



**BANCO SANTANDER TOTTA, S.A.**

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

**EUR 12,500,000,000**

**COVERED BONDS PROGRAMME**

Banco Santander Totta, S.A. (the “**Issuer**”, “**Bank**” or “**BST**”), incorporated under Portuguese law, with head office at Rua Áurea, No. 88, 1100-063 Lisbon, Portugal, with a registered and fully-paid share capital of EUR 1,391,779,674.00 and registered with the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 500 844 321, is an authorised credit institution for the purposes of Decree-Law No. 31/2022, of 6 May 2022 (the “**Legal Regime of Covered Bonds**”). The Covered Bonds (as defined below) will constitute covered bonds for the purposes, and with the benefit, of the Legal Regime of Covered Bonds.

Under this EUR 12,500,000,000 Covered Bonds Programme (the “**Programme**”), the Issuer may from time to time issue covered bonds (the “**Covered Bonds**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Covered Bonds will be issued in nominative form (*nominativas*) and be represented in book-entry form (*forma escritural*). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed EUR 12,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to increases as described herein. Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under *Overview of the Covered Bonds Programme* and any additional Dealer appointed under the Programme from time to time by the Issuer (each a “**Dealer**” and, together, the “**Dealers**”), which appointment may be for a specific issue or on an on-going basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Covered Bonds.

**See *Risk Factors* for a discussion of certain risk factors to be considered in connection with an investment in the Covered Bonds.**

This document comprises a base prospectus (the “**Base Prospectus**”) for the purposes of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published

when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”).

This Base Prospectus has been approved by the *Comissão do Mercado de Valores Mobiliários* (the “**CMVM**”), as competent authority under the Prospectus Regulation. The CMVM only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Covered Bonds that are subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. Such approval relates only to Covered Bonds which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”) and/or which are to be offered to the public in any Member State of the European Economic Area (“**EEA**”). **This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for a period of 12 months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which may affect the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds.** The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. Application will be made to Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. (“**Euronext**”) for the Covered Bonds issued under the Programme to be admitted to trading on the regulated market of Euronext Lisbon (“**Euronext Lisbon**”) and to be admitted to the official list of Euronext Lisbon (the “**Official List**”).

References in this Base Prospectus to Covered Bonds being “**listed**” (and all related references) shall mean that such Covered Bonds have been admitted to trading on Euronext Lisbon or any other EEA regulated market. The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (including EEA regulated markets) as may be agreed between the Issuer and the relevant Dealer. Under this Programme, the Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any market.

The Covered Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”).

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

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

Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”) or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the applicable Final Terms.

The Issuer has been assigned a long-term debt rating of “Baa1” with a stable outlook from Moody’s, “A-” with a positive outlook from S&P Global Ratings Europe Limited (“**S&P**”), “A-” with a stable outlook from Fitch Ratings Ireland Limited (“**Fitch**”) and “A” with a stable outlook from DBRS Ratings GmbH (“**DBRS**”). Moody’s, S&P, Fitch and DBRS are established in the EEA and registered under the CRA Regulation and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation.

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

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

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

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

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

***Arrangers***

Barclays

Santander Corporate & Investment Banking

***Dealers***

Barclays

Santander Corporate & Investment Banking

**This Base Prospectus is dated 23 May 2024.**

## TABLE OF CONTENTS

OVERVIEW OF THE COVERED BONDS PROGRAMME.....	6
IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND THE OFFER OF COVERED BONDS GENERALLY .....	15
RISK FACTORS.....	19
RESPONSIBILITY STATEMENTS.....	48
DOCUMENTS INCORPORATED BY REFERENCE.....	52
FORM OF THE COVERED BONDS AND CLEARING SYSTEM.....	55
FINAL TERMS FOR COVERED BONDS .....	58
TERMS AND CONDITIONS OF THE COVERED BONDS.....	75
CHARACTERISTICS OF THE COVER POOL .....	114
INSOLVENCY OF THE ISSUER.....	123
COMMON REPRESENTATIVE OF THE HOLDERS OF COVERED BONDS .....	125
COVER POOL MONITOR .....	126
DESCRIPTION OF THE ISSUER.....	128
USE OF PROCEEDS.....	159
THE LEGAL REGIME OF COVERED BONDS.....	160
TAXATION .....	165
SUBSCRIPTION AND SALE AND SECONDARY MARKET ARRANGEMENTS .....	175
GENERAL INFORMATION .....	182
DEFINITIONS .....	186

## OVERVIEW OF THE COVERED BONDS PROGRAMME

*This overview is qualified in its entirety by the rest of this Base Prospectus.*

***The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Covered Bonds shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Covered Bonds, a new Base Prospectus will be published.***

*This overview constitutes a general description of the Programme for the purposes of the Prospectus Delegated Regulations, notably Article 25(1)(b) of Commission Delegated Regulation (EU) No. 2019/980.*

*Capitalised terms used in this overview and not otherwise defined below or under the Definitions have the respective meanings given to those terms elsewhere in this Base Prospectus.*

**Description:** Covered Bonds Programme.

**Programme Size:** Up to EUR 12,500,000,000 (or its equivalent in other currencies) aggregate principal amount (or, in the case of Covered Bonds issued at a discount, their aggregate nominal value) of Covered Bonds outstanding at any time.

The Issuer will have the option at any time to increase the amount of the Programme, subject to compliance with the relevant provisions of the Programme Agreement.

**Maximum period for which Covered Bonds may be issued under the**

**Programme:** 50 years

**Issuer:** Banco Santander Totta, S.A. (see *Description of the Issuer*).

**Issuer Legal Entity**

**Identifier (LEI):** 549300URJH9VSI58CS32

**Arrangers:** Banco Santander, S.A. and Barclays Bank Ireland PLC

**Dealers:** Banco Santander, S.A., Barclays Bank Ireland PLC, and any other Dealer(s) appointed from time to time by the Issuer in accordance with the Programme Agreement and excludes any entity whose appointment has been terminated pursuant to the Programme Agreement.

**Common**

**Representative:** Bondholders, S.L. in its capacity as representative of the holders of the Covered Bonds

pursuant to Article 28 of the Legal Regime of Covered Bonds and in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement, with its head office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain, or any successor common representative appointed by a meeting of the holders of Covered Bonds.

**Agent:** Banco Santander Totta, S.A., in its capacity as Agent, with its head office at Rua Áurea, No. 88, 1100-063 Lisbon, Portugal, or any successor Agent(s), in each case together with any additional Agent(s), appointed from time to time by the Issuer in connection with the Covered Bonds and under the Set of Agency Procedures.

**Paying Agent:** Banco Santander Totta, S.A., in its capacity as Paying Agent, with its head office at Rua Áurea, No. 88, 1100-063 Lisbon, Portugal, or any successor Paying Agent(s), in each case together with any additional Paying Agent(s), appointed from time to time by the Issuer in connection with the Covered Bonds and under the Set of Agency Procedures.

#### **Cover Pool**

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

#### **Hedge**

**Counterparties:** The parties or party (each a “**Hedge Counterparty**” and, together, the “**Hedge Counterparties**”) that, from time to time, will enter into Hedging Contracts with the Issuer in accordance with the Legal Regime of Covered Bonds.

**Risk Factors:** There are certain factors set out in the section titled *Risk Factors* below that may affect the Issuer’s ability to fulfil its obligations under the Covered Bonds issued under the Programme. Some of these factors are related to the Issuer’s business activities, financial condition or results of operations. In addition, there are risk factors which are material for the purpose of assessing the other risks associated with the Covered Bonds issued under the Programme. Other categories of risk factors set out in detail under the section titled *Risk Factors* below are those related to the legal and regulatory landscape with respect to the Covered Bonds, and to the suitability (or otherwise) of an investment in the Covered Bonds.

**Distribution:** Covered Bonds may be distributed by way of private placement and on a non-syndicated or syndicated basis. The method of distribution of each Tranche of Covered Bonds will be stated in the applicable Final Terms. See *Subscription and Sale*

*and Secondary Market Arrangements.*

**Certain**

**Restrictions:**

Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See *Subscription and Sale and Secondary Market Arrangements.*

**Currencies:**

Subject to compliance with relevant laws, Covered Bonds may only be issued in euro or in such other currency accepted by Interbolsa for registration and clearing.

**Ratings:**

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

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

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

**Listing and Admission**

**to Trading:**

This document dated 23 May 2024 has been approved by the CMVM as a base prospectus. In respect of Covered Bonds which are intended to be listed, application will be made to Euronext or such other or further stock exchange(s) or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer for the admission of Covered Bonds issued under the Programme to trading on the regulated market of Euronext Lisbon or such other or further stock exchange(s) or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer. Covered Bonds may, after notification by the CMVM to the supervision authority of the relevant Member State(s) of the EEA in accordance with Article 25 of the Prospectus Regulation, be admitted to trading on the regulated



market(s) of and/or be admitted to listing on the stock exchange(s) of any other Member States of the EEA. Covered Bonds which are neither listed nor admitted to trading on any market may also be issued under the Programme. The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or regulated market(s).

## **Selling**

**Restrictions:** There are restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the EEA (including Belgium), the UK, Singapore, Switzerland and Japan, as set out in Subscription and Sale and Secondary Market Arrangements, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds in a particular jurisdiction, which will be set out in the applicable Final Terms.

## **United States Selling**

**Restriction:** The Covered Bonds have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless an exemption from the registration requirements of the US Securities Act is available or in a transaction not subject to the registration requirements of the US Securities Act. Accordingly, the Covered Bonds are being offered and sold only outside the United States in reliance upon Regulation S under the US Securities Act.

**Use of Proceeds:** Proceeds from the issue of Covered Bonds will be used by the Issuer for its general corporate purposes, or as otherwise identified in the applicable Final Terms.

## **Status of the**

**Covered Bonds:** The Covered Bonds will constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and will rank *pari passu* among themselves. The Covered Bonds will be covered bonds issued by the Issuer in accordance with the Legal Regime of Covered Bonds and, accordingly, will be secured on cover assets that comprise a cover assets pool maintained by the Issuer in accordance with the terms of the Legal Regime of Covered Bonds, and will rank *pari passu* with all other obligations of the Issuer under covered bonds issued or to be issued by the Issuer pursuant to the Legal Regime of Covered Bonds. See *Characteristics of the Cover Pool*.

## **Terms and**

**Conditions:** Final Terms will be prepared in respect of each Tranche of Covered Bonds,

supplementing the Terms and Conditions set out in *Terms and Conditions of the Covered Bonds*.

**Clearing Systems:** Interbolsa, and/or Euroclear, and/or Clearstream, Luxembourg (together the “**Clearing Systems**” and, each, a “**Clearing System**”). See *Form of the Covered Bonds and Clearing System*.

**Form of the**

**Covered Bonds:** The Covered Bonds will be in book-entry form and in nominative form (*nominativas*), and thus title to such Covered Bonds will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable CMVM regulations. No physical document of title will be issued in respect of Covered Bonds. See *Form of the Covered Bonds and Clearing System*.

**Transfer of**

**Covered Bonds:** The Covered Bonds may be transferred in accordance with the provisions of the Clearing System or other central securities depository with which the relevant Covered Bond has been deposited. The transferability of the Covered Bonds is not restricted.

**Maturities:** The Covered Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as set out 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), the Legal Regime of Covered Bonds or any laws or regulations applicable to the Issuer or the relevant Specified Currency. See also *Extended Maturity Date*.

**Issue Price:** The Covered Bonds may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms.

**Events of Default:** Issuer Insolvency. See Condition 9 (*Insolvency Event and Enforcement*) of the Terms and Conditions.

**Negative Pledge:** None.

**Cross Default:** None.

**Guarantor:** None.

**Fixed Rate**

**Covered Bonds:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the

basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

### **Floating Rate**

**Covered Bonds:** Floating Rate Covered Bonds will bear interest determined separately for each Series as follows:

- on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- on such other basis as may be agreed between the Issuer and the relevant Dealer(s), as set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Covered Bonds. Interest periods will be specified in the applicable Final Terms.

In the event a Benchmark Event occurs, (a) a Successor Rate or, failing which, an Alternative Reference Rate, and (b) in either case, an Adjustment Spread, may be used for the purposes of determining the rate of interest.

### **Zero Coupon**

**Covered Bonds:** Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms.

**Redemption:** The applicable Final Terms relating to each Tranche of Covered Bonds will specify either (i) that the relevant Covered Bonds cannot be redeemed prior to their stated maturity, save as provided for in the Legal Regime of Covered Bonds (other than in specified instalments, if applicable – see *The Legal Regime of Covered Bonds*), or (ii) that the relevant Covered Bonds will be redeemable at the option of the Issuer and/or the holder of Covered Bonds upon giving notice to the holder of Covered Bonds or the Issuer (as applicable), on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s). The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as are specified in the applicable Final Terms. See also *Extended Maturity Date*.

### **Extended**

**Maturity Date:** The applicable Final Terms may provide that an Extended Maturity Date applies to each Series of the Covered Bonds and shall correspond to at least one year after the applicable Maturity Date, provided that in any case the Issuer may not select an Extended Maturity Date in the applicable Final Terms that would entail that such

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

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

**Denomination  
of the Covered**

**Bonds:**

Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s), as specified in the applicable Final Terms, subject to compliance with the applicable legal and/or regulatory and/or central bank requirements and provided that each Series will have Covered Bonds of one denomination only. See *Certain Restrictions* above.

**Minimum**

**Denomination:**

The Covered Bonds to be issued on or after the date hereof will be issued in a denomination per unit not lower than EUR 100,000 (or its equivalent in another currency), as specified in the applicable Final Terms, unless the Covered Bonds will not be distributed to the public or admitted to trading on an EEA regulated market, in which case lower denominations per unit may apply.

## **Benchmark**

**Discontinuation:** In the event a Benchmark Event occurs, (a) a Successor Rate or, failing which, an Alternative Reference Rate, and (b) in either case, an Adjustment Spread, may be used for the purposes of determining the rate of interest.

## **Taxation of the**

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

## **The Legal Regime**

**of Covered Bonds:** The Legal Regime of Covered Bonds introduced into Portuguese law a framework for the issuance of certain types of asset covered bonds. Asset covered bonds can only be issued by credit institutions licensed under the RGICSF (as defined herein). The Legal Regime of Covered Bonds establishes that issuers of covered bonds shall maintain an asset cover pool, comprised of mortgage credit assets and limited classes of other assets, over which the holders of the relevant covered bonds have a statutory special creditor privilege.

The Legal Regime of Covered Bonds also provides for (i) the inclusion of certain hedging contracts in the relevant cover pool and (ii) certain special rules that apply in the event of insolvency of the Issuer. The Legal Regime of Covered Bonds further provides for (i) the supervision and regulation of issuers of covered bonds by the CMVM, (ii) the role of a cover pool monitor in respect of each issuer of covered bonds and the relevant cover pool maintained by it, (iii) the role of the common representative of the holders of covered bonds, (iv) restrictions on the types and status of the assets comprised in a cover pool (including loan to value restrictions, weighted average interest receivables and weighted average maturity restrictions), (v) asset/liability management between the cover pool and the covered bonds, and (vi) automatic extendable maturity structure for covered bonds. See *Characteristics*

*of the Cover Pool, Insolvency of the Issuer, Common Representative of the Holders of Covered Bonds and The Legal Regime of Covered Bonds.*

The Covered Bonds issued by the Issuer will qualify as covered bonds for the purposes of the Legal Regime of Covered Bonds. The Covered Bonds will be senior obligations of the Issuer and will rank equally with all other Covered Bonds which may be issued by the Issuer. In the event of an insolvency of the Issuer, the holders of the Covered Bonds issued by the Issuer, together with the Other Preferred Creditors, will have recourse under the Legal Regime of Covered Bonds to the Cover Pool in priority to other creditors (whether secured or unsecured) of the Issuer who are not preferred creditors under the Legal Regime of Covered Bonds. See *Characteristics of the Cover Pool - Insolvency of the Issuer.*

**Governing Law:**

Unless otherwise specifically provided, the Covered Bonds and all other documentation and matters relating to the Programme, including any non-contractual obligations arising out of, or in connection with, the Covered Bonds or the Programme, are governed by, and will be construed in accordance with, Portuguese law.

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

In connection with the issue of any Tranche of Covered Bonds (as defined in *Overview of the Covered Bonds Programme*), the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “**Stabilisation Manager(s)**”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds 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 of Covered Bonds 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 of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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

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

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

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

as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Covered Bonds may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (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 Product Governance rules under Commission Delegated Directive 2017/593 (the “**MiFID II Product Governance Rules**”), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Covered Bonds may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “**UK distributor**”) should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (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 Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

## **EU BENCHMARKS REGULATION**

Amounts payable on Floating Rate Covered Bonds may be calculated by reference to the Euro Interbank Offered Rate (“**EURIBOR**”) as specified in the applicable Final Terms. As at the date of this Base Prospectus, the administrator of EURIBOR (the European Money Markets Institute (“**EMMI**”)) is included in the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) No. 2016/1011 (as amended, the “**EU Benchmarks Regulation**”).



