector and the level of sustainability of Portugal's public debt, although each of S&P, Moody's Deutschland, Fitch and DBRS have upgraded their long-term ratings and/or outlook of Portugal since 2023. Portugal's small and open economy, with its high dependence on tourism, is exposed to downside risks from the severity of negative external shocks, including the war in Ukraine and a recession in Europe.

Rating downgrades of the Portuguese sovereign debt could have a material and negative impact on the market value, cost of funding and overall demand for Portuguese public debt and debt issued by Portuguese companies. Additionally, the ability to use Portuguese public debt as an asset eligible for collateral for financing with the

ECB will depend on the maintenance of an "investment grade" rating by at least one rating agency recognised by the ECB.

A credit rating downgrade may occur in the future due to a number of factors, such as lower-than-expected tax revenue, weaker-than-expected economic growth, increased public debt as a percentage of GDP, slowdown in corporate sector deleveraging, failure to reduce general public debt, failure to increase GDP ratios, limited access to international financial markets or the failure of structural reforms. Any downgrade in the ratings of Portugal's sovereign debt or other negative statements regarding its credit ratings could negatively impact funding conditions for the Issuer, and, as a result, materially and adversely affect the Group's business, financial condition and results of operations.

B. Risks relating to the Issuer's business

The Group is exposed to significant credit risk

The Group is exposed to credit risk, meaning the risk that the Group's borrowers and other counterparties are unable to fulfil their payment obligations and that the collateral securing payments of these obligations is insufficient. Adverse changes in the credit quality of the Group's borrowers and counterparties, a general deterioration in Portuguese or global economic conditions or increased systemic risks in financial systems could affect the recovery and value of the Group's assets and require an increase in provisions for bad and doubtful debts and other credit losses.

The following indicators characterised the Group's credit risk exposure as at 30 June 2024 and 31 December 2023:

- the ratio of overdue loans greater than 90 days to gross loans (overdue loans > 90 days/gross loans) was 1.2 per cent., compared to 1.3 per cent. as at 31 December 2023, with a coverage ratio (the ratio of provisions to overdue loans > 90 days) of 296.9 per cent. (282.4 per cent. as at 31 December 2023); and

- the ratio of NPLs was 4.1 per cent., compared to 4.4 per cent. as at 31 December 2023, with a coverage ratio of 88.4 per cent. (84.3 per cent. as at 31 December 2023).

The Group is exposed to many different counterparties in the normal course of its business, but its exposure to counterparties in the financial services industry is also significant. This exposure can arise through trading, lending, deposit taking, clearance and settlement and numerous other activities and relationships. These counterparties include institutional clients, brokers and dealers, commercial banks and investment banks. Many of these relationships expose the Group to credit risk in the event of default of a counterparty or client. In addition, the Group's credit risk may be exacerbated when the collateral it holds cannot be realised at, or is liquidated at prices not sufficient to recover, the full amount of the loan or derivative exposure it is due to cover. Many of the hedging and other risk management strategies used by the Group also involve transactions with financial services counterparties. The insolvency of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies, which could in turn have a material adverse effect on the Group's financial condition and results of operations.

Macroeconomic conditions have a significant influence on credit risk, as in an economic downturn more customers tend to fall into default, which could be magnified for the Group as a result of its significant exposure to corporate and SME customers. In the context of weak economic conditions, and especially considering the high inflation and interest rate environment, loans to corporates and individuals and the value of assets collateralising the Group's loans can be under pressure. Failure by the Group to adequately manage its credit risk could materially and adversely affect the Group's financial condition and results of operations. For further

details on the impacts see the risk factor entitled "*—The Group is exposed to global economic conditions and geopolitical risks*" above.

Moreover, payment defaults may arise from events and circumstances that are unforeseeable or difficult to predict or detect. In addition, the collateral and security provided to the Group may be insufficient to cover the exposure, for example, as a result of sudden market declines that reduce the value of the collateral. Accordingly, if a major client or other significant counterparty were to default on its obligations, it could have a material adverse effect on the Group's financial condition and results of operations.

Expectations about future credit losses may be incorrect for a variety of reasons. A prolonged decline in general economic conditions, particularly of those in Portugal, unanticipated political events, a lack of liquidity in the economy or the maintenance of high levels of interest or inflation rates for a long period of time may result in losses which exceed the amount of the Group's provisions or the maximum probable losses envisaged by its risk management models.

An increase in the Group's provisions for loan losses or any losses in excess of the provisions mentioned above could have a material adverse effect on the Group's financial condition and results of operations.

The Group is exposed to fluctuations in the value of Portuguese real estate

The Group is exposed to fluctuations in the value of Portuguese real estate, both directly through assets related to its operations or obtained in lieu of payment, or indirectly, through real estate that secures loans or by financing real estate projects. The Group's real estate assets registered as investment properties amounted to €0.4 billion as at 30 June 2024 and €0.4 billion as at 31 December 2023, and the real estate assets registered as other assets amounted to €0.1 billion as at 30 June 2024 (net of impairment amounted to €55 million) and €0.1 billion as at 31 December 2023 (net of impairment amounted to €66 million). During the first half of 2024, the Group recognised a loss of €1.8 million related to sales of investment properties and a loss of €1.9 million, related to the fair value of investment properties (compared to profits of €1.0 million and €16.5 million, respectively, in 2023). Concerning the real estate registered in other assets, the impairment charge-off as at 30 June 2024 and as at 31 December 2023 amounted to €1.9 million and €25.0 million, respectively. The Group is also exposed to the real estate market through holdings of restructuring funds (funds managed by external parties which were established by the Portuguese banking system to deal with the financial recovery of companies which were in financial stress) with real estate underlying, and some minor stakes in real estate funds held in securities portfolios. A decrease in the value of Portuguese real estate market prices would decrease the value of the real estate assets held by the Issuer, directly or indirectly, as well as of the collateral provided with respect to such loans, thus adversely affecting the financial condition and results of the operations of the Group.

Pursuant to the General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituções de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of December 1992, as amended (the "**RGICSF**"), banks are prevented, unless authorised by the Bank of Portugal, from acquiring real estate that is not essential to their daily operations or their corporate purpose. However, a bank may acquire real estate in the context of credit recovery and for repayment of its own credit, provided that such real estate is disposed of within two years from its acquisition date. This two-year period may be extended by the Bank of Portugal. Despite the intention to sell real estate acquired in repayment of its own credit, the Group regularly requests the Bank of Portugal's authorisation, under Article 114 of RGICSF, to extend the time period the Group has to hold foreclosed assets. However, there is no assurance that the Bank of Portugal will continue to grant such extensions, and any failure to do so could result in the Group being required to dispose of assets at a potentially significant discount in relation to their respective book values. Furthermore, any significant devaluation of Portuguese real estate market prices while these assets are held by the Group may result in

impairment losses on such assets. As a result of any or all of these factors, the financial condition and results of operations of the Group could be adversely impacted.

Furthermore, as at 30 June 2024 and 31 December 2023, 34.9 per cent. and 35.7 per cent. of the Group's customer credit consisted of mortgage loans, respectively. While the Group has experienced a relatively low level of defaults in these types of loans, a decrease in house prices, which can happen at any time in the future, could negatively affect the recovery value of the loans and/or increase the Group's impairment charges or capital requirements, as they depend, among others, on the loan to value ratio (which would increase in such circumstances).

The Group's gross customer credit in the real estate sector represented 7.6 per cent. of all its customer credit as at 30 June 2024 (7.0 per cent. as at 31 December 2023). If the real estate sector faces economic or other difficulties, this could also negatively impact the recovery value of the loans or increase the impairment charge or capital requirements. Any such changes could negatively affect the financial condition, results of operations and capital position of the Group.

The risk of devaluation of Portuguese real estate prices increased during the Covid-19 pandemic, including as a result of the decrease in occupancy rates that were reported at the time in the tourism sector. The subsequent Russia-Ukraine conflict and the significant increase in interest rates and inflation rates further restricted demand and exerted pressure on house prices. Tighter financing conditions and lower real income growth (given still relatively high inflation) could translate into lower demand for housing, from residents and non-residents. A fall in tourism activity, resulting from a slowdown or contraction in global and European economic activity, could exacerbate this movement in demand. House prices increased 7 per cent. year-on-year in the first quarter of 2024 (*Source: Statistics Portugal, July 2024)* and some indicators point to signs of overvaluation in housing (*Source: Bank of Portugal, Financial Stability Report, May 2024*). Lower demand could lead to a sudden fall in house prices and to a deterioration in the financial health of firms in the real state sector. A decrease in the value of Portuguese real estate market prices would decrease the value of the real estate assets held by the Issuer, directly or indirectly, as well as of the collateral provided with respect to such loans, thus adversely affecting the financial condition and results of the operations of the Group. For further details on the impacts, see the risk factor entitled "*—Risks relating to the economic and financial environment—The Group is exposed to global economic conditions and geopolitical risks*".

In February 2023, the Portuguese Government presented the "*Mais Habitação*" programme, aimed at increasing the supply of affordable housing in Portugal and mitigating households' burdens with mortgage payments and rent payments. These measures were approved by an absolute majority in the Portuguese Parliament in September 2023. However, after the Portuguese general elections in March 2024, the new Portuguese Government presented the "*Nova Estratégia para a Habitação*" to substitute the "*Mais Habitação*" programme. Among other things, the new programme includes: (i) an increase in the supply of housing at controlled costs using the stock of public real estate; (ii) increases in the limits of urban density; (iii) the development of new "urban centres"; (iv) government guarantees in loans to housing construction by cooperatives; (v) credit lines for the promotion of "build to rent" projects; (vi) a lower VAT rate (6 per cent.) for housing rehabilitation and construction (with price limits); (vii) increased flexibility and lower uncertainty in the rental market (which repeals certain "*Mais Habitação*" measures, including forced rentals and restrictions to short-term/local rentals); (viii) a public guarantee for housing loans and an IMT (the housing transaction tax) and Portuguese Stamp Tax exemption for buyers/borrowers under 35 years old (with restrictions); and (ix) the revision and improvement of the "simplex programme" for construction. The Recovery and Resilience Plan (in the context of the NextGenEU programme) has allocated €3.2 billion to housing, with an additional €0.8 billion allocated towards achieving energy efficiency in buildings.

The public guarantee for housing loans for buyers/borrowers under 35 years old came into force on 11 July 2024 (Decree-Law no. 44/2024), although the Portuguese Government has yet to propose specific regulation in relation thereto. Besides the age threshold, the measure aims to target buyers/borrowers falling in the eighth personal income tax bracket or under and for purchases up to €450,000, with a limit of 15 per cent. of the purchase value. This guarantee is intended to enable the credit institution to finance the entire transaction price for buyers/borrowers, overcoming loan-to-value limits.

Also in July 2024, the Portuguese Government signed agreements with 18 municipalities to construct 4,483 new houses, under the financing of the Recovery and Resilience Plan. The IMT and the Portuguese Stamp Tax exemption for buyers under 35 years old (and for purchases up to €316,772) came into force on 1 August 2024 (Decree-Law no. 48-A/2024). The Portuguese Government has also exempted buyers under 35 years old from fees on the registration of the acquisition of their first house and on the registration of the related mortgage (Decree-Law no. 48-D/2024).

Changes in government policies are out of the Group's control and given its exposure to the fluctuations of the real estate market this uncertainty could have an adverse effect on the Group's operational results.

Changes in interest rates may adversely affect the Group's net interest margin and results of operations

The Group is subject to interest rate risk. As is the case with other banks in Portugal, the Issuer and the Group are particularly exposed to differentials between the interest rates payable by it on deposits and the interest rates that it is able to charge on loans to customers and other banks. This exposure is increased by the fact that, in the Portuguese market, loans typically have floating interest rates, whereas the interest rates applicable to deposits are usually fixed for periods that may vary between three months and three years. As a result, Portuguese banks, including the Issuer, frequently experience difficulties in adjusting the interest rates that they pay for deposits in line with market interest rate changes.

Interest rates are sensitive to several factors that are out of the Group's control, including tax and monetary policies of governments and central banks, as well as domestic and international economic and political conditions. Changes in market interest rates can affect the interest rates that the Group receives on its interest-earning assets in a different way when compared to the rates that the Group pays for its interest-bearing liabilities. This difference may reduce the net interest margin, which could have an adverse effect on the Group's results of operations.

In addition, various factors could require the Group to lower the rates that it charges on loans or to increase the rates that it pays on deposits, including reputational risks, changing demand for fixed-rate and floating-rate loans, increased inflation, and changes in the EURIBOR interest rate, changes on international interbank markets or increased competition. Any of the factors described may reduce the rate that the Group may charge on loans and other interest earning assets and, to the extent that the Group is unable to achieve corresponding reductions in the rates it pays on deposits and other interest-bearing liabilities, including if the Group's monitoring procedures are unable to manage adequately interest rate risk, could negatively impact the Group's net interest margin as well as the Group's net interest income. Lower rates and reduced margins may also result from changes in the composition of the Group's loan portfolio, such as increases in the proportion of lower-rate loan products, or a preference from depositors for savings and term accounts which usually pay a higher interest rate than on-site deposits which bear low or no interest rate.

Inflationary pressures have significantly increased since 2021 and especially in 2022 with the Russia-Ukraine conflict. In this context, the major central banks, including the ECB, have accelerated the removal of monetary policy stimuli and have significantly increased interest rates. Despite the fact that rates usually improve interest margin and therefore have a positive impact on the Bank's financial condition, a rise in interest rates could

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

As inflation rates are retreating and inflationary pressures are fading, central banks are expected to reduce interest rates, with the first cut from the ECB having occurred in June 2024. Further interest rate cuts are expected from central banks in Europe and the US for 2024 and 2025, but expectations on the level of interest rates in the coming years are still uncertain, which translates into significant volatility in the market. In addition to the high volatility in the interest rate markets and in financial markets globally, with a general rise in risk premia, the perspective of maintenance of high interest rates for a prolonged period have also generated fears of deceleration or even contraction in global economic activity, which could in turn favour a reduction of interest rates. A reduction in the level of interest rates may adversely affect the Group through, among other things, a lower interest margin, a decrease in demand for deposits and an increase in competition in deposit taking and lending to customers. As a result of these factors, significant changes or volatility in interest rates could have a material adverse impact on the business, financial condition or results of operations of the Group.

Concentration risk in credit exposures

The Group is subject to a concentration of credit risk in particular industries, countries, counterparties, borrowers, issuers and customers. The Group's loans and advances to customers, which comprised a net amount of 54.2 per cent. of the Group's assets as at 30 June 2024 (56.4 per cent. as at 31 December 2023), had significant exposure with respect to the services sector and real estate activities, which represented 8.4 per cent. and 7.5 per cent., respectively, of its loans and advances to customers as at 30 June 2024 (9.4 per cent. and 7.1 per cent., respectively, as at 31 December 2023). Macroeconomic downturn or deterioration in real estate values, adverse business conditions, market disruptions or greater volatility in those industries as a result of lower prices in such industries or other factors could result in significant credit losses for the Group. See also the risk factor entitled "*—The Group is exposed to fluctuations in the value of Portuguese real estate*".

Additionally, the Group is exposed to risks arising from the high concentration of individual exposures in its loan portfolio, with the 10 largest loan exposures of the Group as at 30 June 2024 representing 7.9 per cent. of the total loan portfolio (gross) (8.5 per cent. as at 31 December 2023). See also the risk factor entitled "*—The Group is exposed to significant credit risk*".

The Group is subject to liquidity risk, including that arising from its dependence on customer deposits as a principal source of funding

Liquidity risk arises from the present or future inability to pay liabilities as they become due. The Issuer, principally by virtue of its business of providing long-term loans and receiving short-term deposits, is subject to liquidity risk.

The ongoing availability of customer deposits to fund the Group business is subject to a variety of factors, such as depositors' concerns relating to the Portuguese economy in general, the financial services industry or the Group specifically, economic conditions in Portugal impacting the availability of funds for deposits, the availability and extent of deposit guarantees and the existence of alternative and competitive savings products. Customer deposits, consisting of repayable on demand deposits, time deposits and savings accounts are the principal source of funding for the Group, and accounted for 72 per cent. and 72 per cent. of total liabilities as at 30 June 2024 and 31 December 2023, respectively.

The Issuer may experience pressure on its customer deposits. Unusually high levels of withdrawals could result in the Issuer or another member of the Group not being in a position to continue operations without additional funding support, which may be more costly or ultimately unavailable to the Issuer.

The Group's inability to attract customer deposits may impact the Group's ability to fund its operations and meet its minimum liquidity requirements (notwithstanding the availability of ECB monetary policy operations or emergency liquidity assistance funds under certain circumstances) and have a material adverse effect on its business, financial condition or results of operations.

If the Group's depositors withdraw their funds at a rate faster than borrowers repay their loans, or if the Group is unable to obtain the necessary liquidity by other means, the Group may be unable to maintain its current levels of liquidity. If additional liquidity was needed, the Group could be required to obtain additional funding at significantly higher funding costs, liquidate certain of its assets, increase its central bank funding through monetary policy operations of the ECB or ultimately, as a last resort, the Issuer may seek Emergency Liquidity Assistance ("**ELA**") provided by the Bank of Portugal, as Portugal's Eurosystem National Central Bank (the "**National Central Bank**") (which allows for the support of solvent financial institutions facing temporary liquidity problems under exceptional terms). The Group's access to capital markets has been limited in the past and as a result the Group has made significant use of funding from the ECB, which currently makes funding available to European banks that satisfy certain conditions, including the pledging of eligible collateral. Gross ECB funding was €1.0 billion and €1.2 billion as at 30 June 2024 and 31 December 2023, respectively, of which €1.0 billion corresponds to the last tranche of the third targeted longer-term refinancing operations programme ("**TLTRO III**"). The assets of the Group that are eligible as collateral for rediscount (liquidity facilities) with the ECB have been materially reduced in the past as a result of loss of eligibility due to changes in the eligibility criteria or changes in credit ratings, and could be materially reduced in the future as a result of price devaluations or changes in ECB rules relating to collateral, including increases in haircuts following credit downgrades or the loss of eligibility of certain assets, including those that benefit from measures implemented by the ECB to support liquidity, including the acceptance of additional credit claims. Additionally, downgrades of the credit ratings of Portugal or other European sovereigns or of Portuguese companies could result in an increase in haircuts applied to any eligible collateral or in the non-eligibility of such assets, thereby further decreasing the total amount of the Group's eligible portfolio. A reduction of the pool of eligible assets and the increased difficulty in managing eligible assets to compensate for such loss of eligibility could have a negative impact on liquidity and the Issuer's ability to comply with liquidity regulatory ratios, requiring the Group to find alternative funding sources, which may have a negative impact on the Group's business, financial condition, or results of operations. In addition, if the value of the Group's assets eligible as collateral for the ECB declines, the amount of funding the Group can obtain from the ECB will be correspondingly reduced.

The Group's liquidity could also be impaired by other limitations on its ability to raise liquidity when required, such as an inability to access wholesale funding, an inability to sell assets or redeem its investments, or to do so at an acceptable value, and other unexpected outflows of cash or collateral deterioration. These situations may arise due to factors such as a deterioration of risk perception of the Group or to circumstances that the Group is unable to control, such as continued general market disruption, loss of confidence in financial markets, uncertainty and speculation regarding the solvency of market participants, credit rating downgrades or operational problems that affect third parties.

The Issuer has had limited access to the interbank markets in the past, international capital markets and wholesale funding markets more generally since its establishment. A perception among market participants that a financial institution is experiencing constrained liquidity risk can adversely impact the institution. Circumstances in which the Group could find its liquidity impaired include the following:

- Increased difficulty in selling the Group's assets, particularly if other participants in distressed situations are seeking to sell similar assets or because the market value of assets, including financial instruments underlying derivative transactions, has become difficult to ascertain, which has occurred in the past and may occur again.

- Financial institutions with which the Group interacts may exercise set-off rights or the right to require additional collateral.
- Customers with whom the Group has outstanding but undrawn lending commitments may draw down an amount on these credit lines that is higher than the Group is anticipating.
- An increase in interest rates and/or credit spreads, including as a result of concerns relating to the Group, such as the need to raise additional capital, as well as any restriction on the availability of funding, including, but not limited to, inter-bank funding, could impact the Group's ability to borrow on a secured or unsecured basis, which may have a material adverse effect on the Group's liquidity and results of operations.

Any or all of these events could cause the Group to curtail its business activities and could increase its cost of funding, both of which could have a material adverse effect on the Group's business and results of operations.

The Group is exposed to the general risk of liquidity shortfalls and cannot ensure that the procedures in place to manage such risks will be suitable to eliminate liquidity risk.

As at 30 June 2024, the liquidity coverage ratio ("**LCR**") and net stable funding ratio ("**NSFR**") stood at 198 per cent. and 121 per cent., respectively (163 per cent. and 118 per cent. as at 31 December 2023, respectively). There is no assurance that the Issuer will always be able to comply with these requirements, particularly in relation to the regulatory liquidity ratios LCR and NSFR, or any other requirements that may be introduced in the future.

The Group faces significant competition

The Group operates in a highly competitive environment and will continue to experience intense competition from local and global financial institutions, as well as new entrants. The Group's competitors are mainly commercial banks. In addition, the Group and other traditional financial institutions are facing new sources of competition from new market entrants, including alternative providers of payment services and of financial services in the so-called fin-tech space, as well as from non-financial operators (e.g. large retailers), who are increasingly promoting their own credit cards and credit lines. These alternative providers may have lower cost bases or access to larger customer bases than those of the Group. The introduction of disruptive technology may impede the Group's ability to grow or retain its market share and impact its revenues and profitability. Furthermore, competitors might be better positioned to compete in the fin-tech space and less constrained than the Issuer.

The Group's competitors may also have access to cheaper sources of funding or with better terms, including deposits. Accordingly, these competitors may be able to maintain or increase their market share by offering credit products with lower interest rates, enabling them to expand lending more easily.

The Group may not be able to compete effectively in these markets in the future. If the Group is unable to offer attractive products and services, it may lose market share or incur losses on some or all of its activities, which could adversely affect its financial condition and its results of operations.

The Group's business is subject to digital transformation risks

Technological innovation and digitalisation initiatives have become a priority for the banking sector, both for the benefits they bring to customer service (i.e. customer experience) and for the benefits they bring to internal processes. Digital transformation risks are expected to not only persist, but they may even be exacerbated given the many technological development initiatives underway. Of particular relevance is the new European legislative framework, the Digital Operational Resilience Act, which aims to help strengthen the digital operational resilience of entities operating in the financial sector by requiring them to develop and maintain

robust information and communications technology to prevent and mitigate cyber threats in the financial sector that seek to exploit vulnerabilities in computer systems. This framework will be applicable in 2025 and will be complemented by the existing guidelines of the European Banking Authority (the "**EBA**") (EBA/GL/2019/04), which are expected to be updated and will require institutions to make additional efforts to adapt their internal processes and procedures.

The Group may be unable to successfully complete or implement the various technological development initiatives and requirements. Any failure to do so may impair the Group's ability to compete effectively in the markets where it operates or to comply with applicable legislations and regulations, any of which can have a material adverse effect on the Group's financial condition and results of operations.

The Group's business is subject to operational and cybercrime risks

The Group is subject to certain operational risks, including interruption of service, errors, fraud by third parties (including large-scale organised fraud, as a result of the Group's financial operations), fraud by the Group's own employees or management, breach or delays in the provision of services, breach of confidentiality obligations with regards to customer information and compliance with risk management requirements and to the operational risks of its service providers. Outsourcing services or functions to third parties, including those linked to the technological innovation processes, are becoming more important, a trend that is expected to continue and which will pose challenges for institutions, particularly in terms of compliance with legal and regulatory frameworks, reporting obligations, monitoring and assessing the risk of outsourced services/functions, and adapting to the expectations already conveyed by the ECB in its supervisory activity plan for 2024-2026.

Additionally, the Group's businesses and its ability to remain competitive depend on the ability to process a large number of transactions efficiently and accurately, and on the Group's ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential and other information in the Group's computer systems and networks and of its relevant third-party providers.

Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations, including events that affect third-party providers. The Group cannot guarantee that its systems, software and networks are invulnerable to unauthorised access, misuse, computer viruses or other malicious code, and other events that could have an impact on security levels. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory and fines action and reputational harm. There can be no assurances that the Group will not suffer material losses from operational risk in the future, including that relating to external frauds, cyber-attacks or other such security breaches, either regarding the Group or its third-party providers. Furthermore, as cyber-attacks continue to evolve, the Group may incur significant costs in its attempt to modify or enhance its protective measures or to investigate or remediate any vulnerabilities. There is a risk that cyber-security risk is not adequately managed or, even if adequately managed, a cyber-attack could take place, which could lead to breach of regulations, investigations and administrative enforcement by supervisory authorities in claims that may materially and adversely affect the Group's business, reputation, results of operations, financial condition, prospects and its position in legal proceedings.

The Group may be unable to successfully monitor or prevent all or part of these risks in the future. Any failure to successfully execute the Group's operational risk management and control policies could result in reputational damage, legal liability and/or have a material adverse effect on the Group's financial condition and results of operations.

Environmental, Social and Governance ("ESG") matters could have an impact on other risks and adversely affect the Issuer

Governments and regulators are increasingly focusing on ESG laws and regulations. Significant ESG related laws and regulations for EU banks were recently introduced and further laws and regulations are expected. The timing and full impact of these new laws and regulations cannot be determined yet and are beyond the Issuer's control.

Sustainability risks are considered as cross-cutting factors affecting traditional financial and non-financial risk categories. This approach is adopted by most financial institutions as well as regulators and supervisors. These risks are categorised into three main areas: Climate and Environmental, Social, and Governance. Within Climate and Environmental risks, both climate-related risks, such as transition and physical risks, and other non-climate environmental risks, such as those arising from nature (e.g., biodiversity loss, deforestation, and exposure to contaminants, etc.) are included. The Issuer's ESG risk taxonomy also includes greenwashing factors that cut across all the other ESG risk factors, and are related to the possible misalignment between the announced and the actual objectives and purpose of a given counterparty, the Issuer or instrument, with regard to ESG issues. Climate and Environmental factors assume a greater relevance to the Issuer, as compared to Social and Governance factors, given both the uncertainty of the risks that may arise from them and the severity of the risks if they materialise.

Credit and Strategy risks are the risks that may be more affected by ESG factors, particularly in the medium and long term. Climate change and environmental matters are the primary ESG drivers impacting credit risk that could adversely affect the Issuer: (i) transition risks associated with the move to a low-carbon and sustainable economy, both at individual and systemic levels, such as through policy, regulatory and technological changes, and (ii) physical risks related to extreme weather impacts and longer-term trends, which could result in losses that could impair asset values (the Group's as well as those of the Group's customers, including assets given as collateral) and the credit-worthiness of the Group's customers.

Although ESG and climate and environmental related factors primarily affect credit and strategy risk, they could also have an impact on various other risks, identified in the taxonomy, such as reputational, operational, market or liquidity risks.

The Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) requires large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment which increases the reporting framework creating considerable challenges for the institutions in meeting these comprehensive and specific requirements. The new rules will be applied for the first time in the 2024 financial year, for reports published in 2025.

Any of the conditions described in the risk materiality assessment below could have a material adverse effect on the Issuer's business, financial condition, and results of operation.

The Issuer has conducted a comprehensive assessment of the materiality of the impact of ESG risks on its risk profile and activity. The following are the main risk factors and metrics identified by the Issuer for the following ESG risk categories:

- Credit Risk: greenhouse gas emissions intensity; carbon prices; energy intensity, energy costs; green CAPEX financial effort; disruption in value chains (social risk); physical risk in real estate collateral and (location) of business activity; energy performance of real estate collateral; country risk variables (physical, transition, social & governance);
- Liquidity and Funding Risk: profile of main counterparties (physical risk, reputational risk); location of depositors (physical risk); employment sectors of depositors (transition risk);

- Interest rate risk on the banking book: approach similar to that adopted for liquidity risk, including assessment of possible impacts on contingent lines/commitments;
- Market Risk: replication of the analyses for credit risk; reputational profile of main counterparties; robustness of ESG-labelled instruments - greenwashing risk;
- Operational Risk: location of the Bank's main facilities - physical risk; ESG profile (reputational rationale) of novobanco's main suppliers and counterparties;
- Pension fund risk: replication of market risk analysis; energy performance of real estate assets; location of real estate assets; and
- Strategy risk: level of income (e.g. net interest income and fees and commissions) dependent on sectors exposed to high transition risks.

Risks relating to conduct and compliance obligations

This is defined as the Issuer's risk arising from the application of conduct criteria that run contrary to the interests of its customers and stakeholders or acts or omissions by the Issuer that are not compliant with the legal or regulatory framework, or internal policies, rules or procedures or the code of conduct, ethical standards or good practices.

This is particularly relevant within the context of laws and regulations that are increasingly more complex and detailed, where their implementation requires a substantial and sophisticated improvement in technological and human resources, particularly those associated with anti-money laundering ("**AML**") or data protection, against the financing of terrorism, against bribes and corruption and sanctions, where such acts or omissions or inappropriate judgements in the execution of commercial activities could result in severe consequences, including complaints, sanctions, fines and an adverse effect on reputation.

Financial crime has become the subject of enhanced scrutiny and supervision by regulators globally. AML, anti-bribery and corruption and international financial sanctions laws and regulations are continually evolving and subject to increasingly stringent regulatory oversight and focus.

The aforementioned laws and regulations require, among other things, to conduct full customer due diligence (including politically-exposed-person and sanctioned persons screening), to keep the Issuer's customers, documentation and information up to date and to implement policies and procedures against financial crime. The Issuer is also required to conduct AML training for its employees and to report suspicious transactions and activity to the relevant authorities.

The Group may be unable to successfully monitor or prevent all or part of these risks in the future. Any failure to successfully execute the Group's conduct and compliance obligations could result in reputational damage, legal liability and/or have a material adverse effect on the Group's financial condition and results of operations.

The occurrence of any or several events or circumstances, including, but not limited to the failure of compliance with the regulatory framework or to put in place the appropriate systems and tools, may have a negative impact on the Issuer's reputation and could materially adversely affect the Issuer's business activities, financial condition and results of operations and expose the Issuer to litigation risks.

The Issuer's activity is subject to reputational risks

The Issuer is exposed to reputational risks which are understood as the probability of negative impacts for 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.

On 11 February 2020, Novo Banco, S.A. - Spanish Branch was informed by a former employee that he had performed several allegedly fraudulent acts involving several clients, relating to the management of a client portfolio of a given agency of the Spanish Branch, outside the scope of and in non-compliance with the internal procedures defined by the Issuer. The investigation proceeding and the quantification of the potential damages and identification of customers that may be at stake are still in progress and therefore the effects or the amounts that could potentially be at stake and the potential liability of the Issuer is, for the moment, unable to be finally determined. Nevertheless, according to the Issuer's current assessment, supported by legal and forensic analysis, as at 30 June 2024 and 31 December 2023 the Issuer had booked a provision of €19.5 million for these claims. In any case, this may result in reputational damage to the Issuer.

The Issuer has been subject to continuous political and public scrutiny (including, but not limited to) in relation to its incorporation and the Lone Star Sale (as defined below), in particular the existence of the CCA (defined below) and its functioning, which have led to a number of political initiatives, including two audits from the Court of Auditors (*Tribunal de Contas)* at the request of the Portuguese Parliament, and the creation of a Parliamentary Inquiry Commission (*Comissão Eventual de Inquérito Parlamentar às perdas registadas pelo novobanco e imputadas ao Fundo de Resolução*). See the risk factor below entitled "*The Resolution Fund may fail to make or be prevented from making payments to the Issuer*". In addition, as a result of Law No. 15/2019 of 12 February, on transparency of information concerning granting of credits of significant value, some independent audits of the Issuer have and may continue to be performed in the future.

Negative public opinion regarding the Issuer or the financial services sector as a whole may arise from actual or perceived practices within the banking sector or in the way, real or perceived, that the Issuer conducts its activities. Negative publicity or negative public opinion may adversely affect the ability of the Issuer to retain and attract customers, especially retail and institutional depositors and counterparties. The occurrence of any or several events or circumstances, including, but not limited to as the ones described above, that have a negative impact on the Issuer's reputation could materially adversely affect the Issuer's business activities, financial condition and results of operations. See also the risk factors entitled "*—The Group's business is subject to operational and cybercrime risks*" and "*—Risks relating to conduct and compliance obligations*".

A reduction in the Issuer's credit ratings would increase its cost of funding and adversely affect the Group's financial condition and results of operation

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding, including the availability of certain funding instruments. Rating agencies regularly evaluate the Issuer, and its long-term credit ratings are based on a number of factors, including its financial strength, the credit rating of Portugal and the conditions affecting the financial services industry generally and the Portuguese banking system in particular. As at the date of this Base Prospectus, the Issuer's long-term credit ratings are the following: "Ba1" for long term senior unsecured debt with a positive outlook and "Baa1" for long term deposits with a positive outlook by Moody's, "BBB-" for issuer rating and long-term senior debt rating and "BBB" for long-term deposits rating with a stable outlook by Fitch and "BB (high)" for issuer rating and long-term senior debt rating with a stable trend and "BBB (low)" for long-term deposits rating with a stable trend by DBRS. On 1 February 2024, Fitch assigned an "investment grade" rating to the Issuer with "BBB-" issuer rating and long-term senior debt rating and "BBB" for long-term deposits rating with a stable outlook. On 8 March 2024, the Issuer was informed that Moody's upgraded the Issuer's long-term deposit rating by one notch to Baa1 from Baa2, maintaining a positive outlook. Despite the recent upgrades and positive outlook on the Issuer's credit ratings, there can be no assurance that the rating agencies will maintain the current ratings or outlook.

Downgrades of the Issuer's ratings, or the perceived likelihood of such a downgrade, could increase its cost and/or availability of funding or, in a scenario that combines a sharp ratings drop with a further deterioration of the credit environment, could result in increasing difficulties or the total inability of the Group to access funding

in the financial markets. Additionally, this could have an adverse impact on the Issuer's contractual obligations that depend on rating triggers or the risk perception of the public in general, leading to deposit outflows.

Any such downgrade to the Issuer's credit ratings could have an adverse effect on the Issuer's liquidity position, cost of funding and net interest margin, which could adversely affect the Group's financial condition and results of operations.

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

Regulation (EU) No 575/2013, as amended (including as amended by the Capital Requirements Regulation II (Regulation (EU) 2019/876 (the "**CRR II**")) (the "**CRR**") requires that deferred tax assets ("**DTAs**") be deducted from Common Equity Tier 1 ("**CET1**") capital.

However, the CRR contains an exception for DTAs that are not contingent on future profitability, foreseeing that such DTAs are not deducted from CET1 capital. For such purposes, DTAs are deemed to not be contingent on future profitability when:

a) they are automatically and mandatorily replaced with a tax credit, in the event that the institution reports a loss when its annual financial statements are formally approved, or in the event of its liquidation or insolvency;

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

c) where the amount of tax credits referred to in point b) above exceeds the tax liabilities referred to in that same point, any such excess is replaced with a direct claim on the central government of the EU Member State in which the institution is incorporated.

The deduction of DTAs from CET1 capital would thus have an impact on credit institutions established in EU Member States where national tax law imposes a time mismatch between the accounting and tax recognition of certain gains and losses.

In this regard, the Portuguese Government, through the Law No. 61/2014 of 26 August 2014 (as amended from time to time, "**Law 61/2014**"), enacted amendments to national tax law that allow for the conversion of DTAs into tax credits, with the aim of fulfilling the requirements for non-deductibility of DTAs from CET1 capital of resident credit institutions.

Law 61/2014 foresees that any DTAs arising from loan impairment losses and from post-employment and long-term employment benefits into tax credits. These DTAs accounted in taxable periods starting on or after 1 January 2015, or registered in the taxpayer's accounts in the last taxable period prior to that date, can be converted into tax credits when the taxpayer: (i) reports an annual accounting loss when the institution's annual financial statements are formally approved; or (ii) enters into a liquidation procedure, as a result of voluntary dissolution, court-ordered insolvency or, if applicable, cancellation of authorisation by the regulator or supervisory body.

The amount of DTAs is declared by corporate income taxpayers in their annual corporate income tax return. The amount of the declared tax credit must subsequently be certified by the auditors and confirmed by the Portuguese tax authorities.

The tax credits obtained with the conversion of the DTAs may be offset against any state taxes on income and on assets payable by the taxpayer.

The conversion of DTAs entails the constitution of a special non-distributable reserve, equivalent to the amount of the tax credit obtained increased by 10 per cent., and conversely, the issuance of symmetric warrants to the Portuguese State. The warrants entitle the Portuguese State to: (i) demand the Issuer to increase its share capital by converting the special reserve into ordinary shares representing the Issuer's share capital and to subsequently deliver such shares to the Portuguese State for no consideration; or (ii) freely dispose of them, including by sale to third parties, which may subsequently demand such increase of the Issuer's share capital.

The amendments to the DTAs conversion regime, enacted by Law No. 23/2016 of 19 August 2016, established that the DTAs conversion is not applicable to any DTAs arising from the mismatch between the accounting and tax regimes from 1 January 2016 onwards, without precluding its applicability to DTAs generated with respect to the previous fiscal years.

The Issuer adhered to the special regime applicable to DTAs approved by Law 61/2014. The 2015, 2016 and 2017 conversion rights were converted and conferred a stake of 5.69 per cent. of the share capital of the Issuer. The conversion rights for 2018, 2019 and 2020 were also converted and conferred a stake of 6.27 per cent. of the share capital of the Issuer. The conversion rights for 2020 were also converted into shares and conferred a stake of 3.64 per cent. of the share capital of the Issuer that was acquired by the Resolution Fund as a result of the exercise of its preference rights to acquire conversion rights attributed to the State. For further details, see "*Description of the Issuer and of the Group—Ownership Structure (Including Government Relationship)*".

As at 30 June 2024, the Group held €927.3 million of DTAs in its accounts of which €172.3 million related to reported losses and €755.0 million related to temporary differences. Of these, €297.1 million are protected under the Portuguese special fiscal regime. If any DTAs are not recovered, this could have an adverse impact on the profitability and equity of the Issuer and the Group.

DTAs related to reported losses are deducted from regulatory capital, whereas DTAs related to temporary differences that depend on future profitability are partially deducted to capital (the portion that exceeds the thresholds of 10 per cent. and 15 per cent. of CET1) and partially weighed at 250 per cent. DTAs related to temporary differences protected by the Portuguese special fiscal regime are weighed at 100 per cent. Any future changes to the way in which the Portuguese fiscal regime operates could result in previously protected DTAs no longer being protected.

Law No. 24-D/2022, of December 30 (2023 State Budget) introduced changes in tax losses carry forward. Tax losses assessed in tax years starting on or after 1 January 2023 can be deducted against taxable profit generated in future taxable years for an unlimited time period. This rule also applies to tax losses assessed in tax years prior to 1 January 2023, for which the carry forward period is still running as of that date.

The deduction of tax losses is capped at 65 per cent. of the taxable profit. This does not exclude the amount of tax that has not been deducted, under the same conditions, in the following fiscal years.

The elimination of the temporal limitation of tax losses does not apply to those calculated in tax years prior to 1 January 2023 in which one of the situations provided for in paragraph 1 of article 6 of the Special Regime applicable to Assets by Deferred Taxes (REAID), approved as an annex to Law No. 61/2014, of August 26 (conversion of deferred tax assets into tax credits), applying the deduction period in effective on December 31, 2022.

The estimation of DTAs requires the application of a complex set of judgements, considering the uncertainties regarding the future. Changes in the assumptions used in the estimation of future results or in the interpretation of tax legislation may have a material impact on the recoverability of DTAs originated by tax losses. Any change to the base assumptions can have a significant impact on the estimated recoverable amount of DTA and as a result the Group's financial condition and results of operations may be materially and adversely affected.

The Group is exposed to actuarial and financial risks related to its pension obligations

The Group has significant pension liabilities associated with its defined benefit pension fund, which includes the following three plans: the "Master Plan", the "Complementary Plan" and the "Executive Committee's Complementary Plan" (the "**Executive Committee's Complementary Plan**" is only for members of the Executive Committee and was subject to the split between the Issuer and Banco Espírito Santo, S.A. ("**BES**") pursuant to the Resolution Measure, which occurred during 2020, and related decisions) (the "**Pension Fund**"). The Group's expected return on the assets in its Pension Fund is based on certain assumptions. If the returns on the assets in its Pension Fund is less positive than expected or negative, the Group will be required to recognise actuarial losses on the difference between a greater expected value of the assets and the actual value. Similarly, demographic factors, such as an increase in life expectancy among active employees and pensioners, can result in changes in mortality tables used by insurance companies and thus negatively affect the Group's defined-benefit obligations, generating actuarial losses that require recognition and contribution to the Group's Pension Fund in order to guarantee that its Pension Fund liabilities are fully funded, as required by regulation.

In addition to such losses requiring contribution to the Group's Pension Fund, these actuarial losses may have the effect of reducing the Issuer's CET1, undermining the Issuer's capital ratios and negatively impacting the Issuer's shareholders' equity. Since 1 January 2018, actuarial losses are deducted from CET1 in full.