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

#### **PROJECTIONS, FORECASTS AND ESTIMATES**

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

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

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

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (d) understands thoroughly the terms of the Covered Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other

restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

Series of Covered Bonds issued under the Programme may be rated or unrated. Where a Series of Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms. The rating of Covered Bonds may not be the same as the rating applicable to the Issuer. This Base Prospectus and the documents incorporated by reference in this Base Prospectus contain certain management indicators of performance or alternative performance indicators (“**APIs**”), which are used by management to evaluate the Issuer’s overall performance. These APIs are not audited, reviewed or subject to review by Issuer’s auditors and are not measurements required by, or presented in accordance with, International Financial Reporting Standards as adopted by the EU (“**IFRS-EU**”). Accordingly, these APIs should not be considered as alternatives to any performance indicators prepared in accordance with IFRS-EU. Many of these APIs are based on the Issuer’s internal estimates, assumptions, calculations, and expectations of future results and there can be no guarantee that these results will actually be achieved. Accordingly, investors are cautioned not to place undue reliance on these APIs. Furthermore, these APIs, as used by the Issuer, may not be comparable to other similarly titled indicators used by other companies. Investors should not consider such APIs in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as indicators of Issuer’s profitability or liquidity. Such APIs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU and investors are advised to review these APIs in conjunction with the audited consolidated annual financial statements incorporated by reference in this Base Prospectus.

The descriptions (including definitions, explanations and reconciliations) of all APIs are set out in the “*Alternative Performance Indicators*” section of BST’s 2023 Annual Report which is incorporated by reference into this Base Prospectus (see the section titled *Documents Incorporated by Reference*).

## RISK FACTORS

*The following is a description of the main risks associated with an investment in the Covered Bonds issued under the Programme. These risk factors are material to an investment in the Covered Bonds and in the Issuer. Most are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of their occurrence.*

*Prospective investors in the Covered Bonds should carefully read and consider all the information contained in this Base Prospectus or incorporated by reference herein, including the risk factors set out in this section, prior to making an investment decision. The Issuer believes that the risk factors described below are those considered most relevant prior to the issuance of the Covered Bonds, based on the probability of their occurrence and the expected magnitude of their negative impact. Although these risks are considered the most significant and likely to affect the Issuer's ability to meet its obligations in relation to the Covered Bonds, they may not be the only risks to which the Issuer is exposed, and the Issuer may be unable to make payments on or in connection with any Covered Bonds for other reasons or due to the identified risks having materialised differently to that expected. The Issuer does not represent that the statements below on the risks of holding Covered Bonds are exhaustive. Additional risks or uncertainties not presently known to the Issuer or which it currently considers immaterial may also have an adverse impact on the Issuer's ability to make payments on or in connection with the Covered Bonds.*

*Words and expressions defined in "Definitions" below shall have the same meaning in this section. Where information has been sourced from a third party, the Issuer confirms that, as far as it is aware, such information has been accurately reproduced. The Issuer only accepts responsibility to the extent that no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer calculates its market share data using official sources of information, governmental or otherwise (as applicable). Where no official sources exist, the Issuer relies on its own estimates.*

The risk factors described below are those considered, in the Issuer's assessment, most material and specific to the Issuer and most likely to affect the Issuer's ability to fulfil its obligations under the Covered Bonds. The risk factors have been organised into the following categories:

- Risks relating to the Issuer's business activities, operational activities and strategy;
- Risks relating to the financial markets;
- Legal and regulatory risks;
- Risks specific to the Covered Bonds; and
- Risks specific to the Cover Pool.

Within each category, the most material risks, in the assessment of the Issuer, are set out first. The order of the categories does not imply that any category of risk is more material than any other category.

## RISKS RELATING TO THE ISSUER'S BUSINESS ACTIVITIES, OPERATIONAL ACTIVITIES AND STRATEGY

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

The Issuer, together with its consolidated subsidiaries (the “**BST Group**”), is sensitive to changes in the Portuguese economy and to current uncertainties in the macro-economic context.

The Bank of Portugal projects that the Portuguese economy will grow by 2.0 per cent. in 2024 and 2.3 per cent., on average, in 2025/2026.

GDP growth is expected to decrease in the course of 2024 from 2.3 per cent. to 2.0 per cent., with a recovery in 2025 to 2.3 per cent., and inflation is expected to decline from 5.3 per cent. to 2.4 per cent. in 2024 and down to 2.0 per cent. in 2025. In 2024–2026, economic activity is expected to benefit from the effects of lower inflation, the expansionary impact of the measures adopted in the Portuguese State’s Budget (*Orçamento de Estado*) for 2024, and the expected acceleration in external demand. These factors also support a favourable evolution of the labour market, with further increases in employment projected and a stabilisation of unemployment. Economic growth also reflects the contribution of the greater financial execution expected from the Portuguese recovery and resilience plan, which is conditioned by the approval of the structural reforms associated with it and the other European funds. The negative impact on activity of the tightening of monetary and financial conditions will continue to be felt, but to a lesser extent over the projection horizon (*Source: Banco de Portugal, Economic Bulletin, March 2024*).

According to the ECB, the Euro area economy weakened in the second half of 2023, dragged down by tighter financing conditions, subdued confidence and competitiveness losses. However, growth is expected to strengthen from early 2024, as real disposable income rises, supported by declining inflation, robust wage growth and resilient employment, and export growth catches up with improvements in foreign demand. The impact of the ECB’s monetary policy tightening and adverse credit supply conditions continues to feed through to the Euro area economy, affecting the near-term growth outlook. These dampening effects are expected to fade later in the projection horizon, supporting growth. Overall, annual average real GDP growth is expected to slow down from 3.4 per cent. in 2022 to 0.6 per cent. in 2023, before recovering to 0.8 per cent. in 2024 and stabilising at 1.5 per cent. in 2025 and 2026.

Inflation has continued to decline owing to falling energy inflation, the impact of monetary policy tightening and the ongoing easing of pipeline pressures and supply bottlenecks. Having dropped to 2.4 per cent. in November 2023, inflation is expected to temporarily pick up in the short term owing to a rebound in energy inflation. The underlying disinflationary process is, however, expected to continue, despite strong increases in labour costs, which are increasingly the dominant driver of inflation (excluding energy and food). Despite some cooling, the labour market is projected to remain tight which, together with compensation effects from past high inflation, should keep nominal wage growth high. However, wage growth is expected to ease over the projection horizon as the upward impacts from inflation compensation gradually fade.

Overall, with medium-term inflation expectations assessed to remain anchored at the ECB's 2 per cent. inflation target, headline inflation is expected to decrease from 5.4 per cent. in 2023 to an average of 2.7 per cent. in 2024, 2.1 per cent. in 2025 and 1.9 per cent. in 2026 (Source: *Eurosystem, staff macroeconomic projections for the euro area, December 2023*).

Factors such as interest rates, security prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate values and private equity valuations, government spending, inflation or deflation, the volatility and strength of the capital markets, political events and trends, war, terrorism, pandemics and epidemics or other widespread health emergencies (such as coronavirus ("COVID-19")) all impact the economy and financial markets, whether directly or indirectly, including by increasing the sovereign debt of certain countries, intensifying volatility and widening credit spreads, which could in turn have a material adverse effect on the Issuer's business, results and financial condition and its ability to access capital and liquidity on acceptable financial terms.

**Ongoing developments between Russia and Ukraine and in the Middle East are of great concern and currently represent one of the main uncertainties for the global economy**

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

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

On 7 October 2023, Hamas launched an unprecedented attack on Israel. The fallout from the Hamas attack and Israel's response could put additional pressure on the increasing geopolitical risks which may impact global confidence, economic activity and energy prices.

Any of these factors, among other adverse factors, such as the escalation of protectionism and trade wars among the major world economic blocs and/or the intensification of other potential military conflicts, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

**The BST Group is constrained in its ability to obtain funding in the capital markets and may depend on the ECB for funding and liquidity**

As at 31 December 2023, financing obtained from the ECB, consisting entirely of the third series of Targeted Long-Term Refinancing Operations (“**TLTRO III**”), amounted to EUR 0.7 billion. A tranche of EUR 3.5 billion was amortised upon maturity, in June 2023. The net exposure to the Eurosystem stood at EUR -4.9 billion (a surplus position) as at 31 December 2023.

As at 31 December 2023, the BST Group's portfolio of securities eligible for rediscount with the ECB totalled EUR 15.8 billion, compared to EUR 15.1 billion as at 31 December 2022.

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

The BST Group has been introducing measures to diversify its financing sources beyond the ECB and has been implementing a deleveraging process by attempting to increase customer funds and reduce customer loans, having resumed its financing in the capital markets through the issue of covered bonds. This situation represents a risk of increased financing costs, particularly considering the significant difference between the ECB funding cost and the cost of collecting deposits and financing operations in the market, which may not be completely offset by the process of repricing loans.

**The Issuer's activity is subject to market risk**

The Issuer's net income from its assets and liabilities may be adversely impacted due to the materialisation of market risks. The most significant market risks the Issuer faces include interest rate, inflation, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin, which is the difference between lending and borrowing costs. Current structural market conditions, with increasing interest rates and increased medium-term funding costs, may negatively impact the Issuer's operating income.

The Issuer's results of operations depend on the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Interest rates are highly sensitive to many factors beyond the Issuer's control, including deregulation of the financial sector, monetary policies, and both domestic and international economic and political conditions, among other factors (see the risk factor entitled “*Volatility in interest rates or monetary policy could adversely affect the Issuer's*”).

*business*” below).

Changes in exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. In the ordinary course of its business, the Issuer only has a small percentage of its assets and liabilities denominated in currencies other than the euro. Fluctuations in the value of the euro against other currencies may positively or adversely affect the Issuer’s profitability. The value of the euro against the U.S. dollar may affect earnings from the Issuer’s international operations. These foreign exchange fluctuations and the performance of financial markets may cause changes in the value of the Issuer’s investment and trading portfolios and may adversely impact the Issuer’s business. The Issuer has implemented risk management policies to mitigate and control these and other market risks to which the Issuer is exposed and such exposures are constantly measured and monitored. However, it is difficult to accurately predict changes in economic or market conditions and to anticipate their effects on the Issuer’s business activity, financial condition and the results of its operations.

The Issuer currently engages in various treasury activities for its own account, including placing euro and foreign currency-denominated deposits in the inter-bank market and trading in the primary and secondary markets for government securities. Proprietary trading includes taking positions in the fixed income and equity markets using cash, derivative products and financial instruments. Although the Issuer’s level of engagement in such activities is limited, proprietary trading involves a degree of risk. Future proprietary trading results will in part depend on market conditions and any losses experienced by the Issuer could adversely affect its business activities, financial condition and results of operations.

#### **The Issuer is exposed to the depreciation of real estate assets**

Mortgage lending represented 49.4 per cent. of the Issuer’s credit portfolio at the end of 31 December 2023, (compared with 53.4 per cent. at the end of December 2022). Therefore, the Issuer is highly exposed to the Portuguese real estate market, either directly through assets related to its operations or obtained in lieu of payments, or indirectly through real estate that secures loans or the financing of real estate projects, making it vulnerable to any depression in the real estate market, as this could lead to reduced recoveries on real estate assets held as collateral in the event of customer default.

The residential real estate market in Portugal in general, or in any particular region, may from time to time suffer from a decline in economic conditions, notably increased unemployment and disruption in the mortgage lending market and in the housing markets and, consequently, the Issuer may experience higher rates of default on mortgage loans. In addition, adverse weather conditions, natural disasters, fires or widespread health crises (such as the COVID-19 pandemic), or the fear of such crises, may weaken economic conditions and lead to a decline in the value of real estate located in regions affected by such events. This may reduce the financial resources available for individuals and businesses to purchase or invest in real estate property and for individuals to service their mortgage loans, which may have a material adverse effect on the Issuer’s business activities, financial condition and results of operations.

In February 2023, the Portuguese Government presented the “Mais Habitação” programme, aimed at increasing the supply of affordable housing in Portugal and at mitigating households’ burdens with mortgage payments and rents. The measures related to rent support, subsidies and mortgage payments approved by the Portuguese Government entered into force on 23 March 2023 through the enactment of Decree-Law No. 20-B/2023 of 22 March 2023 with retroactive effects since 1 January 2023, which will be available until the end of 2024.

In September 2023, the Portuguese Government proposed a temporary mechanism aimed at lowering and stabilising monthly mortgage payments that were contracted under a variable rate regime or a mixed rate regime, which was approved through Decree-Law No. 91/2023, of 11 October and will be in place until the end of 2024 (without prejudice to further extensions which may be enacted until then and for which there is precedent). The Government has also proposed a temporary reinforcement of the existing programme of subsidies to mortgage payments.

Activity in the local accommodation sector could be negatively affected by these measures and this could put further downward pressure on house prices.

As at the date of this Base Prospectus, with reference to all mortgage loans granted by the Issuer, only 5 per cent. of customers requested an interest rate subsidy and only 1 per cent. requested a fixed instalment of their respective mortgage loans under the “Mais Habitação” programme.

Economic or political developments beyond the Issuer’s control or a significant devaluation of prices in the Portuguese real estate market may increase non-performing loans and decrease the value of the BST Group’s loan portfolio. This scenario could lead to impairment losses in the assets held directly by the Issuer and lower recovery on mortgage loans in cases where mortgage loans need to be enforced and the relevant properties sold to satisfy the Issuer’s credit entitlements. The occurrence of any of these events could have a material adverse effect on the Issuer’s business activities, financial condition and results of operations.

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

Although the Issuer believes that it holds a strong position, there is substantial competition in the markets in which it operates (including, among others, banking, leasing, insurance, investment banking, specialised credit and asset management). Customer loyalty and retention can be influenced by a number of factors, including brand recognition, reputation, relative service levels, the prices and attributes of products and services, scope of distribution, credit ratings and actions taken by existing or new competitors (including non-bank or financial technology competitors). A decline in the Issuer’s competitive position could adversely impact its ability to maintain or further increase its market share, which would in turn adversely affect its results.

The principal competitors of the BST Group in the banking sector (ranking in terms of assets as at 31 December 2023) are CGD, the Millennium BCP Group, the Novo Banco Group and the BPI Group.

Competition could also increase due to the market entry of new players with new operating models who are not burdened by potentially costly legacy operations. These new competitors may use new technologies, advanced



data and analytic tools, and have a lower cost to serve, reduced regulatory burden and/or faster processes to challenge traditional banks. Technological developments have accelerated the adoption of new business models and the Issuer may not be successful in adapting to this rapid pace of change or may incur significant costs as a result. In particular, the emergence of disintermediation in the financial sector, resulting from new banking, lending and payment solutions offered by rapidly evolving incumbents and new challengers, particularly with respect to payment services and products, and the introduction of disruptive technology, may impede the Issuer's ability to grow or retain its market share with a resulting impact on its revenues and profitability.

**The Bank may be unable to issue certain own funds and eligible liability instruments and therefore be either unable to meet its capital requirements/MREL or be required to meet its capital requirements/MREL through more costly instruments**

The Issuer can issue Additional Tier 1 or Tier 2 instruments to meet its minimum total capital ratio requirement or other regulatory eligible instruments to meet the minimum requirement for own funds and eligible liabilities ("MREL"). However, these instruments may be viewed by investors as riskier than other debt instruments, primarily due to the risk of capital losses, missed coupon payments, conversion into capital instruments and lack of available distributable items. Investor appetite for these instruments may thus decline in the future, which could render the Issuer unable to place them in the market. In this case, the Issuer would have to issue CET1 capital to meet the above mentioned regulatory requirements or issue Additional Tier 1, Tier 2 or other regulatory eligible instruments that would entail an associated coupon expense which may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

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

In June 2023, the Issuer was notified by the Bank of Portugal of the Single Resolution Board's decision on the determination of the MREL requirements to be met by Santander Totta, SGPS, S.A. ("Santander SGPS"), on a consolidated basis, in terms of the total risk exposure amount ("TREA") and the leverage ratio exposure ("LRE"), in the following terms:

	Requirement in terms of TREA		Requirement in terms of LRE
	2024		2024
<b>MREL Total</b>	21.17%	<b>MREL Total</b>	5.91%

One of the main objectives of the EU Banking Reforms is to implement the TLAC (as defined below) standard and to integrate the TLAC requirement into the general MREL rules (the “**TLAC/MREL Requirements**”), thereby avoiding duplication from the application of two parallel requirements. Although TLAC and MREL pursue the same regulatory objective, they are constructed differently. The EU Banking Reforms integrate the TLAC standard into the existing MREL rules to ensure that both requirements are met with largely similar instruments, with the exception of the subordination requirement, which will be partially institution-specific and determined by the resolution authority. Under the EU Banking Reforms, institutions such as BST would continue to be subject to an institution-specific MREL requirement, which may be higher than the Pillar 1 TLAC/MREL Requirements for Global Systematically Important Institutions (“**G-SIIs**”) contained in the EU Banking Reforms. Although the specific MREL requirements may vary depending on the characteristics of the credit entity (they apply to the resolution institution or resolution group, as entities subject to resolution following a Single Point of Entry or Multiple Point of Entry resolution strategy) and the resolution process, BRRD2 together with CRR II (as defined below) introduced a relevant change in compliance with MREL, which now includes two ratios: (i) a risk ratio (percentage of total Risk Weighted Assets (“**RWA**”) of the resolution entity) and (ii) a non-risk ratio (percentage of the resolution entity's total leverage exposure), and empowers the relevant resolution authority to authorise or require (a) compliance with additional CET1, Additional Tier 1 or Tier 2 capital ratios (not foreseen in the previous MREL rules) and (b) that a certain level of senior liabilities issued by the resolution entity be subject to bail-in.