As at 30 June 2024, the Group's pension obligations in the Pension Fund amounted to €1.552 billion, and the fair value of the Pension Fund allocated to the Issuer as at the same date was €1.556 billion. The excess funding of the pension fund liabilities amounted to €4.4 million as at 30 June 2024, accounted as an asset.

The Group is exposed to market risks

The Group engages in various activities for its own account, including entering into interest rate, credit, equity and exchange rate derivative transactions, as well as taking positions in fixed income and equity in the domestic and international markets and trading in the primary and secondary securities markets, including for government securities. The Group also offers these types of products and services to its customers.

As at 30 June 2024, the Group's ALM Portfolio (securities book in the Asset and Liability Management Portfolio) amounted to €7.9 billion (€6.5 billion as at 31 December 2023), of which 77.3 per cent. were public debt instruments and 22.7 per cent. were classified as bonds (75.6 per cent. and 24.4 per cent. respectively as at 31 December 2023). Additionally, as at 30 June 2024, 100 per cent. of such assets were classified as fair value hierarchy Level 1 (those that are quoted on a recognised market as of such date), which is unchanged compared to the position as at 31 December 2023.

As at 30 June 2024, the Group had a value at risk ("**VaR**") of €3.1 million in its trading positions in respect of equities, interest rates, volatility and credit spread, total commodities position and total foreign exchange position, compared to €1.1 million as at 31 December 2023. Additionally, as at 30 June 2024, the Group had a VaR of €7.1 million in its investment portfolio, compared to €5.0 million as at 31 December 2023. The Group's VaR is calculated using the "Monte Carlo" simulation method, with a 99 per cent. confidence level and a holding period of ten days.

As at 30 June 2024, the Group's portfolio of public debt securities comprised approximately €1.4 billion in Portuguese public debt, approximately €1.7 billion in Spanish public debt, approximately €0.7 billion in US public debt and approximately €0.7 billion in French public debt, which together represents 69.1 per cent. of the Group's total securities portfolio. Also, the Group has no exposure to Russian or Ukrainian public debt.

In extreme situations of economic, political and social crises, governments may be reluctant or may not have access to funding in order to refinance or repay capital or pay interest on their debt securities. In a default scenario, security holders' recourse to legal mechanisms may be limited. In addition, there could be an increase

in default risk in a scenario in which an EU Member State enters into default thereby exacerbating the negative sentiment toward other euro area members through a contagion effect.

The Issuer's ALM portfolio is highly concentrated on sovereign exposure and its trading activities are mainly concentrated on the provision of these services and product offerings to its customers and risk management of its balance sheet. Nevertheless, these activities involve a certain degree of risk. Protracted adverse market movements, particularly price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to losses if the Group cannot close out deteriorating positions in a timely way.

The Resolution Fund may fail to make or be prevented from making payments to the Issuer

As part of the conditions of the sale of 75 per cent. of the share capital of the Issuer to Lone Star agreed in March 2017 and completed in October 2017 (the "**Lone Star Sale**"), the Portuguese resolution fund, a public law legal entity created in 2012 pursuant to RGICSF, with the goal to provide financial support to resolution measures applied by the Bank of Portugal, in its capacity as national resolution authority (the "**Resolution Fund**") and the Issuer have entered into the Contingent Capital Agreement (the "**CCA**").

Currently there are legal proceedings filed in the Portuguese courts challenging the validity of the CCA and of the obligations of the Resolution Fund in connection with it. Any court decision that considers the CCA illegal, void or otherwise invalid, in whole or in part, or that prevents the Resolution Fund from making any payments under the CCA may have a significant effect on the Group and its financial position, including as a result of any required repayment of funds already disbursed under the CCA. For further details on proceedings relating to the sale of the Issuer, see "*—Legal and regulatory risks—Risks relating to legal proceedings—Proceedings relating to the sale of the Issuer*" and "*Description of the Issuer and of the Group—Legal, Administrative and Arbitration Proceedings—Proceedings relating to the sale of the Issuer*".

Additionally, uncertainties remain as to the fulfilment of the obligations of the Resolution Fund and the potential liabilities to which the Resolution Fund may be subject and the indemnification mechanism established in the agreements entered into in connection with the Lone Star Sale (the "**Indemnification Mechanism**"), in the event any of the resolution measure-related litigation contingencies materialise for the Issuer and for which the Resolution Fund is considered contractually liable, this may have a significant impact on the Resolution Fund's financial resources and ability to comply with its payment obligations, which could have a material adverse effect on the Issuer and its financial position.

On 4 June 2024, the Arbitral Tribunal rendered its final award relating to the amounts due by reference to the 2020 financial year CCA call and determined that the Resolution Fund will have to pay to the Issuer compensation in the amount of approximately €185 million plus interest to the Issuer but exempted the Resolution Fund from considering the amount of €147 million in the 2020 CCA call that had been requested by the Issuer.

With respect to the 2021 financial year, the Resolution Fund did not pay the amount requested and the Issuer has triggered the legal and contractual mechanisms at its disposal in order to ensure the receipt of the same.

For the avoidance of doubt, none of the CCA amounts that have been subject or are currently in arbitration, or which were claimed and remained unpaid, are included in the Issuer's capital ratios.

There can be no assurance that the Issuer will receive all of the amounts that are or may be due in the future and/or that are or may be under dispute, regarding the CCA or the Indemnification Mechanism, and that the Resolution Fund will be willing or able to make such payments.

Additionally, the continuous political and public scrutiny in relation to the CCA payments have had and may continue to have a negative impact on the reputation and market perception of the Issuer and its business. Any

of the events described above, if materialised, could have a material adverse effect on the Group and its financial position.

C. <u>Legal and regulatory risks</u>

Risks relating to regulatory requirements

Banking and insurance activities in Portugal and in the EU are subject to extensive and detailed regulation and supervision by supervisory authorities, which have broad administrative power over many aspects of the financial and banking services business, which include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices, among others, as well as those relating to insurance services, which include insurance, reinsurance, pension funds and their management companies and insurance mediation. For further information on banking regulations applicable to the Group, please see "*Description of the Issuer and of the Group—Supervision and Regulation*". The resources dedicated to ensure compliance with these various regulations can significantly increase the costs of the Group's structure and limit its possibilities for increasing its income.

Moreover, the Group is subject to ongoing supervision from the Single Supervisory Mechanism ("**SSM**"), including the ECB and the Bank of Portugal, as well as from the CMVM and *Autoridade de Supervisão de Seguros e Fundos de Pensões* ("**ASF**", the Portuguese Insurance and Pension Funds Supervisory Authority), under their respective competencies. Non-compliance with rules and regulations enforced by the ECB, SSM, the Bank of Portugal, CMVM or ASF or any other applicable regulatory body may result in severe penalties and other sanctions such as bans, inhibitions and suspensions, which would directly impact the Group's ability to perform its activities.

The Issuer is required by the SSM, ECB and the regulators in Portugal and other countries in which it undertakes regulated activities to maintain minimum levels of capital and liquidity. In jurisdictions in which it has branches, including within the EEA, the Issuer is also subject to the regulatory capital and liquidity requirements of such jurisdictions. Currently, the Issuer has only one branch in Luxembourg, subject to the legislation applicable on this matter in that jurisdiction. The Issuer, its regulated subsidiaries and its branch may be subject to the risk of having insufficient capital resources to meet the minimum regulatory capital and/or liquidity requirements. In addition, those minimum regulatory capital requirements and/or liquidity requirements may increase in the future, or the methods of calculating capital resources may change. Likewise, liquidity requirements may have come under heightened scrutiny, and may place additional stress on the Issuer's liquidity demands in the jurisdictions in which it operates.

The Issuer is subject to the Supervisory Review and Evaluation Process ("**SREP**") review on an annual basis. Where the SREP review identifies risks or elements of risk that are not adequately covered by pillar 1 capital requirements or the combined buffer requirement the ECB can determine the appropriate level of the institution's own funds under Directive 2013/36/EU, as amended (including as amended by the Capital Requirements Directive V (Directive (EU) 2019/878 (the "**CRD V**")) (the "**CRD IV Directive**") and the CRR (the CRR and the CRD IV Directive together the "**CRD IV**") and assess whether additional own funds shall be required.

According to Council Regulation (EU) No 1024/2013 of 15 October 2013 and based on the SREP conducted pursuant to Article 4(1)(f) of Regulation (EU) No 1024/2013 with reference date 31 December 2015, the ECB communicated to the Issuer that the Group should comply with an own funds requirement starting in 2024 of 2.85 per cent. of risk-weighted assets ("**RWAs**") to be held in excess of the minimum own funds requirement (which represents a decrease of 15 basis points to the previous requirement), to be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. in the form of Tier 1 (defined below) capital. Additionally, the ECB also

informed the Issuer that it is subject to a Pillar 2 Guidance of 1.5 per cent. of RWAs. There can be no assurance that the SREP review to be conducted in the following years will not increase the minimum own funds requirement, including as a result of past or future stress test exercises conducted by the supervisory authorities.

In addition, credit institutions identified as other systemically important institutions ("**O-SIIs**") are subject to an additional buffer requirement (the "**O-SII Buffer**"). According to the Bank of Portugal's decision, the O-SII buffer will be applicable to the Issuer subject to a phased regime for the introduction of a 0.5 per cent. O-SII Buffer as a percentage of total RWAs to start on 1 July 2024 with 50 per cent. of the buffer (0.25 per cent. of RWAs) and the buffer to apply in full from 1 July 2025 (0.50 per cent. of RWAs). Prior to this date, the O-SII Buffer was applicable to the Issuer's indirect controlling shareholder LSF Nani Investments S.à r.l. Additionally, the Bank of Portugal has decided to implement a sectoral systemic risk buffer, which aims to increase the resilience of institutions to the materialisation of potential systemic risk in the residential real estate market in Portugal. The implementation of this buffer translates into the requirement for compliance with a sectoral systemic risk reserve of 4 per cent. on the amount of risk-weighted exposures on the retail portfolio of loans to individuals collateralised by residential properties located in Portugal, starting from 1 October 2024, which as of June 2024 was estimated to be equivalent to approximately 30 basis points of RWAs. There can be no assurance that these buffers will not increase or other buffers be introduced, increasing the minimum own funds requirements.

As at 30 June 2024, the Issuer reported a CET1 ratio of 19.9 per cent. (fully implemented) and a Total Own Funds ratio of 22.7 per cent. (fully implemented), compared with 18.2 per cent. and 21.0 per cent. as at 31 December 2023, respectively.

In 2023, in the context of the ECB's approval of the exemption from the obligation to be approved as a financial holding company, novobanco was the entity designated to ensure the Group's compliance with prudential requirements on a consolidated basis under Article 21-A, paragraph 4, of Directive 2013/36/EU and Article 35-D of the RGICSF.

If the Group is not able to satisfy its overall capital requirements or other minimum capital ratio requirements in the future, it may be required to raise additional capital or be subject to measures or sanctions by the Bank of Portugal, the ECB or the SSM. If the Issuer is required to raise further capital in the future after failing to satisfy the minimum capital ratio requirements, but is unable to do so or to do so on acceptable terms, the Issuer may be required to further reduce the amount of the Issuer's risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to the Issuer. Any failure to maintain minimum regulatory capital ratios could result in administrative actions or other sanctions, which in turn may have a material adverse effect on the Issuer's operating results, financial condition and prospects. The regulatory laws governing banking activity may change at any time in ways which may have an adverse effect on the business of the Group. It is not possible to predict the timing or form of any future regulatory initiatives. Changes in existing regulatory laws may materially affect the way in which the Group conducts its business, the products and services it can offer and the value of its assets.

On 23 November 2016, the EC presented legislative proposals for amendments to the CRR (by way of CRR II), the CRD IV Directive (by way of CRD V), the BRRD (as defined below) and the Single Resolution Mechanism (the "**SRM**") (collectively, the "**Reforms**"). After the European Parliament confirmed its position on the Reforms, the European Parliament and Council of the EU reached agreement on the main elements of the Reforms. The agreed text was endorsed on 16 April 2019 by the European Parliament and sets out a comprehensive set of reforms to strengthen further resilience and resolvability of EU banks.

On 14 May 2019, the European Council announced that it had adopted the Reforms, with most of the new rules applying in mid-2021, such as CRR II which applied from 28 June 2021. The transposition of BRRD II and CRD V into Portuguese law took place at the end of 2022. The Reforms include the following key measures:

- a leverage ratio requirement for all institutions as well as a leverage ratio buffer for all global systemically important institutions ("**G-SIIs**");
- a net stable funding requirement;
- a new market risk framework for reporting purposes, including measures reducing reporting and disclosure requirements and simplifying market risk and liquidity rules for small non-complex banks in order to ensure a proportionate framework for all banks within the EU;
- a requirement for third-country institutions with significant activities in the EU to have an EU intermediate parent undertaking;
- a new total loss absorbing capacity ("**TLAC**") requirement for G-SIIs;
- enhanced minimum requirement for own funds and eligible liabilities ("**MREL**") subordination rules for G-SIIs and other large banks; and
- a new moratorium power for the resolution authority.

In addition, on 7 December 2017, the Basel Committee and the Group of Central Bank Governors and Heads of Supervision presented reforms to the Basel III regulatory framework also known as "Basel IV". The final Basel III reforms include several policy and supervisory measures that aim to enhance the reliability and comparability of risk-weighted capital ratios and to reduce the potential for undue variation in capital requirements for banks across the globe. The measures comprise revisions to the standardised approach for credit risk, internal ratings-based approaches for credit risk, the credit valuation adjustment risk framework, the operational risk framework, the leverage ratio framework and a revised output floor. The proposals contained in the Basel III reforms were intended to apply from 2023 with a transitional period for the output floor until 2027, although these timelines remain unclear until such rules are implemented into European and Portuguese legislation and therefore become applicable to and effective upon the Issuer.

The Issuer was subject to the 2023 EU-wide stress test conducted by the ECB, applied to the balance sheet year-end 2022, and will be subject to the 2025 EU-wide stress test. These exercises provide input into the SREP evaluation and in 2023 had no negative impact on the Issuer's capital requirements. There can be no assurance that new stress tests conducted in the future will not have a negative impact on the Issuer's capital requirements or adversely affect the reputation, cost of funding, the Issuer's business, financial condition, results of operations and prospects.

New regulations may increase capital, liquidity and other requirements and can result in additional requirements of capital and/or other type of financial instruments, preparatory work, disclosure needs, restrictions on certain types of transactions, limitations or changes to the Issuer's strategy. Any of the above could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. For further details, see the section "*Description of the Issuer and of the Group—Supervision and Regulation*".

Risks relating to the Bank Recovery and Resolution Directive and the Single Resolution Mechanism

In May 2014, the EU Council and the EU Parliament approved a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, the "**BRRD**"). The aim of the BRRD is to equip national authorities with harmonised tools and powers to tackle crises at banks and certain investment firms at the earliest

possible moment and to minimise costs for taxpayers. For further details see the section "*Description of the Issuer and of the Group—Supervision and Regulation*".

Under an early intervention, the authorities are notably entitled to replace managers or directors and require that the institution draws up and submits for consultation a plan for debt restructuring with its creditors according to a recovery plan.

The BRRD's resolution tools and powers may be used alone or in combination where the relevant resolution authority considers that certain required conditions are met, namely, if an institution is failing or likely to fail, that no alternative private sector measure, or supervisory action, would prevent the failure of the institution within a reasonable timeframe and that the taking of a resolution action is necessary to the public interest. The resolution tools include the power to sell or transfer assets (or ownership thereof) to another institution or to an asset management vehicle and the general bail-in tool, as mentioned above, which provides for the write-down or conversion of any liabilities of the institution that meet relevant conditions.

A Single Resolution Mechanism ("**SRM**") has been introduced, including a Single Resolution Board (the "**SRB**"), which focuses on resolution planning and enhancing resolvability, to avoid the potential negative impacts of a bank failure on the economy and financial stability.

Until 31 December 2015, the Bank of Portugal was the relevant resolution authority for the Issuer and since 1 January 2016, the SRM has applied with the SRB being the relevant resolution authority for the Issuer.

In order to ensure the effectiveness of a resolution measure, the relevant resolution authority may exercise, among others, the following powers: (i) suspension of payment or delivery obligations of the institution under existing agreements; (ii) suspension of enforcement rights benefiting holders of any security over assets of the institution; (iii) suspension of the rights to accelerate, terminate, or otherwise decide the termination under existing agreements; (iv) closing of agencies of the institution; (v) exercise of rights attached to shares and other instruments representing share capital of the affected institution; (vi) amendment of terms applicable to debt instruments and other eligible claims held vis-à-vis the institution, such as clauses on maturity dates and payable interest; (vii) liquidation and termination of financial agreements and derivative agreements; (viii) suspension of the negotiation of a financial instrument (Article 145-AB of RGICSF).

The implementation of any resolution measure is not subject to the prior consent of the credit institution's shareholders nor of the contractual parties related to assets, liabilities, off-balance-sheet items and assets under management to be sold or transferred. The relevant authorities are also not required to provide any advance notice to holders of Notes of their decision to exercise any resolution power. Therefore, holders of Notes may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Notes.

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 EC's recent proposal to adjust and further strengthen the existing EU bank crisis management and deposit insurance ("**CMDI**") framework, the ranking in insolvency of depositors may be further changed or enhanced.

Holders of the Notes will have an unsecured claim over the Issuer, thus being subject to bail-in. In addition, the determination of which securities issued by the Issuer will be subject to write-down, conversion or bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. There may be many factors, including factors not directly related to the Issuer, which could

result in such a determination. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of a bail-in power may occur which would result in a principal write off or conversion to other securities, including equity. Moreover, as the criteria that the relevant resolution authority will be obliged to consider in exercising any bail-in power provide it with considerable discretion, holders of the securities issued by the Issuer may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Issuer and the securities issued by the Issuer. Potential investors in the securities issued by the Issuer should consider the risk that a Holder may lose all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

Other powers contained in the RGICSF and required by the BRRD may affect the value of an investment in the Notes. The exercise of these powers may impact how the Issuer is managed as well as, in certain circumstances, the rights of creditors. There can be no assurance that actions taken under the RGICSF will not adversely affect the holders of the Notes.

Minimum requirement for own funds and eligible liabilities could have a material effect on the Issuer

BRRD II was implemented in the EU together with the formal adoption of Regulation (EU) 2019/876 of the European Parliament and of the Council, which entered into force on 27 June 2019. Under BRRD II, banks, such as the Issuer, are subject to an entity-specific MREL regime, under which they will be required to issue a sufficient amount of eligible instruments to absorb expected losses in resolution and to recapitalise the institution or the surviving part thereof. The transposition of BRRD II into Portuguese law was done at the end of 2022 by means of Law 23-A/2022 of 9 December.

In accordance with Portuguese law, financial institutions will be required to meet certain MREL requirements. According to the latest decision of the SRB, together with the Bank of Portugal, from 1 January 2025, the Issuer should comply with MREL on a consolidated basis at the level of 24.01 per cent. of total risk exposure amount ("**TREA**") (plus the then applicable combined buffer requirement) and, 5.91 per cent. of the Leverage Ratio Exposure, which shall be met at all times. The Issuer's MREL ratio as of 30 June 2024 was 28.34 per cent., which compares with 24.37 per cent. as of 31 December 2023. The preferred resolution strategy for the Issuer is the single point of entry, with the Issuer being the resolution entity. Additionally, the Issuer is not subject to any subordination requirement. These MREL requirements, the resolution strategy and the lack of a subordination requirement may change from time to time.

As the Issuer is restricted from making dividend distributions until the maturity of the CCA (the "**Dividend Ban**"), its capital ratios have significantly increased over the last few years and are currently well above its SREP requirements. Unless the CCA is terminated earlier (which would require mutual agreement between the parties), the Dividend Ban will be in place until 31 December 2025. The Issuer is currently complying with its MREL requirements with an unusually high contribution from own funds. When the Dividend Ban is over, and subject to regulatory approval, the Issuer is expected to normalise its capital structure and make dividend distributions/reduce capital. Before making such distributions/reduction, the Issuer is expected to pre-fund a reduction of CET1 through additional benchmark size MREL issuances.

If the Issuer is required but unable to issue or can only issue on unfavourable conditions own funds or eligible MREL liabilities which will be eligible to count toward the MREL requirement or to reduce its risk-weighted assets, this may result in regulatory sanctions or have a negative impact on the Issuer's profitability or reputation and may have a material adverse effect on the Issuer's business, financial condition, results of operations, its prospects and activities in terms which cannot be predicted at this stage, including changes to the Issuer's strategy.

Risks associated with the disposal of non-performing assets

In recent years, the supervisory authorities have focused on the value of non-performing assets ("**NPAs**") and the effectiveness and organisational setup of banks' recovery processes. The importance of reducing the ratio of NPAs to total loans has been stressed on several occasions by the supervisory authorities.

The Issuer has, mostly due to its "legacy" portfolio, a higher volume of NPAs when compared to its Portuguese peers.

The Issuer has approved a NPA reduction plan (2023 – 2025), which establishes yearly reduction targets for the period 2023 to 2025 and is expected to continue reducing the stock of NPAs (which mostly relates to NPLs) down to levels in line with peers, including sales to the market. During the first half of 2024, the actual execution of the NPA reduction plan is slightly better than planned for the period, with NPA stock reducing by €122 million.

However, execution of the NPA reduction plan carries risk, such as additional losses arising from the completion of disposal processes due to the possible differential between their book value and the value that market participants are willing to offer for the NPAs. In addition, the final terms of any sale (if completed) may be different from the Issuer's expectations, as they depend on, among other things, market conditions at the time of the sale and the existence of a secondary NPAs market.

Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No. 575/2013 establishes a requirement for credit institutions to build their loan loss reserve up to common minimum levels to cover the incurred and expected losses on newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds. The new rules should not be applied in relation to exposures originated prior to 26 April 2019.

Other risks exist in relation to further requirements that may be imposed by the ECB, through guidelines or legislation, to accelerate the reduction of NPAs, such as the following, which are currently under discussion by the ECB: (i) reforms of insolvency and debt recovery frameworks, (ii) development of secondary markets for distressed assets, (iii) accelerated loss recognition with backstop provision limits, and (iv) requirements on the use of templates for information on NPLs.

Furthermore, the significant increase in inflation and interest rates in the Euro Area can materially compromise economic growth and considerably increase the levels of non-performing loans. An increase in the entry levels of new NPLs may hinder the Issuer's ability to reduce its NPL stock.

Any of the above could have negative effects on the business, results of operations, capital and financial position of the Issuer and/or of the Group.

Risks relating to legal proceedings

The Issuer is the subject of actual and threatened litigation and other proceedings related to its incorporation under the resolution measure applied to BES.

In addition, as regulated entities, the Issuer and the Group are, from time to time, the subject of supervisory and administrative inquiries, inspections and investigations by regulators in the jurisdictions in which they operate. So far as the Issuer is aware, and except as disclosed below, none of the Issuer or other Group entities is, as at the date of this Base Prospectus, subject to any such inquiries, inspections or investigations that may have a significant effect on the Group's financial position or profitability. See also the risk factor entitled "*—Risks relating to regulatory requirements*". Furthermore, as a large financial institution, the Group is the subject of

actual and threatened litigation and other proceedings in the ordinary course of its banking and financial intermediary business.

Proceedings in connection with the resolution measure applied to BES and the incorporation of the Issuer

According to the Resolution Measure and related decisions of the Bank of Portugal, the Issuer should only be liable in respect of matters or claims arising on or after 3 August 2014, which is the date on which the Issuer was established, or that such matters or claims were otherwise transferred to the Issuer pursuant to the Resolution Measure and related decisions of the Bank of Portugal.

Currently, a number of proceedings that seek to challenge the application of the Resolution Measure to BES and the related decisions of the Bank of Portugal, the establishment of the Issuer and the resulting impact on other parties and their rights, including shareholders, members of corporate bodies, senior and subordinated creditors and clients are still pending.

The application and impact of the Resolution Measure and the incorporation of the Issuer are being and may continue to be publicly and judicially challenged by several parties and creditors. These proceedings also include the challenges to the transfer of certain assets and liabilities to the Issuer as a result of the Resolution Measure and the decisions of the Bank of Portugal, as well as proceedings requesting the set-off of liabilities that were not transferred to the Issuer against credits transferred and held by the Issuer. Several judicial proceedings have been initiated against the Bank of Portugal, the Resolution Fund and/or the Issuer and it is likely that other similar proceedings will be submitted within the applicable legal time limits.

There are several legal proceedings, some of which were aggregated and designated as pilot-proceedings (*processos-piloto*). In one of these, notably the one which was initiated by a shareholder of BES before the Lisbon Administrative Court, the plaintiffs challenged the validity of the Resolution Measure applied to BES on the basis of alleged illegalities and unconstitutionalities. The Issuer was a counter-interested party in the proceeding. Following the Court of Justice of the European Union's favourable decision for both pilot-proceedings of 5 May 2022 in relation to the preliminary questions raised by the Portuguese Supreme Administrative Court, on 9 March 2023 the Portuguese Supreme Administrative Court issued a decision dismissing the Plaintiffs' appeal in each of the pilot cases, thereby confirming the favourable decision that had been issued by the Administrative Court of First Instance on 12 March 2019.

There are still relevant litigation risks, notably regarding the various disputes relating to the US$835 million loan made by Oak Finance to BES, the placement of BES and Grupo Espírito Santo debt instruments directly and indirectly to BES retail clients and regarding the senior bond issues retransmitted to BES, as well as the risk of the non-recognition and/or non-implementation of the various decisions of Bank of Portugal by Portuguese or foreign courts (as it is the case of the courts in Spain where there are several unfavourable decisions) in disputes related to the perimeter of the assets, liabilities, off-balance sheet items and assets under management transferred to the Issuer.

For further details on proceedings in connection with the resolution measure applied to BES and the incorporation of the Issuer, see "*Description of the Issuer and of the Group—Legal, Administrative and Arbitration Proceedings—Proceedings relating to the Resolution Measure*".

Should any or all of such proceedings be successful and the Indemnification Mechanism not be enforceable or be insufficient to fully compensate the Group, the resulting costs and/or damages could materially and adversely affect the Group's financial position, results of operations and reputation, even in situations where the Issuer is not a party to such proceedings.

Ultimately, if a court were to declare the Resolution Measure invalid and, despite its disruptive effects, determine the invalidity and ineffectiveness of all contracts and legal acts performed by the Issuer since its incorporation, the issue of the Notes would become void and investors could suffer substantial losses.

Successful claims of this or a similar nature could have a material adverse financial effect on the Issuer and the Group or cause significant reputational harm, which in turn could have a material adverse effect on the financial condition of the Group. In addition, while the Indemnification Mechanism may help mitigate economic risks arising from litigation related to the Resolution Measure and related decisions of the Bank of Portugal, there can be no assurance that it will be applied or, if applied, upheld. Even if the Indemnification Mechanism is successfully applied, such claims may result in adverse reputational impact on the Issuer and/or the Group. See also the risk factor entitled "*—Risks relating to the Issuer's business—The Issuer's activity is subject to reputational risk*" above.

Proceedings relating to the sale of the Issuer

Following the conclusion of the Lone Star Sale, certain legal suits have been lodged, related to the conditions of the sale, notably the administrative action brought by Banco Comercial Português, S.A. ("**BCP**") against the Resolution Fund, to which the Issuer is not a party, and, according to the public disclosure made by BCP on the website of the Portuguese Securities Markets Commission (*Comissão do Mercado de Valores Mobiliários*) ("**CMVM**") on 1 September 2017, it requested the legal assessment of the contingent capitalisation obligation assumed by the Resolution Fund within the CCA.

Any final court decision that may be issued in the context of such judicial proceedings, notably in respect of the validity of the CCA, may adversely affect the capacity of the Issuer to carry out its obligations under the Notes.

For further details on proceedings relating to the sale of the Issuer, see "*Description of the Issuer and of the Group—Legal, Administrative and Arbitration Proceedings*".

Other proceedings

There is one pending proceeding regarding the sale of the shares of Tranquilidade by the Issuer in enforcement of a pledge agreement brought by Partran, SGPS, S.A. and Massa Insolvente da Espírito Santo Financial Group, S.A. (currently Massa Insolvente da Espírito Santo Financial (Portugal), S.A. is the sole claimant, following the withdrawal of the others) against the Issuer and Calm Eagle Holdings, S.A.R.L. through which it is intended that the pledge of the shares of Companhia de Seguros Tranquilidade, S.A. is declared invalid and, secondarily, that said pledge is annulled or declared ineffective.

For further details on these and other proceedings mentioned above, see "*Description of the Issuer and of the Group—Legal, Administrative and Arbitration Proceedings—Other proceedings*".

Should any or all of such proceedings be successful, the resulting costs and/or damages could materially and adversely affect the Group's financial position, results of operations and reputation. Ultimately, if a court were to declare the relevant financial pledge agreement invalid, it could have a material adverse financial effect on the Issuer and the Group or cause significant reputational harm, which, in turn, could have a material adverse effect on the financial condition of the Group.

It is not possible to determine when the relevant courts will issue final awards regarding any of the proceedings mentioned in this risk factor or any future legal proceedings, or to determine or make a full assessment of the impact or likely outcomes of any such legal proceedings or of future legal proceedings or the consequences arising therefrom for the Issuer or the Notes. Holders of Notes should be aware that the legal proceedings and consequences arising therefrom may adversely affect the incorporation, financial condition and/or the capacity of the Issuer to carry out its obligations under the Notes.

Changes to tax legislation, regulations, higher taxes or lower tax benefits could have an adverse effect on the Issuer's activity

The Issuer may be adversely affected by changes in the tax legislation and other regulations applicable in Portugal, the EU and other countries in which it operates, as well as by changes of interpretation by the competent tax authorities of legislation and regulation. These changes include the change to the real estate tax introduced by the 2021 State Budget Law which led the Issuer to register a contingent liability of €204.7 million and €203.3 million for the first half of 2024 and the financial year of 2023, respectively. The tax implications of these changes for the Issuer are still uncertain and may impact the Issuer in subsequent years. In addition, the Issuer might be adversely affected by difficulties in the interpretation of or compliance with new tax laws and regulations. The materialisation of these risks may have a material adverse effect on the Issuer's strategy, financial condition, results of operations and prospects.

The Issuer will be affected by the strategic decisions made by it or its direct and indirect shareholders and, in making such decisions, the interests of the Issuer, its shareholders and holders of Notes may not be aligned

The Issuer and its direct and indirect shareholders (including its indirect controlling shareholder LSF Nani Investments S.à r.l.) will make strategic decisions which may (directly or indirectly) affect the business and operations of the Issuer and of the Group. Neither the Issuer nor its shareholders will have any obligation to consider the interests of the Noteholders in connection with any such strategic decisions, including in respect of the capital of the Issuer, the Group or LSF Nani Investments S.à r.l. Holders of Notes will not have any claim against the Issuer or any other entity relating to decisions that affect the business and operations of the Issuer or the Group, including in relation to the capital position of the Issuer, the Group or LSF Nani Investments S.à r.l.

The Issuer is a limited liability company (*sociedade anónima*) owned by Nani Holdings S.à r.l., Fundo de Resolução and Direcção-Geral do Tesouro e Finanças (see "*Description of the Issuer and of the Group—Ownership Structure (Including Government Relationship)*"). Any future significant change in ownership could impact the Issuer in a variety of ways which are difficult to predict but may include (without limitation) changes to the strategy, management, credit rating, governance and/or risk profile of the Issuer. As a result, a significant change in ownership could have a material adverse effect on the Issuer's business, revenues, results of operations, financial position and prospects.

The Group is required to make contributions to the Resolution Fund

The Group is required to make contributions to finance the Resolution Fund, which was created in 2012 for the purpose of providing financial support in case of the application of any resolution tools by the Bank of Portugal.

From 2016 onwards the Resolution Fund has been funded through: (i) contributions paid by the entities that fall outside the scope of the SRM; (ii) additional contributions required to fulfil its obligations regarding the financing of the resolution measures applied by the Bank of Portugal before December 2014 and paid by all participating institutions, including credit institutions established in Portugal, which can either take the form of periodic contributions or special contributions (Article 14(5) of Law No. 23-A/2015, of 26 March 2015, as amended); and (iii) other sources, including proceeds of the bank levy, also due by credit institutions established in Portugal, pursuant to Law No. 55-A/2010, of 31 December 2010, as amended (*contribuição sobre o setor bancário*) (the "**Bank Levy**"). The periodic contributions to the Resolution Fund are determined by the application of a contributory rate to the end of month outstanding balance of liabilities, deducted by own funds and deposits already included in the deposit guarantee scheme. Pursuant to Bank of Portugal's Instruction (*Instrução*) 28/2023 for 2024, the rate has been set at 0.032 per cent.

The Group's contribution will vary from time to time depending on the liabilities and own funds of the Issuer and applicable members of the Group, as compared to other participating institutions. Contribution to the Resolution Fund is adjusted to the risk profile and systemic relevance of each participating institution, also taking into account its solvency profile. For the six months ended 30 June 2024, the Group paid €6.4 million in contributions to the Resolution Fund, €32.2 million in bank levies to the Resolution Fund (special tax on banks) and no contributions to the Single Resolution Fund (compared to €7.1 million, €35.3 million and €15.0 million, respectively, for the year ended 31 December 2023).

With regard to additional periodic contributions, credit institutions established in Portugal, such as the Issuer and certain other members of the Group, are required to pay such contributions to the Resolution Fund in accordance with the provisions of Decree-Law No. 24/2013, of 19 February 2013 (ex vi Article 14(5) of Law No. 23-A/2015, of 26 March 2015, as amended). Following the agreement from the Portuguese Government and the EC to change the terms of the financing granted to the Resolution Fund, the Resolution Fund considered that the full payment of its liabilities, as well as its respective remuneration, was assured without the need for recourse to special contributions or any other type of extraordinary contributions by the banking sector. Despite this public announcement, there cannot be any assurance that the Group will not be required to make special contributions or any other type of extraordinary contributions to finance the Resolution Fund. Any requirement for the Issuer or the Group to make special contributions or an increase in required levels of periodic contributions to the Resolution Fund would have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to the adoption of a harmonised deposit guarantee scheme throughout the EU

On 2 July 2014, Directive 2014/49/EU, as amended, providing for the establishment of deposit guarantee schemes (the "**Recast DGSD**") entered into force. The recast DGSD introduces harmonised funding requirements (including risk-based levies), protection for certain types of temporary high balances, a reduction in pay-out deadlines, harmonisation of eligibility categories (including an extension of scope to cover deposits by most companies regardless of size) and new disclosure requirements. The Recast DGSG was implemented in Portugal by Law 23-A/2015, of 26 March 2015, as amended, which amended, *inter alia*, the RGICSF.

As part of the annual periodic contributions to the Deposit Guarantee Fund ("**DGF**"), the Issuer and the other banks of the Group have assumed irrevocable commitments, under the terms of paragraph 4 of article 161 of the RGICSF, relating to part of these contributions, with the commitment to make the respective payment at the DGF request. At the end of 2023, as requested by DGF, the Group paid the total value of the commitments assumed, amounting to €56.1 million, having recognised this amount as a cost for the year.

As a result of these developments, the Group may incur additional costs and liabilities which may adversely affect the Group's results of operations and its financial condition. The additional indirect costs of the deposit guarantee systems may also be significant, even if they are much lower than the direct contributions to the fund, as in the case of the costs associated with the provision of detailed information to clients about products, as well as compliance with specific regulations on advertising for deposits or other products similar to deposits, thus affecting the activity of the relevant banks and consequently their business activities, financial condition and results of operations.

Risks relating to data protection and privacy

The processing of personal data by the Issuer and the Group is subject, notably, to: (i) Regulation (EU) 2016/679 of 27 April 2016, as amended ("**GDPR**"); (ii) Law No. 58/2019, of 8 August 2019; (iii) any law approved for the adaptation of specific rules of the GDPR to the Portuguese jurisdiction; (iv) Directive 2002/58/EC of 12 July 2002, as amended on privacy and electronic communications; and (v) Law No. 41/2004, of 18 August 2004, as amended.

The Issuer remains exposed to the risk that the procedures implemented and the measures adopted with respect to the storage and processing of personal data relating to data subjects 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. Thus, the data could be subject to damage, loss, theft, disclosure or processing for purposes other than those authorised by the data subjects, or even use by unauthorised parties (whether third parties or employees of the Group). If any of these circumstances occur, there could be a material adverse effect on the Group's business, reputation, financial condition, results of operation or prospects.

2. RISKS RELATING TO THE NOTES

The obligations of the Issuer in respect of the Notes are subject to resolution measures, including the general bail-in tool

Holders are subject to the provisions of the BRRD relating to, *inter alia*, the bail-in of liabilities.

Bail-in 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 Republic of Portugal, in effect and applicable to the Issuer.

In addition to the resolution tools (such as the general bail-in tool), the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments (such as Tier 2 Notes) at the point of non-viability and before any other resolution action is taken ("**non-viability loss absorption**").

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or its group will no longer be viable unless the relevant capital instruments are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity or its group other than, where the relevant entity is an institution, for the purposes of remedying a serious disturbance in the economy of a Member State of the EEA and to preserve financial stability.

On 3 September 2016, the EC adopted Delegated Regulation (EU) 2016/1450, of 23 March 2016, supplementing the BRRD regulatory technical standards, which entered into force on 23 September 2016, specifying the criteria relating to the methodology for setting the MREL. This required that institutions meet the MREL to avoid excessive reliance of forms of funding that are excluded from bail-in or other resolution measures and prevent the risk of contagion to other institutions and "bank run" situations, since failure to meet the MREL would negatively impact the institutions' loss absorption and recapitalisation capacity and the overall effectiveness of the resolution.

See "*—Risks relating to the Issuer—Legal and regulatory risks—Risks relating to the Bank Recovery and Resolution Directive and the Single Resolution Mechanism*" for a further description.

The remedies available to Holders under the Notes are limited

Holders may not at any time demand repayment or redemption of their Notes, although in a Winding-Up the Holders will have a claim for an amount equal to the principal amount of the Notes together with any accrued interest and any Additional Amounts thereon.

The sole remedy in the event of any non-payment of principal or interest under the Notes, subject to certain conditions as described in Condition 6 (*Default*), is that a Holder may, subject to applicable laws, institute

proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any Winding-Up or other insolvency proceedings in respect of such non-payment.

The remedies under the Notes are more limited than those typically available to the Issuer's senior (non-MREL) or unsubordinated creditors. For further details regarding the limited remedies of Holders, see Condition 6 (*Default*).

The obligations of the Issuer in respect of Tier 2 Notes are unsecured and subordinated to the claims of Senior Creditors

Tier 2 Notes constitute unsecured and subordinated obligations of the Issuer.

On a Winding-Up of the Issuer, all claims in respect of Tier 2 Notes will rank junior to the claims of all Senior Creditors (as defined in the Conditions) of the Issuer. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, Holders will lose their entire investment in the Tier 2 Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Tier 2 Notes and all other claims that rank *pari passu* with the Tier 2 Notes, Holders will lose all or some (which may be substantially all) of their investment in the Tier 2 Notes.

For the avoidance of doubt, Holders shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Although Tier 2 Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that the Holders will lose all or some of the value of their investment should the Issuer become insolvent.

The obligations of the Issuer in respect of Senior Non-Preferred Notes are unsecured and rank below certain other liabilities of the Issuer in a winding up

On a Winding-Up of the Issuer, all claims in respect of Senior Non-Preferred Notes will rank junior to the claims of (i) any excluded liabilities pursuant to Article 72a(2) of the CRR and (ii) any Senior Higher Priority Liabilities of the Issuer. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, Holders will lose their entire investment in the Senior Non-Preferred Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Senior Non-Preferred Notes and all other claims that rank *pari passu* with the Senior Non-Preferred Notes, Holders will lose all or some (which may be substantially all) of their investment in the Senior Non-Preferred Notes.

For the avoidance of doubt, Holders shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Limitation on gross-up obligation under the Notes

The obligation under Condition 7 (*Taxation*) to pay Additional Amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of the Notes applies only to payments of interest and not to payments of principal or any such other amount. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal or any such other amount. Accordingly, if any such withholding or deduction were to apply to any payments of principal or any such other amount under the Notes, Holders may receive less than

the full amount of principal or any such other such amount due under the Notes upon redemption, and the market value of such Notes may be adversely affected.

Further, the obligation under Condition 7 (*Taxation*) to pay Additional Amounts in the event of any withholding or deduction in respect of taxes on any interest payments is subject to certain exceptions, including where a Holder fails to comply with certain documentary and/or information obligations as foreseen under the special tax regime applicable to income arising from debt securities ("**STRIDS**"), which was approved by Decree-law 193/2005, of 7 November 2005, as amended ("**Decree-law 193/2005**") and in force from 1 January 2006 (as described in the section "*Taxation*") regime, in which case the Issuer would not be required to pay any Additional Amounts and the Holders would potentially receive less than the full amount of interest due under the Notes. Holders are advised to consult their own tax advisers and to closely monitor any applicable documentary and information requirements.

Risks relating to withholding tax

Under Portuguese law, income derived from the Notes integrated in and held through a centralised system managed by Portuguese resident entities (such as the CVM), by other EU or EEA entities that manage international clearing systems (in the latter case if there is administrative cooperation for tax purposes with the relevant country which is equivalent to that in place within the EU), or, when authorised by the member of the government in charge of finance (currently the Finance Minister), in other centralised systems held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime which was approved by Decree-law 193/2005, of 7 November 2005, as amended ("**Decree-law 193/2005**") and in force from 1 January 2006, may benefit from withholding tax exemption, provided that certain procedures and certification requirements are complied with.

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

It should also be noted that, if interest and other income derived from the Notes is paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g. typically "jumbo" accounts) such income will be subject to withholding tax in Portugal at a rate of 35 per cent. unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 35 per cent. and the Issuer will not be required to gross up payments in respect of any withheld accounts in accordance with Condition 7 (*Taxation*).

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

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

See details of the Portuguese taxation regime in the section "*Taxation—Portugal*".

The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Holders in certain circumstances

If "Substitution and Variation" is specified as being applicable in the applicable Final Terms and if a Tax Event, a Loss Absorption Disqualification Event or a Capital Disqualification Event occurs and is continuing or in order to ensure the effectiveness and enforceability of Condition 12(d) (*Acknowledgement of Statutory Loss Absorption Powers*), the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes or Tier 2 Compliant Notes, as applicable, without the consent of the Holders.

Loss Absorption Compliant Notes and Tier 2 Compliant Notes must have terms which are not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or financial adviser of international standing, save where the governing law of Condition 12(d) (*Acknowledgement of Statutory Loss Absorption Powers*) is changed in order to ensure the effectiveness or enforceability of Condition 12(d) (*Acknowledgement of Statutory Loss Absorption Powers*). However, there can be no assurance that, due to the particular circumstances of a Holder, such Loss Absorption Compliant Notes or Tier 2 Compliant Notes will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Loss Absorption Compliant Notes or Tier 2 Compliant Notes are not materially less favourable to Holders than the terms of the Notes.

There is no limit on the amount or type of further bonds or indebtedness that the Issuer may issue, incur or guarantee

There is no restriction on the amount of bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue, incurrence or guaranteeing of any such bonds or other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up or administration or resolution of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes.

In addition, 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, has implemented in Portuguese law Article 48(7) of the BRRD, which requires that claims resulting from an instrument the whole or part of which is recognised as an own funds item (such as Tier 2 Notes or additional Tier 1 capital securities) shall rank lower than any claim that does not result from such an instrument. If any additional Tier 1 or Tier 2 instruments cease in full to qualify for inclusion in the own funds instruments of the Issuer, there is a risk that their ranking may be adjusted pursuant to the provisions of Portuguese legislation referred to in this paragraph such that they rank ahead of any Tier 2 instruments (including Tier 2 Notes) which continue to qualify in full for inclusion in the own funds instruments of the Issuer. The operation of such provisions of Portuguese legislation may therefore reduce the amount recoverable by Noteholders on a winding-up or administration or resolution of the Issuer.

Holders will have to rely on Interbolsa procedures

Form and transfer of the Notes

Notes issued pursuant to the Programme will be in uncertificated, dematerialised book-entry form and cleared in Interbolsa, through direct or indirect accounts with Euroclear and Clearstream, Luxembourg. Legal title to the Notes will be evidenced by book entries in individual Securities Accounts established by Affiliate Members of Interbolsa. Transfers of title to the Notes will take place in accordance with Portuguese law and the rules and procedures for the time being of Interbolsa.

Each person who is for the time being shown in individual Securities Accounts established by an Affiliate Member of Interbolsa as the Holder of a particular principal amount of the Notes shall be treated by the Issuer and the Paying Agent as the Holder of such principal amount of such Notes for all purposes.

Payment Procedures of the Notes

Whilst the Notes are registered with Interbolsa, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent's behalf for payments in respect of the Notes to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with the CVM are credited with such Notes and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the Holders 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.

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

Holders may not require the redemption of the Notes prior to their maturity

Unless previously redeemed or purchased and cancelled, the Notes will mature on the Maturity Date. The Issuer is under no obligation to redeem Notes at any time prior thereto and Holders have no right to require the Issuer to redeem or purchase any Notes at any time. Prior to the Maturity Date, any redemption of the Notes and the purchase of any Notes by the Issuer will be subject always to receiving Regulatory Permission or Supervisory Permission (each as defined in the Conditions), and Holders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time, or even until maturity.

The Notes are subject to early redemption at the option of the Issuer and upon the occurrence of certain tax and regulatory events, subject to certain conditions being met

If Call Option is specified as being applicable in the applicable Final Terms, the Issuer may, at its option, subject to the conditions set out in Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes*) or Condition 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase of Tier 2 Notes*), as applicable, redeem all, but not some only, of the Notes at their Optional Redemption Amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

If Clean-up Call Option is specified as being applicable in the applicable Final Terms, the Issuer may, at its option, subject to the conditions set out in Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes*) or Condition 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase Tier of 2 Notes*), as applicable, and where the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes originally issued has been redeemed (other than Notes redeemed at the Make-Whole Redemption Amount) redeem all (but not some only) of the Notes at their Clean-up Call Option Amount, together with any accrued but unpaid interest thereon to (but excluding) the date fixed for redemption.

In addition, upon the occurrence of a Tax Event, a Loss Absorption Disqualification Event or a Capital Disqualification Event, as applicable, the Issuer may, at its option, subject to the conditions set out in Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes*) or Condition 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase of*

Tier 2 Notes), as applicable, redeem all, but not some only, of the Notes at their Early Redemption Amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes*) provides that any redemption, substitution, variation or purchase (as the case may be) of Senior Preferred Notes and Senior Non-Preferred Notes in accordance with Conditions 4(c) (*Redemption following the occurrence of a Tax Event*), 4(d) (*Redemption following the occurrence of a Loss Absorption Disqualification Event*), 4(f) (*Redemption at the Option of the Issuer*), 4(g) (*Clean-up Call Option*), 4(h) (*Substitution or Variation*) and 4(i) (*Purchases*) is subject to the Issuer obtaining prior Regulatory Permission (as at the date of this Base Prospectus, Article 78(a) of CRR II sets out circumstances in which the relevant resolution authority for an institution shall grant permission for such institution to call, redeem, repay or repurchase eligible liabilities, such as the Senior Preferred Notes and Senior Non-Preferred Notes) therefor, save that, if at the time of any redemption the prevailing Loss Absorption Regulations permit the repayment only after compliance with one or more alternative or additional pre-conditions to those set out in Condition 4(k) (*Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes*), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s). As such redemption is subject to the Issuer obtaining Regulatory Permission, the outcome may not necessarily reflect the commercial intention of the Issuer or the commercial expectations of Holders and this may have an adverse impact on the market value of Senior Preferred Notes and Senior Non-Preferred Notes.

Condition 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase of Tier 2 Notes*) provides that any redemption, substitution, variation or purchase (as the case may be) of the Tier 2 Notes in accordance with Conditions 4(c) (*Redemption following the occurrence of a Tax Event*), 4(d) (*Redemption following the occurrence of a Loss Absorption Disqualification Event*), 4(e) (*Redemption following the occurrence of a Capital Disqualification Event*), 4(f) (*Redemption at the Option of the Issuer*), 4(g) (*Clean-up Call Option*), 4(h) (*Substitution or Variation*) and 4(i) (*Purchases*) is subject to the Issuer obtaining prior Supervisory Permission (as at the date of this Base Prospectus, Article 78(a) of CRR II sets out circumstances in which the relevant resolution authority for an institution shall grant permission for such institution to call, redeem, repay or repurchase own funds instruments, such as the Tier 2 Notes) therefor, save that, if at the time of any redemption the prevailing Regulatory Capital Requirements permit the repayment only after compliance with one or more alternative or additional pre-conditions to those set out in Condition 4(l) (*Conditions to Redemption, Substitution, Variation and Purchase of Tier 2 Notes*), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s). As such redemption is subject to the Issuer obtaining Supervisory Permission, the outcome may not necessarily reflect the commercial intention of the Issuer or the commercial expectations of Holders and this may have an adverse impact on the market value of Tier 2 Notes.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that the Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

The events referred to above may occur and lead to circumstances in which the Issuer may elect to redeem the Notes, but even then, the Issuer may not satisfy the conditions or may not elect to redeem the Notes. The Issuer

may be more likely to exercise its option to redeem the Notes if the Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so redeemed the Holders may not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

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

Interest rates and indices which are deemed to be "benchmarks" (such as a Reference Rate or the component part of a Mid-Swap 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 Notes linked to or referencing such a "benchmark".

The BMR was published in the Official Journal of the European Union on 29 June 2016 and became applicable from 1 January 2018. The BMR applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK BMR**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the UK. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by UK supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The BMR and the UK BMR could have a material impact on any Notes linked to or referencing a "benchmark" (such as Floating Rate Notes and Reset Notes), in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the BMR and/or the UK BMR. 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 "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.

The potential elimination of any benchmark (including, for example, EURIBOR), or changes in the manner of administration of any benchmark, could require an adjustment to the Conditions, or result in other consequences, in respect of any Notes linked to such benchmark. 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 Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the BMR and/or the UK BMR in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR or other relevant reference rates (including, without limitation, mid-swap rates) and including any page on which such benchmark may be published (or any successor service), becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate and that such Successor Rate or Alternative Rate may be adjusted (if required). If a Benchmark Event occurs, in accordance with Condition 3(k) (*Benchmark Discontinuation*), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or an Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in the Notes 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 be referenced. In addition, the market (if any) for Notes linked to any such Successor Rate or Alternative Rate may be less liquid than the market for Notes linked to the Original Reference Rate.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. 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 will apply without an Adjustment Spread.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, 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 Holders.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or an Alternative Rate, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date or, as the case may be, Reset Date, the Rate of Interest shall be determined using the Original Reference Rate last displayed on the Relevant Screen Page prior to the relevant Interest Determination Date or Reset Determination Date.

Any of the above changes or any other consequential changes, could have a material adverse effect on the value of and return on any Notes.

Meetings of Holders and modification

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

The quorum requirements for such meetings does not require all Holders to vote or be present. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain Conditions (including, *inter alia*, the provisions regarding ranking referred to in Condition 2 (*Status; No Set-Off*), the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes, or the Rate of Interest or varying the method of calculating the Rate of Interest) the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding.

In addition, the Agent and the Issuer may, without the consent of the Holders, make any modification of the Conditions, the Instrument or the Agency Terms which (i) is not prejudicial to the interests of the Holders, (ii) is of a formal, minor or technical nature, (iii) is made to correct a manifest error, or (iv) is to comply with mandatory provisions of any applicable law or regulation. Any such modification shall be binding on the Holders and shall be notified to the Holders as soon as practicable.

Each investor in the Notes must act independently as they do not have the benefit of a trustee

Because the Notes will not be issued pursuant to an indenture or a trust deed, the Holders will not have the benefit of a trustee to act upon their behalf and each investor will be responsible for acting independently with respect to certain matters affecting their interests in the Notes including instituting proceedings, following an event described in Condition 7(b) (*Enforcement*), and responding to any requests for consents, waivers or amendments.

Change of law

The Conditions of the Notes will be governed by the laws of England save that the provisions of (i) Condition 1 (*Form, Denomination, Title and Transfer*) 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; (ii) Condition 2 (*Status; No Set-Off*) relating to the ranking of the Notes and set-off and (iii) Condition 12(d) (*Acknowledgement of Statutory Loss Absorption Powers*) are governed by, and shall be construed in accordance with, the laws of Portugal. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Portugal or administrative practice after the date of this Base Prospectus. As set out above, any security interests (rights in rem) granted by the Holders thereof over the Notes will need to comply with the mandatory requirements of Portuguese law, including relating to perfection.

A Holder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of 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 credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, rating agencies may assign unsolicited ratings to the Notes. In such circumstances there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes, which could adversely affect the market value and liquidity of the Notes.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the EU 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 (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the FCA on its website in accordance with the UK 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 FCA list.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EU 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.

Notes issued at a substantial discount or premium

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

Reset Notes

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

3. RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk and interest rate risk.

The secondary market generally

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

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market, including in circumstances where a significant proportion of the Notes are held by a limited number of initial investor(s). If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer and any subsidiary of the Issuer can (subject to regulatory approval and compliance with prevailing prudential and/or regulatory requirements) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although application has been made for Notes issued under the Programme to be listed and admitted to trading on Euronext Dublin, there is no assurance that such application will be accepted or that an active trading market in any Notes issued under the Programme (whether listed on Euronext Dublin or not) will develop.

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 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) 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 as measured in the Investor's Currency.

DOCUMENTS INCORPORATED BY REFERENCE

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

(1) an English translation of (i) the audited annual consolidated financial statements of the Group and related audit report for the financial year ended 31 December 2023, which can be found on pages 290 – 447 (inclusive) and 576 – 583 (inclusive) of the Group's 2023 Annual Report; and (ii) the sections entitled "Management Report – Our Performance" and "Management Report – Our Capital and Liquidity", which can be found on pages 60 – 83 (inclusive) of the Group's 2023 Annual Report (which can be viewed online at: *https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2023/relat%C3%B3rio-e-contas/Annual%20Report%20novobanco%202023.pdf.coredownload.inline.pdf*);

(2) an English translation of (i) the audited annual consolidated financial statements of the Group and related audit report for the financial year ended 31 December 2022, which can be found on pages 194 – 335 (inclusive) and 455 – 462 (inclusive) of the Group's 2022 Annual Report; and (ii) the sections entitled "Management Report – Our Performance", and "Management Report – Capital, Liquidity and Risk" of the Annual Report, which can be found on pages 51 – 72 (inclusive) of the Group's 2022 Annual Report (which can be viewed online at: *https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/relat%C3%B3rio-e-contas/AR_novobanco_2022.pdf.coredownload.inline.pdf*);

(3) an English translation of the unaudited interim condensed consolidated financial statements of the Group and related auditors' limited review report for the six months ended 30 June 2024, which can be found on pages 58 to 145 and page 213 of the Group's 2024 interim report (which can be viewed online at: *https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2024/r-c/AR_novobanco_1H24_EN.pdf.coredownload.inline.pdf*);

(4) information on APMs contained on pages 53 to 55 (inclusive) of the Group's 2024 interim report (which can be viewed online at: *https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2024/r-c/AR_novobanco_1H24_EN.pdf.coredownload.inline.pdf*) and pages 114 – 117 (inclusive) of the 2023 Annual Report (which can be viewed online at: *https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2023/relat%C3%B3rio-e-contas/Annual%20Report%20novobanco%202023.pdf.coredownload.inline.pdf*);

(5) the terms and conditions of the Notes as contained in pages 50 to 86 of the base prospectus dated 19 May 2023 in respect of the Programme (which can be viewed online at *https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divida/programa-emtn/nb_2023_Banco%20Base%20Prospectus%20.pdf.coredownload.pdf*); and

(6) the terms and conditions of the Notes as contained in pages 57 to 93 of the base prospectus dated 1 September 2022 in respect of the Programme (which can be viewed online at *https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divida/programa-emtn/NB_EMTN%202022_Base%20Prospectus_Final.pdf.coredownload.inline.pdf)*,

together, the "**Documents Incorporated by Reference**".

The Documents Incorporated by Reference have been previously published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank of Ireland. The Documents Incorporated

by Reference shall be incorporated 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. Those parts of the Documents Incorporated by Reference which are not specifically incorporated by reference in this Base Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Prospectus. Any documents themselves incorporated by reference in the Documents Incorporated by Reference shall not form part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus may be obtained (without charge) from the registered office of the Issuer and the Issuer's website at https://www.novobanco.pt/english.

The Issuer's website and its contents are not otherwise incorporated into, and do not form part of, this Base Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following (other than any paragraphs in italics) is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the applicable Final Terms, shall be applicable to the Notes. 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 governed by these terms and conditions (the "**Conditions**" and references to a numbered "**Condition**" shall be construed accordingly) and a deed poll given by Novo Banco, S.A. (the "**Issuer**") in favour of the Holders dated 29 August 2024 (the "**Instrument**"). The Notes also have the benefit of the Agency Terms dated 19 May 2023 (as amended and/or restated and/or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Agency Terms**"). The Issuer will be the initial paying agent (the "**Paying Agent**") and (if relevant) the initial agent bank (the "**Agent Bank**") in respect of the Notes. The Holders are entitled to the benefits of, are bound by, and are deemed to have notice of, all the provisions of the Instrument and the Agency Terms applicable to them. Copies of the Instrument and the Agency Terms are available for inspection by Holders during normal business hours at the registered office of the Issuer. The Agent Bank, the Paying Agent and their respective successors, assigns and replacements shall be referred to as the "**Agents**".

All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Words and expressions defined in the Instrument or the Agency Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Agency Terms and the Instrument, the Instrument will prevail and that in the event of any inconsistency between the Agency Terms or the Instrument and the Conditions, the Conditions will prevail.

1 Form, Denomination, Title and Transfer

The Notes are issued in dematerialised book-entry (*forma escritural*) and registered (*nominativas*) form in the Specified Denomination as specified in the applicable Final Terms.

The Notes are constituted by registration in individual securities accounts ("**Securities Accounts**") and are registered with the *Central de Valores Mobiliários* (the "**CVM**"), a Portuguese Securities Centralised System managed and operated by *Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* ("**Interbolsa**"). Each person shown in the individual Securities Accounts held with an Affiliate Member of Interbolsa as having an interest in the Notes shall be considered the Holder of the principal amount of Notes recorded therein.

Title to the Notes passes upon registration in the relevant individual Securities Accounts held with an Affiliate Member of Interbolsa. Any Holder 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 in respect of it) and no person will be liable for so treating the Holder.

This Note is a senior preferred Note (a "**Senior Preferred Note**"), a senior non-preferred Note (a "**Senior Non-Preferred Note**") or a tier 2 Note (a "**Tier 2 Note**"), as specified in the applicable Final Terms.

This Note is a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

In these Conditions, "**Holder**" means the person in whose name a Note is registered in the relevant individual Securities Accounts held with an Affiliate Member of Interbolsa.

2 Status; No Set-Off

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

(i) This Condition 2(a) only applies to Notes which are specified as Senior Preferred Notes in the applicable Final Terms.

(ii) The Notes constitute direct, unsecured, unsubordinated and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves.

(iii) The Issuer and, by virtue of its holding of any Note or any beneficial interest therein, each Holder acknowledge and agree that if a Winding-Up occurs, the rights and claims of the Holders against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the Early Redemption Amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon, Additional Amounts and any damages awarded for breach of any obligations in respect of such Note, provided however that such rights and claims shall rank:

(A) *pari passu* among themselves and with any other Senior Higher Priority Liabilities, save for those Senior Higher Priority Liabilities that have been accorded by law preferential rights; and

(B) senior to (i) Senior Non-Preferred Liabilities and (ii) all present and future subordinated obligations (including, for the avoidance of doubt, (i) all Tier 2 Notes and all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith) and all classes of share capital of the Issuer.

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

(i) This Condition 2(b) only applies to Notes which are specified as Senior Non-Preferred Notes in the applicable Final Terms.

(ii) The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves.

(iii) The Issuer and, by virtue of its holding of any Note or any beneficial interest therein, each Holder acknowledge and agree that if a Winding-Up occurs, the rights and claims of the Holders against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the Early Redemption Amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon, Additional Amounts and any damages awarded for breach of any obligations in respect of such Note, provided however that such rights and claims shall rank:

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

(B) junior to (i) as at the Issue Date of the first tranche of the Notes, any excluded liabilities pursuant to Article 72a(2) of Regulation (EU) No 575/2013 (as amended, the "**CRR**") and (ii) any Senior Higher Priority Liabilities (and, accordingly, upon the Winding-Up of the

Issuer, the claims in respect of Senior Non-Preferred Notes will be met after payment in full of (I) as at the Issue Date of the first tranche of the Notes, any excluded liabilities pursuant to Article 72a(2) of the CRR and (II) the Senior Higher Priority Liabilities) in accordance with Article 8-A; and

(C) senior to all present and future subordinated obligations (including, for the avoidance of doubt, (i) all Tier 2 Notes and all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith) and all classes of share capital of the Issuer in accordance with Article 8-A.

(c) ***Status of Tier 2 Notes***

(i) This Condition 2(c) only applies to Notes which are specified as Tier 2 Notes in the applicable Final Terms.

(ii) The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in this Condition 2(c).

(iii) The Issuer and, by virtue of its holding of any Note or any beneficial interest therein, each Holder acknowledge and agree that if a Winding-Up occurs, the rights and claims of the Holders against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the Early Redemption Amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon, Additional Amounts and any damages awarded for breach of any obligations in respect of such Note, provided however that such rights and claims shall (to the extent permitted by applicable law) be subordinated as provided in this Condition 2(c) to the claims of all Senior Creditors and shall rank:

(A) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith; and

(B) senior to 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 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

(d) ***Set-Off***

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, netting or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Instrument and each Holder shall, by virtue of their holding of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation, netting or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the 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, the liquidator, special liquidator or other relevant insolvency official, as the case may be, 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, special liquidator or other relevant insolvency official, as the case may be, of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

3 Interest and other Calculations

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

Each Fixed Rate Note bears interest on its outstanding principal 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 3(g).

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

(i) Rates of Interest and Reset Note Interest Payment Dates

Subject to Condition 3(k), each Reset Note bears interest on its outstanding principal amount:

(A) from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date at the rate per annum (expressed as a percentage) 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 (expressed as a percentage) equal to the First Reset Rate of Interest; and

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

Interest will be payable in arrear on each Reset Note Interest Payment Date and on the date specified in the applicable Final Terms as the Maturity Date if that does not fall on a Reset Note Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 3(g).

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Reset Notes.

(ii) Fallback Provisions

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 3(k), the Agent Bank shall request each of the Reference Banks to provide the Agent Bank 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 Reference Banks provide the Agent Bank 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), with such sum converted as set out in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable), all as determined by the Agent Bank.

If on any Reset Determination Date only one of the Reference Banks provides the Agent Bank with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 3(b)(ii), 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 relevant Mid-Market Swap Rate Quotation and the First Margin or Subsequent Margin (as applicable), with such sum converted as set out in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable), all as determined by the Agent Bank.

If on any Reset Determination Date none of the Reference Banks provides the Agent Bank with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 3(b)(ii), the Mid-Market Swap Rate Quotation shall be deemed to be the quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate which was last displayed on the Relevant Screen Page prior to the Reset Determination Date and the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be the sum of such quotation and the First Margin or the Subsequent Margin (as applicable), with such sum converted as set out in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable), all as determined by the Agent Bank.

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

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding principal 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 3(g). Such Interest Payment Date(s) is/are either as 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 Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(B) the Modified Following Adjusted 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; or

(C) the Preceding Adjusted Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest

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 the provisions below relating to Screen Rate Determination shall apply.

(iv) Screen Rate Determination

(A) 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 to Condition 3(k) and as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean of such offered quotations.

(B) If, subject to Condition 3(k), the Relevant Screen Page is not available or if sub-paragraph (A)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (A)(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 Agent Bank shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Agent Bank with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, if the Reference Rate is EURIBOR, 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 Agent Bank with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Agent Bank.

(C) If paragraph (B) above applies and the Agent Bank 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 Agent Bank by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, 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, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if fewer than two of the Reference Banks provide the Agent Bank 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, if the Reference Rate is EURIBOR, 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 reasonable opinion of the Issuer suitable for such purpose) informs the Agent Bank it is quoting to leading banks in, if the Reference Rate is EURIBOR, 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 (and subject to Condition 3(k), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest 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, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(D) *Linear Interpolation*: Where Linear Interpolation is specified as applicable in the applicable Final Terms in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Agent Bank by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, 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 Agent Bank shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

Where a Note the Interest Basis of which is specified to be Zero Coupon Notes 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 4(b)(i)).

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

Interest shall cease to accrue on each Note from (and including) the due date for redemption thereof or the date of substitution thereof unless payment of all amounts is not properly and duly made, in which event interest shall continue to accrue on the Notes (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 3 to the Relevant Date.

(f) ***Margin, Maximum/Minimum Rates of Interest 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 3(c) above by adding (if a positive number) or subtracting the (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

(ii) If any Maximum Rate of Interest, 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 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit 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 country or countries of such currency.

(g) ***Calculations***

The amount of interest payable per Specified Denomination in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Specified Denomination 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 Specified Denomination in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula).

(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 Agent Bank shall, as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable) or such other time on such date as the Agent Bank 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 for the relevant Interest Accrual Period or Reset 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 or Reset Period and the relevant Interest Payment Date or Reset Note 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 Paying Agent (if a different entity to the Agent Bank), any stock exchange on which the Notes are for the time being listed and/or admitted to trading and, in accordance with Condition 10, the Holders, in each case as soon as practicable after its determination but in no event later than (i) the commencement of the relevant Interest Accrual Period or Reset 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 date is subject to adjustment pursuant to Condition 3(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Accrual Period. If the Notes become due and payable under Condition 6, 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 3 but no publication of the Rate of Interest or the Interest Amount so calculated need be made.

(i) ***Agent Bank and Reference Banks***

Whenever a function expressed in these Conditions to be performed by the Agent Bank or the Reference Banks falls to be performed, the Issuer will appoint and (for so long as such function is required to be performed) maintain an Agent Bank and (if required) the number of Reference Banks provided in these Conditions where any Rate of Interest is to be calculated by reference to them (or any quotations provided by them).

The Issuer may from time to time replace the Agent Bank or any Reference Bank with another leading investment, merchant or commercial bank or financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Rate of Interest for an Interest Accrual Period or Reset 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 forthwith appoint another leading investment, merchant or commercial bank or financial institution in the Euro-zone to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid. A Reference Bank may not be the Issuer or any of its affiliates.

(j) ***Determinations of Agent Bank Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Paying Agent and all Holders and (in the absence of wilful default or negligence) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(k) ***Benchmark Discontinuation***

For the purposes of this Condition 3(k) only, in respect of any Reset Notes, references in this Condition 3(k) to (i) "Interest Determination Date" shall be read as references to "Reset Determination Date", (ii) "Interest Accrual Period" shall be read as references to "Reset Period", (iii) "Interest Payment Date" shall be read as references to "Reset Date" and (iv) "Margin" shall be read as references to the "First Margin" or the "Subsequent Margin", as applicable.

(i) Independent Adviser

Notwithstanding the foregoing, 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, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3(k)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 3(k)(iv)), provided that 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). In making such determination, the Independent Adviser appointed pursuant to this Condition 3(k) shall 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 Bank, the Paying Agent or the Holders for any determination made by it, pursuant to this Condition 3(k).

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 this Condition 3(k)(i) prior to the date which is 10 Business Days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be determined using the Original Reference Rate last displayed on the Relevant Screen Page prior to the relevant Interest Determination Date. Notwithstanding the foregoing, where a different Margin, Maximum Rate of Interest 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, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin, the Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 3(k)(i).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser, 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 (in respect of periods beginning after the end of the then current Interest Accrual Period or, if the Issuer determines on or prior to the first Interest Determination Date that a Benchmark Event has occurred, in respect of periods beginning from the next occurring Interest Determination Date onwards), subject to the subsequent operation of this Condition 3(k); 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 (in respect of periods beginning after the end of the then current Interest Accrual Period or, if the Issuer determines on or prior to the first Interest Determination Date that a Benchmark Event has occurred, in respect of periods beginning from the next occurring Interest Determination Date onwards), subject to the subsequent operation of this Condition 3(k).

(iii) 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.

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 3(k) and the Independent Adviser determines (i)

that amendments to these Conditions, the Instrument or the Agency Terms are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 3(k)(v), without any requirement for the consent or approval of Holders, vary these Conditions, the Instrument or the Agency Terms 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 3(k)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 3(k), 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:

(a) in the case of Tier 2 Notes, prejudice the qualification of the Notes as Tier 2 Capital; or

(b) in the case of Senior Preferred Notes or Senior Non-Preferred Notes, prejudice the qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations, or result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of such Notes, rather than the relevant Maturity Date.

(v) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 3(k) will be notified at least 10 Business Days prior to the relevant Interest Determination Date by the Issuer to the Agent Bank and the Paying Agent. In accordance with Condition 10, notice shall be provided to the Holders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Holders of the same, the Issuer shall deliver to the Paying Agent to make available at its registered office to the Holders a certificate signed by two members of the Executive Board of Directors of the Issuer:

(a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 3(k); 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.

The Agent Bank and the Paying 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 ability of the Agent Bank and the Paying Agent to rely on such certificate as aforesaid) be binding on the Issuer, the Agent Bank, the Paying Agent and the Holders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 3(k)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 3(b)(ii) or 3(c)(iv) (as applicable) will continue to apply unless and until a Benchmark Event has occurred.

4 Redemption, Substitution, Variation and Purchase

(a) ***Final Redemption***

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 4(h)) substituted, each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided in the applicable Final Terms, is its principal amount) on the Maturity Date specified in the applicable Final Terms together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions. Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 4.

(b) ***Early Redemption***

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 4(c) to 4(e) or upon it becoming due and payable as provided in Condition 6 shall be the amortised face amount (calculated as provided below) (the "**Amortised Face Amount**") 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 the issue price of the first tranche of Notes on the Issue Date of such tranche) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 4(c) to 4(e) or upon it becoming due and payable as provided in Condition 6 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 described in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. 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 3(d).

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 4(c) to 4(e) or upon it becoming due and payable as provided in Condition 6, shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms.

(c) ***Redemption following the occurrence of a Tax Event***

If, prior to the giving of the notice referred to in this Condition 4(c), a Tax Event has occurred and is continuing, then the Issuer may, subject (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, to Condition 4(k) and (ii) in the case of Tier 2 Notes, to Condition 4(l), and having given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 10 and the Paying Agent (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) all, but not some only, of the Notes at their Early Redemption Amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

(d) ***Redemption following the occurrence of a Loss Absorption Disqualification Event***

This Condition 4(d) is applicable only in relation to Notes where "Loss Absorption Disqualification Event" is specified as being applicable in the applicable Final Terms.

If, prior to the giving of the notice referred to in this Condition 4(d), a Loss Absorption Disqualification Event has occurred and is continuing, then the Issuer may, subject (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, to Condition 4(k) and (ii) in the case of Tier 2 Notes, to Condition 4(l), and having given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 10 and the Paying Agent (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) all, but not some only, of the Notes at their Early Redemption Amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

(e) ***Redemption following the occurrence of a Capital Disqualification Event***

This Condition 4(e) is applicable only in relation to Notes specified in the applicable Final Terms as being Tier 2 Notes.

If, prior to the giving of the notice referred to in this Condition 4(e), a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to Condition 4(l) and having given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 10 and the Paying Agent (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) all, but not some only, of the Notes at their Early Redemption Amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

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

a. If Call Option is specified as being applicable in the applicable Final Terms, then the Issuer may, subject (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, to Condition 4(k) and (ii) in the case of Tier 2 Notes, to Condition 4(l), and having given not less than 10 nor more than 60 days' notice to the Holders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 10 and the Paying Agent (which notice shall be irrevocable), elect to redeem all or (if so specified in the applicable Final Terms) some only of the Notes then outstanding on any Optional Redemption Date at their Optional Redemption Amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly. Any such redemption must relate to Notes of a principal 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.

b. If "Make-Whole Redemption Amount" is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the Financial Adviser equal to the higher of (a) 100 per cent. of the principal amount outstanding of the Notes to be redeemed or (b) the sum of the then present values of the principal amount outstanding of the Notes to be redeemed (assuming for this purpose that the Notes are scheduled to mature on (i) the next Optional Redemption Date on which the Notes may be redeemed at par or (if none) (ii) the Maturity Date) and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual, semi-annual or such other basis as is equivalent to the frequency of interest payments on the Notes (as determined by the Financial Adviser) at the Make-Whole Reference Bond Rate, plus the Redemption Margin.

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

(g) ***Clean-up Call Option***

If (i) Clean-up Call Option is specified as being applicable 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 (other than Notes redeemed at the Make-Whole Redemption Amount) or purchased and subsequently cancelled in accordance with this Condition 4, the Issuer may, from (and including) the Clean-up Call Effective Date (subject (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, to Condition 4(k) and (ii) in the case of Tier 2 Notes, to Condition 4(l), having given not more than the maximum period nor less than minimum period of notice specified in the applicable Final Terms to the Paying Agent and, in accordance with Condition 10, the Holders 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 4(g), 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.

(h) ***Substitution or Variation***

If "Substitution and Variation" is specified as being applicable in the applicable Final Terms, then with respect to:

(i) any series of Notes where "Loss Absorption Disqualification Event" is specified as being applicable in the applicable Final Terms, if at any time a Loss Absorption Disqualification Event has occurred and is continuing; or

(ii) any series of Tier 2 Notes, if at any time a Capital Disqualification Event has occurred and is continuing; or

(iii) any series of Notes, if at any time a Tax Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 12(d),

the Issuer may, subject (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, to Condition 4(k) and (ii) in the case of Tier 2 Notes, to Condition 4(l), and having given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 10 and the Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes (in the case of Senior Preferred Notes or Senior Non-Preferred Notes) or Tier 2 Compliant Notes (in the case of Tier 2 Notes), and may make any consequential amendments to the Instrument and the Agency Terms. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 4(h), as the case may be and make any consequential amendments to the Instrument and the Agency Terms.

In connection with any substitution or variation in accordance with this Condition 4(h), the Issuer shall comply with all securities and other laws and the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

The exercise of such substitution or variation rights may have adverse tax and other consequences for Holders and Holders should consult their own tax and other advisers in connection therewith. The Issuer is not required to take into account the consequences to Holders if it exercises its rights of substitution or variation hereunder.

(i) ***Purchases***

The Issuer may, subject (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, to Condition 4(k) and (ii) in the case of Tier 2 Notes, to Condition 4(l), purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders.

(j) ***Cancellation***

All Notes redeemed or substituted by the Issuer pursuant to this Condition 4 will forthwith be cancelled in accordance with the applicable regulations of Interbolsa. All Notes purchased by or on behalf of the Issuer may, subject to obtaining any Regulatory Permission or Supervisory Permission (as applicable) therefor, be held, reissued, resold or, at the option of the Issuer, cancelled in accordance with the applicable regulations of Interbolsa.

(k) ***Conditions to Redemption, Substitution, Variation and Purchase of Senior Preferred Notes and Senior Non-Preferred Notes***

This Condition 4(k) only applies to Senior Preferred Notes and Senior Non-Preferred Notes.

Any redemption, substitution, variation or purchase of the Notes in accordance with Condition 4(c), (d), (f), (g), (h) or (i) is subject to:

(i) the Issuer obtaining prior Regulatory Permission therefor; and

(ii) in the case of any substitution or variation, such substitution or variation being permitted by, and conducted in accordance with, any other applicable requirement of the Relevant Regulator or under the Loss Absorption Regulations at such time.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Loss Absorption Regulations permit the redemption, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 4(k), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

For the avoidance of doubt, any failure by the Issuer to obtain Regulatory Permission (whether from the Relevant Regulator or otherwise) as contemplated above shall not constitute a default of the Issuer under the Notes or for any purpose.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 4 (other than a redemption pursuant to Condition 4(f)), the Issuer shall deliver to the Paying Agent to make available at its registered office to the Holders a copy of a certificate signed by two members of the Executive Board of Directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Loss Absorption Compliant Notes comply with the definition thereof in Condition 14 and, in the case of a redemption pursuant to Condition 4(c) only, an opinion from a nationally recognised law firm or other tax adviser in Portugal, experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (iii) (inclusive) of the definition of "Tax Event" applies.

(l) ***Conditions to Redemption, Substitution, Variation and Purchase of Tier 2 Notes***

This Condition 4(l) only applies to Tier 2 Notes.

Any redemption or purchase of the Notes or substitution or variation of the terms of the Notes, in each case in accordance with Condition 4(c), (d), (e), (f), (g), (h) or (i) is subject to:

(i) the Issuer obtaining prior Supervisory Permission therefor;

(ii) in the case of any redemption or purchase (save in the case of any redemption pursuant to Condition 4(d) or 4(g) or any purchase prior to the fifth anniversary of the Reference Date pursuant to Condition 4(i)), if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer or (B) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum requirements (including any applicable buffer requirements) by a margin that the Relevant Regulator considers necessary at such time;

(iii) in the case of any redemption prior to the fifth anniversary of the Reference Date, if and to the extent then required under prevailing Regulatory Capital Requirements (A) in the case of any redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date or (B) in the case of any redemption upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date; and

(iv) in the case of any redemption pursuant to Condition 4(d) or 4(g) or any purchase prior to the fifth anniversary of the Reference Date pursuant to Condition 4(i), either (A) the Issuer having, before or at the same time as such purchase or redemption, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Regulator having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant Notes are being purchased for market-making purposes in accordance with the Regulatory Capital Requirements.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 4(l), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

For the avoidance of doubt, any refusal of the Relevant Regulator to grant permission in accordance with Article 78 of the CRR shall not constitute a default of the Issuer under the Notes or for any purpose.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 4 (other than a redemption pursuant to Condition 4(f)), the Issuer shall deliver to the Paying Agent to make available at its registered office to the Holders a copy of a certificate signed by two members of the Executive Board of Directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Loss Absorption Compliant Notes or Tier 2 Compliant Notes, as applicable, comply with the definition thereof in Condition 14 and, in the case of a redemption pursuant to Condition 4(c) only, an opinion from a nationally recognised law firm or other tax adviser in Portugal, experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (iii) (inclusive) of the definition of “Tax Event” applies.

5 Payments

(a) *Method of Payment*

Payments in respect of the Notes will be made by transfer to the account of the Holder maintained by or on its behalf in the relevant Affiliate Member of Interbolsa, details of which appear in the records of the relevant Affiliate Member of Interbolsa at close of business on the Business Day before the due date for payment of principal and/or interest.

(b) *Payments Subject to Laws*

Save as provided in Condition 7, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations 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. No commissions or expenses shall be charged to the Holders in respect of such payments.

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

The Issuer shall (unless otherwise specified in the applicable Final Terms) be the initial Paying Agent and the initial Agent Bank. Neither the Paying Agent nor the Agent Bank assumes any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent or the Agent Bank and to appoint replacement Agents, provided that it will (i) at all times maintain a Paying Agent and (ii) appoint and maintain an Agent Bank in accordance with Condition 3(i).

Notice of any such termination or appointment and of any change in the registered offices of the Paying Agent or the Agent Bank will be given to the Holders in accordance with Condition 10.

(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 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.

6 Default

(a) ***Default***

(i) If the Issuer shall not make payment in respect of the Notes for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Instrument and the Notes and a Holder may notwithstanding the provisions of Condition 6(b), institute proceedings for the winding-up of the Issuer.

(ii) In the event of a Winding-Up of the Issuer (whether or not instituted by a Holder pursuant to the foregoing), a Holder may prove and/or claim in such Winding-Up of the Issuer, such claim being as contemplated in Condition 2. If a Winding-Up occurs, then any Holder may give notice to the Issuer and to the Paying Agent at their respective registered offices, effective upon the date of receipt thereof by the Issuer, that the Notes held by such Holder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable at an amount equal to their Early Redemption Amount, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon and any Additional Amounts and any damages awarded for breach of any obligations in respect of such Note.

(b) ***Enforcement***

Without prejudice and subject to Condition 6(a), a Holder may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Instrument, the Agency Terms or the Notes (other than any payment obligation of the Issuer under or arising from the Instrument, the Agency Terms or the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions, the Instrument and the Agency Terms. Nothing in this Condition 6(b) shall, however, prevent a Holder from instituting proceedings for the winding-up of the Issuer (in accordance with and to the extent permitted by applicable law at the relevant time) and/or proving and/or claiming in any Winding-Up of the Issuer in respect of any payment obligations of the Issuer arising from the Notes, the Instrument and the Agency Terms (including any damages awarded for breach of any obligations) in the circumstances provided in Conditions 2 and 6(a).

(c) ***Extent of Holders' Remedy***

No remedy against the Issuer, other than as referred to in this Condition 6, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Instrument, the Notes or in respect of the Agency Terms or any breach by the Issuer of any of its other obligations under or in respect of the Instrument, the Notes or under the Agency Terms.

7 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

(a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of their having some connection with the Relevant Jurisdiction other than a mere holding of such Note; or

(b) held by, or by a third party on behalf of, a Holder who could lawfully prevent (but has not so prevented) such deduction or withholding by complying or procuring that any third party complied with any statutory requirements or by making or procuring that any third party made a declaration of non-residence or other similar claim for exemption to any applicable tax authority; or

(c) held by, or by a Holder or any third party on behalf of, an entity resident for income tax purposes in a country, territory or region subject to a clearly more favourable tax regime, as listed in the Ministerial Order no. 150/2004, of 13 February 2004, issued by the Portuguese Minister of Finance and Public Administration (as amended), or legislation replacing it, unless a Double Tax Convention or a Tax Information Exchange Agreement entered into between such country, territory or region and Portugal is in force at the time the interest becomes due and payable; or

(d) to, or to a third party on behalf of, a Holder in respect of whom the documentation required to certify the tax residence, pursuant to the conditions set forth in Decree-Law No. 193/2005, of 7 November 2005, as amended, and accessory regulations, or legislation replacing it, is not provided within 30 days after the Relevant Date.

References in these Conditions to interest shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 7.