The EU Banking Reforms introduced limited adjustments to the existing MREL rules, ensuring technical consistency with the structure of any requirements for G-SIIs. Implementation of the TLAC/MREL Requirements were phased-in from 1 January 2019 (a 16 per cent. minimum TLAC requirement) to 1 January 2022 (an 18 per cent. minimum TLAC requirement). The EU Banking Reforms provide that a bank’s failure to comply with its TLAC/MREL Requirements should be addressed by the relevant authorities based on their powers to address or remove impediments to resolution, the exercise of their supervisory powers and their power to impose early intervention measures, administrative penalties and other measures. If there is a shortfall in an institution's level of eligible liabilities and own funds, and its own funds are otherwise contributing to the “combined buffer requirement”, those funds will be automatically used to meet the institution's MREL requirement instead. This may prevent the institution from meeting its “combined buffer requirement”. Such failure, considered in addition to the TLAC/MREL Requirements, would require such institution to calculate its maximum distributable amount according to CRD IV (the “**Maximum Distributable Amount**”), with the relevant resolution authority imposing (subject to a potential 9 months grace period) restrictions to making (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues, and (iii) distributions relating to Additional Tier 1 instruments (“**Discretionary Payments**”) above the Maximum Distributable Amount.

These measures have the objective of safeguarding financial stability, by strengthening the resilience of the financial sector and preventing systemic risk. As such, upon the transposition of the EU Banking Reforms, the Bank must fully comply with its “combined buffer requirement” in addition to its TLAC/MREL Requirements. Failure to comply with these buffers implies restrictions on Discretionary Payments as well as an obligation to submit to the competent authorities a capital conservation plan within 5 business days of the breach.

**Liquidity risks resulting from the Issuer’s short-term liabilities towards its customers and new liquidity requirements may affect the Issuer’s profitability and lead to an increase in its financing costs**

The Issuer’s primary source of funds has traditionally been its retail deposit base (savings, current and term deposits).

The Issuer’s other funding sources include medium and long-term bond issues and medium-term structured products, as well as receivables originated for some securitisation transactions still in place. The Issuer has also borrowed money in the money markets. In a scenario where the Issuer is unable to access wholesale market funding for short, medium or long-term funding, its liquidity operations with the ECB become increasingly important.

Since the Issuer relies on the aforementioned sources for funding, there is no assurance that, in the event of a sudden or unexpected shortage of funds in the market in which it operates, the Issuer will be able to maintain its levels of funding without incurring higher funding costs or resorting to the liquidation of certain assets.

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

The Issuer’s LCR, computed in line with the CRD IV standards, was 136.2 per cent. as at 31 December 2023. The Issuer does not yet disclose its NSFR given that the applicable calculation rules are not fully regulated by the competent regulatory authorities. The final definition of NSFR, approved by the Basel Committee in October 2014, has already been introduced into the CRR. A management limit of 100 per cent. on an ongoing basis was defined.

The Issuer’s fulfilment of liquidity ratios may lead to the constitution of portfolios with high liquidity assets but low profitability. It may also lead to an increase in its financing costs, since the ratios favour long-term over short-term financing. These changes may have a negative impact on the Issuer’s results of operations.

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

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

On 20 December 2015, the Bank of Portugal applied a resolution measure to Banif, which resulted in BST’s acquisition of a set of rights and obligations, comprised of assets, liabilities, off-balance sheet items and assets

under the management of Banif. This operation involved an estimated public support of EUR 2,255 million to cover future contingencies, of which EUR 489 million were supported by the Portuguese Resolution Fund and EUR 1,766 million directly by the Portuguese State. Banif was sold to BST for EUR 150 million on 20 December 2015.

The Portuguese Resolution Fund is funded by contributions from its participating institutions (including BST) and from the Portuguese banking sector – with an initial share capital of EUR 4.9 billion. Of this amount, EUR 300 million corresponded to the Portuguese Resolution Fund’s own financial resources, EUR 3.9 billion resulted from a loan granted by the Portuguese State, and EUR 700 million from a loan granted by credit institutions that are members of the Portuguese Resolution Fund, including the Issuer. As at 31 December 2023, BST had financed EUR 233.8 million of this syndicated loan, which corresponds to 19.9 per cent. thereof. As at 31 December 2023, the cash contributions to the resolution funds and deposit guarantee schemes amounted to EUR 23.9 million, compared to the cost of EUR 41.7 million recorded as at 31 December 2022. The Issuer’s pro rata share in the Portuguese Resolution Fund will vary from time to time according to the Issuer’s liabilities and own funds, when compared to the other institutions participating in the Portuguese Resolution Fund. Contributions to the Portuguese Resolution Fund are adjusted to reflect the risk profile, systemic relevance and solvency position of each participating institution. This number varies over time and it is thus difficult to determine the Issuer’s exact participation at any given point in time.

The periodic contributions to the Portuguese Resolution Fund are determined by the application of a contributory rate to the end of month outstanding balance of liabilities, deducted by own funds and deposits already included in the deposit guarantee scheme. Pursuant to Bank of Portugal’s Instruction (*Instrução*) 28/2023 for 2024, the rate has been set at 0.032 per cent.

The final impact on BST of the resolution measures applied to BES and/or Banif, or of any other resolution measure applied, cannot be anticipated.

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

The Issuer faces the risk of the design and operating effectiveness of its controls and procedures being inadequate. Operational risks are inherent to the Issuer’s business because its consolidated operations are highly dependent on computerised record-keeping, financial reporting and other systems, including point of sale monitoring and internal accounting systems, particularly following the centralisation of the Issuer’s information technology systems. Increased digital interconnectivity across the BST Group, its customers and suppliers, and the need for resilient IT systems, including hardware, software, cloud computing services and cyber-security, remains an evolving risk to financial institutions, including the Issuer. Consequently, the Issuer continually monitors these risks using advanced administrative and information systems and has insurance coverage for certain operational risks.

The Issuer routinely transmits, receives and stores personal, confidential and proprietary information by email

and other electronic means. Although BST safeguards its systems and processes, losses may result from under-trained or under-skilled personnel, IT failures, illegitimate access, cyber-attacks, inadequate or failed internal control processes and systems, regulatory or security breaches, human error, employee misconduct including fraud, natural disasters or other external events that interrupt normal business operations. Such losses may adversely affect its reputation, business and results.

The Issuer is subject to increasing regulatory requirements, including those foreseen in Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and the free movement of such data, repealing Directive 95/46/EC, as amended (the General Data Protection Regulation (“**GDPR**”)), which entered into force on 25 May 2018. The implementation and compliance with this regulation (and any additional national legislation passed in the context of the GDPR, including Law No. 58/2019, of 8 August) is complex and entails significant costs and time, given that the GDPR has introduced substantial changes to data protection standards.

The Issuer's reputation is one of its most important assets and contributes to its ability to attract and retain customers and conduct business with its counterparties. Reputational risk is the probability of negative impacts on the Issuer due to an unfavourable public image of the Bank among its customers, suppliers, analysts, employees, investors, the media, any other bodies with which the Issuer interacts, and the public in general.

Reputational issues may arise from the breach (or perceived breach) of legal and regulatory requirements, potential conflicts of interest, operational failures, unethical behaviour and lack of commitment to environmental, social and governance considerations.

Although the Issuer continually monitors this risk, it cannot assure potential investors that it will be able to foresee the occurrence of reputational issues and avoid its negative consequences. Any failure to address reputational risks or any other relevant issues appropriately could make customers, depositors and investors unwilling to do business with the Issuer, which could adversely affect its business, financial condition and results of operations and could damage its relationships with its regulators.

**The Issuer is exposed to the risk of its customers being unable to meet their commitments as and when they fall due**

Risks arising from adverse changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in the Issuer's businesses (see the risk factor entitled “*The inability of counterparties to meet their financial obligations or the Issuer's inability to fully enforce its rights against counterparties could have a material adverse effect on the Issuer's results*”). The Issuer is particularly exposed to the risk of its customers being unable to meet their commitments as and when they fall due. If the value of the collateral securing the Issuer's loan portfolio declines, the Issuer will be exposed to a higher credit risk and increased risk of non-performing loans. The Issuer cannot guarantee adequate proceeds from collateral disposals to cover any loan losses.

As at 31 December 2023, the non-performing exposure ratio (as per the EBA definition) represented 1.7 per cent.

of the total credit portfolio (compared to 2.0 per cent. as at 31 December 2022) and the non-performing exposure coverage ratio stood at 89.2 per cent. (compared to 87.0 per cent. as at 31 December 2022). The Issuer cannot guarantee an adequate level of provisions and other reserves and that it will not have to take additional provisions for possible impairment losses in the future.

#### **RISKS RELATING TO THE FINANCIAL MARKETS**

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

The Issuer's business operations involve entering into contractual arrangements with customers, suppliers, financing partners, reinsurers, trading counterparties, securities lending and repurchase counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries, which expose the Issuer to counterparty risks.

Counterparties' failure to comply with their obligations towards the Issuer due to bankruptcy, lack of liquidity, economic downturns, inflation rates, low oil or other commodity prices, operational failure or other factors, or even rumours of potential default, could have a material adverse effect on the Issuer's results, financial condition and liquidity.

The Issuer executes a high volume of transactions with customers and counterparties in the financial services industry, including brokers and dealers, commercial and investment banks, mutual and hedge funds, insurance companies, institutional clients, futures clearing merchants, swap dealers, among others, resulting in large periodic settlement amounts and potential credit exposure to one or more such counterparties or customers. As such, the Issuer could face concentration risk with respect to liabilities or amounts it expects to collect from specific counterparties and customers.

The Issuer is also subject to the risk of its rights against third parties not being enforceable in all circumstances. Deterioration in the credit quality of third parties with securities or obligations held by the Issuer could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in its counterparties' credit ratings could also have a negative impact on the Issuer's income and risk weighting, leading to increased capital requirements. The termination of contracts and the foreclosure on collateral could subject the Issuer to claims, keeping in mind that bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity. Any of these developments or losses could materially and adversely affect the Issuer's business and results.

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

Interest rates are sensitive to many factors beyond the Issuer's control, including monetary policies implemented by the ECB, as well as domestic and international economic and political conditions. Central banks' interest rate cuts could also lead to a further compression of interest spreads. Overall, significant drops in interest rates can be expected to have an adverse effect on the Issuer's net interest income and continued low interest rates will make

it more difficult to achieve growth. On the other hand, higher interest rates could lead to certain borrowers becoming unable to service their debts, resulting in a higher proportion of non-performing loans.

Inflationary pressures had significantly increased since 2021 and especially in 2022 and 2023 as a result of the Russia-Ukraine conflict. In this context, several central banks, including the ECB, signalled the need to accelerate the removal of monetary policy stimuli. In addition to the high volatility seen in the interest rate markets and in financial markets globally, with a general rise in risk premia, the prospect of a sharp increase in interest rates has generated fears of deceleration or even contraction in global economic activity.

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

After almost 7 years of negative EURIBOR rates, on 21 July 2022, the ECB decided to raise euro area interest rates by 50 basis points, i.e. 0.5 per cent., in an effort to curb the record inflation prevailing in the eurozone. However, EURIBOR rates were already in positive territory before the ECB's decision. The 12-month rate turned positive in April 2022, with the 6-month and 3-month rates reaching that threshold in June and mid-July, respectively. Throughout 2022 and 2023, the ECB has consistently raised the euro area interest rates. However, on 7 March 2024, the ECB decided to keep the euro area interest rates unchanged.

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

#### **LEGAL AND REGULATORY RISKS**

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

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

- (a) preparatory and preventive measures (including the requirement for banks to have recovery and resolution plans);
- (b) early supervisory intervention (including powers for authorities to take early action to address emerging problems); and

- (c) resolution tools, including bail-in, which are intended to ensure the continuity of essential services and manage the failure of a credit institution in an orderly way; these tools may be used when the authorities consider an institution's failure has become highly likely and a threat is posed to public interest.

The BRRD was implemented in Portugal by a number of legislative acts, including Law No. 23-A/2015, of 26 March, as amended, which have amended the Portuguese Legal Framework of Credit Institutions and Financial Companies (hereinafter, "**RGICSF**") (enacted by Decree-Law No. 298/92, of 31 December, as amended), including the requirements for the application of preventive measures, supervisory intervention and resolution tools to credit institutions and investment firms in Portugal.

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

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

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

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

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

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

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



- (ii) Bridge institution tool: establishment of a bridge institution by the resolution authority, to which shares or other ownership instruments or some or all rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of the institution under resolution are transferred without the consent of its shareholders or of any third party;
- (iii) Asset separation tool (to be used only in conjunction with another resolution measure): transfer, by decision of the resolution authority, of rights and obligations, corresponding to assets, liabilities, off-balance sheet items and assets under management, of an institution under resolution or of a bridge institution to one or more asset management vehicles, without the consent of the shareholders of the institutions under resolution or of any third party other than the bridge institution. Asset management vehicles are legal persons fully or partially owned by the relevant resolution fund;
- (iv) Bail-in tool: write-down or conversion by the resolution authority of certain obligations of an institution under resolution, as defined under the applicable law (other than, for instance, covered deposits and secured obligations, such as Covered Bonds). However, to the extent that the Cover Pool is insufficient to meet all claims of the holders of Covered Bonds, such holders will have an unsecured claim over the Issuer for the uncovered claims, thus being subject to bail-in. In exceptional circumstances, when the bail-in tool is implemented, the resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers. This exception shall apply when strictly necessary and proportionate and shall fall under the specific requirements provided by law.

Resolution measures may be applied to institutions if the resolution authority considers that an institution and/or certain other members of the institution's group meet the following conditions ("**Resolution Conditions**"): (a) they are failing or likely to fail, (b) there is no reasonable prospect that such failure will be avoided within a reasonable timeframe by the adoption of measures by the institution and/or certain other members of its group, the application of early intervention measures or of a Non-Viability Loss Absorption Measure (as defined below), (c) a resolution action pursues any of the public interests listed above and (d) such public interests would not be pursued more effectively by the commencement of winding-up proceedings against the relevant institution.

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

If an order were to be made under the RGICSF currently in force in respect of an entity (including the Issuer), such action may affect the entity's ability to satisfy its existing contractual obligations (including limiting its capacity to meet repayment obligations). The use of resolution tools could result in the cancellation, modification or

conversion of any unsecured portion of the liability in respect of the Covered Bonds and/or in other modifications to the Terms and Conditions of the Covered Bonds and/or the Programme Documents.

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

Although there are pre-conditions for the exercise of the bail-in power, there remains uncertainty regarding the specific factors which the relevant resolution authority may consider in deciding whether or not to exercise the bail-in power with respect to the relevant financial institution and/or securities issued by that institution. Furthermore, even though the bail-in powers are not intended to apply to secured debt (such as the Covered Bonds), whether or not securities issued by the Issuer will be subject to write-down, conversion or bail-in, is likely to be inherently unpredictable. Such a determination in relation to the Covered Bonds is not inconceivable.

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

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

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

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

**The Issuer is subject to complex regulation, including regulatory capital and liquidity requirements, which may change**

The Issuer operates in a highly regulated industry and, accordingly, could be adversely affected by regulatory changes in Portugal, the EU or foreign countries in which it operates. Although the Issuer works closely with its regulators and continually monitors this situation, future changes in regulation, taxation or other policies can be unpredictable and are beyond its control. Extensive regulation by the ECB, the EBA and the Bank of Portugal could hinder the Issuer's growth by increasing compliance costs and/or reducing profitability.

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

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

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

The Issuer had a CET1 ratio of 16.1 per cent. as at 31 December 2023 and a Tier 1 ratio of 18.7 per cent. as at 31 December 2023, which compares with a CET1 ratio of 15.8 per cent. as at 31 December 2022 and a Tier 1 ratio of 18.3 per cent. as at 31 December 2022. For more information regarding the solvency ratios, please see the section "Description of the Issuer – Solvency Ratios". In the exercise of its powers as national macro-prudential authority, the Bank of Portugal decided to set the countercyclical buffer rate at 0 per cent. of the TREA, with effect from 1 January 2016. This buffer applies to all credit exposures to the domestic private non-financial sector of credit institutions and investments firms in Portugal subject to the supervision of the Bank of Portugal or the ECB (Single Supervisory Mechanism), as applicable. The Bank of Portugal's last review of the countercyclical buffer was on 27

March 2024, having confirmed the 0 per cent. rate of the TREA for the second quarter of 2024. This decision is reviewed on a quarterly basis.

Further to a notification of the ECB, the Bank of Portugal imposed capital buffers on credit institutions identified as systemically important institutions (“O-SIIs”). For that purpose, on 30 November 2017, the Bank of Portugal published a table identifying the banking groups classified as O-SIIs and the respective capital buffers, as a percentage of total RWA. Simultaneously, the Bank of Portugal also published a more detailed document on the methodology for the identification and calibration of the O-SIIs buffer.

Santander SGPS is currently in compliance with the Supervisory Review and Evaluation Process (“SREP”). According to the notification served by the ECB regarding minimum prudential requirements, to be fulfilled in 2024 on a consolidated basis, the minimum own funds requirements to be observed from the referred date, calculated as a ratio of total RWA, are as follows:

	2024	Pillar 1	Pillar 2	Buffers
<b>CET1</b>	8.428%	4.500%	0.928%	3.00%
<b>T1</b>	10.238%	6.000%	1.238%	3.00%
<b>Total</b>	12.650%	8.000%	1.650%	3.00%

The buffers include the capital conservation buffer (2.5 per cent.) and the O-SII buffer (0.5 per cent.). The Pillar 2 requirement, in 2024, defined under SREP, is 1.65 per cent.