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any 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 FATCA Withholding.

8 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9 Meetings of Holders, Modification and Waiver

(a) *Meetings of Holders*

The Instrument contains provisions for convening meetings of Holders (including by way of conference call) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Instrument. Such a meeting may be convened by the Issuer or Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding ranking referred to in Condition 2, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or the Rate of Interest or varying the method of calculating the Rate of Interest), the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding.

The agreement or approval of the Holders shall not be required (i) in the case of any substitution or variation of the Notes required to be made in the circumstances described in Condition 4(h) in connection with the substitution of the Notes for, or variation of the terms of the Notes so that they remain, or as appropriate become, Loss Absorption Compliant Notes or Tier 2 Compliant Notes, as applicable, or (ii)

in the case of any variation of these Conditions, the Instrument or the Agency Terms required to be made in the circumstances described in Condition 3(k).

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting.

The Instrument provides that a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) ***Modification of the Notes***

The Paying Agent and the Issuer may, without the consent of the Holders, make any modification of these Conditions, the Instrument or the Agency Terms which (i) is not prejudicial to the interests of the Holders, (ii) is of a formal, minor or technical nature, (iii) is made to correct a manifest error, or (iv) is to comply with mandatory provisions of any applicable law.

Any such modification shall be binding on the Holders and shall be notified to the Holders as soon as practicable. No modification to these Conditions or any provisions of the Instrument shall become effective unless (if and to the extent required at the relevant time by the Relevant Regulator) the Issuer shall have given such period of prior written notice thereof required by the Relevant Regulator, to, and received Regulatory Permission or Supervisory Permission, as applicable, therefor from, the Relevant Regulator (provided that there is a requirement to give such notice and obtain such Regulatory Permission or Supervisory Permission, as applicable).

(c) ***Notices***

Any such modification shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 10 as soon as practicable thereafter.

10 Notices

Notices required to be given to the Holders pursuant to these Conditions shall be valid if published in such manner as the stock exchange on which Notes are listed or its rules and regulations may prescribe or accept. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

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 the requirements of Interbolsa and of Portuguese law generally in respect of notices relating to the Notes.

11 Further Issues

The Issuer may from time to time without the consent of the Holders, but subject to Regulatory Permission or Supervisory Permission, as applicable, 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 11 and forming a single series with the Notes.

12 Governing Law and Jurisdiction

(a) ***Governing Law***

The Instrument, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, save that the provisions of:

(i) Condition 1 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;

(ii) Condition 2 relating to the ranking of the Notes and set-off; and

(iii) Condition 12(d)

(together, the "**Excluded Matters**"),

are governed by, and shall be construed in accordance with, the laws of Portugal. The Agency Terms and any non-contractual obligations arising out of or in connection therewith, shall be governed by, and shall be construed in accordance with, the laws of Portugal.

(b) ***Jurisdiction***

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Instrument or the Notes (other than the provisions of the Excluded Matters, in respect of which the courts of Portugal shall have jurisdiction) and accordingly any legal action or proceedings arising out of or in connection with the Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer has in the Instrument irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (other than in respect of Excluded Matters) and to the jurisdiction of the courts of Portugal in respect of any Proceedings relating to Excluded Matters.

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

The Issuer has in the Instrument irrevocably appointed Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London EC2N 4AG as agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(d) ***Acknowledgement of Statutory Loss Absorption Powers***

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 12(d), includes each Holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(1) the effect of the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

(ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on 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 Holder 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;

(iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; or

(iv) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(2) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will be an event of default.

Upon the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Holders in accordance with Condition 10 as soon as practicable regarding such exercise of the Statutory Loss Absorption Powers but any failure to provide such notice shall not affect the validity or enforceability of such exercise of the Statutory Loss Absorption Powers.

Each Holder also acknowledges and agrees that this provision is exhaustive with respects to any Holder's rights under the Notes on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Statutory Loss Absorption Powers to the Notes.

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 Definitions and Interpretations

In these Conditions, references to "principal" shall be deemed to include any Early Redemption Amount, Optional Redemption Amount, Clean-up Call Option Amount, Final Redemption Amount, premium or other amounts (other than amounts of interest) payable in respect of the Notes and references to payment of "interest" shall be deemed to include Additional Amounts (if applicable).

In these Conditions:

"**Additional Amounts**" has the meaning given to it in Condition 7;

"**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 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 Independent Adviser determines that no such spread is customarily applied)

(iii) the Independent Adviser 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);

"**Affiliate Member**" means any authorised financial intermediary entitled to hold control accounts with the CVM and includes any banks or financial intermediaries appointed by Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") for the purpose of holding individual Securities Accounts on behalf of Euroclear and Clearstream, Luxembourg;

"**Agency Terms**" has the meaning given to it in the preamble of these Conditions;

"**Agent Bank**" has the meaning given to it in the preamble to these Conditions;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 3(k)(ii) 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 and of a comparable duration to: (i) in the case of Floating Rate Notes, the relevant Interest Accrual Period(s); or (ii) in the case of Reset Notes, the relevant Reset Period(s);

"**Applicable Maturity**" means the period of time designated in the Reference Rate;

"**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);

"**Benchmark Amendments**" has the meaning given to it in Condition 3(k)(iv);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least 5 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) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for the Paying Agent, the Agent Bank, the Issuer or any other party to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Paying Agent and the Agent Bank. For the avoidance of doubt, neither the Paying Agent nor the Agent Bank shall have any responsibility for making such determination;

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time (including, without limitation, by Directive (EU) 2017/2399 and by Directive (EU) 2019/879);

"**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 TARGET Business Day; and/or

(iii) in the case of a currency and/or one or more 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 Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

a "**Capital Disqualification Event**" is deemed to have occurred if there is a change (which the Issuer determines has occurred or which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Notes which becomes effective on or after the Reference Date and that results, or would be likely to result, in the entire principal amount of or, to the extent not prohibited by the Regulatory Capital Requirements, some of the principal amount of the Notes being excluded from the Tier 2 Capital of the Group or the Issuer (other than as a result of any applicable limitation on the amount of such capital as applicable to the Group or the Issuer, as the case may be). For the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No. 648/2012 (or any equivalent or successor provision) shall not constitute a Capital Disqualification Event;

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

"**Clean-up Call Effective Date**" means (i) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, the Issue Date of the first tranche of the Notes and (ii) in the case of Tier 2 Notes, the date specified in the applicable Final Terms or such earlier date as may be permitted under the Regulatory Capital Requirements from time to time;

"**Conditions**" has the meaning given to it in the preamble to these Conditions;

"**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 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/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

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

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the 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:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

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

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

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

"$\mathbf{D_1}$" 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

"$\mathbf{D_2}$" 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 D_2 will be 30;

(vi) 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;

(vii) 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;

(viii) 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; and

"**Determination Date**" means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date(s) or, as applicable, Reset Note Interest Payment Date(s);

"**euro**" means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities as amended;

"**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;

"**Excluded Matters**" has the meaning given to it in Condition 12(a);

"**Extraordinary Resolution**" has the meaning given to it in the Instrument;

"**Financial Adviser**" means an investment bank or financial institution of international standing selected by the Issuer;

"**First Par Call Notes Redemption Date**" means, in respect of any Par Call Notes, the first Optional Redemption Date on which the Notes may be redeemed at the Par Call Amount;

"**First Reset Period**" means the period 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;

"**First Reset Rate of Interest**" means, subject to Condition 3(b)(ii), the rate of interest determined by the Agent Bank on the relevant Reset Determination Date corresponding to the First Reset Period as the sum of the relevant Reset Rate plus the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Duration to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Agent Bank));

"**Group**" means the Issuer and its Subsidiaries;

"**Holder**" has the meaning given to it in Condition 1;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 3(k)(i);

"**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 Specified Denomination 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 or, as applicable, Reset Notes Interest Payment Date relating to (and immediately following) the last day of such Interest Accrual Period; and

(ii) in respect of any other period, the amount of interest payable per Specified Denomination 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 day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro, (ii) the first day of such Interest Accrual Period if the Specified Currency is sterling and (iii) the day falling two business days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro;

"**Interest Period Date**" means each Interest Payment Date or (as applicable) Reset Notes Interest Payment Date unless otherwise specified in the applicable Final Terms;

"**Loss Absorption Compliant Notes**" means securities issued directly by the Issuer that:

(i) have terms which are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer)) prior to the issue of the relevant securities or, as appropriate, variation of the Notes, and, subject thereto, which:

    (A) contain terms which comply with the then current Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer's and/or the Group's minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity instruments;

    (B) provide for the same Rate of Interest and Interest Payment Dates or (as applicable) Reset Notes Interest Payment Dates from time to time applying to the Notes;

    (C) rank *pari passu* with the Notes;

    (D) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption;

    (E) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid;

    (F) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (F) shall not preclude the inclusion of any provision analogous to Condition 12(d)); and

    (G) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (G) shall not preclude the inclusion of any provision analogous to Condition 12(d));

(ii) are listed or admitted to trading on a stock exchange commonly used in debt capital markets transactions in the international capital markets if the Notes were listed on such a stock exchange immediately prior to such variation or substitution; and

(iii) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation and such rating was solicited by or on behalf of the Issuer, each such Rating Agency has ascribed, or announced its intention to ascribe, a published rating to the relevant Loss Absorption Compliant Notes equal to or higher than (A) the solicited published rating of the Notes from the Rating Agency immediately prior to their substitution or variation or (B) where the solicited published rating of the Notes was, as a result of Condition 12(d) becoming ineffective and/or unenforceable, amended prior to such substitution or variation, the solicited published rating of the Notes from the Rating Agency immediately prior to such amendment, save that this proviso shall not prevent any changes being made to the governing law of Condition 12(d) where such changes are needed to ensure the effectiveness or enforceability of Condition 12(d).

Any change to the governing law of Condition 12(d) in order to ensure the effectiveness or enforceability of Condition 12(d) shall, of itself, be deemed for the purposes of (i) above not to be materially less favourable to a Holder.

a "**Loss Absorption Disqualification Event**" shall be deemed to have occurred if, as a result of any amendment to, or change in, any Loss Absorption Regulations, or any change in the application or official interpretation of any Loss Absorption Regulations, in any such case becoming effective on or after the Reference Date, the entire principal amount of the Notes or any part thereof, is, or (in the opinion of the Issuer or the Relevant Regulator) is likely to be, excluded from the Issuer's and/or the Group's minimum requirements for (i) own funds and eligible liabilities and/or (ii) loss absorbing capacity instruments, in each case as such minimum requirements are applicable to the Issuer and/or the Group and determined in accordance with, and pursuant to, the relevant Loss Absorption Regulations; provided that a Loss Absorption Disqualification Event shall not occur (a) where the relevant exclusion is due to the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the relevant Loss Absorption Regulations effective with respect to the Issuer and/or the Group on the Reference Date; or (b) where the relevant exclusion is as a result of any applicable limitation on the amount of liabilities of the Issuer that may qualify as (i) own funds and eligible liabilities and/or (ii) loss absorbing capacity instruments, of the Issuer or the Group;

"**Loss Absorption Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of Portugal, the Relevant Regulator and/or of the European Parliament or of the Council of the European Union then in effect in Portugal and applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, any applicable delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by any Relevant Regulator from time to time (whether such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Issuer and/or the Group);

"**Make-Whole Reference Bond**" means (i) the security set out in the applicable Final Terms (if such security is then outstanding and a quote is available on the Reference Screen Page) or (ii) (x) if such security set out in the applicable Final Terms is no longer outstanding or the Reference Screen Page does not quote the yield on such security, or (y) in the case of any Par Call Notes, at any time after the First Par Call Notes Redemption Date, a government security or securities selected by the Issuer in consultation with an independent investment

bank of international standing on the Business Day immediately preceding the Make-Whole Reference Date and notified to the Financial Adviser with an actual or interpolated maturity comparable with the remaining term to the Maturity Date, or in the case of any Par Call Notes, the next occurring Par Call Notes Redemption Date that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to the Maturity Date, or in the case of any Par Call Notes, the next occurring Par Call Notes Redemption Date;

"**Make-Whole Reference Government Bond Dealer Quotations**" means, with respect to each Reference Government Bond Dealer and any date for redemption that does not fall on a Par Call Notes Redemption Date, the arithmetic average, as determined by the Financial Adviser, of the bid and offered prices for the Make-Whole Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Make-Whole Reference Date quoted in writing to the Financial Adviser by such Reference Government Bond Dealer;

"**Make-Whole Reference Bond Rate**" means, with respect to any Optional Redemption Date that does not fall on a Par Call Notes Redemption Date, either: (1) the rate per annum equal to the annual or semi-annual (as the case may be) yield to maturity of the Make-Whole Reference Bond displayed on the Reference Screen Page as of approximately the Quotation Time on the Make-Whole Reference Date, as determined by the Financial Adviser; or (2) if the Reference Screen Page is not available as of the Quotation Time on the Make-Whole Reference Date, the rate per annum equal to the annual or semi-annual (as the case may be) yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Make-Whole Reference Bond, assuming a price for the Make-Whole Reference Bond (expressed as a percentage of its principal amount) equal to (A) the arithmetic average of the Make-Whole Reference Government Bond Dealer Quotations for such Optional Redemption Date, after excluding the highest such Make-Whole Reference Government Bond Dealer Quotation (or if, there is more than one highest Make-Whole Reference Government Bond Dealer Quotation, one only of those Make-Whole Reference Government Bond Dealer Quotations) and the lowest such Make-Whole Reference Government Bond Dealer Quotation (or if, there is more than one lowest Make-Whole Reference Government Bond Dealer Quotation, one only of those Make-Whole Reference Government Bond Dealer Quotations), or (B) if the Financial Adviser obtains fewer than four such Make-Whole Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"**Make-Whole Reference Date**" means the date set out in the relevant notice of redemption and shall in any event be no earlier than the day falling two Business Days prior to the relevant Optional Redemption Date;

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

"**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, where the Specified Currency is euro, EURIBOR;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 3(b)(ii), 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 Reset Period; 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 Reset Period; and

(B) commencing on the relevant Reset Date,

which appears 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 Agent Bank;

"**Notes**" has the meaning given to it in the preamble to these Conditions;

"**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 or, if applicable, any other successor or alternative rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of Condition 3(k);

"**Par Call Notes**" means any Notes in respect of which: (i) Issuer Call is specified as being applicable in the applicable Final Terms; and (ii) any Optional Redemption Amount is specified as being an amount per Specified Denomination equal to the Specified Denomination (such Optional Redemption Amount, the "**Par Call Amount**");

"**Par Call Notes Redemption Date**" means an Optional Redemption Date on which the Notes may be redeemed at the Par Call Amount;

"**Paying Agent**" has the meaning given to it in the preamble to these Conditions;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Final Terms;

"**Rating Agency**" means each of Moody's Investors Service España S.A., Fitch Ratings Ireland Limited, DBRS Ratings GmbH and their successors and any other rating agency of equivalent international standing specified from time to time by the Issuer;

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, selected by the Issuer in consultation (if the Agent Bank is not the Issuer at the relevant time) with the Agent Bank;

"**Reference Bond**" means for any Reset Period, a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection

and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period;

"**Reference Bond Price**" means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent Bank obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations. If no quotations are provided, the Reset Rate will be determined by the Issuer in consultation (if the Agent Bank is not the Issuer at the relevant time) with the Agent Bank;

"**Reference Bond Rate**" means the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its principal amount) equal to the relevant Reference Bond Price, as calculated by the Agent Bank;

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any further Notes have been issued pursuant to Condition 11;

"**Reference Government Bond Dealer**" means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"**Reference Government Bond Dealer Quotations**" means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Agent Bank, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its principal amount) at or around the Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Agent Bank by such Reference Government Bond Dealer;

"**Reference Screen Page**" shall be set out in the applicable Final Terms (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Make-Whole Reference Bond, as determined by the Issuer in consultation with an independent investment bank of international standing; and

"**Regulatory Capital Requirements**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Relevant Regulator, Portugal and/or any regulation, directive or other binding rules adopted by the institutions of the European Union then in effect in Portugal relating to capital adequacy and applicable to the Group and/or the Issuer;

"**Regulatory Permission**" means, in relation to any action, such notice, regulatory permission (and/or, as appropriate, consent, approval or waiver) by the Relevant Regulator as is required therefor under prevailing Loss Absorption Regulations (if any);

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts 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 any Statutory Loss Absorption Powers by the Relevant Resolution Authority;

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, 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 Holders that such payment will

be made, provided that payment is in fact made, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the Winding-Up;

"**Relevant Jurisdiction**" means Portugal or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

"**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 authorities or (d) the Financial Stability Board or any part thereof;

"**Relevant Regulator**" means the Bank of Portugal, the Single Resolution Board, the European Central Bank or such other authority having primary supervisory authority with respect to prudential and/or resolution matters concerning the Issuer and/or the Group, as may be relevant in the context and circumstances;

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer;

"**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 any successor or replacement page, section, caption, column or other part of a particular information service);

"**Remaining Term Interest**" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Maturity Date or, in the case of any Par Call Notes, the next occurring Par Call Notes Redemption Date, determined on the basis of the rate of interest applicable to such Note from and including the relevant Optional Redemption Date;

"**Reset Date**" means the First Reset Date, the Second Reset Date and every Subsequent Reset Date as may be specified in the applicable Final Terms;

"**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 Reset Period thereafter, the second Business Day prior to the first day of each such Reset Period;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period;

"**Reset Rate**" means (a) the relevant Mid-Swap Rate as specified in the applicable Final Terms or (b) if Reference Bond is specified in the applicable Final Terms, the relevant Reference Bond Rate;

"**Senior Creditors**" means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer; 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 are in respect of obligations which constitute, or would but for any

applicable limitation on the amount of such capital constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Holders in respect of the Tier 2 Notes);

"**Senior Higher Priority Liabilities**" means any unsecured, unsubordinated and unguaranteed obligations of the Issuer other than Senior Non-Preferred Liabilities;

"**Senior Non-Preferred Liabilities**" means any unsecured senior non-preferred obligations of the Issuer issued 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 unsecured senior non-preferred obligations of the Issuer issued under Article 8-A;

"**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;

"**Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related 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 the General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of December 1992, as amended or superseded (including by any banking activity code that may enter into force)) and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 3(b)(ii), the rate of interest determined by the Agent Bank on the relevant Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Reset Rate plus the applicable Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Duration to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Agent Bank));

"**Subsidiary**" means any entity of which the Issuer, from time to time (i) owns, directly or indirectly, more than 50 per cent. of the share capital or similar right of ownership, or (ii) owns or is able to exercise, directly or indirectly, more than 50 per cent. of the voting rights, or (iii) has the right to appoint the majority of the members of the board of directors, and in each case is within the consolidation perimeter of the Issuer;

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

"**Supervisory Permission**" means, in relation to any action, such supervisory permission or non-objection (or, as appropriate, waiver) by the Relevant Regulator as is required therefor under prevailing Regulatory Capital Requirements (if any);

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

"**TARGET Business Day**" means a day on which T2 is operating;

"**Tax Event**" is deemed to have occurred if, as a result of a Tax Law Change:

(i) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or

(ii) the Issuer is no longer entitled to claim a deduction in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is materially reduced; or

(iii) the Issuer is not able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable Portuguese tax purposes (whether under the tax grouping system current as at the date of issue of the Notes or any similar system or systems having like effect as may from time to time exist),

and, in any such case, the Issuer could not avoid the foregoing by taking measures reasonably available to it;

"**Tax Law Change**" means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment becomes public or becomes effective on or after the Reference Date;

"**Tier 1 Capital**" has the meaning given to it from time to time by the Relevant Regulator or the applicable prudential rules;

"**Tier 2 Capital**" has the meaning given to it from time to time by the Relevant Regulator or the applicable prudential rules;

"**Tier 2 Compliant Notes**" means securities issued directly by the Issuer that:

(i) have terms which are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer)) prior to the issue of the relevant securities or, as appropriate, variation of the Notes, and, subject thereto, which:

    (A) contain terms which comply with (i) the then current requirements of the Relevant Regulator in relation to Tier 2 Capital and (ii) (if "Loss Absorption Disqualification Event" is specified as being applicable in the applicable Final Terms) the then current Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer's and/or the Group's minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity instruments;

    (B) provide for the same Rate of Interest and Interest Payment Dates or (as applicable) Reset Notes Interest Payment Dates from time to time applying to the Notes;

    (C) rank *pari passu* with the Notes;

    (D) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption;

    (E) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid;

(F) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (F) shall not preclude the inclusion of any provision analogous to Condition 12(d)); and

(G) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (G) shall not preclude the inclusion of any provision analogous to Condition 12(d));

(ii) are listed or admitted to trading on a stock exchange commonly used in debt capital markets transactions in the international capital markets if the Notes were listed on such a stock exchange immediately prior to such variation or substitution; and

(iii) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation and such rating was solicited by or on behalf of the Issuer, each such Rating Agency has ascribed, or announced its intention to ascribe, a published rating to the relevant Tier 2 Compliant Notes equal to or higher than (A) the solicited published rating of the Notes from the Rating Agency immediately prior to their substitution or variation or (B) where the solicited published rating of the Notes was, as a result of Condition 12(d) becoming ineffective and/or unenforceable, amended prior to such substitution or variation, the solicited published rating of the Notes from the Rating Agency immediately prior to such amendment, save that this proviso shall not prevent any changes being made to the governing law of Condition 12(d) where such changes are needed to ensure the effectiveness or enforceability of Condition 12(d).

Any change to the governing law of Condition 12(d) in order to ensure the effectiveness or enforceability of Condition 12(d) shall, of itself, be deemed for the purposes of (i) above not to be materially less favourable to a Holder; and

"**Winding-Up**" means:

(i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions); or

(ii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituções de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of December 1992, as amended or superseded (including by any banking activity code that may enter into force).

FORM OF THE NOTES AND CLEARING SYSTEM

General

Interbolsa registers securities through a centralised system (‘*sistema centralizado*’) composed of 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, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The CVM, managed and operated by Interbolsa, provides for all procedures required for the exercise of rights carried by the Notes, except for information and voting rights.

The CVM will comprise, *inter alia*, (i) the issue account, opened by the Issuer in the CVM and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the Affiliate Members (as defined below) of Interbolsa, and which reflect the securities held by such Affiliate Member by or on behalf of holders in individual Securities Accounts.

The Notes will be allocated an International Securities Identification Number (“**ISIN**”) through the codification system of Interbolsa. The Notes will be accepted and registered with CVM and settled by Interbolsa’s settlement system.

Form of the Notes

The Notes of each Series will be in book-entry form and title thereto will be evidenced by book entries in accordance with the provisions of the Portuguese securities code (*Código dos Valores Mobiliários*) enacted by Decree-Law No. 486/99 of 13 November 1999 (as amended and restated from time to time) (the “**Portuguese Securities Code**”) and the applicable CMVM and Interbolsa regulations. No physical document of title will be issued in respect of the Notes.

The Notes of each Series will be registered in the relevant issue account opened by the Issuer with the CVM and will be also recorded in control accounts by each Affiliate Member (as defined below) of Interbolsa. Such control accounts reflect at all times the outstanding amount of the Notes held in the individual Securities Accounts opened with each of the Affiliate Member of Interbolsa. Where used in this Base Prospectus, the expression “**Affiliate Member of Interbolsa**” means any authorised financial intermediary entitled to hold control accounts with the CVM and includes any banks or financial intermediaries appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding individual Securities Accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the Securities Accounts established in an Affiliate Member of Interbolsa as having title to the 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

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

The Issuer must give Interbolsa advance notice of all payments and provide all necessary information for that purpose.

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

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

Whilst the Notes are recorded at the CVM, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent's behalf for payments in respect of the Notes to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with the CVM are credited with such Notes and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the Holders 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

The Notes 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 Holder will be able to transfer the Notes, except in accordance with Portuguese law and the applicable procedures of Interbolsa.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER AND OF THE GROUP

A. LEGAL AND COMMERCIAL NAME OF THE ISSUER

The legal name of the Issuer is Novo Banco, S.A. and its commercial name is "novobanco".

B. CORPORATE INFORMATION OF THE ISSUER

Novo Banco, S.A. is a limited liability company (*sociedade anónima*) incorporated under the laws of Portugal with a registered and fully paid up share capital of €3,345,000,000.30, represented by 500,000,000 nominative and dematerialised registered shares with no nominal value, and registered in the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 513204016. The Issuer's registered address is Campus do Novobanco, Avenida Doutor Mário Soares, Taguspark, Building 1, 2740-119 Porto Salvo, Portugal, and the telephone number of its registered office is 213501000. The Issuer is a credit institution whose activities are regulated by the RGICSF and is subject to the Portuguese Companies Code (*Código das Sociedades Comerciais*), approved by Decree-Law No. 262/86, of 2 September 1986, as amended.

The Legal Entity Identifier (LEI) code of the Issuer is 5493009W2E2YDCXY6S81.

The Issuer's website is www.novobanco.pt. The information on the website does not form part of this Base Prospectus unless that information is expressly incorporated by reference into this Base Prospectus.

C. ORIGIN AND OVERVIEW

The Issuer is the main entity of the Group, with a focus on the banking business. The Issuer was incorporated by resolution of the Board of Directors of the Bank of Portugal dated 3 August 2014 (8 p.m.) (the "**Resolution of 3 August 2014**") under No. 5 of Article 145-G of the RGICSF, following the resolution measure applied by Bank of Portugal to BES, under the terms of paragraphs 1 and 3-c of Article 145-C of the RGICSF (in the version in force at the time) (together with the decisions adopted by the Bank of Portugal in connection with the Resolution of 3 August 2014, the "**Resolution Measure**"). Pursuant to the Resolution Measure, the assets, liabilities, off-balance sheet items and assets under management of BES defined in Annex 2 to the Resolution of 3 August 2014 (and clarified by the extraordinary meeting held by the Board of Directors of the Bank of Portugal on 11 August 2014 (5 p.m.)) were transferred to the Issuer.

As a result of the Resolution of 3 August 2014 applied, the Resolution Fund became the sole owner of the share capital of the Issuer, in the amount of €4,900 million, which was incorporated as a bridge bank.

On 29 December 2015, the Board of Directors of the Bank of Portugal approved a resolution (the "**Resolution of 29 December 2015**"), which resulted in a revised and consolidated version of Annex 2 to the Resolution of 3 August 2014, and consolidated the perimeter of assets, liabilities, off-balance sheet items and assets under management of the Issuer.

On 31 March 2017, the Resolution Fund signed the sale agreement of the Issuer.

On 18 October 2017 the sale process of the Issuer to Nani Holdings S.à r.l. (previously known as Nani Holdings, S.G.P.S., S.A.), a company indirectly held by investment funds managed by the Lone Star group, was concluded (the "**Lone Star Sale**"). Once the sale was concluded and after carrying out two capital increases, the first in the amount of €750 million (on the date of the sale), and the second in the amount of €250 million (on 21 December 2017), the share capital of the Issuer increased to €5,900,000,000.00, represented by 9,799,999,997 dematerialised, registered shares with no nominal value, of which 75 per cent. were fully subscribed, paid up and held by Nani Holdings S.à r.l. and 25 per cent. held by the Resolution Fund.

With the conclusion of the Lone Star Sale, the Issuer ceased to be considered a bridge bank and began to operate normally, although still being subject to certain measures restricting its activity, imposed by the European Competition Authority, the department for competition ("**DGCOMP**"), in the context of the state aid process.

Certain commitments were agreed with the Portuguese Government in October 2017 (the "**Commitments**"), in connection with the Lone Star Sale. The Commitments were approved by the EC on 11 October 2017 to be in place until 31 December 2021 (the "**Restructuring Period**"). In February 2023, the Issuer was informed of the successful completion of the Restructuring Period.

On 7 June 2024, the General Shareholders meeting approved the reorganisation and increase in the Issuer's share capital and, on 8 July 2024, the Issuer's share capital was decreased to €3,345,000,000.30, represented by 500,000,000 nominative and dematerialised shares with no nominal value. In addition, the Issuer moved its headquarters to Campus do Novobanco, Avenida Doutor Mário Soares, Taguspark, Building 1, 2740-119 Porto Salvo, Portugal.

The Issuer develops its activity mainly in the Portuguese banking sector directly and through its subsidiaries Banco Eletrónico de Serviço Total S.A. ("**Banco Best**", fully owned) and NOVO BANCO dos Açores, S.A. ("**NBA**"), of which it holds a 57.53 per cent. stake). Additionally, it also operates in asset management through its fully owned subsidiary GNB - Gestão de Ativos, SGOIC, S.A. ("**GNB GA**") that operates in mutual fund management, real estate fund management, pension fund management and wealth management. Finally, the Issuer has equity holdings in companies operating in venture capital, real estate and renting. As of 30 June 2024, through its 290 branches and its digital platforms, the Issuer serves around 1.6 million clients.

D. EUROPEAN COMMISSION COMMITMENTS

In the context of the Lone Star Sale, the Commitments adopted by the Portuguese authorities supersede those contained in the previous state aid decisions of 2014 and 2015 by the EC. An independent monitoring trustee (the "**Monitoring Trustee**") was appointed in order to monitor full compliance of the Commitments which have been undertaken by the Portuguese authorities and which are binding on the Issuer. In February 2023, the Issuer was informed of the successful completion of the Restructuring Period, with the final report of the Monitoring Trustee being prepared after the release of the Bank's 2022 year-end accounts.

For further information see the decision of the EC State Aid no. SA.49275 (2017/N) and the summary of the Commitments undertaken during the Restructuring Period below.

Structural Commitments

The Issuer segregated its existing activities into a core unit and a non-core unit. Those units are not separate legal entities, therefore funding, liquidity and solvency were shared across both units.

The Commitments imposed certain targets for the deleveraging of the non-core assets throughout the Restructuring Period, which by the end of such period should not be greater than an established target. In addition, certain subsidiaries and business activities, including most international operations classified as non-core assets, had to be divested, liquidated or wound-down before the end of the Restructuring Period, by specific pre-defined deadlines.

Behavioural Commitments

In addition to structural commitments, certain behavioural commitments were also established. These included among others, remuneration limits to employees and the establishment of a return on equity based pricing tool.

Viability Commitments

The Issuer was also committed to progressively reduce the number of its employees and branches over the Restructuring Period and to reach the prescribed cost-to-income ratios and pre-provision income targets by

specific dates within the Restructuring Period. Failure to comply with these targets, if not corrected, would require the Issuer to comply with additional targets for reduction of the number of employees and branches.

In 2022, the Issuer remained strongly focused on fully complying with the commitments established by the DGCOMP. Despite real market conditions being much worse than projected in the Issuer's business plan (for example, relating to negative EURIBOR rates and the negative economic consequences of the Covid-19 pandemic and the Russia-Ukraine conflict), the Issuer managed to demonstrate its viability by posting positive results in all quarters of 2021 and 2022. Altogether, the Issuer has proved its sustainability and resilience in difficult market conditions.

In February 2023 the Issuer was informed of the successful completion of the Restructuring Period.

E. CONTINGENT CAPITAL AGREEMENT

The CCA was entered into on 18 October 2017 by the Resolution Fund and the Issuer as part of the conditions of the Lone Star Sale. Under the CCA, in case (i) the Group's capital ratios decrease below the Minimum Capital Condition (as defined below) and (ii) losses are recorded in relation to the CCA Assets (as defined below) or other CCA covered losses (the "**CCA Losses**"), the Resolution Fund has undertaken, up to an aggregate maximum amount of €3,890 million, to make payments to the Issuer corresponding to the lower of the CCA Losses and the amount needed to restore the capital ratios to the Minimum Capital Condition, until 31 December 2025 (the "**CCA Maturity Date**"), which date can be extended until 31 December 2026 under certain conditions as mentioned further below in this section.

The "**CCA Assets**" comprise of a pre-defined portfolio of assets which had an initial book value net of impairment, as of 30 June 2016, of approximately €7.9 billion, which included €5.9 billion of loans to customers, €1.1 billion of restructuring funds, €0.1 billion of securities and €0.8 billion of other assets. As at 31 December 2023, the CCA Assets had a net book value of €0.9 billion (31 December 2022: €1.1 billion), which included €0.4 billion of loans (31 December 2022: €0.6 billion), of which 45 per cent. were NPLs (31 December 2022: 45 per cent.), €0.2 billion of restructuring funds (31 December 2022: €0.2 billion) and €0.3 billion of other assets (31 December 2022: €0.4 billion). In addition, CCA Assets also include undrawn exposures relating to guarantees, committed credit lines and other commitments, which amounted to €1.3 billion and €0.2 billion as at 30 June 2016 and 31 December 2023 respectively (31 December 2022: €0.2 billion), and provisions recorded as liabilities which amounted to €0.1 billion and €0.03 billion as at 30 June 2016 and 31 December 2023 respectively (31 December 2022: €0.1 billion), in relation to such exposures. As at 30 June 2016 and 31 December 2023, the impairment related to the CCA Assets amounted to €4.8 billion and €0.4 billion, respectively (31 December 2022: €0.5 billion).

The ability of the Issuer to claim payments under the CCA is subject to a capital ratio threshold (the "**Minimum Capital Condition**") and accumulated CCA Losses having been registered. The Minimum Capital Condition means that no payments shall be made unless (i) the Issuer's CET1 or Tier 1 ratio have fallen below the minimum required regulatory (SREP) CET1 or Tier 1 ratio plus a buffer, during the first three calendar years, 2017-2019; or (ii) the Issuer's CET1 ratio has fallen below 12 per cent. from 2020 onward. Payments pursuant to the CCA are limited to the amount needed to restore the CET1 and Tier 1 ratios back to the relevant trigger level, provided that there are accumulated CCA Losses.

On 7 December 2021, the Issuer disclosed to the market that it had received a letter from the Joint Supervisory Team (the "**JST**") noting that the claims under the CCA should only be recognised as CET1, for the purpose of the own funds' calculation, once such payment occurs. The determination described above applied from the fourth quarter of the 2021 financial year onwards, thus changing the prudential treatment of the CCA.

As a result of the CCA Losses recorded by the Issuer as at 31 December 2020, 31 December 2019, 31 December 2018 and 31 December 2017, and the resulting decrease of the capital ratios below the Minimum Capital

Condition, the contingent capital mechanism of the CCA was triggered and payments by the Resolution Fund were made in the amount of €429.0 million (which differs from the requested amount of €598.3 million), €1,035.0 million, €1,149.3 million and €791.7 million in relation to 2020, 2019, 2018 and 2017 accounts, respectively.

Regarding the amount requested from the Resolution Fund and the discrepancies related to the 2020 financial year, the Arbitral Tribunal rendered its final award on 4 June 2024, deciding the following:

(i) the Issuer has the right not to adopt the transitional provisions of IFRS 9 established in Regulation (EU) 2020/873 for the year ended 31 December 2020, and the impact of this decision on own funds, quantified in the action at approximately €162 million, should have been included in the calculation of the 2020 CCA call amount;

(ii) the Issuer has the right to reassess the value of the shares of the Resolution Fund and, consequently, is entitled to compensation in the amount of €18 million and related interest;

(iii) the Issuer has the right to receive default interest in the approximate amount of €5 million as a consequence of the delay in the payment of the €112 million portion of the 2020 CCA call;

(iv) the Issuer has the right to be compensated for additional damages caused by the retention of the €112 million portion related to the 2020 CCA call and by the non-payment of the amount of €18 million, in a value to be determined; and

(v) regarding the divestment of the Issuer's Spanish branch, although such decision to divest had economic rationality, the amount of €147 million resulting from the reclassification as discontinued operations, in the Issuer's 2020 accounts, should not be considered as part of the 2020 CCA call.

On 30 June 2024, the amounts receivable by the Issuer under the CCA were adjusted in accordance with the Arbitral Tribunal's final award (except for the interest).

Additionally, the Resolution Fund did not make the payment of the requested amount related to the 2021 financial year. The Issuer considers the claimed and unpaid amounts as due under the CCA, which are subject to ongoing arbitration in order to ensure their receipt.

The Articles of Association of the Issuer foresee a committee to function as a consulting body in the context of the CCA (the "**Monitoring Committee**"). The Monitoring Committee consists of three people, elected by the general meeting of shareholders of the Issuer, two of whom are appointed by the Resolution Fund, one of whom shall be a registered chartered accountant, and the third member shall be an independent member jointly appointed by the parties to the CCA. The Monitoring Committee provides opinions in respect of certain actions recommended by the Issuer pertaining to the CCA Assets. The Resolution Fund has the right to take all decisions in respect of the CCA Assets, unless a pre-defined ratio of the then remaining aggregate net book value of the CCA Assets to the aggregate starting reference values is not verified (in which case the CCA Maturity Date may be extended to 31 December 2026), at which point the Issuer would need to inform the Resolution Fund in respect of most material management decisions with respect to these assets.

The powers of the Resolution Fund and delegation of powers to the Issuer (and the limits to such delegation) in respect of the CCA Assets are defined in a Servicing Agreement entered into on 14 May 2018 between the Resolution Fund and the Issuer, under which the Issuer acts as servicer in respect of the management of the CCA Assets.

F. STRATEGY

Novobanco is geared towards commercial transformation following completion of its restructuring process. The main goal is to shape the Issuer into an attractive and sustainable bank, following consumer digital migration,

focused on serving the Portuguese economy and aiming to deliver profitable growth. Novobanco's mission is to be the trusted bank, supporting families and companies throughout their lives.

The Issuer delivered on its medium-term targets in 2022 and 2023, and revised its outlook for 2024 as follows in June 2024:[1]

- Cost-to-income ratio below 35 per cent.;
- Cost of risk of below 50 basis points; and

The Issuer's strategy is to be focused on each of its customers, providing them with a simple and efficient experience, supported by an experienced and accessible team, and thus contributing to an organisation with robust and sustainable results.

The strategic plan consists of 4 pillars, developed below:

1. A customer-centric bank
2. Simple & efficient operations
3. Developing people and culture
4. Delivering sustainable performance

1. A customer-centric bank

Novobanco focuses on responding in an exemplary manner to the needs of its customers, both individuals and companies, and this purpose is reflected in the first pillar of its strategy. Novobanco seeks to exceed the expectations of its customers and partners, through a distinctive value proposition that relies on digital and on the omnichannel approach as key levers of proximity and experience.

In the Retail segment, which serves families and small businesses, the Issuer develops value propositions and solutions centred on customers' needs at the most decisive moments of their professional or personal journeys, whether in consumer credit, housing, management of savings or means of payment, with a view to accelerating the growth of the customer base that has the Issuer as its main financial partner.

As part of its strategic plan, novobanco has been moving towards an omnichannel approach, thus providing customers with a consistent and integrated experience through its multiple channels.

In the Corporate segment, the Issuer's in-depth knowledge of the Portuguese business sector allows it to develop specialised approaches, which offer each sector of the economy, and in particular those that are key for national economic growth, a set of products and services suited to its challenges and needs, both for the domestic activity of companies and to support the internationalisation of the national economy. Alongside this vertical vision of the main sectors of the Portuguese economy, novobanco is also at the forefront when it comes to promoting the business sector's access to the main programmes aiming to revitalise the European economy.

This in-depth knowledge of the market, of its opportunities, but also of its expectations and challenges, positions the Issuer as the financial partner of reference for large, medium and small national companies.

To effectively achieve these objectives, the Issuer has been investing in a global transformation. The most visible faces of this reinvention are, on the one hand, the branch network, where the Issuer has developed an

[1] These are not statements of historical fact nor are they forecasts or guarantees of future performance. Rather, they are based on current management views and assumptions that involve known and unknown risks, uncertainties and other factors that are subject to change and which may cause the actual results, performance, achievements or developments of the Issuer or the industry in which it operates to differ materially from any future results, performance, achievements or developments expressed or implied from the forward looking statements. These statements have not been subject to an audit by the Issuer's accountants or any other professional advisers.

innovative concept in the market that combines technology, proximity to the customer and openness to the community, and, on the other, digital, which has been a determining factor for the accelerated transformation of the Issuer.

2. Simple & efficient

To address the market of today, with its exacting clients and the challenges posed by new players, which spur the sector to evolve its operating model, the second pillar of novobanco's strategy is to accelerate its transformation into an organisation that provides customers with a lean and straightforward experience, for which it is necessary to attain increasing levels of operating efficiency.

In this area, novobanco has focused on reengineering the most critical processes for customers, with a view to simplifying them and thus provide an experience that stands out in the sector, both through its simplicity and through the consistent improvement of service levels, in particular in loan granting processes, which are the most important processes for companies and families.

The Issuer is implementing a transformation programme of its IT and data governance functions, focused not only on the evolution of the infrastructure, platforms and tools that support the Bank's operation, but also on the timely availability of relevant information to support process improvement, the scrupulous reformulation of the Bank's operating model, the permanent optimisation of the internal decision support models and, naturally, the regulatory commitments and requirements to which the banking sector is subject.

3. People and Culture

The Issuer seeks to ensure a clear distinctiveness in (i) the value proposition for its employees, (ii) the development of internal talent and (iii) the promotion of the organisational culture and values. Therefore, the Issuer's strategic ambition is to be considered an institution with:

- strong capacity to attract, develop and retain the best talent in the sector;
- concern with the principle of gender equity and with the importance of being able to count on diversified profiles and backgrounds;
- a daily routine supported on working methods aligned to the best international trends, both in terms of openness, participation and collaboration practices and in terms of the working environment;
- the promotion of innovation and the generation of ideas by the organisation itself, for the benefit of customers and the national economy; and
- the experiencing of values and an organisational culture that translates and permanently reinforces these characteristics.