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

Recent developments in the banking market suggest that even stricter rules may be applied by a new framework (“Basel IV”), which would require more stringent capital requirements and greater financial disclosure. Basel IV is likely to introduce higher leverage ratios, more detailed disclosure of reserves and the use of standardised models, rather than banks’ internal models, for the calculation of capital requirements and is expected to be implemented in the EU on 1 January 2025, in accordance with the latest decision of the EC in October 2021. Following the publication of Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending

the BRRD (“**BRRD2**”), credit institutions have also been subject to more burdensome capital and other legal requirements, as these become applicable. On 9 December 2022, Law No. 23-A/2022, of 9 December, transposing the BRRD2 was promulgated and entered into force. Certain of the BRRD2’s requirements relate to the implementation of the total loss absorbing capacity (“**TLAC**”) standard, applicable from January 2022. The TLAC standard requires global systemically important banks to hold certain ratios of instruments and liabilities (as a percentage of their respective RWA), which should be available during resolution to absorb losses.

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

In addition to the above, on 26 January 2021, the EC launched a targeted public consultation on technical aspects of a new review of BRRD (“**BRRD III**”), the SRM Regulation (“**SRM III**”), and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (as amended). This public consultation was open until 20 April 2021 and split into two main sections: a section covering the general objectives of the review, and a section seeking technical feedback on stakeholders’ experience with the COVID-19 crisis and framework and the need for changes in the future framework, notably regarding (i) resolution, liquidation and other available measures to handle banking crises, (ii) level of harmonisation of creditor hierarchy in the EU and impact on the ‘no creditor worse off’ principle, and (iii) depositor insurance. Further work will be needed and legislative proposals on this topic are still expected.

Consequently, the Issuer could face more intense and complex regulation, increasing its compliance costs. If the Issuer is required to raise its regulatory capital but is unable to do so on acceptable terms, it may have to reduce its RWA and possibly dispose of core or other non-core businesses on unfavourable terms, including at lower prices. Changes to the manner in which regulatory capital is calculated could adversely affect the Issuer’s current capital ratios.

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

The Issuer’s continued implementation of these measures may also have a significant impact on its capital and on its assets and liabilities management, as new regulations may restrict or limit the type or volume of transactions in which the Issuer participates, or introduce changes to the fees and commissions charged by the Issuer on certain loans or other products. Any of these events may have a material adverse effect on the Issuer’s business, financial condition and on the results of its operations.

#### **The EU has adopted a deposit guarantee scheme directive that may result in additional costs to the BST Group**

On 2 July 2014, Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 providing

for the establishment of deposit guarantee schemes (the “**recast DGSD**”) and introducing 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 throughout the EU, entered into force. The recast DGSD was transposed into Portuguese law through Law No. 23-A/2015, of 26 March 2015, as amended by Law No. 66/2015, of 6 July 2015.

Regulation (EU) No. 806/2014, as amended, 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.

As a result of these developments, the BST Group may incur additional costs and liabilities. The indirect costs of the deposit guarantee systems may also be significant, even if they are much lower than the direct contributions to the fund, such 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.

#### **RISKS SPECIFIC TO THE COVERED BONDS**

##### **Legal Risk**

Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 (the “**CBD**”) and Regulation (EU) No. 2019/2160 of the European Parliament and of the Council of 27 November 2019 were published in the Official Journal on 18 December 2019 and came into effect on 7 January 2020.

The CBD replaces current Article 52(4) of Directive 2009/65/EC on undertakings for collective investment in transferable securities (as amended) and establishes a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that Member States may choose to exercise when implementing the new directive into their national legal orders).

The CBD was transposed into Portuguese national legislation by Decree-Law No. 31/2022, of 6 May, and entered into force on 1 July 2022, approving the Legal Regime of Covered Bonds (as defined herein).

In accordance with the transitional provisions of Decree-Law No. 31/2022, of 6 May, an issuer of covered bonds under the Covered Bonds Law may apply to the CMVM, as supervisory authority, to convert its existing covered bonds programme, under the Covered Bonds Law, to a covered bonds programme compliant with the Legal Regime of Covered Bonds. The Issuer submitted this application to the CMVM, which authorised such conversion on 9 March 2023. This Base Prospectus is therefore compliant with the Legal Regime of Covered Bonds.

The new legislative framework is still being tested, as is the secondary legislation (including the CMVM Regulation) that has been issued since the entry into force of the Legal Regime of Covered Bonds. As such possible uncertainties of interpretation may arise in the future.

Prospective investors should therefore inform themselves of the above legal changes, including, *inter alia*, the

differences between the Legal Regime of Covered Bonds and the Covered Bonds Law, in addition to any other regulatory requirements applicable to their investment in the Covered Bonds.

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

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

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Each securities rating should be evaluated independently of any other securities rating. In the event that any rating initially assigned to the Covered Bonds is subsequently lowered, withdrawn or qualified for any reason, the Issuer will not be obliged to provide any credit facilities or credit enhancement to restore the original rating. Any such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Covered Bonds.

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

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

European regulated institutions are in general restricted under the 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 CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website, in accordance with the CRA Regulation, is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

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

If the status of the rating agency rating the Covered Bonds changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Covered Bonds may have a different regulatory treatment, which may impact the value of the Covered Bonds and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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

#### **Absence of a secondary market**

The Covered Bonds may have no established trading market when issued. There can be no assurance that a secondary market for the Covered Bonds will develop or, if it does develop, that it will provide holders of the Covered Bonds with liquidity of investment or that it will continue for the entire life of the Covered Bonds. Consequently, any purchaser of the Covered Bonds may not be able to sell them easily or at prices that will provide a yield comparable to similar investments that already have a developed secondary market. Purchasers of Covered Bonds must be prepared to hold the Covered Bonds until their final redemption. The market price of the Covered Bonds could be subject to fluctuation due to variations in the value of the underlying mortgage-backed credits, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions, among other factors. Prospective investors should also be aware of the prevailing and widely reported global credit market conditions and the general lack of liquidity in the secondary market for instruments similar to the Covered Bonds. Additionally, since the withdrawal process of the UK from the European Union, there has been increased volatility in the capital, currency and credit markets, which has recently been further enhanced by the ongoing conflict between Russia and Ukraine and the conflict in the Middle East.

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

Interest rates and indices which are deemed to be “benchmarks” (including EURIBOR) have been the subject of national and international regulatory guidance and proposals for reform. Some 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. Any such consequence could have a material adverse effect on any Covered Bonds referencing such a benchmark.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks provided by administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) No. 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable could have a material impact on any Covered Bonds linked to or referencing a benchmark, particularly if the methodology or other terms of the benchmark are changed to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could reduce or increase the rate or level, or affect the volatility of the published rate or level of the relevant benchmark (including EURIBOR).

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

The working group on euro risk-free rates published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. On 4 December 2023, the group issued its final statement, announcing completion of its mandate.

Furthermore, to address systemic risk, on 2 February 2021 the Council of the European Union approved the final text of Regulation (EU) No. 2021/168 amending the EU Benchmarks Regulation as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No. 648/2012. The new framework delegates the Commission to designate a replacement for benchmarks qualified as critical under the EU Benchmarks Regulation, where the cessation or wind-down of such benchmarks might significantly disrupt the functioning of financial markets within the EU. In particular, the designation of a replacement for a benchmark should apply to any contract and financial instrument, as defined in MiFID II, that is subject to the law of a Member State. On 10 February 2021, the Council

of the European Union adopted Regulation (EU) No. 2021/168, which was published in the Official Journal on 12 February 2021 and entered into force the following day. In addition, with respect to supervised entities, Regulation (EU) No. 2021/168 extended the transitional period for the use of third-country benchmarks until 2023 and the Commission further extended this period until 31 December 2025 by a delegated act adopted by the Commission on 14 July 2023.

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

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

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

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

EURIBOR or any other relevant interest rate benchmark should be mindful of the interest rate fallback provisions applicable to such Floating Rate Covered Bonds and the adverse effect this may have on the value or liquidity of, and return on, any Floating Rate Covered Bonds linked to EURIBOR or any other relevant interest rate benchmark.

### **Covered Bonds may be subject to an Extended Maturity feature**

An Extended Maturity Date may apply to each Series of Covered Bonds issued under the Programme. If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds, the maturity of the relevant Series of Covered Bonds will be automatically extended (subject to any earlier redemption on an Interest Payment Date, as described in the paragraph below) to the Extended Maturity Date if either (i) the Issuer fails to redeem the relevant Series of Covered Bonds on the applicable Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for 5 Business Days thereafter or (ii) the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority, and in each case notice thereof has been (or, in the case of (ii), is subsequently) given to CMVM, all as further described in Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions. If within 10 calendar days of receiving such notice, CMVM objects to such extension of maturity, the extension of maturity will then cease to apply and the relevant Series of Covered Bonds will be redeemed at their Final Redemption Amount together with any accrued interest determined in accordance with Condition 4.4(B) of the Terms and Conditions on the applicable Maturity Date or (if the date such objection is received by the Issuer from CMVM is after the applicable Maturity Date) the Extension Cessation Date.

If an Extended Maturity Date is specified in the applicable Final Terms and, in the case of resolution or voluntary liquidation of the Issuer, if some but not all Series of Covered Bonds then outstanding have been subject to extension to their respective Extended Maturity Dates and any such Extended Maturity Date falls later than the relevant maturity date for the Covered Bonds of any other Series then outstanding that has not been extended, then the maturity of such other Series of Covered Bonds will be automatically extended to its relevant Extended Maturity Date, as required by Article 21(1)(d) of the Legal Regime of Covered Bonds.

In the event of any extension of maturity of a Series of Covered Bonds pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions, the Issuer may also redeem all or part of the Principal Amount Outstanding of those Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date, subject as otherwise provided in the applicable Final Terms. The interest payable on the Principal Amount Outstanding of any Series of Covered Bonds that has had its maturity extended pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions (and provided the CMVM has not objected to any such extension) may change as provided in the applicable Final Terms and such interest may apply on a fixed or floating basis. Neither (i) the extension of maturity of any Series of Covered Bonds from the applicable Maturity Date to the applicable Extended Maturity Date nor (ii) any redemption of such Covered Bonds on the applicable Extension Cessation Date pursuant to Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) of the Terms and Conditions will entitle the holders of such Covered Bonds to accelerate payments on those Covered Bonds or constitute an event of default

for any purpose, and no payment will be due to the holders of Covered Bonds in that event other than as set out in the Terms and Conditions (see *Terms and Conditions of the Covered Bonds*), as amended by the applicable Final Terms. In respect of any Series of Covered Bonds, in case of liquidation or resolution of the Issuer, no extension to an Extended Maturity Date may (i) affect the ranking between any holders of Covered Bonds or (ii) invert the sequencing of the original maturity schedule of Covered Bonds.

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

#### **Benefit of special creditor privilege (*privilégio creditório*)**

The holders of Covered Bonds issued by the Issuer under the Programme, whether outstanding at the date hereof or in the future, benefit from a special creditor privilege (*privilégio creditório*) over all assets comprised in the Cover Pool in relation to the payment of principal and interest on the Covered Bonds (see *Characteristics of the Cover Pool*). The Legal Regime of Covered Bonds establishes that any Hedge Counterparties, at the date hereof and in the future, are also preferred creditors of the Issuer and benefit from the abovementioned special creditor privilege. None of the assets comprised in the Cover Pool are or will be exclusively available to meet the claims of the holders of certain Covered Bonds ahead of those of other holders of Covered Bonds or of Other Preferred Creditors of the Issuer at the date hereof or in the future.

#### **The Terms and Conditions provide that the Issuer may vary the Terms and Conditions in respect of a Successor Rate or an Alternative Reference Rate as determined by an Independent Adviser without any requirement for consent or approval by the holders of the Covered Bonds**

Any changes to the administration of a benchmark or screen rate, or the emergence of alternatives to such benchmark or screen rate as a result of potential reforms, may cause the benchmark or screen rate to perform differently from in the past, to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of a benchmark or screen rate or changes to its administration could require changes to the way in which the rate of interest is calculated on Covered Bonds referencing such benchmark or screen rate (as applicable). Uncertainty as to the nature of alternative reference rates and as to potential changes to the benchmarks or screen rates referenced by the Covered Bonds may adversely affect the value of and return on the Covered Bonds and the trading market for securities referencing such benchmark or screen rate.

The Terms and Conditions also provide for certain fall-back arrangements in the event that a Benchmark Event occurs in relation to Floating Rate Covered Bonds. Either (i) the Issuer will appoint an Independent Adviser to determine a Successor Rate or, failing which, an Alternative Reference Rate to be used in place of the Original Reference Rate (and, in either case, the applicable Adjustment Spread); or (ii) if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed is unable to determine the relevant rates, the Issuer may (after consulting with the Independent Adviser (if any)) determine a Successor Rate or, failing which, an Alternative Reference Rate to be used in place of the Original Reference Rate (and, in either case, the applicable Adjustment Spread). The use of any such Successor Rate or Alternative Reference Rate (including with the

application of an Adjustment Spread) to determine the rate of interest may result in the Covered Bonds performing differently (including paying a lower rate of interest for any Interest Period) than they would have performed had the Original Reference Rate continued to apply.

Furthermore, if a Successor Rate or Alternative Reference Rate (and in either case, the applicable Adjustment Spread) is determined by an Independent Adviser or the Issuer, as the case may be, the Terms and Conditions provide that the Issuer may vary the Terms and Conditions and the Set of Agency Procedures as necessary, to ensure the proper operation of such Successor Rate or Alternative Reference Rate, without any requirement for consent or approval by the holders of the Covered Bonds.

There is no guarantee that any Adjustment Spread will be effective in reducing or eliminating any economic prejudice or benefit to holders of the Covered Bonds or that, due to the particular circumstances of each holder of the Covered Bonds, any such adjustment will be favourable to each holder. Furthermore, there is no guarantee that a Successor Rate or an Alternative Reference Rate will be determined or applied. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, the Covered Bonds.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculation of the rate of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Covered Bonds based on the rate last observed on the Relevant Screen Page.

Investors should consult their own independent advisers and make their own assessment about the potential risks presented by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions when making any investment decision with respect to Covered Bonds linked to or referencing a benchmark.

#### **Eligibility of the Covered Bonds for Eurosystem Monetary Policy**

Covered Bonds may be intended to be held in a manner which will allow for Eurosystem eligibility, if so specified in the applicable Final Terms. However, this does not mean that they will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem Eligible Collateral**"), either upon issue or at any other time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the ECB. If the Covered Bonds do not satisfy these criteria specified by the ECB, there is a risk that they will not be recognised as Eurosystem Eligible Collateral. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Covered Bonds that the Covered Bonds will, either upon issue or at any other time during their life, satisfy any or all requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral.

#### **The Covered Bonds are intended to be labelled as "European Covered Bond (Premium)"**

The Covered Bonds to be issued under this Base Prospectus are able to be labelled as "*European Covered Bond (Premium)*", as set out in Article 42(2) of the Legal Regime of Covered Bonds, provided that the Covered Bonds

are in compliance with the Legal Regime of Covered Bonds and the CRR, and the Cover Pool comprises of only assets listed in Article 129(1) of the CRR (and the requirements under paragraphs 1a to 3b of Article 129 of the CRR are met). Given that the labelling of the Covered Bonds as “*European Covered Bond (Premium)*” depends on the fulfilment of legal requirements under the Legal Regime of Covered Bonds and the CRR, investors should consider, amongst other things, any regulatory impacts when deciding whether or not to purchase any Covered Bonds. No assurance or representation is given by the Arrangers or any of the Dealers as to the assets that comprise the Cover Pool (including, without limitation, whether such assets comply with Article 129(1) of the CRR) nor as to any label assigned to any Series of Covered Bonds (including, without limitation, where such Covered Bonds are labelled as “*European Covered Bond (Premium)*”). See also the risk factor “*No independent investigation in relation to the assets in the Cover Pool*” below.

## **RISKS SPECIFIC TO THE COVER POOL**

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

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

At the date of this Base Prospectus, the Issuer intends to include the Cover Pool mortgage credits which are located in Portugal as Primary Assets.

The Legal Regime of Covered Bonds permits the composition of the Cover Pool to be dynamic. Accordingly, the composition of mortgage credits (and other permitted assets) in the Cover Pool will change from time to time, in accordance with the Legal Regime of Covered Bonds. For further information in respect of the Cover Pool, see *Characteristics of the Cover Pool*.

### **Hedging Contracts**

Hedging contracts can be entered into exclusively to hedge risks such as interest rate risk, exchange rate risk and liquidity risk. The Issuer is entitled but not required to enter into hedging contracts under the Legal Regime of Covered Bonds, except if the Covered Bonds and the Cover Pool are denominated in different currencies, in which case the Issuer shall hedge any exchange rate risk coverage. See *Characteristics of the Cover Pool – Hedging Contracts*.

### **Risks relating to the effects of depreciation in the value of the relevant property on the Cover Pool**

In the event of insolvency, winding-up and dissolution of the Issuer, the Cover Pool over which the holders of Covered Bonds have a special creditor privilege in relation to payment of the principal and any due and future interest will be segregated from the insolvent estate of the Issuer and will form an autonomous estate not being liable for any of its debts until any outstanding amounts payable to the holders of Covered Bonds and counterparties of derivative contracts are fully paid, even in the event of liquidation of the Issuer. However, if the assets comprised in the Cover Pool are insufficient to meet interest and principal payments, the holders of Covered Bonds will rank *pari passu* with unsecured creditors of the Issuer in relation to the remaining assets of

the Issuer.

The security for a mortgage credit included in the Cover Pool consists of, among other things, a mortgage over a property granted in favour of the Issuer. The value of this property and, accordingly, the level of recovery on the enforcement of the mortgage may be affected by, amongst other things, a decline in the value of the relevant property and no assurance can be given in this regard.

A situation where a mortgage must be enforced to pay the holders of Covered Bonds is, however, highly unlikely because the Legal Regime of Covered Bonds establishes that any mortgage credits delinquent for over 90 days must be substituted.

### **Amortisation of Mortgage Credits**

Mortgage credits included in the Cover Pool are subject to the amortisation of principal and payment of interest on a monthly basis, as well as early repayments of principal at any time, in whole or part, by the relevant borrowers. Such early repayments may result in the Issuer being required to include further mortgage credits and/or substitution assets in the Cover Pool in order to comply with the financial matching requirements under the Legal Regime of Covered Bonds.

### **No independent investigation in relation to the assets in the Cover Pool**

Neither the Dealers nor the Arrangers have or will undertake any investigations, searches or other actions in respect of any assets contained or to be contained in the Cover Pool, but will instead rely on the representations and warranties provided by the Issuer in the Programme Agreement.

## RESPONSIBILITY STATEMENTS

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

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

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

In accordance with Articles 149 and 150 (*ex vi* 238(1) and (3)(a)) of the Portuguese Securities Code, the Issuer, the members of its Board of Directors, the members of its Audit Committee and PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. ("**PwC**"), are responsible for the information contained in this Base Prospectus and each of them declares that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus for which it is responsible pursuant to the aforementioned Articles is in accordance with the facts and contains no omissions likely to affect the import of such information.

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

In accordance with Article 149(3) (directly and *ex vi* Article 238(1)) of the Portuguese Securities Code, liability of the abovementioned entities is excluded if any such entity proves that the addressee knew or should have been aware of the inaccuracies in the contents of this Base Prospectus on the date of issue of the contractual declaration or when the respective revocation was still possible. Pursuant to Article 150 of the Portuguese Securities Code, the Issuer is strictly liable (i.e. independently of fault) if any of the members of its Board of Directors, its Audit Committee or PwC is held responsible for such information. Further to Article 238(3)(b) of the Portuguese Securities Code, the right to compensation based on the aforementioned responsibility statements is to be exercised within 6 months of the party seeking compensation becoming aware of an inaccuracy in the contents of this Base Prospectus or the amendment thereto, and ceases, in any case, 2 years following disclosure of (i) this



Base Prospectus for the admission to trading on a regulated market or (ii) the amendment thereto that contains the defective information or forecast.

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

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

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in, or not consistent with, this Base Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers (as defined in *Definitions*), the Common Representative (as defined in *Overview of the Covered Bonds Programme*) or any of the Dealers.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Covered Bonds shall, in any circumstances, imply that the information contained herein concerning the Issuer is correct at any time after the date hereof or after the date on which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct as of or as at any time subsequent to the date indicated in the document containing such information.

If, between the date of this Base Prospectus and the closing date of any offer or the date of any admission to trading made thereunder, any new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus occurs, or if the Issuer becomes aware of a previously existing fact not disclosed in this Base Prospectus, any of which may affect the assessment of any Covered Bonds, the Issuer will prepare a supplement to this Base Prospectus.

The Arrangers, the Common Representative and the Dealers expressly refrain from undertaking any review of the financial condition or affairs of the Issuer during the life of the Programme and from advising any investor in the Covered Bonds of any information coming to their attention. Investors should review, amongst other things, the most recent financial statements, if any, of the Issuer when deciding whether or not to purchase any Covered Bonds.

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

This Base Prospectus or any Final Terms do not constitute an offer to sell or a solicitation of any offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the Arrangers and the Dealers do not represent that this Base Prospectus

may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary, no action has been taken by the Issuer, the Arrangers or the Dealers (save for application by the Issuer for the CMVM's approval of this Base Prospectus as a base prospectus for the purposes of the Prospectus Regulation) which would permit a public offering of any Covered Bonds or the distribution of this Base Prospectus or any other offering material relating to the Programme or the Covered Bonds issued thereunder in any country or jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material relating to the Programme or the Covered Bonds issued thereunder may be distributed or published in any jurisdiction, except under circumstances that would result in compliance with any applicable securities laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that, to the best of its knowledge, all offers and sales made by it will be made on the terms indicated above. Persons into whose possession this Base Prospectus or any Covered Bonds may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of the Covered Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in the United States, the EEA (including, among other countries, Belgium), the UK, Switzerland, Singapore and Japan. See *Subscription and Sale and Secondary Market Arrangements*.

None of the Arrangers, the Common Representative and the Dealers or any of their affiliates has separately verified (i) the information contained or incorporated in this Base Prospectus or (ii) any statement, representation or warranty, or compliance with any covenant, of the Issuer contained in any Covered Bonds or any other agreement or document relating to any Covered Bonds or made in connection with the Programme, or any other agreement or document relating to the Programme. Accordingly, none of the Arrangers, the Common Representative or the Dealers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to (a) the accuracy or completeness of any of the information contained in this Base Prospectus or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any Covered Bonds or any other agreement or document relating to any Covered Bonds or the Programme. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the Covered Bonds is intended to provide the basis for any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers, the Common Representative or the Dealers that any recipient of this Base Prospectus or any other financial information supplied in connection with the Programme should purchase the Covered Bonds.

No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. The Dealers expressly do not undertake to review the Issuer's financial condition or affairs during the life of the Programme or to advise any investor in Covered Bonds issued under the Programme of any information coming to their attention. Each investor contemplating purchasing any Covered Bonds should: (i) determine for itself the

relevance of the information contained or incorporated by reference in this Base Prospectus, (ii) make its own independent investigation of the Issuer's financial condition and affairs, and assessment of the Issuer's creditworthiness, and (iii) make its own determination of the suitability of any such investment in light of its own circumstances, considering its own investment objectives and experience, as well as any other factors relevant to such an investment, in each case, based upon such investigation as it deems necessary.

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

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, as disclosed in the English language, shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (i) the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2022, together with the auditors' reports prepared in connection therewith (available at [www.santander.pt/pdfs/investor-relations/santander-totta-sa/relatorio-e-contas/2022/BST\\_Annual\\_Report\\_2022\\_non\\_official\\_non\\_audited.pdf](http://www.santander.pt/pdfs/investor-relations/santander-totta-sa/relatorio-e-contas/2022/BST_Annual_Report_2022_non_official_non_audited.pdf) and at [www.cmvm.pt/PIInstitucional/PdfVierAllCommunication?Input=30AFC921B89D5EE84B63D35B2EFC1652937C7CEA61036FB7B65AF2B9A903D31B](http://www.cmvm.pt/PIInstitucional/PdfVierAllCommunication?Input=30AFC921B89D5EE84B63D35B2EFC1652937C7CEA61036FB7B65AF2B9A903D31B)), including the information set out in the following pages in particular:

Alternative Performance Indicators	Page 71 to 73 (out of 261)
Consolidated balance sheet as of 31 December 2022 and 31 December 2021	Page 118 (out of 261)
Consolidated statement of profit or loss for the years ended 31 December 2022 and 31 December 2021	Page 119 (out of 261)
Consolidated statement of other comprehensive income for the years ended 31 December 2022 and 31 December 2021	Page 120 (out of 261)
Consolidated statement of changes in equity for the years ended 31 December 2022 and 2021	Page 121 (out of 261)
Consolidated statement of cash flows for the years ended 31 December 2022 and 2021	Page 122 (out of 261)
Notes to the consolidated financial statements	Pages 123 to 247 (out of 261)
Reports and opinions on the consolidated business	Pages 248 to 260 (out of 261)

- (ii) the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2023, together with the auditors' reports prepared in connection therewith (available at [https://www.santander.pt/pdfs/investor-relations/santander-totta-sa/relatorio-e-contas/2023/BST\\_Annual\\_Report\\_2023\\_non\\_official\\_non\\_audited.pdf](https://www.santander.pt/pdfs/investor-relations/santander-totta-sa/relatorio-e-contas/2023/BST_Annual_Report_2023_non_official_non_audited.pdf) and at [www.cmvm.pt/PIInstitucional/PdfVierAllCommunication](http://www.cmvm.pt/PIInstitucional/PdfVierAllCommunication)) (the “**2023 Annual Report**”), including the information set out in the following pages in particular:

Alternative Performance Indicators	Pages 61 to 63 (out of 246)
Consolidated balance sheet statement as at 31 December 2023 and 31 December 2022	Page 111 (out of 246)
Consolidated statement of profit or loss for financial years ended 31 December 2023 and 31 December 2022	Page 112 (out of 246)
Consolidated statement of other comprehensive income for financial years ended 31 December 2023 and 31 December 2022	Page 113 (out of 246)
Consolidated statement of changes in equity for financial years ended 31 December 2023 and 2022	Page 114 (out of 246)
Consolidated statement of cash flows for financial years ended 31 December 2023 and 2022	Page 115 (out of 246)
Notes to the consolidated financial statements	Pages 116 to 233 (out of 246)
Reports and opinions on the consolidated financial statements	Pages 234 to 245 (out of 246)

- (iii) the bylaws (including an English language translation thereof) of the Issuer (available at <https://www.santander.pt/pdfs/investor-relations/santander-totta-sa/governo-sociedade/contrato-sociedade/Estatutos-BST-Ingles.pdf>); and
- (iv) the Terms and Conditions of the Covered Bonds contained in the previous Base Prospectuses dated 14 July 2016, 19 July 2017, 26 July 2018, 31 May 2019, 29 May 2020, 20 May 2021, 25 May 2022 and 9 March 2023, each as supplemented.

Any information contained in any of the documents specified above which is not specifically listed is incorporated by reference in this Base Prospectus for information purposes only. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base

Prospectus.

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

## FORM OF THE COVERED BONDS AND CLEARING SYSTEM

The Covered Bonds will be held through a central securities depository (“CSD”) which will be the Portuguese domestic CSD, Interbolsa.

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

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

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

The Covered Bonds have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless an exemption from the registration requirements of the US Securities Act is available or in a transaction not subject to the registration requirements of the US Securities Act (see *Subscription and Sale* and *Secondary Market Arrangements*). Accordingly, the Covered Bonds will be offered and sold only outside the United States in reliance upon Regulation S under the US Securities Act.

### *General*

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

The centralised securities system of Interbolsa provides for all the procedures required for the exercise of ownership rights inherent to the covered bonds held through Interbolsa.

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

Covered Bonds will be attributed an International Securities Identification Number (“**ISIN**”) code through the codification system of Interbolsa and will be accepted for clearing through LCH. Clearnet, S.A., the clearing system operated at Interbolsa as well as through the clearing systems operated by Euroclear and Clearstream, Luxembourg and settled by Interbolsa’s settlement system. Under the procedures of Interbolsa’s settlement system, the settlement of trades executed through Euronext Lisbon takes place on the second Business Day after the trade date and is provisional until the financial settlement that takes place on the settlement date. Covered Bonds may be attributed a Financial Instrument Short Name (“**FISN**”), a Classification of Financial Instruments (“**CFI**”) code and/or other securities identifier, which will be contained in the Final Terms relating thereto.

#### *Form of the Covered Bonds*

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

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

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

Registering the Covered Bonds with Interbolsa does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for the Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life, as such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

#### *Payment of principal and interest in respect of Covered Bonds held through Interbolsa*

Payment in respect of the Covered Bonds of principal and interest (i) in Euros will be (a) credited, according to the procedures and regulations of Interbolsa, to the payment current accounts held in T2 by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Covered Bonds and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may



be; and (ii) in currencies other than Euro will be (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by CGD, to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

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

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

The Paying Agent notifies Interbolsa of the amounts to be paid for payments to be processed in accordance with Interbolsa procedures and regulations. In the case of a partial payment, the amount held in the relevant current account of the Paying Agent must be apportioned pro-rata between the accounts of the Affiliate Members of Interbolsa. After a payment has been processed, such process shall be confirmed to Interbolsa.

#### *Transfer of Covered Bonds*

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

## FINAL TERMS FOR COVERED BONDS

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

Final Terms dated [●].

### [PROHIBITION OF SALES TO EEA RETAIL INVESTORS

*The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”), (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) No. 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 Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA might be unlawful under the PRIIPs Regulation.]<sup>1</sup>*

### [PROHIBITION OF SALES TO UK RETAIL INVESTORS

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

---

<sup>1</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute “packaged” products and no key information document will be prepared in the EEA or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

Regulation.]<sup>2</sup>

**[MiFID II PRODUCT GOVERNANCE – PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET**

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

**[UK MiFIR PRODUCT GOVERNANCE – PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET**

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

**[NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE** (as amended or modified from time to time, the “SFA”) - *[Insert notice if classification of the Covered Bonds is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or 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*

---

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

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

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

Recommendations on Investment Products)].<sup>5</sup>

Banco Santander Totta, S.A.

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

under the EUR 12,500,000,000 Covered Bonds Programme

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

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

#### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the “**Terms and Conditions**”) set forth in the Base Prospectus dated 23 May 2024 [and the supplement[s] dated [●] [and [●]]] (the “**Base Prospectus**”) which [together] constitute[s] a base prospectus for the purposes of [Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the “**Prospectus Regulation**”)/the Prospectus Regulation]. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information. A copy of the Base Prospectus [and any supplements thereto] [is] [are] available for viewing at [www.cmvm.pt](http://www.cmvm.pt) and [www.santander.pt](http://www.santander.pt). A copy of these Final Terms is available for viewing at <https://www.santander.pt/institucional/investor-relations/santander-totta-sa/emissao-de-divida>.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under any previous base prospectus whose terms and conditions are incorporated by reference herein as so supplemented or any other subsequent base prospectus.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the “**Terms and Conditions**”) set forth in the base prospectus dated [*original date*], as supplemented, which is incorporated by reference in the Base Prospectus dated 23 May 2024 [and the supplement[s] dated [●]] (the “**Base Prospectus**”), which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Covered Bonds described herein for

---

<sup>5</sup> Relevant Manager(s)/Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. A copy of the Base Prospectus [and any supplements thereto] [is] [are] available for viewing at <[www.cmvm.pt](http://www.cmvm.pt)> and <[www.santander.pt](http://www.santander.pt)>. A copy of these Final Terms is available for viewing at <<https://www.santander.pt/institucional/investor-relations/santander-totta-sa/emissao-de-divida>>.]

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

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

- |    |  |  |
|----|--|--|
| 1. | Issuer:  | Banco Santander Totta, S.A.  |
|    | (i) Series Number:   | [●]  |
|    | (ii) Tranche Number:   | [●]  |
|    | (iii) Date on which the Covered Bonds will be consolidated and form a single Series: | [Not Applicable]/[●]<br><i>(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible.)</i> |
| 2. | Specified Currency or Currencies:  | [●]  |
|    | (i) Aggregate Nominal Amount of Covered Bonds:                                       |  |
|    | (a) Series:  | [●]  |
|    | (b) Tranche:   | [●]  |
|    | (ii) Specify whether Covered Bonds are to be admitted to trading:                    | [Yes (if so, specify each Series/Tranche)/No]  |
|    | (iii) Issue Price:   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]  |
| 3. | Specified Denominations:   | [●]  |
|    | (i) Issue Date:  | [●]  |
|    | (ii) [Interest Commencement Date]:   | [[●]/Issue Date/Not Applicable]<br><i>(NB: An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero</i>                |

*Coupon Covered Bonds.)*

4. Maturity Date: *[specify date (for Fixed Rate Covered Bonds) or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year]*  
*(NB: Maturity Date should not be less than 2 years from the Issue Date.)*  
*(NB: In case (i) no Extended Maturity Date is specified or (ii) an Extended Maturity Date is specified when a Series of Covered Bonds with no Extended Maturity Date feature is outstanding, the Issuer, when deciding the applicable Maturity Date, shall ensure that such change will not affect the ranking of outstanding Covered Bonds nor invert the sequencing of the original maturity schedule of outstanding Covered Bonds in case of resolution or liquidation.)*
5. Extended Maturity Date: *[Applicable / Not Applicable]*  
*[insert date] (the date shall be at least one year after the Maturity Date, provided that in any case the Issuer may not specify an Extended Maturity Date that is earlier than the applicable Extended Maturity Date for any other outstanding Series of Covered Bonds with an earlier Maturity Date.)*
6. Interest Basis:
- (i) Period to (but excluding) Maturity Date (or the Extension Cessation Date, if applicable): *[[●] per cent. Fixed Rate]*  
*[EURIBOR] +/- Margin*  
*[Margin = [●] per cent.]*  
*[Zero Coupon]*  
*(further particulars specified below)*
- (ii) Period from (and including) Maturity Date up to (but excluding) Extended Maturity Date (subject to Condition 6.7(F)): *[Not Applicable]*  
*[[●] per cent. Fixed Rate]*  
*[EURIBOR] +/- Margin*  
*[Margin = [●] per cent.]*  
*[Zero Coupon]*  
*(further particulars specified below)*
7. Redemption/Payment Basis: *[Redemption at par] / [Other (specify)]*
8. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for change of Covered Bonds into another Interest or Redemption/ Payment Basis]*

9. Put/Call Options: [Issuer Call]  
 [Investor Put]  
 [Not Applicable]  
 [(further particulars specified below)]
- (i) Status of the Covered Bonds: The Covered Bonds will be direct, unconditional and senior obligations of the Issuer and rank equally with all other covered bonds issued or to be issued by the Issuer. The Covered Bonds will qualify as covered bonds for the purposes of the Legal Regime of Covered Bonds.
- (ii) [Date [Board] approval for issuance of Covered Bonds obtained]: [●]  
*(NB: Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds)*
10. Method of distribution: [Syndicated/Non-syndicated]
11. Listing/Admission to Regulated Market: [Euronext Lisbon /Other (specify)/None]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. Fixed Rate Covered Bonds Provisions:
- To Maturity Date (or the Extension Cessation Date, if applicable): [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph relating to such period)*
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph relating to such period)*  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F).))*
- (i) Rate(s) of interest:
- To Maturity Date (or the Extension Cessation Date, if applicable): [●] per cent. *per annum* [payable [annually/semi-annually/quarterly/other (specify)] in arrear]
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/ [●] per cent. *per annum* [payable [annually/semi-annually/quarterly/other (specify)] in arrear]  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F).))*

- (ii) Interest Payment Date(s):
- To Maturity Date: [[●] in each year up to and including the Maturity Date / [other (specify)]]
  - From Maturity Date up to Extended Maturity Date: [Not Applicable][[●] in each month up to and including the Extended Maturity Date]/[other (specify)]  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F).)*  
*(NB: This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount [(s)]:
- To Maturity Date: [[●] per [●] in nominal amount]
  - From Maturity Date up to Extended Maturity Date: [Not Applicable] [[●] per [●] in nominal amount]  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F).)*
- (iv) Broken Amount:
- To Maturity Date: *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate.]*
  - From Maturity Date up to Extended Maturity Date: [Not Applicable] *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate.]*  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F).)*
- (v) Day Count Fraction:
- To Maturity Date (or the Extension Cessation Date, if applicable): [30/360 or Actual/Actual (ICMA)/Other (specify)]
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable] [30/360 or Actual/Actual (ICMA) /Other (specify)]  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition*



6.7(F).)