4. Sustainable Performance

The fourth pillar of the Issuer's strategy is based on its financial performance, which should be defined by its sustainability, by the robustness and quality of its balance sheet structure and by adequate solvency levels.

This provides the framework into which the entire programme for integrating ESG issues into the organisation is set, which includes (i) implementing the ESG operating model and training the organisation, (ii) adapting the offer of products and services and (iii) transforming investment and risk management policies, among other dimensions. The Issuer considers ESG as an opportunity for the financial sector to contribute to the transition objectives of the world economy, which justifies the importance it dedicates to this dimension.

The optimised management of the Issuer's capital and its various funding sources and the improvement of the risk management processes associated with its activity are also materially relevant for the sustainability of the

Issuer's performance. To achieve sustainability goals, the Issuer's strategic plan is deployed through different programmes aimed at strengthening the quality of credit decisions, namely by driving their automation, improving pricing models and the measurement of profitability adjusted to risk and capital consumption (economic and regulatory), increasing the sophistication of the warning systems that monitor the life of credit operations and continuously improving its internal ratings-based ("**IRB**") model.

G. BUSINESS OVERVIEW

Business Model

The Issuer is a Portuguese universal bank that provides the full spectrum of financial products to individual, corporate and institutional clients, serving the entire national territory, with a strong focus on servicing and supporting the Portuguese business community.

The Issuer's business model is focused on two main segments in commercial banking: (i) corporate; and (ii) retail. In both segments, the Issuer seeks to anticipate and respond to the needs of its clients through its offer of innovative, effective and transparent banking products and services, based on high ethical and integrity standards and customer satisfaction assessment tools.

As at 30 June 2024, the Issuer had total assets of circa €45.1 billion (€43.5 billion at 31 December 2023):

- €29.1 billion (€28.1 billion at 31 December 2023) in customer deposits, of which 72 per cent. were from retail clients (74 per cent. at 31 December 2023); and
- €28.5 billion (€28.2 billion at 31 December 2023) in customer credit, of which 59 per cent. to corporate clients (59 per cent. at 31 December 2023).

Corporate Segment

Positioning itself as a client-centred bank, the Issuer offers a distinct banking experience with a service model that relies on partnership and proximity as relationship anchors. The Issuer has two business hubs dedicated to large companies (Porto and Lisbon), 20 business centres with specialised teams in the mid-sized companies segment, and over 200 specialised managers dedicated to the SME segment, distributed across the 290 branches nationwide. In an omnichannel experience, clients have at their disposal the Issuer's online businesses, aimed at simplifying companies' daily operations through an increasingly broad set of functionalities, particularly treasury management. Digital channels have a high penetration rate, with approximately 80 per cent. of active online businesses, focusing on modernisation and convenience to enhance user satisfaction levels, which stand at 82 per cent. Meanwhile, satisfaction with service remains at high levels (94.7 per cent., representing a 2.1 per cent. year-to-date increase).

The Issuer's main products and services offering in the corporate segment are:

- **Loans and cash management**: with the ambition to provide financial products in line with clients' needs and a convenient banking experience, the solutions available from the Issuer include: special current accounts and cards, overdrafts, factoring, collection solutions and payment management, loans and guarantees, and leasing and renting services;
- **Insurance**: to help its clients to minimise risk in their business, the Issuer provides a large range of insurance products, including property and casualty insurance, credit insurance and small business insurance;
- **Human capital solutions**: to help its corporate clients to optimise the benefits available for their employees, the Issuer has available a range of products with defined fiscal benefits and advantages, including tickets and payment cards, auto lending and renting and individual insurance;

- **Helping clients to go global**: the Issuer provides a wide range of products and specialised advice in support of international trade including international trade, trade finance and support to export; and
- **Advisory services**: the Issuer has a range of value-added services available to support its corporate clients finding the most suitable solutions to pursue and implement opportunities driven, for example, by investment support programmes, enabling a more digitalised, innovative, sustainable and export-oriented economy, including the Recovery and Resilience Plan (the "**RRP**")[2] and being a Portugal 2030[3] finance partner, sector specific solutions and special initiatives.

The Issuer continues to strengthen its commitment to Portuguese companies, with highlights including:

- strengthening its market share in factoring and confirming: 13 per cent. year-on-year growth in accumulated billing and an increase in factoring market share from 11.4 per cent. as of 31 December 2023 to 12.3 per cent. as of 30 June 2024;
- focusing on equipment leasing, a central product in investment support: 80 per cent. growth year-on-year, with around €170 million in accumulated production in the first half of 2024, reaching a 15.3 per cent. market share;
- supporting company investment: providing sector-specific financing solutions, notably the InvestEU BPF Line, the More Sustainable Tourism Support Line, and the Tourism Support Line, in partnership with the Portuguese Development Bank, the IFAP Agriculture Line, the EIB MidCaps Line, and the renewal of the Qualification of Offer Support Line (LAQO), in partnership with Turismo de Portugal;
- financing approved projects with European funds: systematic offer under RRP and Portugal 2030, with identification of application opportunities and financing of approved projects through short-term incentive anticipation and financing of external capital. A specialised team to support novobanco clients, with solutions available to aid project execution;
- innovating in payment methods: 14.9 per cent. market share in automatic payment terminal billing, with an innovative and competitive offer aimed at simplifying client collections. Launch of SmartPOS, simplification of business deposits with Virtual Teller Machines ("**VTMs**"), and a digital payments platform to optimise e-commerce collections; and
- gaining recognition and distinction by the best companies in the country, supporting clients in achieving the COTEC 2024 Innovative Status, in partnership with COTEC Portugal, increasing market share from 21 per cent. to 30 per cent.

Novobanco also maintains a strong presence in the export sector, with a wide range of products and specialised advice to support international trade, with about 60 per cent. of national exports coming from novobanco clients. This segment's expertise is valued and recognised, resulting in a 19.5 per cent. market share (as of May 2024), with novobanco being elected for the sixth consecutive year as the best trade finance bank in Portugal by Global Finance magazine in 2024.

Novobanco holds a robust position in supporting Portuguese corporates, with a market share of 13.7 per cent. in credit, including 18.5 per cent. in mid-sized companies and 12.9 per cent. in deposits from non-financial

[2] *Portugal's Recovery and Resilience plan consists of a set of investments in the Portuguese economy comprising €13.9 billion in grants and €2.7 billion in loans from the EC between 2021-2026. This financing will support the implementation of investments and reform measures to build and reinforce the country's economic and social resilience.*

[3] *The Portugal 2030 strategy is a government action programme that includes the plans for recovery and development of the economy, society and the national territory for the next decade, in convergence with the EU to be in force between 2021-2027. It comprises the disbursement of €24.2 billion from the Fundo Europeu de Desenvolvimento Regional (FEDER), Fundo Social Europeu + (FSE+), Fundo de Coesão, Fundo de Transição Justa (FTJ) and from the Fundo Europeu dos Assuntos Marítimos, das Pescas e da Aquicultura (FEAMPA).*

corporations (market shares as of May 2024 are estimated by the Bank using data from Bank of Portugal, Portuguese Association of Insurers and Portuguese Association of Investment Funds, Pensions and Patrimony).

Retail Segment

Novobanco's ambition is to provide clients with a convenient banking experience, coupled with a strong relationship-led culture in a digital world, by expanding its client base and deepening relationships with existing clients, while adopting a leaner and more efficient distribution footprint at the national level. To do so, novobanco leverages its strong retail network and complements this with an omnichannel model that combines digital and remote platforms for speed and convenience with physical channels for in-person banking. This allows the Issuer to serve each client according to their needs while optimising service costs. Finally, novobanco is focused on delivering an integrated value-proposition to underserved segments, such as small businesses.

Within the Retail sector the Issuer provides a wide range of products and focuses on margin and value-add services, together with a new strategic approach to accelerate growth:

- **Accounts, Cards & Payments**: products and services to satisfy day-to-day financial needs, such as accounts bundled for different needs and fully online set-up and access, authentication systems, and functionalities such as contactless, virtual cards, and connection integration with digital wallet provider MB Way;
- **Mortgage-related loans**: provision of a wide range of products, including acquisition, construction, and maintenance support, embedded in an omnichannel experience;
- **Savings and investments**: considering the risk profile of each client, the Bank provides deposits and retirement accounts, investment funds, unit linked, structured deposits, together with tailored management and advice considering the client's ESG goals (where applicable);
- **Insurance**: to help its retail clients to minimise risk, the products available include life insurance, health, property and accident insurance, and unique solutions for self-employed workers;
- **Small Business**: with its ambition to provide products to meet the financial needs of small businesses, the Bank has available designated small business accounts, cash and payments management solutions and multi-risk business insurance; and
- **Consumer finance**: to support clients' consumer needs, the Bank provides an integrated online simulation tool (for the purposes of checking credit options) and online submission process, credit insurance option with unemployment and life coverage and point-of-sale (POS) lending partnerships.

Since 2021, the Retail segment has undergone a period of significant adjustment in its service model, redefining its geographical presence and changing the way services are provided, with the aim of strengthening and consolidating long-term relationships with its customers. Currently, more than 274 branches have adopted the new distribution model, of which 243 have VTMs that offer advanced transaction management solutions, forming an essential basis for the efficiency of the branches and customer satisfaction.

The acquisition of new customers continues to evolve positively, along with the domiciliation of salaries (an increase of 15 per cent. compared with the first half of 2023), supported by initiatives such as (i) a customer loyalty programme aimed at strengthening and deepening the commercial relationship; (ii) the cross segment programme, through which employees of companies with protocols with the Issuer have access to preferential conditions on various bank products and services, covering around 300,000 employees from more than 25,000 client companies; and (iii) a programme to reactivate inactive clients.

As a bank dedicated to supporting families and businesses throughout their lives, the Issuer launched a transformation programme aimed at strengthening its position as an efficient and simple omnichannel bank

focused on its customers. During the second quarter of 2024, the Issuer expanded and accelerated its transformation efforts, focusing on improving customer journeys. This strategic shift is evidenced by notable increases in customer satisfaction in various areas (based on customer satisfaction surveys conducted by the Issuer from January to June 2024, measuring the proportion of very satisfied clients (equal to or greater than 8 on a scale from 1 to 10)), with 'very satisfied' clients in the housing loan journey rising to 88.8 per cent. (a 5.1 per cent. year-to-date increase); satisfaction with the personal loans experience remaining high at 94.9 per cent. (a 2.1 per cent. year-to-date increase), and satisfaction with the salary account experience reaching 84.8 per cent. (a 1.1 per cent. year-to-date increase). Additionally, the overall quality of retail service remained at an excellence level (86.2 per cent.), and the Issuer's app performance also improved to 84.2 per cent. (a 0.8 per cent. year-to-date increase).

Reflecting the investment in new functionalities available on digital channels, the origination of other personal credit through digital channels increased by 35 per cent. between June 2023 and June 2024. In the same period, the small business customer base grew by 3 per cent. and, reflecting improvements in the payment offer, the number of automatic payment terminals increased by 2.6 per cent.

The offering of savings and investment solutions has been reinforced, notably with the introduction of new investment funds and the integration of sustainability preferences into the management model of the investment advisory service. Additionally, in the second quarter of 2024, the new Trading Pro Service, a partnership with Saxo Bank, was launched. On the term deposits side, the Issuer maintains its competitive offer, with different terms and characteristics, adjusted to different savings objectives.

Digital channels and the developments made in the commercial offer present in the online environment have played an increasing role in contributing to commercial results, representing a total of 27 per cent. (digital sales share) in the first half of 2024, with a focus on consumer credit and insurance.

In addition to novobanco's branches and corporate and business centres, the novobanco business model is also supported by:

- novobanco dos Açores is the result of a strategic alliance between novobanco (57.5 per cent.) and Santa Casa da Misericórdia de Ponta Delgada (30 per cent.), together with the Bensaude Group (10 per cent.) and 13 other Santa Casa da Misericórdia units from all the Azores islands (2.5 per cent.).

  The regional operations of novobanco dos Açores align with the Group's culture and mission of being the trusted bank that supports Azorean families and companies throughout their lives. Its strategy is based on decisive competitive advantages, such as economic and financial strength, combined with a culture of client service for the benefit of the population of the Azores, supported by an extensive experience in the local market and a strong tradition of close relationship with customers.

  Novobanco dos Açores maintains the important strategic objective of becoming a reference entity and partner in ESG in the Azores, thus contributing to the promotion of sustainable investment practices and the acceleration of the transition process to a carbon-neutral economy. To this end, novobanco dos Açores, in line with the novobanco Group, is developing a sustainability strategy with a special focus and priority given to the integration of climate risk into the business and risk management model.

- Banco Best - Banco Eletrónico de Serviço Total, S.A. is a digital platform that provides a range of products and services, with a technological nature and open architecture business model, based on national and international partnerships in the areas of savings, asset management and trading.

  Banco Best operates in all segments of retail banking, providing a wide array of services ranging from banking solutions, savings, investments, credit, and day-to-day financial management.

Banco Best's business strategy is competitive when it comes to meeting the investment needs of individual clients who seek and value more innovative financial services, not restricted to the domestic market, which are more independent, diversified and sophisticated.

Banco Best's strong focus on innovation and dynamic management of a wide network of national and international partners has been key to assert its position as a digital marketplace of investment solutions: Banco Best distributes around 6,000 products – investment funds, exchange-traded funds, retirement solutions, capitalisation insurance, discretionary management, robot advisor, etc. – managed by top national and international financial entities.

Banco Best's digital channels – app and website – give clients autonomy in their relationship with Banco Best. Whether on the app or on the website, clients can, among other things, open an account by video call or digital mobile key, access information on the entire offer and use the various support tools, monitor market indicators and manage their portfolio, buy and sell, monitor returns and perform various operations and fulfil general duties, such as updating data.

- GNB Gestão de Ativos offers financial products and services, including several types of funds – mutual funds, real estate funds and pension funds – besides providing discretionary and portfolio management services. As of 30 June 2024, GNB Gestão de Ativos had €7.6 billion in assets under management in Portugal and in Luxembourg.

H. LIQUIDITY AND FUNDING

1H24 and 2023 Highlights

- Stable funding structure, relying mainly on customer deposits.
- Wholesale and interbank funding were also important, allowing the Issuer to replace TLTRO III funding, comply with its MREL requirements and maintain a comfortable liquidity position (including liquidity ratios and liquidity buffer).

Liquidity Management

The Issuer manages liquidity in accordance with all the regulatory rules and its own management principles, guaranteeing that all responsibilities are met, whether in normal market conditions or under stress conditions. These include, among others, the ECB's legal reserves, liquidity ratios (LCR and NSFR), maintenance of adequate levels of liquid assets, definition of funding transfer pricing (FTP) framework and establishment of an offer of financial products that results in diversification of funding sources.

Short-term liquidity is monitored through daily mismatch reports, prepared in accordance with pre-established guidelines and internally defined metrics, which allows the Issuer to make an early detection of any signals of crisis with potential impacts on the Issuer, namely through idiosyncratic risk, contagion risk (due to market tensions) or the risk of repercussions of an economic crisis on the Issuer. The report monitors the evolution of the liquidity position, including eligible assets and liquidity buffers, main cash inflows and outflows, deposits' evolution, medium- and long-term funding, central banks funding, the evolution of the treasury gap (net interbank deposits), as well as several early warning indicators established for the purpose.

This process ensures an ongoing and active role in liquidity risk management and risk assessment from the Executive Board of Directors (the "**EBD**") and also allows the Issuer to take immediate action if needed.

In addition, the liquidity position is also reported on a daily basis to the JST.

In terms of the structural liquidity, the Issuer manages its activity and funding sources in order to achieve funding stability and cost optimisation, avoiding, to the extent possible undesirable liquidity risks. The structural liquidity of the Issuer is analysed in detail on the Capital and Asset Liability Committee ("**CALCO**"),

which meets on a monthly basis. Among others, CALCO analyses and discusses the Issuer's liquidity position, and performs a comprehensive analysis of the liquidity risk and its evolution, with special focus on current liquidity buffers and generation/maintenance of eligible assets for rediscount with the ECB and respective impacts on the liquidity ratios.

The Group's funding policy is one of the major components of the Issuer's liquidity risk management, which stresses the diversification of funding sources by instruments, investors and maturities. Given the commercial nature of the balance sheet, the Issuer's strategy has, since its inception, largely relied on boosting customer deposits as its major source of funding, which have proven to be quite stable throughout the years.

Additionally, the Issuer prepares a monthly liquidity report, considering not only the effective maturity but also behavioural maturity of the various products, which allows for evaluation of the structural mismatches by time bucket. Based on this information and the Issuer's medium-term plan, the annual activity funding plan is prepared considering the established budget targets. This plan, which is regularly reviewed, favours, as much as possible, stable funding instruments.

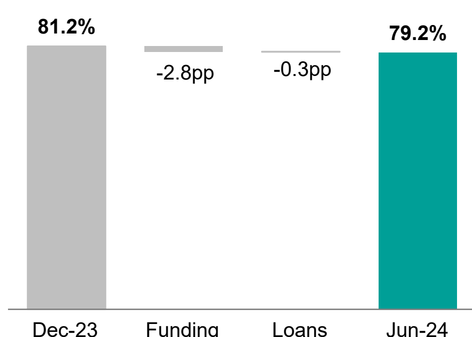
The Issuer also has in place a contingency liquidity plan, which comprises a set of measures that, if triggered, would allow the Issuer to manage and/or minimise the effects of a severe liquidity crisis. These measures aim to address additional liquidity needs and boost the resilience of the Issuer in a potential stress situation.

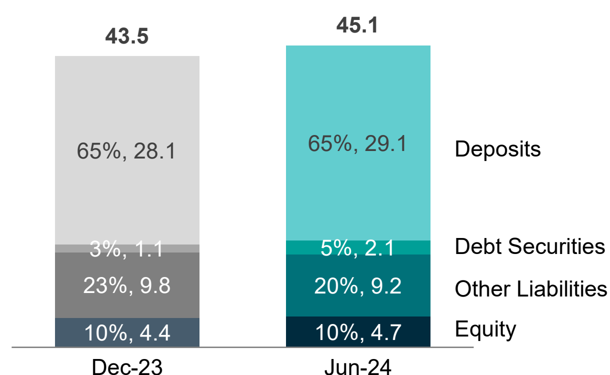
Finally, the Issuer also performs, on an annual basis, an internal liquidity adequacy assessment process (ILAAP), which evaluates the liquidity position of the Issuer in normal and stress scenarios. The results of this process, which is approved by the EBD, must be sent to the regulatory authorities and concluded that the Issuer's funding and liquidity structure and internal processes are solid and that the Issuer could withstand a stress scenario.

Funding structure and liquidity

Customer deposits as at 30 June 2024 totalled €29.1 billion (€28.1 billion as at 31 December 2023), increasing by €1.0 billion since the beginning of the year (an increase of 3.5 per cent.), mostly driven by a strong performance of the corporate segment. As of May 2024, novobanco market share of overall deposits in Portugal totalled 9.3 per cent., with a market share of 8.1 per cent. in the retail segment and 12.9 per cent. in the corporate segment.

Customer deposits remained the Bank's main funding source, accounting for 65 per cent. of its funding structure as of 30 June 2024 (which is unchanged from 31 December 2023), of which 46 per cent. were term deposits (39 per cent. as of 31 December 2023).



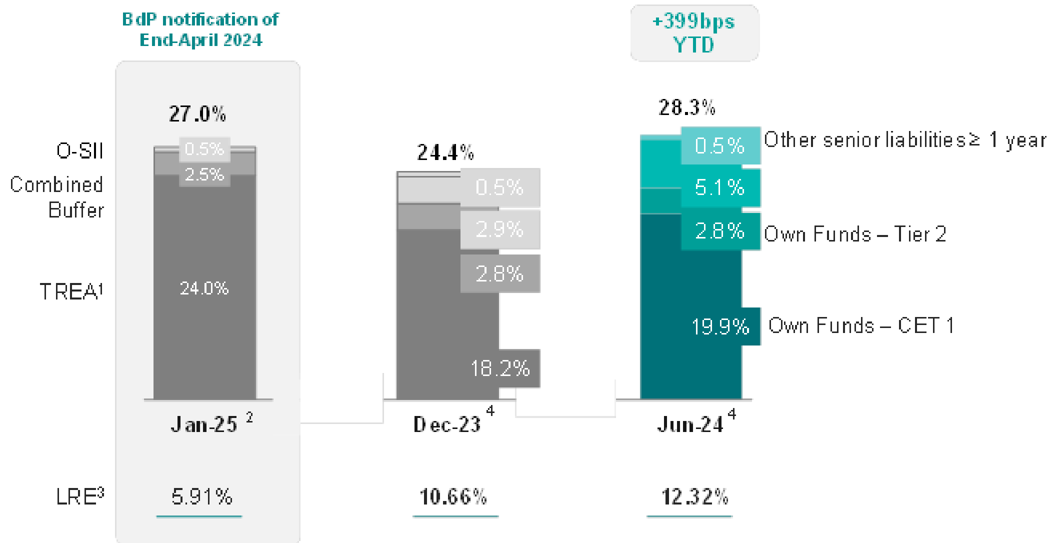


In terms of commercial activity, during the first half of 2024 the credit portfolio (gross) increased €0.3 billion to €28.5 billion. New origination of loans to customers reached €2.3 billion, supported by growth momentum on new customer acquisition. An overall loan market share of 10.1 per cent. in May 2024, reflects the Issuer's position in the Portuguese market. Therefore, the loan to deposit ratio decreased from 81.2 per cent. as of 31 December 2023 to 79.2 per cent. as of 30 June 2024.

In terms of asset evolution, during the first half of 2024, the ALM portfolio, which is the main source of assets eligible for funding operations with the ECB, increased by €1.4 billion, to €7.9 billion, mainly driven by the increase in sovereign and supranational debt securities. As of 30 June 2024, the ALM portfolio represented 18 per cent. of total assets, of which 68 per cent. was accounted at amortised cost.

Regarding market funding, after returning to the capital markets in 2023 by issuing a new €500 million Tier 2 bond, which replaced an existing €400 million Tier 2 bond issued by the Bank in July 2018, the Bank took advantage of favourable market conditions in the beginning of 2024 and raised €1.0 billion of market funds by accessing both the covered bond and the senior debt markets. On 21 February 2024, the Bank placed its inaugural covered bond issuance, gathering strong interest from the market. Following a strong market reception and market window, a €500 million senior bond was placed in the market one week later. This transaction allowed the Bank to become compliant with its MREL requirements well in advance of its binding target. Both transactions allowed the Bank to diversify and optimise its funding sources, with a positive impact on the Bank's liquidity position and ratios. During the first half of 2024, the Bank agreed to a new funding line with the European Investment Bank and reduced its interbank repo funding, which by the end of the first half of 2024 decreased by €0.9 billion to €4.3 billion (€5.2 billion as of 31 December 2023).

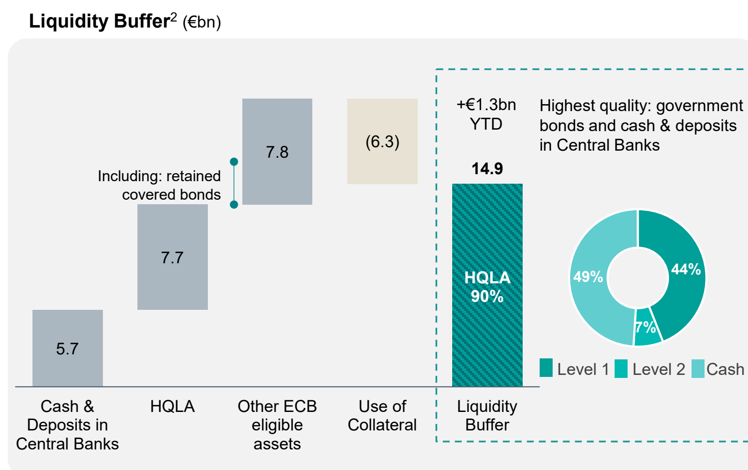
On 29 April 2024, the Bank was notified by the Bank of Portugal of its new MREL requirements, on a consolidated basis. From 1 January 2025, the requirement for own funds and eligible liabilities will be equivalent to (i) 24.01 per cent. of TREA plus the then applicable combined buffer requirement and (ii) 5.91 per cent. of the Leverage Ratio Exposure ("**LRE**"). As of 30 June 2024, novobanco was already complying with such requirements with an MREL ratio of 28.34 per cent. of TREA and 12.32 per cent. of the LRE.



(1) TREA - Total Risk Exposure Amount; (2) for January 2025 should be considered the then applicable requirement for both Combined Buffer and O-SII; (3) LRE – Total Leverage Exposure; (4) Fully loaded basis, equivalent to MREL 24.73 per cent. and 28.51 per cent. on Phased-In.

As of 30 June 2024, funding from the ECB amounted to €1.0 billion, corresponding to the final tranche of TLTRO III which will mature in December 2024 (€1.2 billion as of 31 December 2023). As of 30 June 2024, deposits at the ECB totaled €5.7 billion (€5.4 billion as of 31 December 2023), and so net funding from the ECB (funding from the ECB minus deposits with the ECB) went from -€4.2 billion on 31 December 2023 to -€4.7 billion on 30 June 2024, increasing the Issuer's net lending position.

On 30 June 2024, the eligible assets portfolio available for use as collateral with the ECB stood at €14.1 billion, stable since 31 December 2023. The available amount of eligible assets for rediscount with the ECB totaled €7.8 billion (net of haircuts), an increase of €0.5 billion since the end of 2023. In addition to the above, novobanco has high-quality liquid assets ("**HQLAs**") non-eligible with the ECB and deposits at the ECB, which makes up to a total liquidity buffer of €14.9 billion, mostly composed of HQLAs.



(2) HQLA ECB eligible includes ECB's valuation haircut; HQLA Non ECB eligible include regulatory valuation haircut.

As a result, as of 30 June 2024, novobanco maintained a comfortable liquidity position with liquidity ratios well above the regulatory levels, with LCR standing at 198 per cent. (163 per cent. as of 31 December 2023), and the NSFR at 121 per cent. (118 per cent. as of 31 December 2023).

I. RISK MANAGEMENT

The definition of a risk management framework with standards, patterns, objectives and responsibilities assigned to all areas of the Issuer, permits to implement the strategy in compliance with the established risk appetite.

Supporting the Board in effective risk management and in the development of a strong risk culture, this framework defines the following:

- the main risks faced by the Group, as well as those to which it may be exposed;
- the risk appetite requirements and their monitoring;
- the responsibility functions in risk management;
- the governance structures and risk management and control committees.

The Issuer considers that risk management is a key pillar for sustained value creation over time. The Group's risk management and control is therefore grounded on the following assumptions:

- Universality, through application across the Group;
- Integrality of the risk culture, through a holistic and pre-emptive approach to risk. A holistic vision encompasses all phases of risk management - identification, assessment, monitoring and control – as well as all kinds of financial risks (credit, liquidity and market, capital) and non-financial risks, including ESG risk; and
- Independence from the Group's other units, and in particular risk-taking units. Following the three lines of defence model, viewing the adequate detection, measurement, monitoring and control of all material risks to which the novobanco Group is exposed. This model implies that all employees, in their sphere of activity, are responsible for the management and control of risk.

3 LINES OF DEFENCE PRINCIPLE	1st line of defence	2nd line of defence	3rd line of defence
NOVO BANCO GROUP	Business Areas	Global Risk Department Compliance Department	Internal Audit Department
FUNCTION	Maximise return	Control	• Independent review; • Ensures adequacy of policies and processes; • Ensures correct implementation of policies and processes.
LIMITATION	Takes risk according to Risk Appetite	Does not take risk	
MISSION	• Accurate and timely identification of risks; • Make sure that risk remains within defined limits; • Measure, monitor, report.		

Risk Management, as a vital function for the development of novobanco Group's activity, is centralised in the Risk Management Function, which comprises the Global Risk Department ("**GRD**") and the Rating Department ("**RTD**"). It defines holistic principles for risk management and control, in close coordination with the remaining second line units of novobanco Group, and with the Internal Audit Department. All materially relevant risks are reported to the Management and Supervisory bodies (as applicable, EBD, GSB (as defined below), Risk Committees and specialised committees), which are responsible for supervising, monitoring, assessing and defining the Risk Appetite and control principles implemented.

The Head of novobanco Group's Risk Management Function is the Head of the GRD, and reports to the Chief Risk Officer, a member of the Executive Board of Directors. To ensure the most effective articulation with the Risk Management Department, a local Head of the Risk Function was appointed in each relevant entity of the Group, who ensures continuous monitoring of the financial and non-financial risks to which these entities are exposed. The GRD acts either directly or as coordinator, in articulation with the units in charge of the local Risk Management Function.

Risks	**Management**	**Risk Appetite**	**Focus in 2024**
Liquidity	• Determine the size of the liquidity pool available at any given time and plan for stable sources of funding over the medium and long term	• Solid liquidity position • Funding of medium- and long-term assets through stable liabilities • Withstanding liquidity stresses for a minimum period of 12 months • Compliance at all times with the limits imposed by the	• Maintaining and evolving the risk monitoring and management processes, ensuring the timely detection of shifts in the risk profile and the Bank's alignment with the established risk appetite • Developing and maintaining internal models and stress testing exercises (Stress-testing Framework) that allow liquidity risk to be measured and controlled

Risks	Management	Risk Appetite	Focus in 2024
		legislation in force	• To be continuously updated on the regulatory framework
Credit	• Use of internal risk identification, assessment and quantification system • Internal processes for rating and scoring allocation by type of portfolio • Definition of Risk Appetite by portfolio • Credit powers that force the escalation of riskier operations • Ongoing monitoring in specialised fora	• Risk appetite with stable origination criteria	• Contribution to strengthen the Bank's operational capacity to manage credit exposures in a context of persistently high interest rates, high inflation, instability in the energy and commodity markets, and disruptions in the distribution chains • Focus on the early identification of financial deterioration indicators and the definition of strategies for timely intervention with viable debtors requiring support measures to maintain their debt service capabilities • Reinforcement of remote service models and creation and development of automated credit assessment and decision tools • Strengthening the continuous monitoring processes of the various credit portfolios and reinforcing the EWS framework with the inclusion of new indicators
Market and IRRBB	• A GRD expert team centralises the management and control of the Group's market risk and interest rate and credit spread risk on the banking book (IRRBB/CSRBB), in line with the regulations and risk good practices	• Monitoring of net interest income, market investments and balance sheet interest rate risk through predefined risk appetite rules	• Processes for ongoing monitoring of market and IRRBB/CSRBB risks within the boundaries of the established risk appetite, allowing to assess the impact of changes in market factors, such as volatility and interest rates • Development and maintenance of internal models and stress testing exercises (stress testing framework) to measure and control market and IRRBB/CSRBB risks, as well as calculation of economic capital within the Internal Capital Adequacy Self-Assessment (ICAAP) exercise, calculation of market shock impacts within the EBA Stress testing exercise and regulatory capital reporting (alternative standard approach), within the Fundamental Review

Risks	Management	Risk Appetite	Focus in 2024
			of the Trading Book (FRTB) • Keeping updated at all times with regard to the regulatory framework, and in particular the new EBA guidelines on IRRBB/CSRBB
Non Financial	• Definition of Non-Financial Risk Management and Control Framework and Specific Policies • Compliance function and Information Security Office with a relevant role in the definition of other specific risk policies	• The risk appetite encompasses the various categories of risk and reflects the infeasibility of eliminating it from a cost-benefit perspective • Risk appetite aligned with the Group's high ethical and conduct standards, which implies zero tolerance for inadequate conduct	• Reinforcement of compliance with the risk appetite defined for the Group • Reinforcement of a culture of risk, particularly in the first line of defence, to ensure the alignment of actions and decisions with the risk strategy and appetite across the various levels of the organisation, promoting a more robust control of risk • Continuous strengthening of the Fraud Risk framework in light of the increased sophistication of fraud typologies, in particular cyber and technology risk, by enhancing fraud events prevention mechanisms • Updating of the identification and assessment methodologies for non-financial risks, to include ESG risk • Keeping continuously updated on the regulatory framework
ESG	• Undertaken through the joint approach of specialised teams from the GRD and GESC, which define the guidelines to be followed for any new business and for monitoring existing positions, in order to measure and mitigate the Group's exposure, in particular to transition and physical risks • In addition, it is supported by methodologies to assess and monitor the risk factors,	• Application of exclusion policies and minimum safeguards, namely for activities with higher ESG risk • Definition of global goals and guidelines to steer new credit production according to ESG assessment criteria • Implementation of global risk assessment methodologies, at the level of the credit portfolio, to identify and monitor the evolution of the main ESG risks on the	• Application of the criteria established by the EU Taxonomy Climate Policy Relevant Sectors (CPRS), and greenhouse gas emitting sectors to characterise the Bank's portfolios • Mapping of the physical risk of properties owned by novobanco or given as a loan collateral • Increasing integration between ESG risk methodologies and business planning and execution, namely regarding the implementation of risk classification methodologies (Scorings/Ratings & Taxonomy) and respective guidance on credit decision and monitoring • Maintaining and improving ESC

Risks	Management	Risk Appetite	Focus in 2024
	which, consistently with the applicable regulations, permit to monitor the evolution of the risk profile of balance sheet positions	balance sheet • Creation of a KRI dashboard integrated into the novobanco Group's Risk Appetite	scorings and ratings

Capital Management

The main objective of the Group's capital management is to ensure compliance with the Group's strategic objectives in terms of capital adequacy, complying with and enforcing the rules for calculating RWAs and own funds, and ensuring compliance with the solvency and leverage levels defined by the supervisory authorities, namely by the ECB – the entity directly responsible for the supervision of the novobanco Group – and the Bank of Portugal, and with the risk appetite set internally for capital metrics.

The EBD is responsible for defining the strategy to be adopted in terms of capital management, which is integrated into the global objective definition of the Group.

The capital ratios of the Group are calculated based on the rules set out in the CRR, which define the criteria for access to credit institutions and investment firms and determine the prudential requirements to be observed by these entities, particularly with regard to the calculation of the aforementioned ratios.

The Group is authorised to use the approach based on the use of internal models in the determination of risk weighted credit assets (Internal Ratings Based or IRB method). More specifically, the IRB method is applied to the institution, company, and retail risk classes of the Group. The equity risk class, securitisation positions, positions in the form of investment fund shares, and non-credit obligations are always treated by the IRB method regardless of the entities of the Group in which the respective risk positions are registered. The standard method is used in the calculation of risk-weighted market and operational assets.

The regulatory capital elements considered in the determination of solvency ratios are divided into Tier 1 common equity (or CET1), additional Tier 1 capital (or Additional Tier 1) which, when added to CET1, constitutes Tier 1 funds, and Tier 2 funds (or Tier 2) which, when added to Tier 1, constitute total own funds. As at 31 December 2023, the Issuer's CET1 and total capital ratios reached 18.2 per cent. and 21.0 per cent., respectively.

As at 30 June 2024, the CET1 ratio was 19.9 per cent. and total capital ratio was 22.7 per cent.

		31 December 2023	**30 June 2024**	**SREP Requirement[1]**	
				On 30 June 2024	**After 30 June 2024**
		(Fully loaded)			
CAPITAL RATIOS (CRD IV/CRR)					
Risk Weighted Assets (€mn)	(A)	20,399	20,833		
Own Funds (€mn)					
Common Equity Tier 1..............................	(B)	3,703	4,158		

		31 December 2023	30 June 2024	SREP Requirement[(1)]	
Tier 1	(C)	3,705	4,160		
Total Own Funds	(D)	4,280	4,736		
Common Equity Tier 1 Ratio	(B/A)	18.2%	19.9%	8.7%	9.3%
Tier 1 Ratio	(C/A)	18.2%	19.9%	10.8%	11.4%
Total Capital Ratio	(D/A)	21.0%	22.7%	13.5%	14.1%

Note:

(1) Excludes P2G.

Since 1 July 2024 the phased regime for the introduction of a 0.5 per cent. O-SII Buffer as a percentage of RWAs has commenced with 50 per cent. of the buffer (0.25 per cent. of RWAs) applying as of the date of this Base Prospectus (and the buffer to apply in full from 1 July 2025 (0.50 per cent. of RWAs), which is not shown in the table above). Starting on 1 October 2024, the Issuer's capital requirements will include a buffer on exposures secured by residential real estate, expected to be approximately 30 basis points. Both buffers shall be met with CET1 capital.

None of the amounts unpaid by the Resolution Fund under the CCA were considered in the calculation of regulatory capital.

As the Issuer is restricted from making dividend distributions under the Dividend Ban, its capital ratios have significantly increased over the last few years and are currently well above its SREP requirements. Unless the CCA is terminated earlier (which would require mutual agreement between the parties), the Dividend Ban will be in place until 31 December 2025. The Issuer is currently complying with its MREL requirements with an unusually high contribution from own funds. When the Dividend Ban is over, and subject to regulatory approval, the Issuer is expected to normalise its capital structure and make dividend distributions/reduce capital. Before making such distributions/reduction, the Issuer is expected to pre-fund a reduction of CET1 through additional benchmark size MREL issuances.

J. OWNERSHIP STRUCTURE (INCLUDING GOVERNMENT RELATIONSHIP)

As at the date of this Base Prospectus, the Issuer's share capital is €3,345,000,000.30, represented by 500,000,000 nominative and dematerialised shares with no nominal value, fully subscribed and paid up.

The holdings in the Issuer's share capital as at the date of this Base Prospectus are as follows:

Shareholder	Number of shares	per cent. of share capital
Nani Holdings S.à r.l.	359,482,222	71.90
Fundo de Resolução (Resolution Fund)	83,209,861	16.64
Direcção-Geral do Tesouro e Finanças (Portuguese State)	57,307,917	11.46

The ownership percentages presented correspond to the position of each shareholder after the capital increase that took place in June 2024 (and was fully subscribed by the Resolution Fund). As a result of the Lone Star Sale, only the Resolution Fund will see its participation diluted with the conversion of the conversion rights. Upon the delivery of the shares by the Resolution Fund to Nani Holdings, Nani Holdings' shareholding will increase to 75 per cent. and the Resolution Fund's shareholding will decrease to 13.54 per cent. Nani Holdings' economic interest in the Issuer remains unchanged at 75 per cent.

In view of the commitments assumed by the Portuguese State before the EC in the context of the approval of the sale of a participation in the share capital of the Issuer under EU rules on state aid, the Resolution Fund, as shareholder of the Issuer, should refrain from exercising its non-equity rights, namely its voting rights.

It should also be noted that the Issuer adhered to the special regime applicable to Deferred Tax Assets ("**DTAs**") approved by Law No. 61/2014, of 26 August. The regime applies to DTAs related to the non-deduction, for corporate income tax purposes, of costs and negative equity changes recorded up to 31 December 2015 for impairment losses on loans and advances to customers and with employee post-employment or long-term benefits. The regime foresees that those assets can be converted into tax credits when the taxable entity reports an annual net loss.

The conversion of the eligible DTAs into tax credits was made according to the proportion of the amount of net loss to total equity at the individual company level. A special reserve was established with an amount identical to the tax credit approved, increased by 10 per cent. This special reserve was established using the originating reserve and is to be incorporated in the share capital.

The conversion rights are securities that grant the Portuguese State the right to demand of the Issuer the respective share capital increase, through the incorporation of the amount of the special reserve and the consequent issue and delivery of ordinary shares at no cost. The shareholders of the Issuer have the unilateral right to acquire the conversion rights from the Portuguese State.

In accordance with the DTA legal regime, conversion rights have been issued by the Issuer in favour of the Portuguese State in respect of the financial years from 2015 to 2020. Such conversion rights allow the Portuguese State to convert them into ordinary shares of the Issuer and conferred a stake of approximately 15.95 per cent. of the share capital of the Issuer. Following the notice published on 24 April 2024 for the exercise of preference rights to acquire conversion rights attributed to the Portuguese State for the year ending 31 December 2020, the Resolution Fund informed the Bank about its intention to acquire all the conversion rights issued under the special regime applicable to deferred tax assets approved by Law No. 61/2014, of 26 August 2014, as amended. This conversion resulted in a share capital increase by incorporation of reserves in the amount of €128,672,717.39, with issuance of new shares attributed to the Resolution Fund.

Following the Extraordinary General Meeting held on 7 June 2024, the reorganisation of the capital of novobanco was approved, decreasing the share capital to €3,345,000,000.30 represented by 500,000,000 shares (compared to a share capital of €6,567,843,862.91 as of 31 December 2023 represented by 11,611,327,275 shares), with the following steps:

1. the reallocation of free reserves, in the amount of €5,000,000,000.00 to absorb negative retained earnings;
2. the reduction of the share capital in €3,351,516,580.00 from the current amount of €6,567,843,862.91 to the amount of €3,216,327,282.91, to cover negative retained earnings in the amount of €2,870,294,596.73, and to reinforce the legal reserves in the amount of €481,221,983.27; and
3. the share capital increase, in accordance with the deferred tax assets special regime, in the amount of €128,672,717.39, increasing the share capital from €3,216,327,282.91 to €3,345,000,000.30, following

the conversion of the conversion rights for the financial year ended 31 December 2020, fully subscribed by the Resolution Fund. This increase was carried out by incorporating the special reserve created by reference to the underlying deferred tax assets.

K. GOVERNANCE MODEL

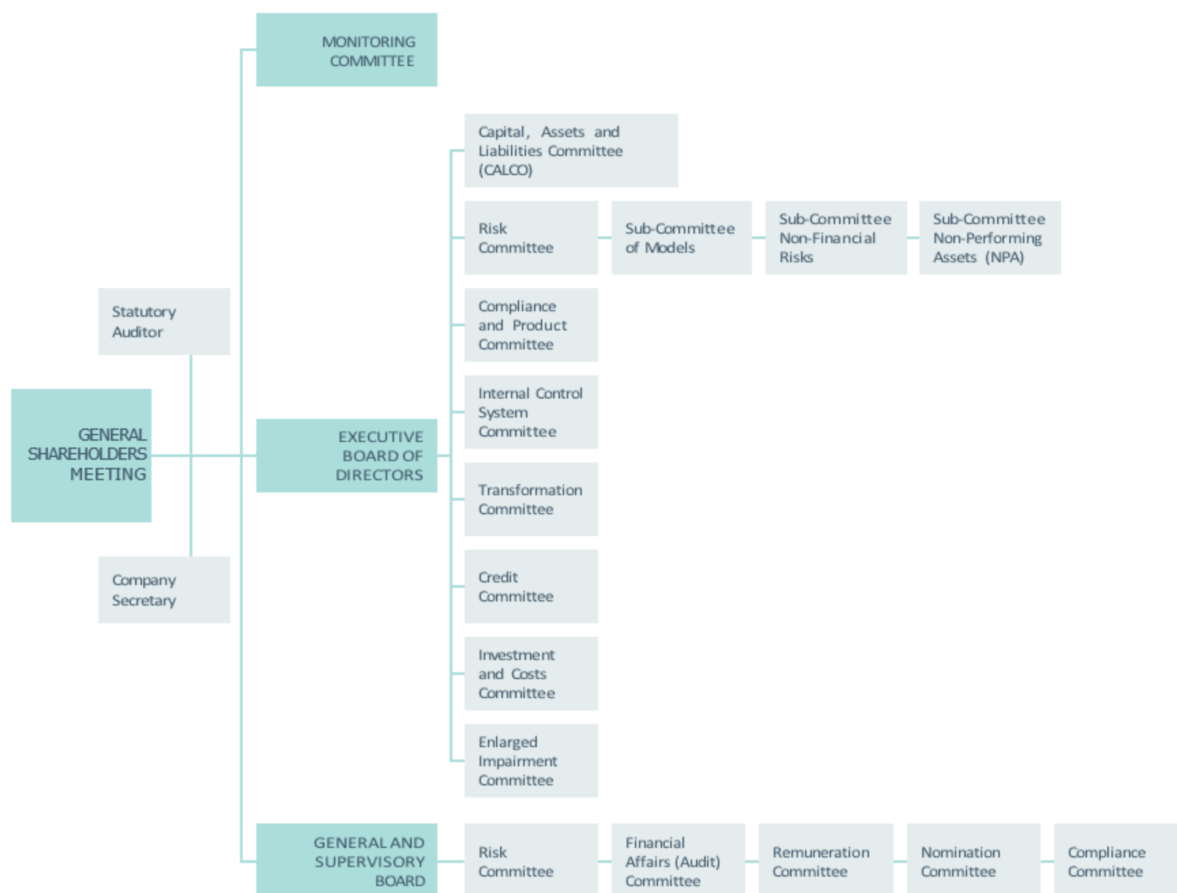
There are no specific mechanisms in place to ensure that exercise of control over the Issuer is not abused. Risk of abusive control is, in any case, mitigated by the existence of a governance model that is unique within the Portuguese financial sector. In line with international best practices in management, and under the new shareholder structure, since 18 October 2017 the Issuer has in place the following corporate bodies: the General and Supervisory Board (the "**GSB**") and the Executive Board of Directors ("**EBD**"), each of its members being bound by duties of care and loyalty in order to optimise the interests of all relevant stakeholders (in accordance with Article 64 of the Portuguese Commercial Companies Code and, in relation to directors, Article 75 of the RGICSF), as well as a consultative Monitoring Committee for certain CCA matters and an Auditor.

Furthermore, risk of abusive control is also mitigated by the legal and regulatory provisions and supervision of the Issuer by the Bank of Portugal and the ECB, which, among other regulatory areas, supervise the acquisition and disposal of qualified holdings in the Issuer.

The GSB is responsible for regular monitoring, advising and supervising the management of the Issuer and the Group companies, as well as for supervising the EBD relating to compliance with the relevant regulatory requirements of banking activity. The GSB meets on a monthly basis, and its chairperson maintains regular communication and dialogue with the Chief Executive Officer ("**CEO**"). The GSB is supported by committees to which it delegates some of its powers: the Financial Affairs (Audit) Committee, the Risk Committee, the Compliance Committee, the Nomination Committee and the Remuneration Committee. These committees are composed of and chaired by independent members of the GSB and their meetings may be attended by the members of the EBD responsible for the matters that are dealt with by the relevant committees.

The GSB has the responsibilities and powers that are granted to it by law and by the Articles of Association and in its internal regulations, including the supervision of all matters related to risk management, compliance and internal audit, and prior approval on relevant matters detailed in the Articles of Association.

The EBD is responsible for the management of the Issuer, for the definition of the general policies and strategic objectives, as well as ensuring the management of the business in accordance with the rules and good banking practices.



For further details see "*Management and Supervisory Corporate Bodies*" below.

L. MANAGEMENT AND SUPERVISORY CORPORATE BODIES

Composition and functioning of the management and supervisory corporate bodies and changes in the Issuer's Articles of Association

Under the terms of the Issuer's Articles of Association, the corporate and statutory bodies of the Issuer are the General Shareholders Meeting, the GSB, the EBD, the Monitoring Committee, the Statutory Auditor and the Company Secretary.

The members of the corporate bodies are elected for four-year terms of office and they may be re-elected once or more than once.

Also, in accordance with the Issuer's Articles of Association, the members of the Board of the General Meeting, the GSB and the Monitoring Committee are elected by the General Meeting. The General Meeting also has the powers to appoint and replace the Issuer's Statutory Auditor, upon a proposal of the GSB. The members of the EBD are appointed by the GSB. The Company Secretary and Alternate Secretary are appointed by the EBD, after consulting with the GSB.

Changes to the Issuer's Articles of Association are the responsibility of the General Meeting.

Board of the General Meeting

The composition of the Board of the General Meeting of the Issuer for the 2022-2025 term of office, at the date of this Base Prospectus, is as follows:

Chairman: Fernando Augusto de Sousa Ferreira Pinto
Vice-Chairwoman: Magdalena Ivanova Ilieva
Secretary: Mário Nuno de Almeida Martins Adegas

General and Supervisory Board

The GSB is the supervisory body of the Issuer and its members are elected by the Shareholder's General Meeting.

In October 2020, the General Meeting of the Issuer appointed the members of the GSB for the 2021-2024 mandate.

As at the date of this Base Prospectus, eight of the eleven members of the GSB, including its Chairman, are independent.

During 2023, the composition of the GSB underwent the following changes: on 24 February 2023, Benjamin Friedrich Dickgiesser presented his resignation, and upon the conclusion of the Fit & Proper process, Monika Wildner joined the GSB on 21 June 2023 as an independent member; Evgeniy Kazarez joined the GSB as a non-independent member on 7 November 2023 following the conclusion of the Fit & Proper process; Donald John Quintin presented his resignation as a member on 14 December 2023, and on 31 May 2024 Susana Smith joined the GSB as an independent member following the conclusion of the Fit & Proper process.

The GSB has the powers vested upon it by law and by the Articles of Association, having as main functions to regularly monitor, advise and supervise the management of the Issuer and of the Group entities, as well as to supervise the EBD with regard to compliance with the relevant regulatory requirements of banking activity. Additionally, the GSB has specific powers to elect the members of the EBD and responsibilities in granting consents for approval by the EBD of certain matters established in the Articles of Association, namely the approval of (i) credit, risk and accounting policies, (ii) business plan, budget and activity plan, (iii) change of registered address, and closure or change of representation structure abroad; (iv) capital expenditure, debt or refinancing, sales or acquisitions, creation of liens or granting of loans above certain limits and within certain conditions, (v) practice or omission of any material act related with the CCA; and (vi) hiring of employees with annual remunerations above certain limits. The GSB holds meetings on a monthly basis. The Chairperson of the GSB and the CEO maintain regular dialogue and communication between them.

The following table sets out the members of the GSB for the 2021-2024 term of office, as at the date of this Base Prospectus, with an indication of name, position and principal activities of the directors outside of the Group:

Name	GSB Position	GSB Committees Position	Principal activities outside of the Group
Byron James Macbean Haynes	Chairman	Chairman of the Remuneration Committee Member of the Financial Affairs (Audit) Committee and of the Risk Committee	Non-executive director at Saffron Brand Consultant
Karl-Gerhard Eick	Vice-Chairman	Chairman of the Financial Affairs (Audit) Committee Member of the Risk Committee	Chairman of the Supervisory Board of IKB Deutsche Industriebank AG

Name	GSB Position	GSB Committees Position	Principal activities outside of the Group
		and the Remuneration Committee	
Monica Wildner	Member	Member of the Compliance Committee	Non-Executive Director at Addiko Bank Member of the board of Union-Yacht-Club Attersee Independent attorney at law
Kambiz Nourbakhsh	Member	Member of the Financial Affairs (Audit) Committee and of the Risk Committee	Senior Managing Director at Lone Star Switzerland Acquisitions GmB Non-Executive Director in Mastiff MidCo Limited
Mark Andrew Coker	Member	Member of the Compliance Committee and of the Nomination Committee	Chief Legal Officer at Lone Star Europe Acquisitions Non-Executive Director at Lone Star International Finance DAC Non-Executive Director at Lone Star Capital Investments S.à r.l.
John Ryan Herbert	Member	Chairman of the Nomination Committee Member of the Compliance Committee	Non-Executive Director Digital Core REIT Management PTE Non-Executive Director at SpectraTen
Robert Alan Sherman	Member	Chairman of the Compliance Committee Member of the Nomination Committee	Non-Executive Director at Opportunity Network Senior Counsel of Greenberg Traurig Non-executive Director of Tekever Holdings S.A.
Carla Antunes da Silva	Member	Member of the Nomination Committee	Director at Lloyds Banking Group CEO at Lloyds Bank Corporate Markets Advisor to the Investment Committee at St. Edmunds Hall (Oxford University) Member of the Saint Julians Parent's Association
William Henry Newton	Member	Chairman of the Risk Committee	Director at AVIN Consulting Ltd Member of the Supervisory Board and Chairman of the Risk Committee of VeloBank S.A.
Evgeniy	Member	Member of the Risk Committee	Member of the Supervisory Board of IKB Deutsche

Name	GSB Position	GSB Committees Position	Principal activities outside of the Group
Kazarez		and of the Remuneration Committee	Industriebank GmbH Director at Hudson Advisors Portugal, Unipessoal, Lda.
Susana Smith	Member	Member of the Compliance Committee and of the Nomination Committee	Non-executive member of the Board of Directors of Leonteq AG Non-executive member of the Board of Directors of Leonteq Securities AG Advisor to the management body of Sosepor Automóveis Limitada

To the best of the Issuer's knowledge, none of the abovementioned members of the GSB has any external activity relevant for the Issuer other than the ones listed above.

For all the purposes resulting from the functions of the members of the GSB, their professional domicile is at Campus do Novobanco, Avenida Doutor Mário Soares, Taguspark, Building 1, 2740-119 Porto Salvo, Portugal.

Committees of the GSB

The GSB is directly supported by 5 (five) Committees, namely the Financial Affairs (Audit) Committee, the Risk Committee, the Compliance Committee, the Nomination Committee and the Remuneration Committee, these holding the legal required powers and other powers delegated to the GSB.

Executive Board of Directors

The EBD is the corporate body in charge of the management of the Issuer. Under the law and the Articles of Association, and respecting the powers of the other corporate bodies, it is responsible for defining the general policies and strategic objectives of the Issuer and of the Group and for ensuring the activity not comprised within the functions of other bodies of the Issuer, in compliance with the rules and standards of good banking practice.

The EBD has no powers to resolve on capital increases, or on the issuance of securities convertible into shares or securities granting subscription rights, such decisions being the exclusive responsibility of the General Meeting. In the case of traded securities issues, the GSB issues a previous opinion.

The members of the EBD are appointed by the GSB, which also appoints the CEO.

On 6 May 2024, Andrés Baltar informed the GSB of the termination of his functions with effect from 30 June 2024. In the Nominations Committee of the GSB the nomination of Luís Ribeiro, previously the Chief Commercial Officer – Retalho (Retail), as the Chief Commercial Officer – Empresas (Corporate), and the nomination of João Paixão Moreira as a new member of the Executive Board of Directors next Chief Commercial Officer – Retalho (Retail), were recommended subject to there being no opposition from the ECB in the scope of the Fit & Proper process. At the date of this Base Prospectus, the approval by the competent authorities under the Fit & Proper process to exercise the functions of the Chief Commercial Officer – Retalho (Retail) is still pending.

As at the date of this Base Prospectus, the following table sets out the composition of the EBD for the 2022-2025 term of office, with an indication of name, position and principal activities of the directors outside of the Group:

Name	EBD Position	EBD Committees Position	Principal activities outside of the Group
Mark George Bourke	Chief Executive Officer (CEO)	Chairman of the Transformation Committee Member of the Capital, Assets and Liabilities Committee (CALCO), the Risk Committee, the Compliance and Product Committee and of the Internal Control Committee	Member of the Board of APB – Associação Portuguesa de Bancos;
Benjamin Friedrich Dickgiesser	Chief Financial Officer (CFO)	Chairman of the Capital, Assets and Liabilities Committee (CALCO) Member of the Non-Performing Assets (NPA) Subcommittee, the Risk Committee, the Transformation Committee and of the Extended Impairment Committee	N/A
Luís Miguel Alves Ribeiro	Chief Commercial Officer (CCO – Retail) and Corporate (Interim)	Member of the Capital, Assets and Liabilities Committee (CALCO), the Non-Performing Assets (NPA) Subcommittee, the Risk Committee, the Compliance and Product Committee, the Transformation Committee, the Credit Committee and of the Extended Impairment Committee	Non-Executive Board Member at SIBS SGPS, SA Non-Executive Board Member at SIBS Forward Payment Solutions, SA Representative of novobanco at Comissão Interbancária de Sistemas de Pagamentos (CISP)
Luísa Marta Santos Soares da Silva Amaro de	Chief Legal, Compliance and Sustainability Officer (CLCO)	Chairwoman of the Compliance and Product Committee Member of the Risk Committee, the Non-	Member representing CEO at APB Associação Portuguesa de Bancos Representative of novobanco at the General

Name	EBD Position	EBD Committees Position	Principal activities outside of the Group
Matos		Financial Risks Subcommittee, the Internal Control Committee and of the Transformation Committee	Council of IPCG (Instituto Português de Corporate Governance)
Carlos Brandão	Chief Risk Officer (CRO)	Chairman of the Risk Committee, of the Internal Control System Committee, of the Extended Impairment Committee, of the Models Subcommittee and of the Non-Financial Risks Subcommittee Member of the Capital, Assets and Liabilities Committee (CALCO), the Non-Performing Assets (NPA) Subcommittee, the Compliance and Product Committee, the Transformation Committee and of the Credit Committee	N/A
Rui Miguel Dias Ribeiro Fontes	Chief Credit Officer (CCO)	Chairman of the Credit Committee and of the Non-Performing Assets (NPA) Subcommittee Member of the Capital, Assets and Liabilities Committee (CALCO), the Risk Committee, the Models Subcommittee, the Transformation Committee and of the Extended Impairment Committee	N/A
João Paixão Moreira	Chief Commercial Officer (CCO - Retail)[4]	N/A	N/A

[4] The approval by the competent authorities under the Fit & Proper process to exercise the functions of the CCO – Retail is pending. After the Fit & Proper approval, Mr. João Paixão Moreira is expected to be a member of the following Committees: (i) Capital, Assets and Liabilities (CALCO), (ii) Risk, (iii) Compliance and Product, and (iv) Transformation, as well as a member of the Non-Financial Risks Subcommittee.

To the best of the Issuer's knowledge, none of the abovementioned members of the EBD has any external activity relevant for the Issuer other than the ones listed above.

For all the purposes resulting from the functions of the members of the EBD, their professional domicile is at Campus do Novobanco, Avenida Doutor Mário Soares, Taguspark, Building 1, 2740-119 Porto Salvo, Portugal.

Committees of the EBD

In accordance with its rules of procedure, the EBD may establish committees to complement its own management activity, ensuring the monitoring of the Issuer's activity in areas that are considered relevant. As at the date of this Base Prospectus, the following committees exist –i) Risk Committee; ii) Credit Committee; (iii) Capital, Assets and Liabilities Committee; (iv) Internal Control System Committee; (v) Compliance and Product Committee; (vi) Transformation Committee; (vii) Costs and Investments Committee; and (viii) Impairment Committee.

In addition, the EBD has set up three subcommittees, (i) Non-Performing Assets (NPA) Subcommittee; (ii) Models Subcommittee; and (iii) Non-Financial Risks Subcommittee and has created various steering groups such as for the areas of Retail and Corporate Clients, Human Capital, IT and Data, Investment and ESG. The steering groups have no rules of their own, their composition and rules of procedure being decided on a case-by-case basis by the members of the EBD.

Monitoring Committee

The Monitoring Committee is a statutory advisory body ruled by the Articles of Association and deriving from the CCA composed of three members elected by the Shareholders' General Meeting, one of whom to act as Chairperson. The composition of the Monitoring Committee shall respect the following criteria: one of its members shall be independent from the parties to the CCA, and another shall be a registered charter accountant, as the Resolution Fund is responsible for appointing two of its members.

The Monitoring Committee has as main responsibilities to discuss and issue (non-binding) opinions on relevant issues concerning the CCA upon which it is requested to issue an opinion. The members of the Monitoring Committee are entitled to attend as observers and speak (but not vote) at all meetings of the GSB.

The following table sets out the members of the Monitoring Committee for the 2021-2024 term of office, as at the date of this Base Prospectus, with an indication of name, position and principal activities of its members outside of the Group:

Name	**Position**	**Principal activities outside of the Group**
José Bracinha Vieira	Chairman	President of the Liquidation Committee of Banif – Banco Internacional do Funchal, S.A.
Carlos Miguel de Paula Martins Roballo	Member	-
Pedro Miguel Marques e Pereira	Member	-

Company Secretary

The Issuer's Company Secretary for the 2022-2025 term of office, as at the date of this Base Prospectus are as follows:

Mário Nuno de Almeida Martins Adegas
Ana Rita Amaral Tabuada Fidalgo (Alternate Secretary)

Conflicts of Interest

To the best of the Issuer's knowledge and in its understanding, based on legal requirements and internal governance for such cases, there are no potential conflicts of interests between the duties of any member of the management and supervision bodies identified above towards the Issuer or towards any other Group company and his/her personal interests and duties, that have not been identified and adequately disclosed and settled.

Statutory Auditor

Supervision is in part the responsibility of the GSB and the Statutory Auditor.

The current Statutory Auditor of the Issuer is Ernst & Young, Audit & Associados – SROC, S.A., registered in the CMVM under number 20161480 and in the Portuguese Institute of Statutory Auditors (OROC) under number 178, represented by Ricardo Nuno Lopes Pinto, registered in the CMVM under number 20161189 and in the OROC under number 1579.

The Statutory Auditor are elected and removed by the GSB, under a proposal of the GSB, and they have the powers and responsibilities provided for in the law.

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

M. LEGAL, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

Save as disclosed above on arbitration proceedings relating to the CCA and the obligations of the Resolution Fund in "*Risk Factors—Risks relating to the Issuer—Risks relating to the Issuer's business—The Resolution Fund may fail to make or be prevented from making payments to the Issuer*" and below, neither the Issuer nor any other member of the Group, is, or during the 12 months preceding the date of this Base Prospectus has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have significant effects on the Group's financial position or profitability.

As a large financial institution, the Group is the subject of actual and threatened litigation and other proceedings in the ordinary course of its banking and financial intermediary business.

Furthermore, the Group is the subject of actual and threatened litigation and other proceedings related to its incorporation.

A significant decision was ruled by the Lisbon Administrative Court (*Tribunal Administrativo de Círculo (TAC) de Lisboa*) among the legal proceedings in the Portuguese courts relating to the Resolution Measure. There are several legal proceedings, some of which were aggregated and designated as pilot-proceedings (*processos-piloto*). In one of these, notably the one which was initiated by a shareholder of BES before the Lisbon Administrative Court, the plaintiffs challenged the validity of the Resolution Measure applied to BES on the basis of alleged illegalities and unconstitutionalities. The Issuer is counter-interested party in both proceedings. On 12 March 2019, the Lisbon Administrative Court fully dismissed the claims of the plaintiffs. All existing proceedings are still suspended. Following the CJEU decision for both pilot-proceedings of 5 May 2022 in relation to the preliminary questions raised by the Portuguese Supreme Administrative Court, on 9 March 2023 the Portuguese Supreme Administrative Court issued a decision dismissing the plaintiff's appeal in each of the

pilot cases, thereby confirming the favourable decision that had been issued by the Lisbon Administrative Court on 12 March 2019.

There was also a proceeding challenging a specific decision related to the retransfer of the subordinated bonds by the decision of Bank of Portugal dated 29 December 2015, the Court dismissed the claims of the plaintiffs and the decision is final as no appeal was filed.

Where the Group is subject to threatened or ongoing proceedings, management determines on the basis of applicable accounting principles and in accordance with the perimeter of assets and liabilities arising from the Resolution Measure and subsequent decisions of the Bank of Portugal the level of provisions to be recorded in its accounts regarding such proceedings. As at 31 December 2023, no provisions have been made at the level of the Issuer with respect to proceedings related to the Resolution Measure.

In addition, as regulated entities, the Issuer and the Group are, from time to time, the subject of supervisory and administrative inquiries, inspections and investigations by regulators in the jurisdictions in which they operate. So far as the Issuer is aware, and except as disclosed below, none of the Issuer or other Group entities is, as at the date of this Base Prospectus, subject to any such inquiries, inspections or investigations that may have a significant effect on the Group's financial position or profitability. See also "*Risk Factors—Risks relating to the Issuer—Legal and regulatory risks—Risks relating to regulatory requirements*".

Proceedings relating to the Resolution Measure

The Issuer was incorporated by the Resolution of 3 August 2014 under no. 5 of article 145-G of the RGICSF (the version in force at the time), following the resolution measure applied by Bank of Portugal to BES, under the terms of paragraphs 1 and 3-c) of article 145-C of the RGICSF.

Pursuant to the Resolution of 3 August 2014, the assets, liabilities, off-balance sheet items and assets under management of BES defined in Annex 2 to the Resolution of 3 August 2014 (and clarified by the extraordinary meeting held by the Board of Directors of the Bank of Portugal on 11 August 2014 (5 p.m.)) were transferred to the Issuer.

The Resolution of 3 August 2014 and the decisions of the Bank of Portugal related or in connection with the Resolution of 3 August 2014, including the application and impacts of the Resolution Measure and the incorporation of the Issuer are being and may continue to be publicly and judicially challenged by several parties and creditors. These proceedings include also the challenges to the transfer of certain assets and liabilities to the Issuer as a result of the Resolution Measure and the decisions of the Bank of Portugal, as well as proceedings requesting the set-off of liabilities that were not transferred to the Issuer against credits transferred and held by the Issuer. Several judicial proceedings have been initiated against the Bank of Portugal, the Resolution Fund and/or the Issuer and it is likely that other similar proceedings will be submitted within the applicable legal time limits.

Despite the fact that the Resolution Measure expressly determines that "*any liabilities or contingencies related to the trading, financial intermediation and distribution of debt instruments issued by entities integrating Grupo Espírito Santo*" have not been transferred to the Issuer and determines as well that a number of other liabilities and contingencies have not been transferred to it, there are several legal proceedings related with the placing, by BES, of debt instruments of Espírito Santo group entities (including, commercial paper) and preference shares issued by special purpose vehicles, which have been submitted by clients who are arguing that any such liability has been transferred to the Issuer.

There are also cases outside of Portugal that are somehow connected with the non-recognition of the Resolution Measure and its effects and/or related decisions of the Bank of Portugal, such as legal proceedings brought against the Issuer related with the placement of debt instruments of Espírito Santo Group in Venezuela (where, notably, two proceedings with the nominal amount of US$37 million and US$335 million have been filed).

Two proceedings were filled in the Superior Court of Venezuela in early 2016, by Banco de Desarrollo Económico y Social ("**BANDES**") and by Fondo de Desarrollo Nacional ("**FONDEN**"), against the Issuer and BES regarding the subscription in 2014 by BANDES and FONDEN of debt instruments issued by Espírito Santo International ("**ESI**") in the nominal amount of US$37 million and US$335 million, and total amounts claimed in March 2016 of US$871 million and US$96 million, respectively. These entities are claiming: (i) the nullity of the sale of the debt instruments and the payment by BES and the Issuer (jointly) of the amount of principal, together with costs, interests and inflation rate; or (ii) the payment by BES and the Issuer (on a joint basis) of such amounts as a result of the obligations assumed in the comfort letters allegedly issued by BES for the benefit of FONDEN and BANDES in June 2014. In both proceedings, and despite the opposition of the Issuer, the Superior Court of Venezuela has considered that the Venezuelan courts have jurisdiction to decide on these proceedings. The Issuer has submitted its opposition in both proceedings on the basis that any liability that could have existed regarding the sale of debt instruments issued by Grupo Espírito Santo entities was not transferred to the Issuer in accordance with the Resolution Measure and the separation of assets and liabilities contained in such decision. These proceedings are still pending before the Supreme Court of Justice of Venezuela.

There are still relevant litigation risks, notably regarding the various disputes relating to the US$835 million loan made by Oak Finance to BES, the placement of BES and Grupo Espírito Santo debt instruments directly and indirectly in BES retail clients and regarding the senior bond issues retransmitted to BES, as well as the risk of the non-recognition and/or non-implementation of the various decisions of Bank of Portugal by Portuguese or foreign courts (as it is the case of the courts in Spain where there are several unfavourable decisions) in disputes related to the perimeter of the assets, liabilities, off-balance sheet items and assets under management transferred to the Issuer.

Similar proceedings relating to the retransfer of senior bonds have also been filed against the Bank of Portugal. All of these proceedings are still pending or awaiting final decision (*caso julgado*).

Indemnification Mechanism Relating to the Resolution Measure

Pursuant to the indemnification mechanism established in connection with the Lone Star Sale (the "**Indemnification Mechanism**"), which was preceded by a similar mechanism established by decision of the national resolution authority in the Decisions of 29 December 2015, in accordance with the resolution framework, the Resolution Fund is responsible, upon the fulfilment of certain conditions (including, defending the legal proceedings with the diligence of a prudent defendant), for compensating the Issuer, at any time and with no limitation of amount, for losses arising from non-appealable judicial decisions in the Portuguese courts or any other courts on the validity, implementation, effectiveness or enforcement of the Resolution Measure in any jurisdiction, including, but not limited to, the perimeter of the assets, liabilities, off-balance-sheet items, and assets under management of the Issuer or holding the Issuer responsible for any liability of BES, thereby not respecting the Resolution Measure. While the Indemnification Mechanism may help mitigate economic risks arising from certain litigation relating to the Resolution Measure, there can be no assurance that it will be applied or, if applied, that the Resolution Fund will make payment of any of the amounts claimed. In addition, even if the Indemnification Mechanism is successfully applied, this may result in an adverse reputational impact on the Issuer and/or the Group or be highly disruptive to the Issuer and a significant distraction for management.

Proceedings relating to the sale of the Issuer

Following the conclusion of the Lone Star Sale, certain legal suits have been lodged – not against the Issuer nor involving the Issuer as a counterparty – related to the conditions of the sale, notably the administrative action brought by Banco Comercial Português, S.A. ("**BCP**") against the Resolution Fund, of which the Issuer is not a party, and according to the public disclosure made by BCP on the website of the CMVM on 1 September

2017, it requested the legal assessment of the contingent capitalisation obligation assumed by the Resolution Fund within the CCA.

Arbitration proceedings

On 4 June 2024, the Arbitral Tribunal rendered its final award relating to the amount due by reference to the 2020 financial year CCA call and determined that the Resolution Fund will have to pay compensation to the Issuer in the amount of approximately €185 million plus interest to the Issuer but exempted the Resolution Fund from considering the amount of €147 million in the 2020 CCA call that had been requested by the Issuer.

With respect to the 2021 financial year, the Resolution Fund did not pay the amount requested by the Issuer and there is a pending arbitration proceeding on this matter.

For the avoidance of doubt, none of the CCA amounts that have been subject or are currently in arbitration, or which were claimed and remained unpaid, are included in the Issuer's capital ratios.

Other proceedings

There is one pending proceeding regarding the sale of the shares of Tranquilidade by the Issuer in enforcement of a pledge agreement, a lawsuit brought by Partran, SGPS, S.A. and Massa Insolvente da Espírito Santo Financial Group, S.A. (currently Massa Insolvente da Espírito Santo Financial (Portugal), S.A. is the sole claimant, following the withdrawal of the others) against the Issuer and Calm Eagle Holdings, S.A.R.L. through which it is intended that the pledge of the shares of Companhia de Seguros Tranquilidade, S.A. is declared invalid and, secondarily, that said pledge is annulled or declared ineffective.

N. MATERIAL CONTRACTS

As part of the conditions of the Lone Star Sale, the Resolution Fund and the Issuer entered into the CCA on 18 October 2017. In light of the circumstances in which the CCA was concluded, it may be considered that the CCA has not been entered into in the ordinary course of the Issuer's business. For further details on the CCA see "—*Contingent Capital Agreement*" above.

O. SUPERVISION AND REGULATION

The Issuer is subject to EU regulation, to the Portuguese Companies Code which comprises commercial laws applicable to joint-stock companies (*sociedades anónimas*) and, in particular, to the RGICSF, to the Portuguese Securities Code ("**CVM**") and to other related legislation. Such regulations relate to, amongst others, liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, securities (including debt instruments) issuance and offering/placement, financial intermediation issues, record-keeping, marketing and selling practices.

Membership in the EU subjects Portugal to compliance with European legislation which may either be in the form of regulations, which are directly enforceable in any EU Member State, or directives addressed to EU Member States, which may require the enactment of implementing legislation or which, as established by the European Court of Justice in several decisions, may be deemed to be directly enforceable in an EU Member State in the event that they are clear, precise and unconditional. In addition, the EC and the Council of Ministers issue non-binding recommendations to EU Member States. The Portuguese authorities have introduced EU directives and recommendations into legislation to adapt Portuguese laws to European regulatory standards.

Generally, the Issuer's activity is under the supervision of the ECB and of the Bank of Portugal, as a credit institution, of the CMVM, as an issuer and as a financial intermediary, and the Portuguese Insurance and Pension Funds Supervisory Authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF)*), as an insurance agent.

European Central Bank

In order to ensure financial stability and lay foundations for sustained economic growth, the EU Member States have created a banking union. This union provides that, from November 2014 onwards, the ECB becomes responsible for the prudential supervision of the credit institutions considered significant which operate in the EU (the "**SSM**"). Behavioural supervision of these credit institutions shall remain with their respective national regulators. Credit institutions from EU countries outside of the euro area may elect to be supervised by the ECB, under the banking union, having to ensure that their national regulator cooperates closely with the ECB.

Single Supervisory Mechanism

Council Regulation (EU) No 1024/2013 of 15 October 2013 established the SSM for euro area banks and other credit institutions. The SSM maintains an important distinction between significant and non- significant entities, which are subject to different supervisory regimes. The ECB carries out the prudential supervision of significant entities and the Issuer has been included in the list of significant supervised entities published by the ECB on 4 September 2014 and as last updated on 1 January 2022 (as of 1 March 2020). As a result, the ECB has been granted certain supervisory powers as from 4 November 2014, which include:

- the authority to grant and revoke authorisations regarding credit institutions;
- with respect to credit institutions incorporated in a participating Member State establishing a branch or providing cross border services in Member States that are not part of the euro area, to carry out the tasks of the competent authority of the home Member State;
- the power to assess notifications regarding the acquisition and disposal of qualifying holdings in credit institutions;
- the power to ensure compliance with requirements relating to own funds, securitisation, large exposure limits, liquidity, leverage, as well as reporting and public disclosure of information on those matters;
- the power to ensure compliance with respect to corporate governance, including fit and proper requirements for the persons responsible for the management of credit institutions, risk management processes, internal control mechanisms, remuneration policies and practices and effective internal capital adequacy assessment processes (including internal ratings-based models);
- the power to carry out supervisory reviews, including, where appropriate and in coordination with the EBA, stress tests, which may lead to the imposition of specific additional own funds requirements, specific publication requirements, specific liquidity requirements and other measures;
- the power to supervise credit institutions on a consolidated group basis, extending supervision over parent entities established in one of the Member States; and
- the power to carry out supervisory tasks in relation to recovery plans, provide early intervention where a credit institution or group does not meet or is likely to breach the applicable prudential requirements and, only in the cases explicitly permitted under law, implement structural changes to prevent financial stress or failure, excluding any resolution powers.

The SSM framework Regulation (EU) No 468/2014 of the ECB of 16 April 2014 sets out the framework for cooperation within the SSM between the ECB and the relevant national authorities, while Regulation (EU) No 1163/2014 of the ECB of 22 October 2014, as amended, lays down the calculation methodology and the collection procedure regarding the annual supervisory fees which are born by the supervised credit institutions.

The ECB directly supervises significant banks, including the Issuer, whereas each national competent authority ("**NCA**", as is the case of the Bank of Portugal in Portugal) is in charge of supervising other banks within its jurisdiction. The ECB has the right to impose pecuniary sanctions and set binding regulatory standards. Notably,

the relevant entities are subject to continuous evaluation of their capital adequacy by the SSM and can be requested to operate with higher than minimum regulatory capital and/or liquidity ratios.

As regards the monitoring of financial institutions, the NCAs, in addition to supporting the ECB in day-to-day supervision of significant banks and supervising directly other banks, is responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks. The ECB, on the other hand, is exclusively responsible for prudential supervision of credit institutions with the abovementioned supervisory powers.

In order to foster consistency and efficiency of supervisory practices across the euro area, the EBA is continuing to develop the EBA rulebook, a single supervisory set of rules applicable to the euro area Member States (the "**EBA Rulebook**").

CRD IV (as defined below) contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports, in order to enhance regulatory harmonisation in Europe through the EBA Rulebook. A series of regulations concerning regulatory or implementing technical standards have been published.

Single Resolution Mechanism

The EC established the Single Resolution Mechanism through Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014, which came into effect on 1 January 2016 and establishes 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. The Single Resolution Mechanism is responsible for coordinating the application of resolution tools within the euro area and, from 1 January 2016, is responsible for the resolution of credit institutions, which shall be funded through the Single Resolution Fund and not by any national resolution fund, such as the Resolution Fund. However, in Portugal the Resolution Fund will remain responsible for funding decisions, taken by the Bank of Portugal as the national resolution authority, that occurred until 31 December 2015, including those relating to the Resolution Measure applied to BES and the resolutions regarding Banif – Banco Internacional do Funchal, S.A., as well as for funding resolution decisions of certain financial institutions that fall outside the scope of the Single Resolution Fund.

The Commission Delegated Regulation (EU) 2017/2361 of 14 September 2017 further establishes the final system of contributions to the administrative expenditures of the Single Resolution and the Commission Delegated Regulation (EU) 2017/747 of 17 December 2015 establishes the criteria relating to the calculation of contributions (*ex ante* and *ex post* contributions).

Bank Recovery and Resolution Directive

The Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, as amended, establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") was transposed into Portuguese law by Law no. 23-A/2015, of 26 March 2015, as amended, and Law no. 66/2015, of 6 July 2015. BRDD was amended by Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017, as amended, and by Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017, which was transposed into Portuguese law by Law no. 23/2019, of 13 March 2019. Amendments to the BRRD entered into force in the course of June 2019 following the adoption on 14 May 2019 of a comprehensive legislative package to reduce risks in the banking sector and further reinforce banks' ability to withstand potential shocks, by the European Council.

The provisions of the BRRD aim to harmonise the resolution procedures of, among other things, credit institutions of EU Member States and provide the authorities of such Member States with tools that aim to

prevent insolvency or, when insolvency occurs, to mitigate its adverse effects, by maintaining the systemically key functions of said institutions.

The BRRD, implemented into Portuguese law through Law no. 23-A/2015, of 26 March 2015, as amended, and Law no. 66/2015, of 6 July 2015, provides among others for the following:

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

(ii) **Early intervention stage**: If an institution breaches the applicable legal requirements governing its activity or is likely to breach them in the near future, the competent authority is conferred with the power to:

   (a) require that the board of directors of the credit institution draws up an action plan, with a specific timeline;

   (b) require that the chair of the general meeting of the credit institution convenes a general meeting of its shareholders or, in case the chair of the general meeting does not comply, promptly convene itself a general meeting of the shareholders of the credit institution;

   (c) require that one or more members of the board of directors or the supervisory board be removed or replaced if they are considered unsuitable in light of the applicable provisions to perform their duties;

   (d) require that the credit institution draws up and submits for consultation a plan for debt restructuring with its creditors according to the recovery plan;

   (e) require changes in the legal or business structures of the credit institutions; and

   (f) collect (including through on-site inspections) all necessary information for the update of the resolution plan and the preparation of the potential resolution of the credit institution and the valuation of its assets and liabilities for the resolution purposes.

   In case of significant deterioration of the financial condition of an institution due to significant infringements of the law, regulatory acts or the constitutional documents of the institution or in case the competent authority believes that significant administrative irregularities have taken place, that the current shareholders and board of directors of the institution are unable to ensure its prudent management or its financial recovery or that there are other reasons to suspect of irregularities that put into serious risk the interests of depositors and creditors, and provided that the above early intervention measures listed above in subparagraph (ii) are not sufficient to reverse the deterioration of the institution, the competent authority may require the removal of the board of directors of the institution. When the competent authority considers the removal of the management body as insufficient for addressing any of the above-mentioned situations, one or more temporary directors may be appointed to the institution.

(iii) **Resolution measures**: The resolution authority shall take action only if it considers that all of the following conditions are met:

   (a) The competent authority or the resolution authority considers that the institution is failing or is likely to fail;

   (b) having regard to timing and other relevant circumstances, no alternative private sector measures or supervisory action, including early intervention measures or the exercise of the powers to write-down

or convert own funds instruments, would prevent the failure of the institution within a reasonable timeframe;

(c) a resolution action is necessary for public interest reasons, as it is required for the achievement of and is proportionate to one or more of the resolution objectives established by law; and

(d) winding up the institution under normal insolvency proceedings would not meet those resolution objectives more effectively.

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

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

(ii) **Bridge institution tool**: establishment of a bridge institution by the resolution authority, to which shares or other instruments of ownership or some or all of the rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution are transferred without the consent of the shareholders of the institution under resolution or of any third party.

(iii) **Asset separation tool (to be used only in conjunction with another resolution measure)**: transfer, by virtue of a decision of the resolution authority, of rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of an institution under resolution or of a bridge institution to one or more asset management vehicles, without the consent of the shareholders of the institutions under resolution or of any third party other than the bridge institution. The asset management vehicles are legal persons wholly or partially owned by the relevant resolution fund.

(iv) **Bail-in tool**: write-down or conversion by the resolution authority of any obligations of an institution under resolution, except for the following obligations, as defined under the applicable law:

(a) covered deposits;

(b) secured obligations;

(c) obligations arising from holding of clients' assets or money;

(d) obligations to credit institutions and investment firms, excluding the members of the group, with an original maturity of less than seven days;

(e) obligations with a remaining maturity of less than seven days towards payment and securities settlement systems, to its administrators or to its participants, arising from the participation in said systems;

(f) obligations towards (i) employees, except for the variable component of their remuneration which is not regulated by a collective agreement, (ii) commercial or trade creditors, connected to the provision of goods and services to the institution which are critical for its daily operation, (iii) tax authorities and social security authorities, provided that these obligations are privileged according to the applicable law, and (iv) deposit guarantee schemes arising from contributions due to those schemes; and

(g) obligations towards a beneficiary in the context of a fiduciary relationship, provided that such beneficiary is protected under the application insolvency or civil law.

In exceptional circumstances, when the bail-in tool is implemented, the resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers. This exception shall apply in case it is strictly necessary and proportionate and shall fall under the specific requirements provided by law.

The application of the resolution measures shall ensure that the shareholders of the institution bear losses first, followed by creditors of the institution in accordance with the order of priority of their claims under normal insolvency proceedings. Additionally, creditors of the same class should be treated in an equitable manner and covered deposits should be fully protected. In any case, no creditor should incur greater losses than it would have incurred if the institution had been wound up under normal insolvency proceedings in accordance with the "no creditor worse off" principle.