- (vi) Determination Date(s):
- To Maturity Date: *[[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)] in each year.]*
  - From Maturity Date up to Extended Maturity Date: *[Not Applicable] [Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative).]*  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Fixed Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F).))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: *[None/give details]*
13. Floating Rate Covered Bonds Provisions:
- To Maturity Date (or the Extension Cessation Date, if applicable): *[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph relating to such period.)*
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):  
*[Applicable/Not Applicable]*  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date (subject to Condition 6.7(F).))*
- (i) Specified Period(s)/Specified Interest Payment Dates:
- To Maturity Date: *[●]*
  - From Maturity Date up to Extended Maturity Date: *[Not Applicable]/[●]*  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.)*
- (ii) Business Day Convention:
- To Maturity Date (or the Extension Cessation Date, if applicable): *[Floating Rate Convention/Following Business Day Convention/Modified Following (Adjusted) Business Day Convention/Preceding Business Day Convention/Other (give details)]*
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):  
*[Not Applicable]/[Floating Rate Convention/ Following Business Day Convention/Modified Following (Adjusted) Business Day Convention/Preceding*

Business Day Convention/Other (give details)]

(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.)

(iii) Additional Business Centre(s):

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

(iv) Party responsible for calculating the rate of interest and Interest Amount:

- To Maturity Date (or the Extension Cessation Date, if applicable): [Banco Santander Totta, S.A./[●] (the "Calculation Agent")]  
*[Elect and fill-in the second alternative only if a Calculation Agent has been appointed other than the Agent]*
- From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/[Banco Santander Totta, S.A./[●] (the "Calculation Agent")]  
*(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date, in which case the last alternative shall be elected and filled-in only if a Calculation Agent has been appointed other than the Agent.)*

(v) Screen Rate Determination:

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

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

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

[Not Applicable]  
(State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate

*Covered Bonds after the Maturity Date.)*

- Reference Rate: [●]
  - Interest Determination Date: [●] (*Second day on which T2 is open prior to the start of each Interest Period if EURIBOR*)
  - Relevant Screen Page: [●] (*in the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions accordingly*)
- (vi) Margin(s):
- To Maturity Date (or the Extension Cessation Date, if applicable): [+/-] [●] per cent. *per annum*
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/ [+/-] [●] per cent. *per annum* (*State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*)
- (vii) Minimum rate of interest:
- To Maturity Date (or the Extension Cessation Date, if applicable): [●] per cent. *per annum*
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/[●] per cent. *per annum* (*State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*)
- (viii) Maximum rate of interest:
- To Maturity Date (or the Extension Cessation Date, if applicable): [●] per cent. *per annum*
  - From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)): [Not Applicable]/[●] per cent. *per annum* (*State “Not Applicable” unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.*)
- (ix) Day Count Fraction:
- To Maturity Date (or the Extension Cessation Date, if applicable):  
[Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)

	Other]	
	(see Condition 4 ( <i>Interest</i> ) for alternatives)	
• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/ [Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 (ISDA) 30E/360	
	Other] (see Condition 4 ( <i>Interest</i> ) for alternatives)	
	( <i>State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.</i> )	
(x) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions:		
• To Maturity Date (or the Extension Cessation Date, if applicable):	[•]	
• From Maturity Date up to Extended Maturity Date (subject to Condition 6.7(F)):	[Not Applicable]/[•]	
	( <i>State "Not Applicable" unless Extended Maturity Date applies and the Covered Bonds are Floating Rate Covered Bonds after the Maturity Date.</i> )	
14. Zero Coupon Covered Bonds Provisions:	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining subparagraphs of this paragraph</i> )	
(i) Accrual Yield:	[•] per cent. <i>per annum</i>	
(ii) Reference Price:	[•]	
(iii) Any other formula/basis of determining amount payable:	[•]	
(iv) Day Count Fraction in relation to late payment:	[Condition 6.6 applies/Other ( <i>specify</i> )]  ( <i>consider applicable day count fraction if not U.S. dollar denominated</i> )	

**PROVISIONS RELATING TO REDEMPTION**

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

Condition 6 (*Redemption and Purchase*))]:

#### GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

19. Form of Covered Bonds: Book-Entry form (*forma escritural*)  
Nominative form (*nominativas*)
20. Other final terms: [Not Applicable/*give details*]  
*(When adding on any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*

#### DISTRIBUTION

21. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Date of [Subscription] Agreement: [•]  
(iii) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]  
(iv) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name and date of relevant agreement*]
22. U.S. Selling Restrictions: [Not Applicable/*give details*]
23. Additional selling restrictions: [Not Applicable/*give details*]
24. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]  
*(If the Covered Bonds clearly do not constitute “packaged” products or the Covered Bonds do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Covered Bonds may constitute “packaged” products and no KID will be prepared in the EEA, “Applicable” should be specified)*
25. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]  
*(If the Covered Bonds clearly do not constitute “packaged” products or the Covered Bonds do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Covered Bonds may constitute “packaged” products and no KID will be prepared in the UK, “Applicable” should be specified)*
26. Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]  
*(N.B. advice should be taken from Belgian counsel*

*before disapplying this selling restriction)*

27. [Singapore Sales to Institutional Investors and Accredited Investors only:

[Applicable/Not Applicable]

*(Consider deleting this subparagraph if no sales are being made to Singapore)*

*(If the Covered Bonds are offered to Institutional Investors and Accredited Investors in Singapore only, "Applicable" should be specified.*

*If the Covered Bonds are **also** offered to investors other than Institutional Investors and Accredited Investors in Singapore, "Not Applicable" should be specified, however, parties, should consider the Monetary Authority of Singapore's Notice on Business Conduct Requirements for Corporate Finance Advisers on 23 February 2023 and the related due diligence requirements, and "Not Applicable" should only be specified if no corporate finance advice is given by any Manager or Dealer)]*

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms for issue and admission to trading on the regulated market of Euronext Lisbon. The Base Prospectus and the form of Final Terms allows for admission to trading on other regulated markets of the Covered Bonds described herein pursuant to the EUR 12,500,000,000 Covered Bonds Programme of Banco Santander Totta, S.A.

## **RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By:

Duly authorised

.....

## PART B – OTHER INFORMATION

### 1. Listing

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

### 2. Ratings

Ratings: The Covered Bonds to be issued [have been]/[are expected to be] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. Each of [*defined terms*] is established in the [European Economic Area (“**EEA**”) / United Kingdom (“**UK**”)] and is registered under [Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”) / Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)]:

[Moody’s: [●]]

[Fitch: [●]]

[DBRS:[●]]

[Other: [●]]

*(The above disclosure should reflect the rating allocated to the Covered Bonds being issued.)*

*[[Insert credit rating agency] is established in the [EEA / UK] and is registered under the [CRA Regulation / UK CRA Regulation.]*

*However, the ratings [[have been]/[are expected to be]] endorsed by [*insert the name of the relevant EEA / UK entity*] in accordance with the [CRA Regulation / UK CRA Regulation]. [*Insert the name of the relevant EEA / UK entity*] is established in the [EEA / UK] and registered under the [CRA Regulation / UK CRA Regulation].*

*[Insert brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*



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

Save for fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. – *amend as appropriate if there are other interests]*

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

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

[(i) Reasons for the offer: [See "Use of Proceeds" in the Base Prospectus / Give Details]

*(See "Use of Proceeds" wording in the Base Prospectus if reasons for the offer differ from what is disclosed in the Base Prospectus, give details)]*

[(ii) Estimated net proceeds: [●]

[(iii) Estimated total expenses: [●]

### 5. **Yield**

Indication of yield: [●]

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

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

### 6. **Operational Information**

ISIN Code: [●]

Common Code:	<input type="checkbox"/>
CFI:	<input type="checkbox"/> /[Not Applicable]
FISN:	<input type="checkbox"/> /[Not Applicable]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	<input type="checkbox"/>
Intended to be held in a manner which would allow Eurosystem eligibility:	<input type="checkbox"/> [Yes] <input type="checkbox"/> [No] [Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity as a securities settlement system, and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if “yes” selected above]
Intended to be labelled as “European Covered Bond (Premium)”:	<input type="checkbox"/> [Yes] <input type="checkbox"/> [No]

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the Terms and Conditions of the Covered Bonds. The applicable Final Terms in relation to any Tranche of Covered Bonds shall complete the following Terms and Conditions for the purpose of such Covered Bonds. Reference should be made to “Final Terms for Covered Bonds” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.*

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

**IT IS THE INTENTION OF THE ISSUER, BUT NOT ITS CONTRACTUAL UNDERTAKING, THAT ANY COVERED BONDS TO BE ISSUED ARE ABLE TO BEAR THE LABEL “EUROPEAN COVERED BOND (PREMIUM)”, AS FORESEEN IN ARTICLE 42(2) OF THE LEGAL REGIME OF COVERED BONDS. THE ACTUAL ABILITY FOR SUCH LABEL TO BE USED WILL DEPEND ON THE COMPLIANCE OVER TIME WITH THE RELEVANT REQUIREMENTS OF THE LEGAL REGIME OF COVERED BONDS AND OF ARTICLE 129 OF THE CRR.**

This Covered Bond is one of a Series (as defined below) of covered bonds issued by Banco Santander Totta, S.A. (the “**Issuer**”) in accordance with the procedures set out in the Set of Agency Procedures (as defined below).

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

The Covered Bonds have the benefit of a set of agency procedures (such set of agency procedures as amended and/or supplemented and/or restated from time to time, the “**Set of Agency Procedures**”) dated 4 April 2008 and made and agreed by Banco Santander Totta, S.A. (acting in its capacity as Agent and Paying Agent, which expressions shall include any successors, and as Issuer) and by any subsequent agent and/or paying agent appointed by the Issuer.

Any reference to “**holders of Covered Bonds**” shall mean the person or entity registered as such in the individual securities’ account held with the relevant Affiliate Member of Interbolsa.

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

Copies of the Set of Agency Procedures are (i) available for inspection or collection during normal business hours at the specified office of each of the Paying Agents (such Paying Agents together referred to as the “**Agents**”) or (ii) may be provided by email to holders of Covered Bonds following their prior written request to any of the Paying

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

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

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

- (a) those Covered Bonds which have been redeemed and cancelled pursuant to these Terms and Conditions;
- (b) those Covered Bonds in respect of which the date for redemption under these Terms and Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under these Terms and Conditions after that date) have been duly paid to or to the order of the Agent in the manner provided in the Set of Agency Procedures (and, where appropriate, notice to that effect has been given to the Covered Bonds holders in accordance with these Terms and Conditions) and remain available for payment against presentation of the relevant Covered Bonds;
- (c) those Covered Bonds which have been purchased and cancelled under these Terms and Conditions; and
- (d) those Covered Bonds which have become prescribed under these Terms and Conditions.

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

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

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

of the Covered Bonds recorded therein.

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

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

The Covered Bonds to be issued on or after the date hereof will be issued in a denomination per unit not lower than EUR 100,000 (or its equivalent in another currency), as specified in the applicable Final Terms, unless the Covered Bonds will not be distributed to the public or admitted to trading on a regulated market, in which case lower denominations per unit may apply.

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

The transferability of the Covered Bonds is not restricted.

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

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

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

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

## 4. INTEREST

### 4.1 Interest on Fixed Rate Covered Bonds

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

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified. As used in these Terms and Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

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

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

would occur in one calendar year; and

2. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “**30/360**” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

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

## 4.2 Interest on Floating Rate Covered Bonds

### (A) *Interest Payment Dates*

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

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

Such interest will be payable in respect of each “**Interest Period**” (which expression shall, in these

Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Covered Bonds become payable on a date other than an Interest Payment Date).

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

- (i) in any case where Specified Periods are specified in accordance with Condition 4.2(A)(ii) above, the Floating Rate Convention (as specified in the applicable Final Terms), such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (ii) the Following Business Day Convention (as specified in the applicable Final Terms), such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following (Adjusted) Business Day Convention (as specified in the applicable Final Terms), such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (iv) the Preceding Business Day Convention (as specified in the applicable Final Terms), such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Lisbon and any Additional Business Centre(s) specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for



general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and Lisbon and any Additional Business Centre(s)) and which if the Specified Currency is Australian dollars shall be Sydney or (2) in relation to any sum payable in euro, a day on which T2 is open.

(B) *Rate of interest*

*Floating Rate Covered Bonds*

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

*Screen Rate Determination for Floating Rate Covered Bonds*

The rate of interest for each Interest Period will, subject to Condition 4.5 (*Benchmark Replacement*), be either:

1. the offered quotation (if there is only one quotation on the Relevant Screen Page); or
2. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) or, as applicable, the relevant Calculation Agent, of such offered quotations.

If, for the purposes of the calculations described above, the Relevant Screen Page is not available or if no offered quotations appear thereon, the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified shall request each of the Reference Banks to provide it with its offered quotation (expressed as a percentage rate *per annum*) for the Reference Rate at 11.00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date (as specified in the applicable Final Terms) in question. If two or more

of the Reference Banks provide it with such offered quotations, the rate of interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent.

If, on any Interest Determination Date, one only or none of the Reference Banks provides the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent, with such offered quotations as provided in the preceding paragraph, the rate of interest for the relevant Interest Period shall be the rate *per annum* which the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent, by any two or more of the Reference Banks, at which such banks were offered, at approximately the above specified time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent, with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the above specified time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent, it is quoting to leading banks in the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the rate of interest cannot be determined in accordance with the foregoing provisions of this paragraph, the rate of interest shall be determined on the Interest Determination Date for the last preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(C) *Minimum rate of interest and/or maximum rate of interest*

If the applicable Final Terms specifies a Minimum rate of interest for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above is less than such Minimum rate of interest, the rate of

interest for such Interest Period shall be such Minimum rate of interest.

If the applicable Final Terms specifies a Maximum rate of interest for any Interest Period, then, in the event that the rate of interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above is greater than such Maximum rate of interest, the rate of interest for such Interest Period shall be such Maximum rate of interest.

(D) *Determination of rate of interest and calculation of Interest Amounts*

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

The Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, will calculate the amount of interest payable on the Floating Rate Covered Bonds (each an “**Interest Amount**”) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the rate of interest to the Principal Amount Outstanding of each Covered Bond, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

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

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

where:

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

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

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

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

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

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

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

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

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

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be

30;

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

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

where:

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

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

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

(E) *Notification of rate of interest and Interest Amounts*

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

in accordance with Condition 11 (*Notices*). For the purposes of this paragraph, the expression “**Lisbon Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Lisbon.

(F) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 (*Interest on Floating Rate Covered Bonds*), whether by the Agent or the Calculation Agent (if applicable) shall (in the absence of negligence, wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents, any Calculation Agent, the Common Representative and all holders of Covered Bonds and (in the absence of wilful default or bad faith) no liability to the Issuer, any Calculation Agent, the holders of Covered Bonds shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**4.3 Accrual of interest**

Subject as provided in Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*), interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof (which, in any case where an extension of maturity ceases to apply after the Maturity Date pursuant to Condition 6.7(F), shall be the Extension Cessation Date) unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until the earlier of (i) the date on which all amounts due in respect of such Covered Bond have been paid; and (ii) 5 days after the date on which the full amount of the moneys payable in respect of such Covered Bond has been received by the Agent, and notice to that effect has been given to the holders of Covered Bonds in accordance with Condition 11 (*Notices*).