In addition to the resolution tools (such as the general bail-in tool), the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments at the point of non-viability and before any other resolution action is taken ("**non-viability loss absorption**").

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or its group will no longer be viable unless the relevant capital instruments are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity or its group other than, where the relevant entity is an institution, for the purposes of remedying a serious disturbance in the economy of a Member State of the EEA and to preserve financial stability.

On 3 September 2016, the EC adopted Delegated Regulation (EU) 2016/1450, of 23 March 2016, supplementing the BRRD regulatory technical standards, which entered into force on 23 September 2016, specifying the criteria relating to the methodology for setting the MREL. This required that institutions meet the MREL to avoid excessive reliance of forms of funding that are excluded from bail-in or other resolution measures and prevent the risk of contagion to other institutions and "bank run" situations, since failure to meet the MREL would negatively impact the institutions' loss absorption and recapitalisation capacity and the overall effectiveness of the resolution.

Bank of Portugal

The Bank of Portugal is part of the European system of Central Banks ("**ESCB**"), which was created in connection with the EMU. The EMU implements a single monetary policy, the main features of which are a single currency – the euro – and the creation of the ECB and the ESCB. According to the EU Treaty, the primary objective of the ESCB is to maintain price stability through monetary policy.

The Bank of Portugal is committed to providing for the stability of the domestic financial system and performs for this purpose the function of lender of last resort (as set forth in Law 5/98, 31 January 1998, as amended). This goal is achieved through the supervision of credit institutions, financial companies and other entities subject to the supervision of the Bank of Portugal, as mentioned below.

According to the RGICSF, and subject to the powers conferred upon the ECB in the context of the SSM and to the cooperation between the ECB and the Bank of Portugal where applicable, the Bank of Portugal authorises the establishment of credit institutions and financial companies based on technical-prudential criteria, monitors the activity of the institutions under its supervision and their compliance with the rules governing their activities, issues recommendations for the correction of any deviations from such rules, sanctions breaches should they occur and possesses the ability to take extraordinary measures of reorganisation.

The Bank of Portugal has established and/or is responsible for supervising and monitoring, subject to the powers conferred upon the ECB in the context of the SSM and to the cooperation between the ECB and the Bank of

Portugal where applicable, rules governing solvency ratios, reserve requirements, control of major risks and provisions for specific and general credit risks. Subject to the same terms, it monitors compliance with these rules through periodic inspections, review of regularly filed financial statements and reports, and continuing assessment of adherence to current legislation.

The Bank of Portugal is also charged with the duty to regulate, oversee and promote the smooth operation of payment systems within the scope of its participation in the ESCB.

Capital and capital ratios

In the wake of the financial crisis and due to insufficiencies in existing regulatory capital structures, as well as the lack of adequate capital reserves in systemically important financial institutions, the issue of capital requirements has been subject to numerous national and international initiatives. In December 2010, the Basel Committee published two recommendations to reform the global regulatory framework applicable to credit institutions ("Basel III: A global regulatory framework for more resilient credit institutions and banking systems", and "Basel III: International framework for liquidity risk measurement, standards and monitoring", both of which have been subsequently updated). These recommendations, known as "Basel III", revised certain aspects of the recommendations contained in Basel II which introduced new rules on capital and liquidity. In the EU, these recommendations were implemented through new banking regulations adopted on 26 June 2013:

(a) the CRD IV Directive, which has been transposed into Portuguese law by Decree-Law No 157/2014 of 24 October 2014, and

(b) CRD IV Regulation, which is legally binding and directly applicable in all EU Member States. Implementation began on 1 January 2014, while particular elements being phased in over a period of time, to be fully effective by 2024.

On 23 November 2016, the EC presented legislative proposals for amendments to the CRR, the CRD IV Directive, the BRRD and the Single Resolution Mechanism (collectively, the "**Reforms**"). After the European Parliament confirmed its position on the Reforms, the European Parliament and Council of the EU reached agreement on the main elements of the Reforms. The agreed text was endorsed on 16 April 2019 by the European Parliament and sets out a comprehensive set of reforms to strengthen further resilience and resolvability of EU banks.

On 14 May 2019, the European Council announced that it had adopted the Reforms. The Reforms were published in the Official Journal in the course of June and entered into force, although most of the new rules started applying in mid-2021, such as CRR II which applied from 28 June 2021. The transposition of BRRD II and the CRD V into Portuguese law took place at the end of 2022. As per the European Council's press release, the Reforms include the following key measures:

- a leverage ratio requirement for all institutions as well as a leverage ratio buffer for all global systemically important institutions;
- a net stable funding requirement;
- a new market risk framework for reporting purposes, including measures reducing reporting and disclosure requirements and simplifying market risk and liquidity rules for small non-complex banks in order to ensure a proportionate framework for all banks within the EU;
- a requirement for third-country institutions with significant activities in the EU to have an EU intermediate parent undertaking;
- a new total loss absorbing capacity ("**TLAC**") requirement for global systemically important institutions;

- enhanced MREL subordination rules for global systemically important institutions (G-SIIs) and other large banks; and
- a new moratorium power for the resolution authority.

In addition, on 7 December 2017, the Basel Committee and the Group of Central Bank Governors and Heads of Supervision presented reforms to the Basel III regulatory framework also known as "Basel IV". The final Basel III reforms include several policy and supervisory measures that aim to enhance the reliability and comparability of risk-weighted capital ratios and to reduce the potential for undue variation in capital requirements for banks across the globe. The measures comprise revisions to the standardised approach for credit risk, internal ratings-based approaches for credit risk, the credit valuation adjustment risk framework, the operational risk framework, the leverage ratio framework and a revised output floor. The proposals contained in the Basel III reforms are intended to be applied from 2022 with a transitional period for the output floor until 2027, although these timelines remain unclear until such rules are implemented into draft European and Portuguese legislation.

The 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 BRDD, 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 deposit *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 CMDI framework, the ranking in insolvency of depositors may be further changed or enhanced. The transposition of BRRD II into Portuguese law was done at the end of 2022 by means of Law 23-A/2022 of 9 December.

For further detail, please refer to risk factors entitled "*—The obligations of the Issuer in respect of Tier 2 Notes are unsecured and subordinated to the claims of Senior Creditors*" and "*—The obligations of the Issuer in respect of Senior Non-Preferred Notes are unsecured and rank below certain other liabilities of the Issuer in a winding up*".

Capital Requirements

CRD IV amended existing regulatory capital items which are divided as described below, subject to certain further deductions as described in CRD IV:

- CET1: This category includes share capital, share premiums, eligible reserves and the net profit for the year retained when certified and non-controlling interests adjusted in proportion to the risk of entities that give rise to them; goodwill, intangible assets, negative actuarial deviations arising from liabilities related to post-employment benefits to employees and, when applicable, the negative results for the year are also deductible;
- Additional Tier 1 ("**AT1**", together with CET1 items, "**Tier 1**"): This category includes certain preferred shares and hybrid capital instruments;
- Tier 2 ("**Tier 2**"): essentially incorporates subordinated eligible debt; and
- Total Own Funds is Tier 1 and Tier 2 ("**Total Own Funds**").

Subject to any applicable transitional periods, the CRD IV general Total Own Funds requirement is 8 per cent. of the total risk-weighted assets, while at least 6 per cent. and 4.5 per cent. of the minimum Total Own Funds shall be composed by Tier 1 and CET1, respectively. Accordingly, the maximum eligible capital that can be covered through Tier 2 instruments is 2 per cent. The above may be subject to additional capital requirements

as a result of the SREP and is subject to capital conservation and other buffers, as indicated below and which, where applicable, need to be covered by CET1 amounts.

Regulatory Notice ("*Aviso*") 10/2017 was issued by the Bank of Portugal and entered into force in 1 January 2018 and regulates the exercise of a range of options available within the prudential framework established by the CRD IV Regulation and Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 following the publication of Guideline (EU) 2017/697 (ECB/2017/9) of 4 April 2017 and Recommendation ECB/2017/10 of 4 April 2017, both of the ECB.

CRD IV required credit institutions to hold additional CET1 capital buffers as fixed by the relevant supervisory authorities:

- A "conservation buffer" of 2.5 per cent. In case of non-compliance, the regulator will impose the constraints on dividends distribution and executive bonuses inversely proportional to the level of the actual CET1 ratio;

- A "countercyclical capital buffer" which varies by jurisdiction. The buffer is being phased in and, when fully phased-in, is expected to range between 0 per cent. and 2.5 per cent. depending on macroeconomic factors. In Portugal, at its most recent revision, pursuant to the decision of the Bank of Portugal of 28 June 2024, the countercyclical buffer rate is maintained at 0.00 per cent. of the total risk exposure amount, for the third quarter of 2024;

- A "systemic risk buffer" of at least 1 per cent. set at the discretion of national authorities of EU Member States to be applied to institutions at consolidated or individual level, or even at the level of exposures in certain countries at which a banking group operates. Currently no systemic risk buffer has been set by the Bank of Portugal;

- Additional buffers are applied to O-SIIs. For global systemically important institutions, the additional buffer ranges between 1 per cent. and 3.5 per cent., whereas for O-SIIs it could reach 2 per cent. The Bank of Portugal, through Regulatory Notice 4/2015 on 29 December 2015, regulated the disclosure of the identification of O-SIIs in Portugal and of the common equity tier 1 buffer applicable to each identified O-SII. In the case of the Issuer, the applicable buffer for O-SIIs is 0.5 per cent., with 50 per cent. of such buffer being mandatory as of 1 July 2024, and 100 per cent. as of 1 July 2025 onwards;

- Following a decision by the Bank of Portugal on November 2023, a sectoral systemic buffer will be applicable to banking groups in Portugal using the IRB approach: as of 1 October 2024, the rate shall be 4 per cent. on risk exposure amount of all retail exposures to natural persons which are secured by residential property located in Portugal (this percentage must be reviewed at least every two years by the Bank of Portugal or if the systemic risk level in the Portuguese residential property market changes);

- According to Council Regulation (EU) no. 1024/2013 of 15 October 2013 and based on the SREP conducted pursuant to Article 4(1)(f) of Regulation (EU) No 1024/2013, the ECB communicated to the Issuer that the Group should comply with an own funds requirement of 2.85 per cent. to be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum; and

- The Issuer is also expected by the ECB to comply with a Pillar 2 capital guidance of 1.5 per cent. which should be comprised entirely of CET1 capital and held over and above the overall capital requirements.

As at 30 June 2024, the Issuer's CET1, Tier 1 and solvency ratios were 19.9 per cent., 19.9 per cent. and 22.7 per cent., respectively (fully loaded). As at 31 December 2023, the Issuer's CET1, Tier 1 and solvency ratios were 18.2 per cent., 18.2 per cent. and 21.0 per cent., respectively (fully loaded).

Local capital requirements

In addition, members of the Group, which are subject to local supervision in their respective countries of incorporation may, on an individual and on a consolidated basis, be required to comply with applicable local Regulatory Capital Requirements. It is therefore possible that individual entities within the Group or sub-groups require additional own funds, even though the own funds of the Group on a consolidated basis are sufficient.

Leverage ratios

With respect to leverage requirements, CRD IV also introduced a leverage ratio aimed at monitoring possible under-estimations of risk-weighted assets and avoiding excess leverage through a simple calculation. This ratio is calculated by dividing the total Tier 1 capital by the total exposure measure of all assets and off-balance sheet items not deducted when determining the Tier 1 capital, and shall be expressed as a percentage, as defined in CRD IV. Stricter requirements may be demanded only from G-SIIs.

Following the adoption of the Reforms on 14 May 2019 by the European Council, a minimum of 3 per cent. Tier 1 leverage ratio for all CRR firms in the EU should be endorsed. The Reforms have entered into force in the course of June 2019, although most of the new rules started applying in mid-2021 such as CRR II which applied from 28 June 2021. The transposition of BRRD II and the CRD V into Portuguese law took place at the end of 2022.

Risk weighted assets

RWAs is a metric used to reflect components of risk in an asset, including credit, market and operational risk. RWAs are used to calculate key capital adequacy ratios, including CET1 ratio and Tier 1 Ratio. Under CRD IV, credit institutions in Portugal may calculate the risk weighting of their assets, insofar as credit risk is concerned, according to a standard-based approach or based on their own internal risk-management models, in the latter case subject to authorisation by the banking supervisor. However, in March 2016, the Basel Committee proposed standards to prohibit credit institutions from using internal risk management models to calculate credit risk with respect to, amongst others, large corporations, requiring, instead, the use of the standard-based approach.

Supervisory Review and Evaluation Process

In December 2014, the EBA published its final guidelines on the procedures and methodologies that will form its SREP assessments. The Issuer is subject to an annual SREP assessment by the SSM to determine the adequacy of its capital, to identify risks that are not covered by its own funds requirements and to identify the need for Pillar 2 capital requirements. The SREP assessments include capital assessment, business model analysis, assessment of internal governance and control, liquidity assessment and broader stress testing. The purpose of these SREP assessments is to evaluate whether institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of risks, to which they are or might be exposed, including those revealed by stress testing. Where the results of a SREP assessment identify areas of risks which are not adequately covered by the Pillar 1 capital requirements or the combined buffer requirement, competent authorities can determine the appropriate level of the institution's own funds requirement under CRD IV and assess whether additional own funds shall be required.

Liquidity Requirements

With respect to liquidity requirements, there is in place a provision for near term liquidity a medium/long term financing requirement referred to as the LCR and NSFR respectively.

The LCR seeks to ensure that institutions maintain levels of liquidity buffers which are adequate to face possible imbalances between liquidity inflows and outflows under gravely stressed conditions, and does so by defining

an amount of unencumbered, high quality liquid assets that must be held by a credit institution to offset estimated net cash outflows over a 30 day stress scenario. The liquidity coverage requirement is 100 per cent.

As at 30 June 2024 and 31 December 2023, the Group had an LCR of 198 per cent. and 163 per cent., respectively.

As for the NSFR, as at 30 June 2024 and 31 December 2023, the Issuer reported 121 per cent. and 118 per cent., respectively.

Deposit Guarantee Fund

The Deposit Guarantee Fund was established in 1992 and started operating in December 1994 and has administrative and financial autonomy. Credit institutions with head offices in Portugal that accept deposits must participate in this fund. The financial resources of the Deposit Guarantee Fund are mainly composed of initial contributions from the Bank of Portugal and participating credit institutions and, thereafter, periodic contributions from the participating credit institutions.

On 16 April 2014, the European Parliament and the Council adopted Directive 2014/49/EU, as amended from time to time providing for the establishment of deposit guarantee schemes and the harmonisation of such deposit guarantee systems throughout the EU (the "**recast DGSD**"), which was implemented into Portugal through Law no. 23-A/2015, of 26 March, as amended, that amended the RGICSF.

When a credit institution is unable to comply with its commitments, the Deposit Guarantee Fund guarantees the repayment to depositors of up to €100,000 per depositor, subject to certain statutory exceptions, as mentioned below. The deposits made on Portuguese territory are guaranteed regardless of the currency in which they are denominated, and whether the depositor is resident or non-resident in Portugal. However, some deposits are excluded from the deposit guarantee scheme, such as those made by credit institutions, financial companies, insurance companies, investment funds, pension funds, pension fund management companies, and central or local administration bodies, among others, in their own name and for their own account, with exception of those made by (i) pension funds whose associates are small and medium enterprises and (ii) local authorities with an annual budget equal to or less than €500,000.

The annual contributions to the Deposit Guarantee Fund are calculated according to the monthly average of the deposits balance accepted in the previous year. An annual contributions rate is determined annually by the Bank of Portugal. The rate plus a multiplicative factor is determined in accordance with the solvency situation of each institution (the higher an institution's average solvency ratio, the lower its contribution). The factor is defined in Notice 11/94 of the Bank of Portugal, as amended. Each year the Bank of Portugal issues an instruction which establishes the annual contribution rate. The basic contribution rate set for 2023 and 2022 was 0.0018 per cent.

The Bank of Portugal may determine that the payment of up to 75 per cent. of the annual contributions may be partly replaced by an irrevocable undertaking to make full or partial payment upon request from the fund at any moment, guaranteed where necessary by securities having a low credit risk and high liquidity. Therefore, as part of the annual periodic contributions to the Deposit Guarantee Fund ("**DGF**"), the Issuer and the other banks of the Group have assumed irrevocable commitments, in previous years, under the terms of paragraph 4 of article 161 of the RGICSF, relating to part of these contributions, with the commitment to make the respective payment when the DGF requested it. For 2022 and 2023, it was established that the participating credit institutions could not replace their annual contributions with irrevocable undertakings. Additionally, at the end of 2023, the participating credit institutions were required to proceed with the payment of the total value of the commitments assumed. The Group therefore made a payment of €56,147,000, having recognised this amount as a cost for the year.

Without prejudice to the foregoing, account may need to be taken in the future of EBA's guidelines (EBA/GL/2023/02), dated 21 February 2023 on methods for calculating contributions to deposit guarantee schemes to be complied from 3 July 2024 following implementation by local authorities.

Borrowing from the Bank of Portugal

The Bank of Portugal has followed a policy of intervening as a lender of last resort in cases of liquidity shortfalls in the banking system. The basic method of lending used takes the form of advances and overdrafts against collateral. For this purpose, the Bank of Portugal discloses a list of securities eligible as collateral. The rediscount rate is now set by the ECB.

Conduct Supervision

The Bank of Portugal has supervisory powers relating to the conduct of credit institutions. These powers are supported by supervision, decision-making and sanction powers relating to the rules on the conduct of business, customer relationships, professional secrecy, conflicts of interest and competition, to which credit institutions are subject. The conduct supervision rules on customer relationships consist of information obligations, rules relating to the management of customer complaints, a requirement to adopt a code of conduct and rules relating to the publicity of credit institutions.

CMVM Supervision

The regulation and supervision of the securities markets and financial intermediation activities in Portugal are carried out by the central government, acting through the Ministry of Finance and the CMVM.

The CMVM is the regulatory entity in charge of the supervision and regulation of the securities markets and financial intermediation services. This includes the supervision of a wide range of activities and entities that fall under the scope of a number of EU Directives and Regulations, including Directive 2014/65/EU of 15 May 2014 (MiFID II), as amended, and Regulation (EU) No. 600/2014 of 15 May 2014, as amended, and supplementary acts.

The CMVM is an autonomous administrative entity overseen by the Ministry of Finance, and by law and regulations not subject to direct intervention by the Ministry of Finance. Its Directors are appointed by the Minister of Finance for a 6-year, non-renewable term. In particular, the responsibilities of the CMVM include the supervision of certain conduct of business rules relating to financial intermediation activities and markets in financial instruments and the prudential supervision of certain entities.

For this purpose, the CMVM may issue regulations on matters within the scope of its powers of supervision, including the conduct of business rules for providers of investment services, the recognition of markets for financial instruments and the establishment of rules for the operation of such markets as well as rules on public offers and prospectus requirements. The CMVM has also the responsibility to evaluate claims presented by investors, regarding the misconduct of financial intermediaries, and may determine compensations to an investor or group of investors.

The CMVM may, within the course of its supervision activities, carry out inspections, issue information requests, conduct hearings, require the collaboration of other persons or entities, including police authorities, disclose information, including in substitution of supervised entities, conduct investigations and organise a registration system, carry out enforcement actions and impose administrative sanctions.

The Issuer is subject to the CMVM's supervision both as a financial intermediary and an issuer of securities admitted to trading on a regulated market.

The Ministry of Finance may establish policies relating to markets in financial instruments, investor protection, financial intermediation activities and generally any matters regulated by the Portuguese Securities Code. The

Ministry of Finance also oversees the CMVM and coordinates the supervision and regulation relating to financial instruments when powers have been delegated to more than one public entity. When a disturbance in the markets in financial instruments puts the national economy at serious risk, the Ministry of Finance may, by means of a joint Ministerial Order by the Prime Minister and the Minister of Finance, impose necessary measures. These may include the temporary suspension of: (i) the regulated markets and certain categories of transactions or activities of their management entities; (ii) multilateral trading facilities; (iii) settlement systems; (iv) clearing houses or central counterparties; and (v) central securities depositaries.

Supervisory Rules Applicable to the Issuer as a Financial Intermediary

The Issuer and some of its Portuguese subsidiaries are authorised as financial intermediaries. They are subject to the supervision by the CMVM in relation to their performance of financial intermediation and asset management activities.

The conduct of business rules applicable to financial intermediaries are laid out in the Portuguese Securities Code, CMVM regulations and legislation applicable to specific financial intermediation activities.

Conduct of Business Rules

For the provision of regulated activities, financial intermediaries such as the Issuer must comply with conduct of business rules set out in the Legal Framework of Credit Institutions and Financial Companies and the Portuguese Securities Code, as well as those which may be established by CMVM regulation or special legislation.

As a general principle, financial intermediaries must conduct their activity in a manner which protects the legal interests of their customers and the efficiency of the market. In their dealings with other market parties, financial intermediaries must observe the dictates of good faith, in accordance with high standards of diligence, loyalty and transparency.

The main conduct of business rules applicable to financial intermediaries carrying out financial intermediation activities relate to: (i) "know your customer" obligations and suitability requirements; (ii) the financial intermediaries' human, material and technical resources; (iii) complaint procedures; (iv) segregation of customers' assets; (v) recordkeeping and reporting; (vi) conflicts of interest policy; (vii) information duties; and (viii) product governance.

CMVM's Powers

As stated above, the CMVM supervises the activities and participants in the financial markets in Portugal. The CMVM has the power to issue binding regulations, take appropriate enforcement measures in respect of these regulations and the Portuguese Securities Code, and to sanction such breaches.

In the exercise of its powers, the CMVM has the right, without limitation, to request non-public information, including information otherwise subject to professional confidentiality obligations, hold hearings, undertake investigations and summon people to cooperate with such investigations, and to provide information to the market on behalf of the supervised entities.

The CMVM also operates an information disclosure system which can be used by parties subject to disclosure rules as a cheap and efficient means of complying with information rules.

Breach of Rules under the CMVM's Supervision

A breach of the rules laid out in the Portuguese Securities Code may constitute a crime or misdemeanour.

Portuguese Insurance and Pension Funds Supervisory Authority

The Issuer is also subject to the supervision of the ASF insofar as it is registered as an insurance agent, for both Life and Non-Life segments. novobanco dos Açores, S.A. and Banco Best are also subject to ASF's supervision as they are registered as an insurance agent, for both Life and Non-Life segments.

ASF is the national authority responsible for the regulation and supervision of insurance, reinsurance, pension funds and their management companies and also insurance mediation activity, both from a prudential and a market conduct perspective.

Insurance Distribution

The Directive on Insurance Distribution (Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016, as amended) (commonly known as the Insurance Distribution Directive or IDD), which revokes and replace the Directive 2002/92/EC, was designed to improve EU regulation in the insurance market. The IDD came into force on 22 February 2016 and was transposed into the Portuguese jurisdiction by Law no. 7/2019, of 16 January ("**Insurance Distribution Law**").

The objective of the IDD and of its implantation legislation is to ensure a level playing field among all participants involved in the sale of insurance products, to make it easier for firms to trade cross-border, and to strengthen policyholder protection. The Insurance Distribution Law, as the IDD itself, is based on the principle that the consumers should benefit from the same level of protection regardless of the differences between distribution channels. To guarantee that the same level of protection applies, and that the consumer can benefit from comparable standards, in particular in the area of disclosure of information, a level playing field between distributors is deemed to be essential.

The Insurance Distribution Law, among other modifications, revokes and replaces the legal regime set out in Decree-Law no. 144/2006, of 31 July 2006, establishing a new insurance and reinsurance distribution legal regime.

Anti-money laundering

The Group is subject to extensive regulation on anti-money laundering and terrorism financing due to the Group entities' activities as credit institutions, financial intermediaries and insurance companies and insurance intermediaries brokers and relating to asset management. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences.

Evolution of the Regulatory Environment

As part of the EU's internal market programme, the EC and the European Council have proposed and adopted a number of regulations, directives and recommendations relating to the provision of banking and financial services. These include existing and proposed legislation concerning capital movements, depositors' guarantees, payment systems, collective investment companies, investment firms, public disclosure of acquisitions and dispositions of holdings in listed companies, prospectuses for the public issuance of securities, shareholders' rights, consumer credit, insider trading, mortgage credit, insurance, publication of annual accounting documents and taxation. Such legislation promotes greater competition in the provision of financial services, including areas in which the Issuer operates, such as securities brokerage, dealing and underwriting, and the provision of investment advice.

MiFID II

Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**"), which came into force on 3 January 2018, provides for the regulation of EU securities and derivatives markets. MiFID II is comprised of (i) a substantially revised Markets in Financial Instruments

Directive (2014/65/EU); (ii) the Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014, as amended); and (iii) secondary legislation in the form of Delegated Acts made thereunder. The implementation of MiFID II in Portugal was concluded with the enactment of Law no. 35/2018 of 20 July, amending the rules on the marketing of financial products and on the organisation of financial intermediaries.

MiFID II sets out detailed and specific requirements in relation to organisational and conduct of business matters for investment firms and securities and derivatives trading venues. In particular, MiFID II makes specific provision in relation to, among other things, organisational requirements, outsourcing, customer classification, conflicts of interest, best execution, client order handling, suitability and appropriateness, product governance, telephone taping, investment research and financial analysis, pre- and post-trade transparency obligations, transaction reporting, commodity derivative position limits and reporting, and the ability of MiFID investment firms authorised in one EU Member State to use 'passports' to conduct MiFID investment services in other EU Member States.

MiFID II is more wide ranging than the previous MiFID regime (under the EU Markets in Financial Instruments Directive (2004/39/EC)) and has direct impact on MiFID investment firms and indirect impact on non-MiFID financial services firms who deal in EU securities and derivatives markets.

PRIIPs Regulation

Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 (as amended, the "**PRIIPs Regulation**") relates to consumer protection and aims to establish a common standard for key information documents for packaged retail and insurance-based investment products (PRIIPs) and became applicable in EU Member States on 1 January 2018. The EU Commission adopted amended regulatory technical standards (RTS) on key information documents (KIDs) during the first half of 2017 and like the regulation itself, the delegated regulation has applied since 1 January 2018.

Payment Services

On 12 November 2018, Portugal implemented Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015, as amended, (the Directive on Payment Services ("**PSD 2**")) through Decree-Law no. 91/2018 of 12 November 2018. PSD 2 creates new types of payment services and enhances customer protection and security. Banks are required to provide free access to customer data and account information to be licensed third-party businesses, in cases where the customer has given explicit consent. Decree-Law no. 91/2018 of 12 November 2018 further details the access to the activity of payment institution and the provision of payment services, as well as access to the activity of digital currency institutions and the provision of digital currency-issuing services.

STS Regulation

Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017, which establishes a general securitisation framework ("**STS Regulation**") entered into force on 17 January 2018 and is applicable to securitisation products from 1 January 2019 onwards. In Portugal, 2018 Law No. 69/2019, of 28 August, enabled the execution under Portuguese law of the rules set out in the STS Regulation, thus amending Decree-Law 453/99, of 5 November, which establishes the legal framework for credit securitisation and governs the setting up and activity of securitisation funds, their management companies and of securitisation companies. The latter was further modified by Decree-Law No. 144/2019, of 23 September 2019, which transferred the supervision of securitisation funds' management companies to the CMVM, and by Law No. 25/2020, of 7 July 2020, which amended the rules governing sanctions.

Benchmarks Regulation

Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016, as amended, ("**Benchmarks Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and has applies, subject to certain transitional provisions, since 1 January 2018. The Benchmarks Regulation applies to the provision of "benchmarks", the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU. It, among other things, (i) requires "benchmark" administrators to be authorised or registered (or, if non-European based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Interest rates and indices which are deemed to be "benchmarks" (such as EURIBOR) 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 to have other consequences which cannot be predicted.

Data protection and privacy

The processing of personal data by the Issuer and the Group is subject to: (i) the General Data Protection Regulation ("**GDPR**"), approved by Regulation (EU) 2016/679 of 27 April 2016, as amended; (ii) Law no. 58/2019, of 8 August 2019; (iii) any law approved for the adaptation of specific rules of the GDPR to the Portuguese jurisdiction; (iv) Directive 2002/58/EC, of 12 July 2002, as amended, on privacy and electronic communications; and (v) Law no. 41/2004, of 18 August 2004, as amended.

Failure to comply or inadequate compliance with data protection and privacy obligations may result in several types of liabilities, ranging from tort liability in relation to the data subject, to significant administrative fines.

P. Ratings

The Issuer's current long-term senior ratings are Ba1 with positive outlook by Moody's, BBB- with stable outlook by Fitch and BB (high) with Trend Stable by DBRS.

Q. Organisational Structure

Group Structure

The Issuer develops its activity mainly in the Portuguese banking market directly and through its subsidiaries Banco Best and novobanco Açores. Additionally, it also operates in asset management, through its fully owned subsidiary GNB GA that operates in mutual fund management, real estate fund management, pension fund management and wealth management. The Issuer has equity holdings in companies operating in venture capital, real estate and renting. As the main entity and parent company of the Group, the Issuer's activity and financial results are affected by the performance of its subsidiaries.

Group companies in which the Issuer has a direct or indirect holding higher or equal to 20 per cent., over which the Issuer exercises control or significant influence, and that were included in the consolidation perimeter, are presented below.

Companies directly consolidated into the Issuer, as at 30 June 2024:

	Year incorporated	Year acquired	Registered office	Activity	Share-holding %	Consolidation method
NOVO BANCO, SA	2014	-	Portugal	Banking		
Novo Banco dos Açores, SA (novobanco Açores)	2002	2002	Portugal	Banking	57.53%	Full consolidation

BEST - Banco Electrónico de Serviço Total, SA (BEST)	2001	2001	Portugal	electronic banking	100.00%	Full consolidation
NB África, SGPS, SA	2009	2009	Portugal	Management of social participations	100.00%	Full consolidation
GNB - Gestão de Ativos, SGOIC, S.A. (GNB GA)	1987	1987	Portugal	Management of social participations	100.00%	Full consolidation
GNB - Sociedade Gestora de Fundos de Pensões, SA	1989	1989	Portugal	Investment fund management	100.00%	Full consolidation
GNB - International Management, SA	1995	1995	Luxembourg	Investment fund management	100.00%	Full consolidation
ES Tech Ventures, S.G.P.S., SA (ESTV)	2000	2000	Portugal	Management of social participations	100.00%	Full consolidation
Yunit Serviços, SA	2000	2000	Portugal	Internet portal management	33.33%	equity method
NB Finance, Ltd. (NB FINANCE)	2015	2015	Cayman Islands	Issuance and placement of securities	100.00%	Full consolidation
GNB Concessões, SGPS, SA (GNB CONCESSÕES)	2002	2003	Portugal	Management of social participations	100.00%	Full consolidation
Espírito Santo Representações, Ltda. (ESREP)	1996	1996	Brazil	Representation services	99.99%	Full consolidation
Aroleri, SLU	2021	2021	Spain	Real estate promotion	100.00%	Full consolidation
Righthour, SA	2013	2013	Portugal	Service provision	100,00%	Full consolidation
Fundo de Gestão de Património Imobiliário - FUNGEPI - Novo Banco	1997	2012	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
ImoInvestimento – Fundo Especial de Investimento Imobiliário Fechado	2012	2012	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
Prediloc Capital – Fundo Especial de Investimento Imobiliário Fechado	2006	2012	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
Imogestão – Fundo de Investimento Imobiliário Fechado	2006	2013	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
NB Património - Fundo de Investimento Imobiliário Aberto	1992	2014	Portugal	Real Estate Investment Fund	96.41%	Full consolidation
NB Arrendamento - Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional	2009	2012	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
Fimes Oriente - Fundo de Investimento Imobiliário Fechado	2004	2012	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
Fundo de Investimento Imobiliário Fechado Amoreiras	2006	2015	Portugal	Real Estate Investment Fund	95.24%	Full consolidation
NB Branches - Fundo Especial de Investimento Imobiliário Fechado	2006	2019	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
JCN - IP - Investimentos Imobiliários e Participações, SA	1995	2012	Portugal	Real estate promotion	100.00%	Full consolidation
Greenwoods Ecoresorts empreendimentos imobiliários, SA	2012	2012	Portugal	Real estate promotion	100.00%	Full consolidation
Herdade da Boina - Sociedade Imobiliária	1999	2012	Portugal	Real estate promotion	100.00%	Full consolidation
Benagil - Promoção Imobiliária, SA	1970	2012	Portugal	Real estate promotion	100.00%	Full consolidation
Promofundo - Fundo Especial de Investimento Imobiliário Fechado	2008	2018	Portugal	Real Estate Investment Fund	100.00%	Full consolidation
Locarent - Companhia Portuguesa de Aluguer de Viaturas, SA (LOCARENT)	2003	2003	Portugal	Renting	50.00% [b)]	equity method
UNICRE - Instituição Financeira de Crédito, SA	1974	2010	Portugal	Credit finance company	17.5% [a)]	equity method
Edenred Portugal, SA	1984	2013	Portugal	Provision of various services	50.00% [b)]	equity method
Multipessoal Recursos Humanos - SGPS, S.A	1993	1993	Portugal	Management of social participations	22.52%	equity method
Lusitano Mortgages No.6 plc [c)]	2007	2007	Ireland	Special Purpose Entity	100.00%	Full consolidation
Lusitano Mortgages No.7 plc [c)]	2008	2008	Ireland	Special Purpose Entity	100.00%	Full consolidation

a) The percentage presented above reflects the Group's economic interest. These entities were included in the consolidated balance sheet via the equity method as the Group exercises significant influence over their activities.

b) Entities consolidated by the equity method due to the respective decomposition of voting rights not giving control to novobanco.

c) Entities established under securitization operations, recorded in the consolidated financial statements in accordance with the Group's ongoing involvement in these operations, determined based on the percentage held of equity pieces of the respective vehicles (see Note 39).

R. Financial Information

Consolidated Income Statement for the Six Months Ended 30 June 2024 and 2023

	For the six months ended 30 June	
	2024	**2023**
	thousands of Euros	
Interest Income	1,215,318	850,281
Interest Expenses	(620,390)	(326,264)
Net Interest Income	**594,928**	**524,017**
Dividend income	3,235	1,776
Fees and commissions income	181,417	168,017
Fees and commissions expenses	(22,798)	(23,620)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	229	(11,113)
Gains or losses on financial assets and liabilities held for trading	5,983	4,274
Gains or losses on financial assets mandatorily at fair value through profit or loss	368	5,130
Gains or losses on financial assets and liabilities designated at fair value through profit and loss	(3)	2
Gains or losses from hedge accounting	(19,690)	15,883
Exchange differences	7,451	5,761
Gains or losses on derecognition of non-financial assets	838	(283)
Other operating income	28,933	45,663
Other operating expenses	(63,881)	(79,642)
Operating Income	**717,010**	**678,091**
Administrative expenses	(220,022)	(205,217)
Staff expenses	(131,549)	(120,565)
Other administrative expenses	(88,473)	(84,652)
Cash contributions to resolution funds and deposit guarantee schemes	(6,466)	(22,334)
Depreciation	(22,630)	(19,839)
Provisions or reversal of provisions	(48,170)	(8,935)
Commitments and guarantees given	(10,966)	(712)
Other provisions	(37,204)	(8,223)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(42,317)	(56,401)
Impairment or reversal of impairment of investment in subsidiaries, joint ventures and associates	1	1
Impairment or reversal of impairment on non-financial assets	2,686	9,350
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	3,989	2,570

	For the six months ended 30 June	
	2024	2023
	thousands of Euros	
Profit or loss before tax from continuing operations	**384,081**	**377,286**
Tax expense or income related to profit or loss from continuing operations	(17,708)	(1,577)
Current tax	(8,544)	(9,120)
Deferred tax	(9,164)	7,543
Profit or loss after tax from continuing operations	**366,373**	**375,709**
Profit or loss from discontinued operations	6,254	(97)
Profit or loss for the period	**372,627**	**375,612**
Attributable to Shareholders of the parent	**370,340**	**373,171**
Attributable to non-controlling interests	2,287	2,441
	372,627	**375,612**

Consolidated Balance Sheet as at 30 June 2024 and 31 December 2023

	As at	
	30 June 2024	31 December 2023
	thousands of Euros	
Assets		
Cash, cash balances at central banks and other demand deposits	6,014,336	5,867,189
Financial assets held for trading	788,740	436,148
Financial assets mandatorily at fair value through profit or loss	241,078	264,912
Financial assets at fair value through other comprehensive income	1,968,275	838,523
Financial assets at amortised cost	32,770,811	32,452,537
Securities	8,233,852	7,870,536
Loans and advances to banks	78,613	47,940
Loans and advances to customers	24,458,346	24,534,061
Derivatives – Hedge accounting	641,576	683,063
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(100,684)	(83,498)
Investments in subsidiaries, joint ventures and associates	56,744	59,511
Tangible assets	782,934	757,549
Tangible fixed assets	410,490	363,754
Investment properties	372,444	393,795
Intangible assets	93,023	86,748

	As at	
	30 June 2024	31 December 2023
Tax assets	956,525	931,036
Current Tax Assets	29,239	29,376
Deferred Tax Assets	927,286	901,660
Other assets	898,269	1,117,258
Non-current assets and disposal groups classified as held for sale	29,542	89,814
Total Assets	**45,141,169**	**43,500,790**
Liabilities		
Financial liabilities held for trading	88,364	100,639
Financial liabilities measured at amortised cost	38,782,114	37,330,355
Deposits from central banks and other banks	5,143,072	5,745,326
(*of which: repos*)	3,231,454	3,867,053
Due to customers	30,638, 557	29,984,273
(*of which: repos*)	1,093,131	1,366,382
Debt securities issued, Subordinated debt and liabilities associated to transferred assets	2,436,312	1,107,585
Other financial liabilities	564,173	493,171
Derivatives – Hedge accounting	182,906	124,729
Fair value changes of the hedge items in portfolio hedge of interest rate risk	25,503	62,049
Provisions	465,377	430,829
Tax liabilities	14,781	10,808
Current Tax liabilities	14,781	10,808
Other liabilities	898,176	1,005,846
Liabilities included in disposal groups classified as held for sale	11,905	13,107
Total Liabilities	**40,469,126**	**39,078,362**
Equity		
Capital	3,345,000	6,567,844
Accumulated other comprehensive income	(1,160,372)	(1,070,125)
Retained earnings	13,814	(8,577,074)
Other reserves	2,080,192	6,736,004
Profit or loss attributable to Shareholders of the parent	370,340	743,088
Minority interests (Non-controlling interests)	23,069	22,691
Total Equity	**4,672,043**	**4,422,428**
Total Liabilities and Equity	**45,141,169**	**43,500,790**

Main Indicators

	As at			
	31 December 2022	**30 June 2023**	**31 December 2023**	**30 June 2024**
Activity (€mn)				
Net Assets	45,995	43,900	43,501	45,141
Customer Credit (gross)	27,804	28,553	28,171	28,490
Customer Deposits	28,412	28,219	28,140	29,128
Real Estate Exposure	614	583	460	427
Equity	3,512	3,981	4,422	4,672
Solvency (%)				
Common Equity Tier 1 / Risk Weighted Assets	13.7	15.1	18.2	19.9
Tier 1 / Risk Weighted Assets	13.7	15.1	18.2	19.9
Total Capital / Risk Weighted Assets	16.0	17.8	21.0	22.7
Leverage Ratio	6.1	7.1	7.9	8.7
Liquidity				
European Central Bank Funding (€mn) [3]	385	-1,237	-4,246	-4,675
Eligible Assets for Repo Operations (ECB and others), net of haircut (€mn)	16,917	17,600	14,217	14,133
(Total Credit - Credit Provision) / Customer Deposits (%)[2]	83	83	81	79
Liquidity Coverage Ratio (LCR) (%)	210	147	163	198
Net Stable Funding Ratio (NSFR) (%)	113	116	118	121
Asset Quality				
Overdue Loans > 90 days / Customer Loans (gross) (%)	1.2	1.1	1.3	1.2
Non-Performing Loans (NPL) / (Customer Loans + Deposits with banks and Loans and advances to banks) (%)	4.3	4.9	4.4	4.1
NPL Coverage (%)	78	80	84	88
NPL's New entries	232	96	363	111
Stage 2 Loans (% of Gross Loans)	15	15	15	14
Stage 2 Loans Coverage Ratio (%)	7.8	8.2	9.0	9.4
Stage 3 Loans (% of Gross Loans)	5	5	4	4
Stage 3 Loans Coverage Ratio (%)[4]	55.1	54.4	54.7	52.7
Corporate (Amount (€bn) / Coverage by Impairment (%); RE Collateral (%); Backstop (%))	1.2 / 51; 55; 4	1.1 / 50; 55; 5	0.9 / 48; 69; 7	0.8 / 52; 69; 38
Mortgage (Amount (€bn) / Coverage by Impairment (%); RE Collateral (%))	0.1 / 29; 97	0.1 / 38; 95	0.1 / 28; 95	0.1 / 27; 96
Consumer (Amount (€bn) / Coverage by Impairment (%); RE Collateral (%); Backstop (%))	0.1 / 79; 15	0.1 / 72; 18	0.1 / 73;- 19	0.2 / 67; 27; 39
Cost of Risk (%)[1]	0.45	0.41	0.51	0.38
Profitability				
Net Income for the Period (€mn)	560.8	373.2	743.1	370.3

	As at			
	31 December 2022	30 June 2023	31 December 2023	30 June 2024
Income before Taxes and Non-controlling interests / Average Net Assets (%)[2]	1.2	1.7	1.7	1.8
Banking Income / Average Net Assets (%)[2]	2.5	3.1	3.3	3.4
Income before Taxes and Non-controlling interests / Average Equity (%)[2]	17.8	21.8	21.2	23.6
Return on Tangible Equity (RoTE) (%)	19.0	22.4	20.4	17.4
Efficiency				
Operating Costs / Banking Income (%)[2]	39.8	32.5	33.2	32.2
Operating Costs / Commercial Banking Income (%)	48.8	33.6	33.3	32.1
Staff Costs / Banking Income (%)[2]	20.7	17.4	17.5	17.5
Employees (No.)				
Total	4 090	4 132	4 209	4 239
Branch Network (No.)				
Total	292	292	290	290

Notes:

(1) Includes credit, securities and initial fair value; 2021 figure excludes impairment related to Covid-19 (70 basis points including Covid-19 impairment charges).

(2) According to Banco de Portugal Instruction n. 16/2004, in its version in force as at the date of this Base Prospectus.

(3) Includes funds from and placements with the ESCB; positive = net borrowing; negative = net lending.

(4) Includes backstop capital deduction.

S. RECENT DEVELOPMENTS

On 1 February 2024, the Issuer was informed that Fitch assigned an investment grade rating to the Issuer with "BBB-" issuer rating and long-term senior debt rating and "BBB" for long-term deposits rating with a stable outlook. Fitch has also assigned a Viability Rating (VR) of "BBB-".

On 8 March 2024, the Issuer was informed that Moody's upgraded the Issuer's long-term deposit rating by one notch to Baa1 from Baa2, maintaining a positive outlook.

On 2 May 2024, the Issuer was notified by the Bank of Portugal of its MREL requirements, on a consolidated basis, as determined by the SRB. From 1 January 2025, the requirement for own funds and eligible liabilities will be equivalent to 24.01 per cent. of TREA plus the then applicable combined buffer requirement and 5.91 per cent. of the LRE. In addition, the Issuer noted that no minimum subordination requirement was applied.

On 6 May 2024, the Issuer was informed the GSB accepted Andrés Baltar's resignation. Andrés Baltar ceased his duties on the EBD with effect from 30 June 2024. The Issuer also announced on the same day that the GSB approved the recommendation of the Nomination Committee of the GSB of the appointment of: (i) Luis Ribeiro, currently Chief Commercial Officer – Retail, as the next Chief Commercial Officer – Corporate; (ii) João Paixão Moreira as a new member of the EBD and the next Chief Commercial Officer – Retail. From 30 June 2024 and until authorisation from the relevant regulatory authorities for the new board member (Fit & Proper) is obtained, Luis Ribeiro will act as interim Chief Commercial Officer – Corporate.

On 3 June 2024, the Issuer was informed that, following the authorisation of the relevant regulatory authorities (Fit & Proper), Susana Smith joined the GSB of the Issuer for the current mandate 2021-2024.

On 4 June 2024, the Issuer was informed that, following the notice published on 24 April 2024 for the exercise of preference rights to acquire conversion rights attributed to the Portuguese State for the year ending 31 December 2020, the Resolution Fund informed the Bank about its intention to acquire all the conversion rights issued under the special regime applicable to deferred tax assets approved by Law No. 61/2014, of 26 August 2014, as amended. This conversion resulted in a share capital increase to be realised by incorporation of reserves in the amount of €128,672,717.39, with issuance of new shares attributed to the Resolution Fund. Following this share capital increase, the Resolution Fund will increase its stake to 13.54 per cent. of novobanco's share capital, Direcção-Geral do Tesouro e Finanças will have 11.46 per cent. and Lone Star will maintain its 75 per cent., as per the agreement between the Resolution Fund and Lone Star.

On 5 June 2024, the Issuer was informed of the Arbitral Tribunal's award in relation to the dispute between the Resolution Fund and the Issuer regarding the payment requested under the CCA by reference to the 2020 financial year. The Arbitral Tribunal decided that: (i) the Issuer had the right not to adopt the IFRS 9 transitional arrangements set out in Regulation (EU) 2020/873 for the year ended 31 December 2020, and that the impact on own funds from that decision, quantified in the claim as approximately €162 million, should have been included in the calculation of the amount due under the 2020 CCA call; (ii) the Issuer had the right to reassess the value of the shares of the Resolution Fund and, consequently, is entitled to compensation in the amount of €18 million and related interest; (iii) the Issuer had the right to receive default interest in the approximate amount of €5 million as a consequence of the delay in the payment of the €112 million portion of the 2020 CCA call; (iv) additional damages caused by the retention of the €112 million portion related to the 2020 CCA call and by the non-payment of the amount of €18 million, in a value to be determined and (v) regarding the sale of the Issuer's Spanish branch, the Arbitral Tribunal noted that although the Issuer's decision to divest had economic rationality, the amount of €147 million resulting from the reclassification as discontinued operations, in the Issuer's 2020 accounts, should not be considered as part of the 2020 CCA call.

On 7 June 2024, the Issuer was informed that, following the General Shareholders meeting held on that day, the following points related to share capital were approved: (i) the reallocation of free reserves, following its reallocation on its approved 2023 accounts, in the amount of €5,000,000,000.00 to absorb losses; (ii) the reduction of the Issuer's share capital by €3,351,516,580.00 from the previous amount of €6,567,843,862.91 to the amount of €3,216,327,282.91, to cover negative retained earnings in the amount of €2,870,294,596.73, and to reinforce the legal reserves in the amount of €481,221,983.27; (iii) the increase in the Issuer's share capital in accordance with the applicable legal regime in an amount of €128,672,717.39, from €3,216,327,282.91 to €3,345,000,000.30, following the conversion of the conversion rights attributed to the Portuguese State for the financial year ended 31 December 2020, such increase being carried out by incorporating the special reserve created by reference to the underlying deferred tax assets; and (iv) the reduction of the number of shares representative of the share capital of the Issuer from 11,611,327,275 to 500,000,000. Regarding the capital increase mentioned above, the Resolution Fund had exercised its rights and would be the holder of such shares, as per its announcement on 4 June 2024. The Issuer further clarified that the capital reorganisation referred to above had no impact to its total shareholders' equity but rather the effect of eliminating the negative retained earnings in novobanco's individual accounts, which were accumulated during its restructuring period.

On 8 July 2024, the Issuer was informed that, following the announcement made on 7 June 2024, the change of its share capital had been registered with the Commercial Registry Office of Lisbon, being €3,345,000,000.30, represented by 500,000,000 nominative and dematerialised shares with no nominal value. In addition, the Issuer's new headquarters, located at Campus do Novobanco, Avenida Doutor Mário Soares, Taguspark, Building 1, 2740-119 Porto Salvo, Portugal, were also registered with the Commercial Registry Office of Lisbon.

TAXATION

Prospective purchasers of Notes are advised to consult their tax advisers as to the tax consequences under the tax laws of the country of which they are resident of a purchase of Notes, including, but not limited to, the consequences of receipts of interest and sale or redemption of Notes.

The following descriptions are general summaries of certain taxation matters based on applicable law and practice currently in effect in Portugal. Nothing in this section constitutes tax, legal or financial advice, and the summaries contained herein are of a general nature and do not cover all aspects of taxation in the relevant jurisdictions that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications for them of an investment in the Notes.

Portugal

This section summarises the Portuguese tax rules applicable to the acquisition, ownership and disposal of the Notes, in force as at the date of this Base Prospectus. This section does not analyse the tax implications that may indirectly arise from the decision to invest in the Notes, such as those relating to the tax framework of financing obtained to support such investment or those pertaining to the counterparties of the potential investors, regarding any transaction involving the Notes.

This section is a general summary of the relevant features of the Portuguese tax system. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder, including tax considerations that arise from rules of general application or that are generally assumed to be known to any holder. It also does not contain in-depth information about all special and exceptional regimes, which may entail tax consequences at variance with those described herewith.

The tax treatment of each type of potential investor described in each section applies exclusively to that type of potential investor. No analogy regarding the tax implications applicable to other type of potential investors should be drawn. Potential investors should seek individual advice about the implications of the acquisition, ownership and disposal of Notes, in light of their specific circumstances.

This section does not include any reference to the tax framework applicable in countries other than Portugal. The rules of a Convention to prevent Double Taxation ("**Convention**") may have a bearing on Portuguese tax implications. Furthermore, the domestic provisions of other countries may exacerbate or alleviate such implications.

The meaning of the terminology adopted in respect of every technical feature, including the qualification of the securities issued as "Notes", the classification of taxable events, the arrangements for taxation and potential tax benefits, among others, is the one in force in Portugal as at the date of this Base Prospectus. No other interpretations or meanings, potentially employed in other countries, are considered.

The tax framework described in this section is subject to any changes in law and practices (and the interpretation and application thereof) at any moment. Although according to the Portuguese Constitution legislative amendments which increase taxation cannot have retroactive or retrospective effect, there is no general prohibition of amendments with such effect.

General tax regime

Where no specific tax regime is applicable, e.g. the special debt securities tax regime further described below, the tax regime summarised in this section should generally apply.

Portuguese tax resident individuals (income obtained outside the scope of business or professional activities) or individuals with a permanent establishment in Portugal to which income associated with the Notes is imputable

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Economic benefits derived from interest, amortisation or reimbursement premiums and other instances of remuneration arising from the Notes (including, upon a transfer of the Notes, the interest accrued since the last date on which interest was paid), are generally classified as "investment income" for Portuguese tax purposes.

Such investment income arising to the holders is liable for Personal Income Tax (*Imposto sobre o Rendimento das Pessoas Singulares* or "**IRS**"). IRS is generally withheld, at a 28 per cent. rate, when the income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), unless in certain circumstances the transfer is made between two IRS taxpayers and the income is not imputable to an entrepreneurial or professional activity. This represents a final withholding, releasing the Holder from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRS.

Alternatively, holders may opt for declaring such income in their tax returns, together with the remaining items of income derived. In that event, income arising from the ownership of Notes shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (*taxa adicional de solidariedade*) of up to 5 per cent. on the portion of the net taxable income exceeding €250,000 (2.5 per cent. on the portion of the net taxable income below €250,000, but exceeding €80,000). The progressive taxation under the IRS rules may therefore go up to 53 per cent., being the tax withheld deemed as a payment on account of the final tax due. Opting to declare income arising from the ownership of the Notes on a tax return results in the need to aggregate such income with other investment income ordinarily subject to final withholding tax (*taxas liberatórias*), such as other interest and dividends.

Investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent., unless the beneficial owner of the income is disclosed in which case general rules apply.

Capital gains and capital losses arising from the disposal of Notes for consideration

The annual positive balance between capital gains and capital losses arising from the disposal of Notes (and other assets set forth in law) for consideration, deducted of the costs necessary and effectively incurred in the acquisition and disposal, is generally taxed at a special 28 per cent. IRS rate. Alternatively, Holders of the Notes may opt to include the capital gains and losses in their taxable income, together with the remaining items of income derived. In that event, the capital gains shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (*taxa adicional de solidariedade*) of up to 5 per cent. on the portion of the net taxable income exceeding €250,000 (2.5 per cent. on the portion of the net taxable income below €250,000, but exceeding €80,000). The progressive taxation under the IRS rules may therefore go up to 53 per cent. Opting to declare the balance of gains and losses arising from the disposal of the Notes on a tax return results in the need to aggregate such

balance with other accretions in wealth (incrementos patrimoniais) ordinarily subject to special rates (*taxas especiais*).

The balance between capital gains and capital losses arising from the disposal of the Notes, whether positive or negative, may be excluded from IRS, as follows:

(a) 10 per cent. of the income is excluded from taxation if the Notes are held for a period exceeding 2 years and up to 5 years;

(b) 20 per cent. of the income is excluded from taxation if the Notes are held for a period of 5 years up to 8 years; and

(c) 30 per cent. of the income is excluded from taxation if the Notes are held for a period of 8 years or more.

Losses arising from disposals for consideration in favour of counterparties subject to a clearly more favourable tax regime in the country, territory or region where such counterparty is a tax resident in a Blacklisted Jurisdiction are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

If the gains are obtained in the context of a professional or entrepreneurial activity any capital gains and losses on the transfer of Notes for a consideration should be included in the computation of corporate and professional income and are taxable according to the rules as set forth in the IRS Code for income of business and professional nature.

Where the Portuguese resident individual chooses to include the capital gains or losses in their taxable income subject to the progressive IRS rates, any capital losses which were not offset against capital gains in the relevant tax period may be carried forward for five years and offset future capital gains.

Portuguese resident individuals with an annual taxable income equal to or higher than €81,199 are required to mandatorily include the annual capital gain and loss balance in their taxable income together with the remaining items of income derived, if such capital gains and losses arise from the disposal of securities, such as the Notes, held for a period of less than 365 days. This balance is taken into consideration for the computation of the €81,199 threshold.

No Portuguese withholding tax is levied on capital gains.

Gratuitous acquisition of Notes

The gratuitous acquisition (per death or in life) of Notes by Portuguese tax resident individuals is liable for Portuguese Stamp Tax at a 10 per cent. rate. Spouses or couples under the civil partnership regime, ancestors and descendants avail of an exemption from Portuguese Stamp Tax on such acquisitions.

Non-Portuguese tax resident individuals without a permanent establishment in Portugal to which income associated with the Notes is imputable

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Investment income arising to the Holders from the Notes is liable for IRS. IRS is withheld, at a 28 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), unless in certain circumstances the transfer is made between two IRS taxpayers and the income is not imputable to an entrepreneurial or professional activity. This represents a final withholding, releasing the Holders from the

obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRS.

The above rate may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, provided that both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad terms, according to Portuguese tax law the formalities consist in filling out a specific official form (*Modelo 21-RFI*) supplemented with a document, issued by the local tax authorities of the country of residence of the owner of the Notes, attesting both the tax residency of the beneficiary entity and that this entity is subject to income tax in accordance with the Convention. Such specific official form shall be deemed valid for 1 year.

If the Holder is subject to a clearly more favourable tax regime in a Blacklisted Jurisdiction, the applicable withholding tax rate is 35 per cent. Similarly, the withholding tax rate is increased to 35 per cent. in case of payments made to accounts opened in the name of one or more accountholders on behalf of undisclosed third parties, unless the beneficial owner of such income is identified, in which case the general rules apply.

In any event, please refer to the section below entitled "*Special debt securities tax regime*" in order to assess whether a tax exemption is applicable.

Capital gains and capital losses arising from the disposal of Notes for consideration

Capital gains arising from the disposal of Notes for consideration should be exempt from IRS as long as they qualify as "securities" (*valores mobiliários*), unless the alienator is resident for tax purposes in a Blacklisted Jurisdiction. Furthermore, capital gains arising from the disposal of Notes for consideration by an alienator resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention, or exempt under the STRIDS. In case the taxable event cannot be prevented, the annual positive balance between capital gains and capital losses arising from the disposal of Notes (and other assets set forth in the law) for consideration, deducted of the costs necessary and effectively incurred in such disposal, is taxed at a special 28 per cent. IRS rate. Losses arising from disposals for consideration in favour of counterparties which are resident in a Blacklisted Jurisdiction are disregarded for purposes of assessing the positive or negative balance referred above.

If resident in an EU Member State or of the EEA with which, in the latter case, there is exchange of tax information, and deriving at least 90 per cent. of their income in Portugal, the Holders may opt for declaring such income in their tax returns, together with the remaining items of income derived (even if outside the Portuguese territory, in the latter case for purposes of ascertaining the relevant tax bracket). In that event, the capital gains shall be liable for tax at the rate that would result from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (*taxa adicional de solidariedade*) of up to 5 per cent. on the portion of net taxable income exceeding €250,000 (2.5 per cent. on the portion of the net taxable income below €250,000, but exceeding €80,000). The progressive taxation under the IRS rules may therefore go up to 53 per cent.

The balance between capital gains and capital losses arising from the disposal of the Notes, whether positive or negative, may be excluded from IRS, as follows:

(a) 10 per cent. of the income is excluded from taxation if the Notes are held for a period exceeding 2 years and up to 5 years;

(b) 20 per cent. of the income is excluded from taxation if the Notes are held for a period of 5 years up to 8 years; and

(c) 30 per cent. of the income is excluded from taxation if the Notes are held for a period of 8 years or more.

In any event, please refer to the section below entitled "*Special debt securities tax regime*" in order to assess whether a tax exemption is applicable.

Gratuitous acquisition of Notes

The gratuitous acquisition (per death or in life) of Notes by non-Portuguese tax resident individuals is not liable for Portuguese Stamp Tax.

Corporate entities resident for tax purposes in Portugal or non-Portuguese tax resident entities with a permanent establishment to which income associated with the Notes is imputable

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Investment income arising to Holders from the Notes is liable for Corporate Income Tax (*Imposto sobre o Rendimento das Pessoas Colectivas* or "**IRC**"). IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), except where the Holder is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or otherwise benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law.

This withholding represents an advance payment on account of the final IRC liability. IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €50,000 in the case of small, medium-sized or small mid cap enterprises, as defined by law and subject to the *de minimis* rule of the EU, or 12.5 per cent. on the first €50,000 in the case of small, medium-sized or small mid cap enterprises, as defined by law and subject to the de minimis rule of the EU, that qualify as start-up pursuant to the terms foreseen in Law No. 21/2023, of 25 May, and that cumulatively meet the conditions established in Article 2(1)(f) of this Law. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit, may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., on the portion of the taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., on the portion of the taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. on the portion of the taxable income exceeding €35,000,000.00.

Investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case general rules apply.

There is no obligation to withhold tax, partially or entirely, on investment income of the issuer made available to taxpayers globally exempt from IRC (for instance: the Portuguese State and other corporate entities subject to administrative law; corporate entities recognised as having public interest and charities; pension funds; retirement savings funds, education savings funds and retirement and education savings funds; and venture capital funds, provided that, with respect to all the above funds, they are organised and operate in accordance with Portuguese law) or which benefit from a total or partial exemption on the investment income made available by the Issuer, assuming that proof of such exemption is presented to the entity responsible for the payment.

Capital gains and capital losses arising from the disposal of Notes for consideration

Capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent.,17 per cent. on the first €50,000 in the case of small, medium-sized or small

mid cap enterprises, as defined by law and subject to the *de minimis* rule of the EU, or 12.5 per cent. on the first €50,000 in the case of small, medium-sized or small mid cap enterprises, as defined by law and subject to the de minimis rule of the EU, that qualify as start-up pursuant to the terms foreseen in Law No. 21/2023, of 25 May, and that cumulatively meet the conditions established in Article 2(1)(f) of this Law. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., on the portion of the taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., on the portion of the taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. on the portion of the taxable income exceeding €35,000,000.00.

No Portuguese withholding tax is levied on capital gains.

Gratuitous acquisition of Notes

The positive net variation in worth (*variação patrimonial positiva*), not reflected in the profit and loss account of the financial year, arising from the gratuitous transfer of Notes to Portuguese tax resident corporate entities liable for IRC, even if exempt therefrom, or to permanent establishments to which it is imputable, is taken into consideration for purposes of computing the taxable profit for IRC purposes.

IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €50,000 in the case of small, medium-sized or small mid cap enterprises, as defined by law and subject to the *de minimis* rule of the EU, or 12.5 per cent. on the first €50,000 in the case of small, medium-sized or small mid cap enterprises, as defined by law and subject to the de minimis rule of the EU, that qualify as start-up pursuant to the terms foreseen in Law No. 21/2023, of 25 May, and that cumulatively meet the conditions established in Article 2(1)(f) of this Law. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit, may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., on the portion of the taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., on the portion of the taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. on the portion of the taxable income exceeding €35,000,000.00.

Corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which income associated with the Notes is imputable

Acquisition of Notes for consideration

The acquisition of Notes for consideration is not subject to Portuguese taxation.

Income arising from the ownership of Notes

Investment income arising to the Holders from the Notes is liable for IRC. IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable). This represents a final withholding, releasing the Holders from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRC. If the Holder is an entity with domicile, legal seat or place of effective management in a Blacklisted Jurisdiction, the withholding tax rate is increased to 35 per cent. Similarly, the withholding tax rate is increased to 35 per cent. in case of payments made to accounts opened in the name of one or more account holders but on behalf of undisclosed third parties, unless the beneficial owner of such income is identified, in which case the standard rules apply.

The 25 per cent. withholding tax rate referred above may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, provided that both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad

terms, according to Portuguese tax law the formalities consist in filling out a specific official form (*Modelo 21-RFI*) supplemented with a document issued by the local tax authorities of the country of residence of the owner of the Notes attesting both the tax residency of the beneficiary entity and that this entity is subject to tax in accordance with the Convention. Such specific official form shall be deemed valid for 1 year.

In any event, please refer to the section below entitled "*Special debt securities tax regime*" in order to assess whether a tax exemption is applicable.

Capital gains and capital losses arising from the disposal of Notes for consideration

Capital gains arising from the disposal of Notes for consideration should be exempt from taxation as long as they qualify as "securities" (*valores mobiliários*), unless (i) the alienator is a tax resident in a Blacklisted Jurisdiction, or (ii) more than 25 per cent. of the non resident entity's capital is held by a resident person (except if the disposing entity complies with the legally established conditions and requirements). Furthermore, capital gains arising from the disposal of Notes for consideration by an alienator resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention, or exempt under the STRIDS.

In case the taxable event cannot be prevented, capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. The profit will be taxed at a 25 per cent. IRC rate, but a deduction of the costs necessary and effectively incurred in the relevant disposals is available.

Losses arising from disposals for consideration in favour of counterparties with domicile, legal seat or place of effective management in a Blacklisted Jurisdiction, are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

No Portuguese withholding tax is levied on capital gains.

In any event, please refer to the section below entitled "*Special debt securities tax regime*" in order to assess whether a tax exemption is available.

Gratuitous acquisition of Notes

The positive variation in worth (*variação patrimonial positiva*) arising from the gratuitous acquisition of Notes by corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which they are imputable is taxed at a 25 per cent. rate, but may be excluded from taxation where there is a Convention in force with Portugal, depending on the specific provisions of the Convention.

Special debt securities tax regime

Overview

Under the STRIDS investment income arising from and capital gains obtained on the disposal of the Notes, as securities integrated in a centralised system managed by Portuguese resident entities such as the Central de Valores Mobiliários, managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e Sistemas Centralizados de Valores Mobiliários, S.A., may be exempt from tax, provided that the following requirements are cumulatively met:

(a) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and

(b) the beneficial owners are either (i) central banks and government agencies; or (ii) international organisations recognised by the Portuguese state; or (iii) entities resident in a country or jurisdiction with which Portugal has entered into a Convention or a Tax Information Exchange Agreement ("**TIEA**") currently in force; or (iv) other non–resident entities which are not resident in a Blacklisted Jurisdiction.

Beneficial owners resident in a Blacklisted Jurisdiction may still qualify if a Convention or a TIEA between Portugal and such jurisdiction is in force (which is the case of some of the most commonly used offshore jurisdictions).

In order to apply, the STRIDS requires completion of certain procedures and certifications providing evidence of the non-resident status of the beneficial owner of the Notes. Under these rules, the direct register entity is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity entitled to the exemption. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date of payment of any interest (or prior to the redemption date, as applicable), or prior to their transfer, as the case may be.

A general description of the rules and procedures on the evidence required for the exemption to apply at source is set out below with respect to domestic cleared notes such as the Notes.

The beneficial owner of the Notes must provide proof of non-residence in the Portuguese territory substantially in the following terms:

(i) If the beneficial owner of the Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the beneficial owner itself, duly signed and authenticated or evidenced pursuant to paragraph (ii) or (iv) below;

(ii) If the beneficial owner is a credit institution, a financial company, pension fund or an insurance company domiciled in any Organisation for Economic Co-operation and Development ("**OECD**") country or in a country or jurisdiction with which Portugal has entered into a Convention, and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (a) its tax identification; or (b) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the beneficial owner and its domicile; or (c) proof of non-residence, pursuant to the terms of paragraph (iv) below;

(iii) If the beneficial owner of the Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a Convention or TIEA, 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 and the law of its incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below;

(iv) In any other case, confirmation must be made by way of (a) a certificate of residence or equivalent document issued by the relevant tax authorities; or (b) a document issued by the relevant Portuguese consulate certifying residence abroad; or (c) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules on the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the beneficial owner of the Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period, counting from the date such document is issued. The beneficial owner of the Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying. For the cases mentioned in paragraphs (i) to (iii) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption.

No Portuguese exemption shall apply at source under the STRIDS, if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the STRIDS, whereby the refund claim is to be submitted to the direct or indirect register entity of the Notes within six months from the date the withholding took place.

The refund of withholding tax after the above six-month period is to be claimed to the Portuguese tax authorities within two years from the end of the year in which the tax was withheld. The refund is to be made within three months, after which interest is due.

The form currently applicable for the above purposes were approved by Order (*Despacho*) no. 2937/2014 of the Portuguese Secretary of State for Tax Affairs, published in the Portuguese official gazette, 2nd series, No. 37, of 21 February 2014 and may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" 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. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the 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 the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and instruments 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 ("grandfathered instruments") unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional instruments that are not distinguishable from previously issued grandfathered instruments are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all instruments, including the grandfathered instruments, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay Additional Amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Dealers have, in a dealer agreement (as may be amended, supplemented and/or restated from time to time, the "**Dealer Agreement**") dated 29 August 2024, agreed with the Issuer a basis upon which they or any of them may from time to time agree to subscribe for Notes. Any such agreement will extend to those matters stated under "*Form of the Notes and Clearing System*" and "*Terms and Conditions of the Notes*". In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

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**").

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. Terms used in this paragraph have the meanings given to them by Regulations 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 Regulation 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 EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, undertake 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 EEA. For the purposes of this provision, 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 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.

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, undertake 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 UK. For the purposes of this provision, 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 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 the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) 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;

(ii) 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

(iii) 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 UK.

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, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

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 deliver any Notes or distribute any copy of this Base Prospectus or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998 (the "**Financial Services Act**") and Italian CONSOB 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 1 of the Prospectus Regulation and Article 34-ter of Regulation No. 11971 of 14 May 1999, as amended from time to time, and applicable Italian laws.

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 or requirements imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

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 the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (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.

Switzerland

No Notes may 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 any 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 any Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to any Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Canada

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. 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.

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. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

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 this 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 delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each issuance of Notes under the Programme.

Final Terms dated [●]

Novo Banco, S.A.

Legal Entity Identifier (LEI): 5493009W2E2YDCXY6S81

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the €5,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (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 eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] 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, 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 ("**EUWA**") (the "**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")][distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook 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.]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**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**")][MiFID II]; [or] (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")]. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the 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.]

[**PROHIBITION OF SALES TO UK 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 (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 [European Union (Withdrawal) Act 2018 (the "**EUWA**")][EUWA]; [or] (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 (as amended, the "**Insurance Distribution Directive**")][the Insurance Distribution Directive], 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 (the "**UK MiFIR**")][the UK MiFIR][; or (iii) not a qualified investor as defined in Article 2 of [Regulation (EU) 2017/1129][the Prospectus Regulation] as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**")]. Consequently, no key information document required by the PRIIPs Regulation 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.]

[**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]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 August 2024 [and the supplement[s] to it dated [●]] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of [Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")][the Prospectus Regulation]. 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.][6] 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 Final Terms and the Base Prospectus are available for inspection at the office of the Issuer[and on the website of Euronext Dublin at https://live.euronext.com/en/markets/dublin/bonds/list].

[*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 set forth in the Base Prospectus dated [*original date*] [and the supplement(s) to it dated [●]] which are incorporated by reference in the Base Prospectus dated 29 August 2024. This document constitutes the Final Terms of the Notes described herein for the purposes of [Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")][the Prospectus

[5] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[6] Delete this statement and any other references to the Prospectus Regulation in these Final Terms in the case of an issuance of unlisted Notes and an issuance of Notes which will not be admitted to trading on a regulated market.

Regulation] and must be read in conjunction with the Base Prospectus dated 29 August 2024 [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*][and the supplement(s) to it dated [●]]. 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 dated [●]]/[Base Prospectuses dated [●] and [●]] [and the supplemental Base Prospectuses dated [●] and [●]]. The Final Terms and the [Base Prospectus dated [●]]/[Base Prospectuses dated [●] and [●]] [and the supplemental Base Prospectuses dated [●] and [●]] are available for inspection at the office of the Issuer[and on the website of Euronext Dublin at https://live.euronext.com/en/markets/dublin/bonds/list.]]

1.	**Issuer:**		Novo Banco, S.A.
2.	[(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 description of the Series*] on [*insert date*/the Issue Date].]
3.	**Specified Currency or Currencies:**		[●]
4.	**Aggregate Principal Amount of Notes:**		
	[(i)]	Series:	[●]
	[(ii)	Tranche:	[●]]
5.	**Issue Price:**		[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]
6.	**Specified Denomination[(s)]:**		[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
8.	**Maturity Date:**		[*specify*/Interest Payment Date falling in or nearest [*specify month and year*]]
9.	**Interest Basis:**		[[●] per cent. Fixed Rate Notes] [[●] per cent. Reset Notes] [[EURIBOR] +/– [●] per cent. Floating Rate Notes] [Zero Coupon Notes] (further particulars specified below)
10.	**Redemption/Payment Basis:**		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their principal amount
11.	**Change of Interest Basis:**		[Applicable/Not Applicable]

12.	**Call Options:**		[Call Option] [Clean-up Call Option] [(further particulars specified below)]
13.	(i)	Status of the Notes:	[Senior Preferred Notes/Senior Non-Preferred Notes/Tier 2 Notes]
	(ii)	[Date [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions:**		[Applicable/Not Applicable]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] on each Interest Payment Date
	(ii)	Interest Payment Date[(s)]:	[●] in each year
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Specified Denomination
	(iv)	Broken Amount[(s)]:	[●] per Specified Denomination, payable on the Interest Payment Date falling [in/on] [●]
	(v)	Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(vi)	Determination Date[(s)]:	[[●] in each year/Not Applicable]
15.	**Reset Note Provisions:**		[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable annually/semi-annually/ quarterly/ monthly] in arrear]
	(ii)	First Margin:	[+/-][●] per cent. per annum
	(iii)	Subsequent Margin:	[+/-][●] per cent. per annum
	(iv)	Reset Note Interest Payment Date[(s)]:	[●] in each year commencing on [●] and ending on [●]
	(v)	First Reset Date:	[●]
	(vi)	Second Reset Date:	[[●]/Not Applicable]
	(vii)	Subsequent Reset Date:	[[●]/Not Applicable]
	(viii)	Business Centre[(s)]:	[●]
	(ix)	Reset Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]/[Reference Bond]
	(x)	Relevant Screen Page:	[●]

	(xi)	Mid-Swap Maturity:	[●]
	(xii)	Fixed Leg Swap Duration:	[●]
	(xiii)	Benchmark Duration:	[Fixed Leg Swap Duration/[●]]
	(xiv)	Reset Rate Time:	[●]
	(xv)	Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(xvi)	Determination Date(s):	[[●] in each year/Not Applicable]
16.	**Floating Rate Note Provisions:**		[Applicable/Not Applicable]
	(i)	Specified Interest Payment Dates:	[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below
	(ii)	Specified Period(s):	[[●]/Not Applicable]
	(iii)	Interest Period Date[(s)]	[●]
	(iv)	First Interest Payment Date:	[●]
	(v)	Business Day Convention:	[Following Business Day Convention/Modified Following Adjusted Business Day Convention/Preceding Adjusted Business Day Convention][7]
	(vi)	Business Centre(s):	[●]
	(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
	(viii)	Screen Rate Determination:	[Applicable]
		– Reference Rate:	[EURIBOR] [*Insert other applicable reference rates included in terms and conditions*]
		– Interest Determination Date(s):	[[●] Business Days prior to each Interest Payment Date]
		– Relevant Screen Page:	[●]

[7] *Interest periods should be adjusted in case any business day convention other than the Following Business Day convention is used, in light of ECB Guidance on AMI/SeCo CA Standard 6. As of November 2023, in order to be compliant with the Single Collateral Management Rulebook for Europe Guidance – Corporate Actions Standard 6, Interbolsa can only accept securities with the business day conventions other than the Following Business Day Convention if the corresponding interest periods are adjusted accordingly.*

	(ix)	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)]
	(x)	Margin(s):	[+/-][●] per cent. per annum
	(xi)	Minimum Rate of Interest:	[●] per cent. per annum
	(xii)	Maximum Rate of Interest:	[●] per cent. per annum
	(xiii)	Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(xiv)	Determination Date(s):	[[●] in each year/Not Applicable]
17.	**Zero Coupon Note Provisions:**		[Applicable/Not Applicable]
	(i)	Amortisation Yield:	[●] per cent. per annum
	(ii)	Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(iii)	Determination Date(s):	[[●] in each year/Not Applicable]

PROVISIONS RELATING TO REDEMPTION

18.	**Call Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[[●] per Specified Denomination/Make-Whole Redemption Amount]
	(iii)	Make-Whole Reference Bond:	[[●]/Not Applicable]
	(iv)	Quotation Time:	[●]
	(v)	Redemption Margin:	[[●] per cent./Not Applicable]
	(vi)	Reference Screen Page:	[●]
	(vii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Specified Denomination

	(b)	Maximum Redemption Amount:	[●] per Specified Denomination
	(viii)	Notice period:	[As per Condition 4(f)] [Minimum period: [●] days Maximum period: [●] days]
19.	**Clean-up Call Option**:		[Applicable/Not Applicable]
	(i)	Clean-up Call Minimum Percentage:	[As per the Conditions/*specify*]
	(ii)	Clean-up Call Option Amount:	[●] per Specified Denomination
	(iii)	Clean-up Call Effective Date:	[●]
	(iv)	Notice periods:	[Minimum period: [●] days] [Maximum period: [●] days] [Not Applicable]
20.	**Final Redemption Amount of each Note:**		[●] per Specified Denomination
21.	**Early Redemption Amount:**		
	Early Redemption Amount(s) per Specified Denomination payable on redemption for taxation reasons[, on a Capital Disqualification Event, on a Loss Absorption Disqualification Event] or on event of default (as described in Condition 6):		[[●] per Specified Denomination]/[[Amortised Face Amount] [*Amortised Face Amount for Zero Coupon Note*]]
22.	**Loss Absorption Disqualification Event:**		[Applicable/Not Applicable]
23.	**Substitution and Variation:**		[Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	**Financial Centre(s):**	[Not Applicable/*give details*. [*Note that this paragraph relates to the date [and place] of payment, and not the end date of the interest period for the purposes of calculating the amount of interest, to which sub-paragraphs 15(ix) and 16(vi) relate*]]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*).

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

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. **Listing**

(i) Listing and admission to trading:	[Application has been made for the Notes to be admitted to the Official List of Euronext Dublin and to be admitted to trading on the regulated market of Euronext Dublin with effect from [●]. No assurance can be given that such listing will be obtained and/or maintained/Not Applicable].
[(ii) [Estimate of total expenses related to admission to trading:	[●]

2. **Ratings**

Ratings:	[The following ratings reflect the ratings assigned to Notes of this type issued under the Programme generally:] The Notes are expected to be rated [●] by [Moody's]/[Fitch]/[DBRS] [on or shortly after the Issue Date]. No assurance can be given that such rating will be obtained and/or retained. *(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 a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)* *(Include appropriate Credit Rating Agency Regulation (1060/2009) ("**EU CRA Regulation**") or Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of the domestic law of the UK 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**

[Save for any fees payable to the [Managers/Dealers], 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*)]

4. **Estimated Net Proceeds**

Estimated net proceeds:	[●]
Use of proceeds:	*Give details if different from the "Use of Proceeds" section in the Base Prospectus.*

5. **[*Fixed Rate Notes only* – Yield**

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

Details of historic [EURIBOR] rates can be obtained from [Reuters].]

6. **Operational Information**

ISIN:	[●]
Common Code:	[●]
CFI:	[[●], as updated, as set out on the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]
FISN:	[[●], as updated, as set out on the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN /Not Applicable] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*)
Trade Date:	[Not Applicable]/[●]
Any clearing system(s) other than Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)[and address(es)]*]
Delivery:	Delivery [against/free of] payment
Name and address of additional Paying Agent(s) (if any):	[Not Applicable]/[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[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.]

7. **Distribution**

(i) Method of distribution:	[Syndicated/Non-syndicated]
(ii) If syndicated:	
(A) Names of Managers:	[Not Applicable/*give names*]

(B) Stabilisation Manager(s) (if any):	[Not Applicable/*give names*]
(iii) If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
(iv) U.S. Selling Restrictions:	[Reg. S Compliance Category 2] TEFRA Not Applicable
(v) [Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared in the EEA, "Applicable" should be specified.)*]
(vi) [Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared in the UK, "Applicable" should be specified.)*]

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme was duly authorised by a resolution of the Executive Board of Directors of the Issuer passed on 24 August 2022. The update of the Programme was authorised by a resolution of the Executive Board of Directors of the Issuer passed on 28 August 2024.

Approval and Listing

This Base Prospectus has been approved by the Central Bank of Ireland as a base prospectus. Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List and to trading on the Market. The Regulated Market of Euronext Dublin is a regulated market for the purposes of MiFID II.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

No significant change

There has been no significant change in the financial performance or financial position of the Group since 30 June 2024.

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2023.

Litigation

Save as disclosed above in "*Description of the Issuer and of the Group—Legal, Administrative and Arbitration Proceedings*", the Group is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Group.

Clearing systems

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 applicable 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.

The Legal Entity Identifier code of the Issuer is 5493009W2E2YDCXY6S81.

Documents available

For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available at the website of the Issuer:

(a) the Instrument (*https://www.novobanco.pt/english/investor-relations/debt-issuance/emtn-programme*);

(b) the Memorandum and Articles of Association of the Issuer (*https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/documentos-societarios/2024/Estatutos%20NB%20ENG.pdf.coredownload.inline.pdf*);

(c) the audited annual consolidated financial statements of the Group and related audit report for the financial year ended 31 December 2023 (*https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2023/relat%C3%B3rio-e-contas/Annual%20Report%20novobanco%202023.pdf.coredownload.inline.pdf*);

(d) the audited annual consolidated financial statements of the Group and related audit report for the financial year ended 31 December 2022 (*https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/relat%C3%B3rio-e-contas/AR_novobanco_2022.pdf.coredownload.inline.pdf*);

(e) the unaudited interim condensed consolidated financial statements of the Group and related limited review report for the six months ended 30 June 2024 (*https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2024/r-c/AR_novobanco_1H24_EN.pdf.coredownload.inline.pdf*);

(f) a copy of this Base Prospectus (*https://www.novobanco.pt/english/investor-relations/debt-issuance/emtn-programme*), together with any supplement to this Base Prospectus and any documents incorporated by reference into this Base Prospectus; and

(g) each Final Terms.

This Base Prospectus (together with any supplement to this Base Prospectus) and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of Euronext Dublin (*https://www.euronext.com/en/markets/dublin*).

Except where such information has been incorporated by reference into this Base Prospectus, the contents of the Issuer's website, any website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Base Prospectus and investors should not rely on such information.

Independent Auditors

The consolidated financial statements of the Issuer for the financial periods ended 31 December 2022 and 31 December 2023 have been prepared in accordance with IFRS and have been audited in accordance with International Standards on Auditing by Ernst & Young Audit & Associados – SROC, S.A. which issued its independent auditor reports with respect to such financial statements without qualification, as stated in the English translation of the independent auditor reports, which are incorporated by reference into this Base Prospectus.

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34, and have been reviewed by Ernst & Young Audit & Associados –

SROC, S.A. in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which issued its independent auditor limited review report, as stated in the English translation of such report, incorporated by reference into this Base Prospectus.

Ernst & Young Audit & Associados – SROC, S.A. is a member of Institute of Certified Public Accountants ("**OROC**") and registered with the CMVM with number 20161480.

Listing agent

Maples and Calder (Ireland) LLP is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Market for the purposes of the Prospectus Regulation.

Conditions for determining price

The issue price and the amount of the relevant Notes will be determined, before filing of the applicable Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Conflicts of interest

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and/or its affiliates in the ordinary course of business and/or for companies involved directly or indirectly in the sector in which the Issuer and/or its affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification.

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. They have received, or may in the future receive, customary fees and commissions for these transactions.

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. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes.

Certain of the Dealers or their affiliates routinely hedge their credit exposures 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 securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. 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.

ISSUER

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Portugal

ARRANGER

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60310 Frankfurt am Main
Germany

DEALERS

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Germany

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92547 Montrouge Cedex
France

Deutsche Bank Aktiengesellschaft
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Germany

J.P. Morgan SE
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60310 Frankfurt am Main
Germany

Société Générale
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75009 Paris
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PAYING AGENT AND AGENT BANK

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LEGAL ADVISERS

To the Issuer as to English Law

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To the Dealers as to English Law

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