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

(A) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of the Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), the Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full or the Extended Maturity Date, subject to Conditions 4.3 (*Accrual of interest*), 4.4(B) and 6.7(F). In that event, interest shall be payable on those Covered Bonds at the rate determined in accordance with Condition 4.4(B) on the Principal Amount Outstanding of the

Covered Bonds in arrear on the Interest Payment Date in each month after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date.

- (B) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of the Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), and subject to Condition 6.7(F) the rate of interest payable from time to time in respect of the Principal Amount Outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, 2 Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms (or, in connection with any redemption of the Covered Bonds (other than Zero Coupon Covered Bonds) where an extension of maturity ceases to apply after the Maturity Date pursuant to Condition 6.7(F), interest will continue to accrue from (and including) the Maturity Date to (but excluding) the Extension Cessation Date at the same rate of interest that was applicable in respect of the interest period ending on (but excluding) the Maturity Date).
- (C) In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date, and in addition to paragraph (B) above, for the purposes of this Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*) the Principal Amount Outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (D) This Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*) shall only apply if the maturity of the Covered Bonds is extended up to the Extended Maturity Date in accordance with Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*).

#### **4.5 Benchmark Replacement**

This Condition 4.5 applies only to Floating Rate Covered Bonds. If a Benchmark Event occurs in relation to an Original Reference Rate when any rate of interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the Covered Bonds:

- (A) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint at its own expense an Independent Adviser to determine (without any requirement for the consent or approval of the holders of the Covered Bonds), no later than 10 days prior to the Interest Determination Date relating to the next Interest Period for which the rate of interest (or the relevant component part thereof) is otherwise to be determined by reference to the Original Reference Rate (the “**IA Determination Cut-Off Date**”), (A) a Successor Rate or, failing which, an Alternative Reference Rate, for the purposes of determining each relevant rate of interest (or the relevant component part thereof) applicable to the Covered Bonds and (B) in either case, an Adjustment Spread. Without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Reference Rate and/or the applicable Adjustment Spread, the Independent Adviser will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;
- (B) if the Issuer (i) is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Reference Rate in accordance with this Condition 4.5, in either case prior to the relevant IA Determination Cut-Off Date, the Issuer (acting in good faith and in a commercially reasonable manner and following consultation with the Independent Adviser in the event one has been appointed) may determine (without any requirement for the consent or approval of the holders of the Covered Bonds), no later than the Interest Determination Date relating to the next Interest Period for which the rate of interest (or the relevant component part thereof) is otherwise to be determined by reference to the Original Reference Rate, (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 4.5. Without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Reference Rate and/or the applicable Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;
- (C) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by an Independent Adviser or the Issuer, as applicable, in accordance with paragraphs (A) or (B) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall (subject to adjustment as provided in paragraph (D) below) subsequently be used in place of the Original Reference Rate to determine the relevant rate(s) of interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the subsequent operation of, and to further adjustment as provided in, this Condition 4.5);
- (D) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by an Independent Adviser or the Issuer, as applicable, in accordance with paragraphs (A) or (B)



above, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)) in each case acting in good faith and in a commercially reasonable manner, will determine the Adjustment Spread to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) for each determination of a relevant rate of interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Reference Rate (as applicable);

- (E) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)) in each case acting in good faith and in a commercially reasonable manner, determines (in accordance with paragraphs (A) or (B) above) a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or the applicable Adjustment Spread in accordance with the above provisions, the Independent Adviser or, as the case may be, the Issuer may (without any requirement for the consent or approval of the holders of the Covered Bonds) also specify changes to these Conditions and/or the Set of Agency Procedures in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or the Adjustment Spread (as applicable), including, but not limited to, (A) the Day Count Fraction, Relevant Screen Page, Business Day Convention, Interest Determination Date, time at which the Relevant Screen Page is observed and/or the definition of Reference Rate and (B) the method for determining the fall-back rate in relation to the Covered Bonds (such amendments, together, the “**Benchmark Amendments**”). For the avoidance of doubt, the Issuer and the Agent shall effect such consequential amendments to the Set of Agency Procedures and/or these Conditions as may be required in order to give effect to the application of this Condition 4.5. No consent shall be required from the holders of the Covered Bonds in connection with determining or giving effect to the Successor Rate, Alternative Reference Rate or the Adjustment Spread (as applicable) or any Benchmark Amendments, including for the execution of any documents or other steps to be taken by the Issuer or the Agent (if required or useful);
- (F) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate, Adjustment Spread and/or Benchmark Amendments (as applicable), give notice thereof to the holders of the Covered Bonds in accordance with Condition 11 (*Notices*) and the Agent (if different from the Issuer). Such notice shall be irrevocable and shall specify the relevant Successor Rate or Alternative Reference Rate (as applicable), the applicable Adjustment Spread and the specific terms of any other Benchmark Amendments, and their effective date;
- (G) an Independent Adviser appointed pursuant to this Condition 4.5 shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Agent or the holders of the Covered Bonds for any advice given to the Issuer or in connection with any determination made by the Independent Adviser or the Issuer, as applicable, pursuant to this Condition 4.5; and

- (H) without prejudice to the obligations of the Issuer under this Condition 4.5, the Original Reference Rate and the other provisions in this Condition 4 will continue to apply for the purpose of determining the rate of interest (or the relevant component part thereof) on the relevant Interest Determination Date (i) unless and until a Benchmark Event has occurred, (ii) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)) is unable to or does not determine a Successor Rate or an Alternative Reference Rate in accordance with this Condition 4.5, and (ii) if the Independent Adviser or, as the case may be, the Issuer does determine a Successor Rate or Alternative Reference Rate in accordance with this Condition 4.5, but the Agent (if different from the Issuer) and the holders of Covered Bonds have not been notified of the Successor Rate or Alternative Reference Rate (as applicable), the applicable Adjustment Spread and any Benchmark Amendments in accordance with Condition 4.5(F) prior to the relevant Interest Determination Date. For the avoidance of doubt, this Condition 4.5(H) shall apply to the determination of the rate of interest on the relevant Interest Determination Date only, and the rate of interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.5.

## **5. PAYMENTS**

### **5.1 Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars shall be Sydney); and
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) Interbolsa regulations, fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

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

Payments of principal and interest in respect of Covered Bonds may only be made in euro or in such other

currencies accepted by Interbolsa for registration and clearing.

Payment in respect of the Covered Bonds of principal and interest (i) in euros will be (a) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) from the payment current account which the Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Paying Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held in T2 by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Covered Bonds and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the owners of those Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; and (ii) in currencies other than euro will be (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Covered Bonds or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

### 5.3 Payment Day

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

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

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

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

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

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

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

#### **6.1 Final redemption**

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

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

If Issuer Call Option is specified as being applicable in the applicable Final Terms, the Issuer may, having given (unless otherwise specified, in the applicable Final Terms) not less than 30 nor more than 60 days' notice to the Common Representative, the Agent and, in accordance with Condition 11 (*Notices*), the holders of Covered Bonds (which notice shall be irrevocable) redeem all or some only (as specified in the applicable Final Terms) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer shall be bound to redeem the Covered Bonds accordingly. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the nominal amount of all outstanding Covered Bonds will be redeemed proportionally.

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

If Investor Put Option is specified as being applicable in the applicable Final Terms, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 11 (*Notices*) not less than 30 nor more than 60 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance

with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. To exercise the Investor Put Option, the holder of this Covered Bond must deliver, at the specified office of any Paying Agent, at any time during normal business hours of such Paying Agent, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. Any notice of exercise of the Investor Put Option given by a holder of any Covered Bond pursuant to this paragraph shall be irrevocable. The right to require redemption will be exercised directly against the Issuer, through the relevant Paying Agent.

#### **6.4 Purchases**

The Issuer or any of its subsidiaries may at any time purchase or otherwise acquire Covered Bonds at any price in the open market or otherwise. Such Covered Bonds may be held, resold or, at the option of the Issuer, cancelled.

#### **6.5 Cancellation**

All Covered Bonds which are redeemed will forthwith be cancelled. All Covered Bonds so cancelled and any Covered Bonds purchased and cancelled pursuant to Condition 6.4 (*Purchases*) shall be cancelled by Interbolsa and cannot be held or resold.

#### **6.6 Late payment on Zero Coupon Covered Bonds**

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

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

where:

**RP** means the Reference Price; and

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

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

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
  - (ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Agent and notice to that effect has been given to the holders of Covered Bonds either in accordance with Condition 11 (*Notices*) or individually.
- (B) If the amount payable in respect of any Zero Coupon Covered Bond to which Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) is applicable is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount as so specified in the applicable Final Terms.

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

- (A) Any Extended Maturity Date specified in the applicable Final Terms as applying to a Series of Covered Bonds shall be at least one year after the applicable Maturity Date, provided that in any case the Issuer may not specify an Extended Maturity Date that is earlier than the applicable Extended Maturity Date for any other outstanding Series of Covered Bonds with an earlier Maturity Date.

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

- (B) In the case of liquidation or resolution of the Issuer, no extension of maturity for a Series of Covered Bonds to the applicable Extended Maturity Date will (i) affect the ranking of covered bonds issued by the Issuer and subject to the Legal Regime of Covered Bonds or (ii) invert the sequencing of the original maturity schedule for such covered bonds referred to in (i) above.
- (C) If an Extended Maturity Date is specified in the applicable Final Terms and the Issuer fails to redeem all of the Covered Bonds of a Series in full on the Maturity Date and it is foreseeable (as determined by the Issuer) that such failure will continue for 5 Business Days thereafter, the maturity of such Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of these Terms and Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as described in paragraph (F) below.
- (D) If an Extended Maturity Date is specified in the applicable Final Terms and in the case of resolution

or voluntary liquidation of the Issuer, if some but not all Series of Covered Bonds then outstanding have been subject to extension to their respective Extended Maturity Dates and any such Extended Maturity Date falls later than the relevant Maturity Date for the Covered Bonds of any other Series then outstanding that has not been extended (and which Maturity Date for such other Series is later than the corresponding Maturity Date of such extended Series of Covered Bonds) the maturity of such other Series of Covered Bonds will be automatically extended to its relevant Extended Maturity Date, as required by Article 21(1)(d) of the Legal Regime of Covered Bonds.

(E) If an Extended Maturity Date is specified in the applicable Final Terms and if the authorisation of the Issuer as a credit institution is revoked by the competent banking supervisory authority (being the European Central Bank and the Bank of Portugal, acting individually or jointly, and including any successor) and leading to mandatory liquidation of the Issuer, the maturity of all Series of Covered Bonds will, subject to the right of CMVM to oppose such extension in the manner described in paragraph (F) below), be automatically extended up to but no later than the Extended Maturity Date.

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

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

For the avoidance of doubt, if CMVM has received less than 10 calendar days' notice from the Issuer of any possible extension and at the date on which the maturity for the Covered Bonds is scheduled to be automatically extended to the Extended Maturity Date CMVM has not yet decided whether or not it opposes such extension, the maturity for the Covered Bonds will extend to the Extended Maturity Date. If subsequently (but within 10 calendar days from the date the Issuer gives the relevant notice to CMVM) CMVM then decides on the basis of the Extension Legal

Requirements to oppose such extension, the extension to the Extended Maturity Date will cease to apply and each Covered Bond shall, as at the date of such cessation (the “**Extension Cessation Date**”) then become immediately due and payable at its Final Redemption Amount together with any accrued interest determined pursuant to Condition 4.4(B) (or, in the case of Zero Coupon Covered Bonds, an amount determined in accordance with Condition 6.6 (*Late payment on Zero Coupon Covered Bonds*)).

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



- (K) In the event of the extension of the maturity of Covered Bonds under this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), interest rates, interest periods and interest payment dates on the Covered Bonds from (and including) the Maturity Date to (and including or but excluding, as the case may be) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4.4 (*Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Covered Bonds up to the Extended Maturity Date*).
- (L) If the Issuer redeems part and not all of the Principal Amount Outstanding of Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Covered Bonds and the Principal Amount Outstanding of the Covered Bonds shall be reduced by the level of that redemption.
- (M) If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*), for so long as any of those Covered Bonds remains in issue, the Issuer shall not issue any further covered bonds, unless the proceeds of issue of such further covered bonds are applied by the Issuer on issue in redeeming in whole or in part the relevant Covered Bonds in accordance with the terms hereof.

## **7. TAXATION**

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

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

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

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

### **7.3 Taxing Jurisdiction**

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

#### 7.4 Tax Deduction not event of default

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

#### 8. PRESCRIPTION

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

#### 9. INSOLVENCY EVENT AND ENFORCEMENT

##### 9.1 Insolvency Event

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

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

##### 9.2 Enforcement

- (A) Following the approval of a Resolution as described in Condition 9.1 (*Insolvency Event*), the holders of the Covered Bonds (or the Common Representative on their behalf, provided it has been indemnified and/or secured to its satisfaction) may at any time after service of an Acceleration Notice, at its discretion and without further notice, take such proceedings against the Issuer and/or any other person as it may deem fit to enforce the provisions of the Covered Bonds.
- (B) In exercising any of its powers and discretions the Common Representative shall only have regard to the interests of the holders of Covered Bonds of all Series.
- (C) No holder of Covered Bonds shall be entitled to proceed directly against the Issuer or to take any action with respect to the Common Representative Appointment Agreement, the Covered Bonds

or any other Programme Document unless the Common Representative, having become bound to so proceed, fails to do so within a reasonable time and such failure is continuing.

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

- (A) The names of the Agent and the Paying Agent and their initial specified offices are set out below. In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Agent, or failing to duly determine the rate of interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint such other bank to act as such in its place.
- (B) The Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid. The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:
  - (i) there will at all times be an Agent;
  - (ii) the Issuer will, so long as any of the Covered Bonds is outstanding, maintain a Paying Agent (which may be the Agent) having a specified office in a city approved by the Common Representative in continental Europe; and
  - (iii) so long as any of the Covered Bonds are listed on any Stock Exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant Stock Exchange or, as the case may be, other relevant authority.

#### **11. NOTICES**

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

All notices regarding the Covered Bonds shall comply with the Portuguese law requirements that may be applicable, namely pursuant to the Portuguese Companies Code and CMVM Regulation 1/2023.

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

- (A) The Portuguese Companies Code, which applies to Covered Bonds in accordance with Article 28 of the Legal Regime of Covered Bonds, contains provisions for convening meetings of the holders of Covered Bonds to consider any matter attributed to them by law and in their common interest (which provisions are described and supplemented in the Common Representative Appointment

Agreement), including the modification by Resolution of these Terms and Conditions or the provisions of the Common Representative Appointment Agreement.

- (B) The quorum at any meeting convened to vote on: (i) a Resolution not regarding a Reserved Matter will be any person or persons holding or representing whatever the Principal Amount Outstanding of the Covered Bonds then outstanding; or (ii) a Resolution regarding a Reserved Matter of the Covered Bonds of the relevant Series, will be any person or persons holding or representing at least 50 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant Series then outstanding so held or represented or, at any adjourned meeting, any person being or representing holders of Covered Bonds of the relevant Series, whatever the Principal Amount Outstanding of the Covered Bonds of the relevant Series then outstanding so held or represented. Each Covered Bond grants its holder one vote.
- (C) The majorities required to approve a Resolution at any meeting convened in accordance with the applicable rules shall be: (i) if in respect to a Resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; or (ii) if in respect to a Resolution regarding a Reserved Matter, at least 50 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant Series then outstanding or, at any adjourned meeting, 2/3 of the votes cast at the relevant meeting.

Resolutions involving the increase of the charges to holders of Covered Bonds require unanimity to be approved.

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

- (D) A Resolution approved at any meeting of the holders of Covered Bonds of a Series shall, subject as provided below, be binding on all the holders of Covered Bonds of such Series, whether or not they are present at the meeting. Pursuant to the Common Representative Appointment Agreement, the Common Representative may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Common Representative there is no conflict

between the holders of such Covered Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

- (E) Notwithstanding the provisions of the immediately preceding paragraph, any Resolution to direct the Common Representative to accelerate the Covered Bonds pursuant to Condition 9 (*Insolvency Event and Enforcement*) or to direct the Common Representative to take any enforcement action (each a “**Programme Resolution**”) shall only be capable of being passed at a single meeting of the holders of Covered Bonds of all Series then outstanding.
- (F) Any such meeting to consider a Programme Resolution may be convened by the Common Representative or, if it refuses to convene such a meeting, by the Chairman of the General Meeting of Shareholders of the Issuer; if both the Common Representative and the Chairman of the General Meeting of Shareholders of the Issuer refuses to convene the meeting, then 5 per cent. of the holders of Covered Bonds of any Series may petition the court to order a meeting to be convened.
- (G) A Programme Resolution passed at any meeting of the holders of Covered Bonds of all Series shall be binding on all holders of Covered Bonds of all Series, whether or not they are present at the meeting.
- (H) In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in euro, the nominal amount of the Covered Bonds of any Series not denominated in euro shall be converted into euro at the relevant exchange rate at the date of the meeting.

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

- (A) If, in connection with the exercise of its powers and discretions, the Common Representative is of the opinion that the interests of the holders of Covered Bonds of any one or more Series would be materially prejudiced thereby, the Common Representative shall not exercise such powers and discretions without the approval of such holders of Covered Bonds by a Resolution or by a written resolution of such holders of Covered Bonds of at least the majority of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.
- (B) The Common Representative shall not be required to expend its own funds or otherwise incur or risk incurring any liability in the performance of its duties or in the exercise of any of its rights, powers, authorities or discretions if it has grounds for believing the repayment of such funds is not reasonably assured to it under the Legal Regime of Covered Bonds or if it has not been provided with adequate indemnity against or security for such risk or liability. Notwithstanding any Programme Resolution or any other Resolution approved at any meeting or any written resolution of any holders of Covered Bonds, the Common Representative may (i) to the extent permitted by law, refrain from taking any action until it has been provided with sufficient funds or

adequate indemnity against or security for any liability it may incur as a result of any such actions, (ii) refrain from doing anything which might in its opinion be contrary to any law of any jurisdiction or which might otherwise render it liable to any person and (iii) do anything which is in its opinion necessary to comply with any such law, and in no circumstances shall be liable to the holders of Covered Bonds for any consequences of such actions or inaction. The Common Representative Appointment Agreement contains further provisions for the indemnification of the Common Representative and for its relief from responsibility.

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

### **14.1 Overcollateralisation**

For so long as the Covered Bonds are outstanding, the total nominal amount (determined in accordance with the Legal Regime of Covered Bonds, the CRR and the CMVM Regulation) of the Cover Pool maintained by the Issuer shall at all times be a minimum of 105 per cent. of the aggregate nominal amount of all outstanding Covered Bonds issued under the Programme or such other percentage as may be selected by the Issuer from time to time and notified to the Cover Pool Monitor (the “**Overcollateralisation Percentage**”), provided that:

- (i) the Overcollateralisation Percentage shall not, for so long as there are Covered Bonds outstanding, be reduced by the Issuer below 105 per cent.;
- (ii) without prejudice to (i) above, the Issuer shall not at any time reduce the Overcollateralisation Percentage which applies for the purposes of this Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) if this could result in any credit rating then assigned to the Covered Bonds by any Rating Agency being reduced, removed, suspended or placed on credit watch; and
- (iii) assets contributing to the Overcollateralisation Percentage in excess of 100 per cent. of the aggregate nominal amount of all outstanding Covered Bonds issued under the Programme shall not be subject to the limits on exposure size set out in accordance with Condition 14.3 (*Issuer Covenants*), paragraph (A) (*Eligible Assets*), subparagraph (b) and shall not count towards those limits.

### **14.2 Liquidity Buffer**

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

### 14.3 Issuer Covenants

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

- (A) *Eligible Assets*: only assets listed in Article 129(1) of the CRR (and provided that the requirements under paragraphs 1a to 3b of Article 129 of the CRR are met) may be part of the Cover Pool (whether as Primary Assets, Substitution Assets or Liquidity Assets), provided that:
  - (a) the value of a Mortgage Credit may not exceed the lesser of (i) the principal amount of the respective Mortgage (combined with any prior mortgages, if they exist) and (ii) either 80 per cent. of the Current Property Value, in case of a Property intended primarily for residential purposes, or 60 per cent. (or 70 per cent., in the circumstances foreseen in article 129(1)(f) of the CRR) of the Current Property Value, in case of a Property intended primarily for commercial purposes; and
  - (b) (i) exposures to credit institutions that qualify for credit quality step 1 (as defined in the CRR) shall not exceed 15 per cent. of the aggregate nominal amount outstanding of the Covered Bonds; (ii) exposures to credit institutions that qualify for credit quality step 2 (as defined in the CRR) shall not exceed 10 per cent. of the aggregate nominal amount outstanding of the Covered Bonds; (iii) exposures to credit institutions that qualify for credit quality step 3 (as defined in the CRR) shall comply with the requirements set out under sub-paragraphs 1(c) and 1-A(c) of Article 129 of the CRR; (iv) the total exposure to credit institutions that qualify for credit quality step 1, 2 or 3 shall not exceed 15 per cent. of the aggregate nominal amount outstanding of the Covered Bonds; and (v) the total exposure to credit institutions that qualify for credit quality step 2 or 3 shall not exceed 10 per cent. of the aggregate nominal amount outstanding of the Covered Bonds;
- (B) *Primary Assets*: the Primary Assets shall be Mortgage Credits;
- (C) *Valuations*: all the required valuations of Covered Bonds, Mortgage Credits, Hedging Contracts, Properties or other Cover Pool assets will be made in compliance with the requirements of the Legal Regime of Covered Bonds and the CRR;
- (D) *Cover Pool Monitor*: the Cover Pool Monitor will be provided with all necessary elements and information to monitor compliance by the Issuer of this Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) in accordance with the Legal Regime of Covered Bonds and under the terms set forth in the Cover Pool Monitor Agreement;
- (E) *Mortgage Credits*: the Mortgage Credits included in the Cover Pool are not Non-Performing Mortgage Credits; and
- (F) *Insurance*: the Properties are adequately insured against the risk of damage.

### 15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the holders of Covered Bonds to create and issue further securities with the same terms and conditions of the Covered Bonds of any Series

or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

#### **16. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

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

The Issuer agrees, for the exclusive benefit of the holders of Covered Bonds that the courts of Portugal are to have jurisdiction to settle any disputes which may arise out of or in connection with the Covered Bonds and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Covered Bonds may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the Portuguese courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

#### **17. DEFINITIONS**

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

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

“**Adjustment Spread**” shall mean a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) 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
- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case acting in good faith



and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

- (c) if neither (a) nor (b) above applies, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case acting in good faith and in a commercially reasonable manner determines as being 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 Reference Rate (as applicable); or
- (c) if none of (a), (b) or (c) above applies, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case in its discretion and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

**“Affiliate Member of Interbolsa”** means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of its customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

**“Agent”** means Banco Santander Totta, S.A., in its capacity as Agent, with its head office at Rua Áurea, No. 88, 1100-063 Lisbon, Portugal, or any successor Agent(s), in each case together with any additional Agent(s), appointed from time to time by the Issuer in connection with the Covered Bonds and under the Set of Agency Procedures.

**“Alternative Reference Rate”** means the rate that the Independent Adviser or, as the case may be, the Issuer determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of bonds denominated in the same Specified Currency as the Covered Bonds and with an interest period of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or, as the case may be, the Issuer determines that there is no such rate, such other rate as the Independent Adviser or, as the case may be, the Issuer determines in its discretion is most comparable to the Original Reference Rate.

**“Benchmark Event”** means, in respect of an Original Reference Rate:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or be administered; or
- (b) the later of (i) a public statement by the administrator of the Original Reference Rate stating that it will, on or prior to a specified date, cease to publish 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), and (ii) the date falling 6 months before the

- specified date referred to in (b)(i); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate has been permanently or indefinitely discontinued; or
  - (d) the later of (i) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, on or prior to a specified date, be permanently or indefinitely discontinued, and (ii) the date falling 6 months before the specified date referred to in (d)(i); or
  - (e) the later of (i) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or prior to a specified date, and (ii) the date falling 6 months before the specified date referred to in (e)(i); or
  - (f) it has, or will on or prior to the next Interest Determination Date, become unlawful for the Issuer, the Agent or any Calculation Agent specified in the applicable Final Terms, as the case may be, to calculate any payments due to be made to the holders of the Covered Bonds using the Original Reference Rate; or
  - (g) the later of (i) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, as of a specified date, no longer be representative of its relevant underlying market, and (ii) the date falling six months before the specified date referred to in (g)(i).

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

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

**“Clearstream, Luxembourg”** means Clearstream Banking S.A.

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

**“CMVM Regulation”** means CMVM Regulation No. 2/2023 regarding covered bonds.

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

**“Common Representative Appointment Agreement”** means the agreement dated 9 March 2023 entered into between the Issuer and the Common Representative and which sets out the terms and conditions upon and subject to which the Common Representative has agreed to act as Common Representative, as

amended and restated on 23 May 2024, and as may be further amended and restated.

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

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

**“Cover Pool Monitor Agreement”** means the agreement dated 9 March 2023 entered into by and between the Issuer and the Cover Pool Monitor, as amended and restated on 23 May 2024, and as may be further amended and restated.

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

**“Covered Bonds Law”** means the Portuguese legal framework applicable to the issuance of covered bonds, enacted by Decree-Law No. 59/2006, of 20 March 2006, as amended, which has been revoked by Decree-Law No. 31/2022, of 6 May 2022.

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

**“Current Property Value”** means, in relation to a Property securing a Mortgage Credit, the updated Property Valuation of such Property.

**“Dealers”** means Banco Santander, S.A., Barclays Bank Ireland PLC, and any other Dealer(s) appointed from time to time by the Issuer in accordance with the Programme Agreement, and excludes any entity whose appointment has been terminated pursuant to the Programme Agreement.

**“EU”** means the European Union.

**“EUR”, “€”, “Euro” or “euro”** means the lawful currency of Member States of the EU that adopt the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty.

**“Euroclear”** means Euroclear Bank SA/NV.

“**Euronext**” means Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

“**Euronext Lisbon**” means Euronext Lisbon, a regulated market managed by Euronext.

“**Extended Maturity Date**” means the date so specified in the applicable Final Terms, extending the maturity of the relevant Series of Covered Bonds if the conditions foreseen in Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) are met.

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

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

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

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

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

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

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international capital markets, in each case selected and appointed by the Issuer.

“**Interbolsa**” means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as management entity of the Central de Valores Mobiliários.

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

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

“**Legal Regime of Covered Bonds**” means the Portuguese legal regime applicable to the issuance of covered bonds, annexed to Decree-Law No. 31/2022, of 6 May 2022 (transposing Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU), as

amended from time to time.

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

- a) Assets qualifying as level 1, level 2A or level 2B assets, pursuant to the applicable delegated regulation adopted pursuant to Article 460 of the CRR, that are valued in accordance with such regulation and are not issued by the issuing credit institution itself, its parent undertaking, unless it is a public sector entity that is not a credit institution, its subsidiary or another subsidiary of its parent undertaking, or by a securitisation special purpose entity with which the credit institution has close links; and
- b) Short-term exposures to credit institutions that qualify for credit quality step 1 or 2 (as defined in the CRR), or claims, including deposits, that are short-term to credit institutions that qualify for credit quality step 1, 2 or 3 (as defined in the CRR), in accordance with Article 129(1)(c) of the CRR,

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

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

**“Liquidity Buffer”** means the liquidity buffer included in the Cover Pool in accordance with Article 19 of the Legal Regime of Covered Bonds and Condition 14.2 (*Liquidity Buffer*).

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

**“Maturity Date”** means the maturity date of a Series of Covered Bonds, as specified in the applicable Final Terms.

**“Mortgage”** means, in respect of any Mortgage Credit, the charge by way of legal mortgage over the relevant Property (together with all other encumbrances or guarantees), the benefit of which is vested in the Issuer as security for the repayment of that Mortgage Credit.

**“Mortgage Credit”** means a pecuniary loan receivable granted by the Issuer secured by a Mortgage which is registered as being comprised in the Cover Pool for the amount and with the characteristics required to be met pursuant to the Legal Regime of Covered Bonds, provided that it complies with any applicable requirements under paragraph (A) (*Eligible Assets*) of Condition 14.3 (*Issuer Covenants*).

**“Net Liquidity Outflows”** means all payment outflows falling due on one day, including principal (if applicable, as it will only be considered due for this purposes on the relevant Extended Maturity Date in accordance with Condition 14.2 (*Liquidity Buffer*)) and interest payments under the Covered Bonds and payments under the Hedging Contracts, net of all payment inflows falling due on the same day for assets in the Cover Pool.

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

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

**“Original Reference Rate”** means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant rate of interest (or any relevant component part(s) thereof) applicable to the Covered Bonds in respect of any Interest Period(s).

**“Other Preferred Creditors”** means the Hedge Counterparties.

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

**“Paying Agent”** means Banco Santander Totta, S.A., in its capacity as Paying Agent, with its head office at Rua Áurea, No. 88, 1100-063 Lisbon, Portugal, or any successor Paying Agent(s), in each case together with any additional Paying Agent(s), appointed from time to time by the Issuer in connection with the Covered Bonds and under the Set of Agency Procedures.

**“Portuguese Companies Code”** means the commercial companies code approved by Decree-Law No. 262/86, of 2 September 1986, as amended from time to time.

**“Portuguese Securities Code”** means the securities code approved by Decree-Law No. 486/99, of 13 November 1999, as amended from time to time.

**“Primary Assets”** means the dominant cover assets that determine the nature of a cover pool of covered bonds, under the Legal Regime of Covered Bonds. In particular in respect of the Cover Pool, the Primary Assets are Mortgage Credits, corresponding to the type of assets foreseen in Article 129(1), paragraphs (d) and (f) of the CRR.

**“Programme”** means the EUR 12,500,000,000 covered bonds programme established on 4 April 2008 in accordance with the Covered Bonds Law for the issuance of Covered Bonds by the Issuer, which was converted on 9 March 2023 for the issuance of “European Covered Bond (Premium)” in compliance with the Legal Regime of Covered Bonds, as updated from time to time.

**“Programme Agreement”** means the agreement dated 4 April 2008 entered into between the Issuer and the Dealers, as amended and restated from time to time.

**“Programme Resolution”** means any Resolution directing the Common Representative to accelerate the Covered Bonds pursuant to Condition 9 (*Insolvency Event and Enforcement*) or directing the Common Representative to take any enforcement action and which shall only be capable of being passed at a single meeting of the holders of Covered Bonds of all Series then outstanding.

**“Property”** means, in relation to any Mortgage Credit, the property upon which the repayment of such Mortgage Credit is secured by the corresponding Mortgage and **“Properties”** means all of them.

**“Property Valuation”** means, in relation to any Property, the amount determined as such Property’s market value (which means, in accordance with point (76) of Article 4(1) of the CRR, the estimated amount for which the Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties have each acted knowledgeably, prudently and without compulsion), in accordance with the most recent independent valuation of such Property, at the time or after the relevant Mortgage Credit was originated, in accordance with the Legal Regime of Covered Bonds and Article 208 of the CRR, provided that, in accordance with the foregoing, the Issuer may use statistical methods to monitor the value of the Property and identify if it needs revaluation.

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

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

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

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

**“Regulation S”** means Regulation S under the United States Securities Act of 1933, as amended.

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

**“Relevant Nominating Body”** means, in respect of an Original Reference Rate:

- (a) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

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

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

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

**“RGICSF”** means the General Regime for Credit Institutions and Financial Companies, as enacted by the Decree-Law No. 298/92, of 31 December 1992, as amended.

**“Set of Agency Procedures”** means the set of agency procedures dated 4 April 2008 (as amended and restated from time to time) and made and agreed by Banco Santander Totta, S.A., in its capacity as Agent, Paying Agent and Issuer and agreed to by any subsequent agent, paying agent, transfer agent, and/or agent bank appointed by the Issuer.

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

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

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

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

**“Successor Rate”** means the rate that the Independent Adviser or, as the case may be, the Issuer determines is a successor to, or replacement of, the Original Reference Rate which is formally



recommended by any Relevant Nominating Body.

“**T2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer Payment System, which utilises a single shared platform and which was launched on 20 March 2023 (replacing the previous settlement payment system, TARGET 2), or any successor or replacement for that system.

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

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

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

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

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

“**Treaty**” means the Treaty on the Functioning of the EU, as amended.

“**U.S.**” or “**United States**” means the United States of America.

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

## CHARACTERISTICS OF THE COVER POOL

### INTRODUCTION – CAPACITY TO ISSUE COVERED BONDS

In general, covered bonds may only be issued by duly licensed credit institutions. The Issuer meets this requirement and thus is qualified to issue covered bonds under the Legal Regime of Covered Bonds.

### ISSUER REQUIRED TO MAINTAIN COVER POOL

The Issuer may issue Covered Bonds only if it maintains a related Cover Pool in compliance with the Legal Regime of Covered Bonds. The Cover Pool may contain Primary Assets, Substitution Assets and Liquidity Assets (each as defined in the chapter entitled “*Definitions*” below), subject to the limitations provided for in the Legal Regime of Covered Bonds. The Legal Regime of Covered Bonds allows for the composition of the Cover Pool to be dynamic and does not require it to be static. Accordingly, the mortgage credit assets (and other permitted assets) to be comprised in the Cover Pool may change from time to time after the date hereof in order to ensure compliance with the requirements of the Legal Regime of Covered Bonds and with the CMVM Regulation (as defined in the chapter entitled “*Definitions*” below).

To enable it to issue Covered Bonds, the Issuer has established and will maintain a permanently identifiable and segregated register (the “**Register**”) in relation to the Cover Pool for the purposes of the Legal Regime of Covered Bonds. The Issuer plans to issue from time to time further Covered Bonds and will include in the relevant Cover Pool additional mortgage credit assets or substitution assets (and other permitted assets) as security for those Covered Bonds in accordance with relevant provisions of the Legal Regime of Covered Bonds, as further detailed below.

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

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

Only mortgage credits or receivables, including, but not limited to, interest revenue and repayments, which comply with the legal eligibility criteria described below may be included in the Cover Pool:

#### *Mortgage Credits Eligibility Criteria*

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

As such, the Cover Pool will comprise only assets listed in Article 129(1) of the CRR (and provided that the requirements under paragraphs 1a to 3b of Article 129 of the CRR are met). Each Cover Pool shall comprise of Primary Assets, Substitution Assets or Liquidity Assets, provided that:

- the value of a Mortgage Credit may not exceed the lesser of the principal amount of the respective

Mortgage (combined with any prior mortgages, if they exist), and either 80 per cent. of the Current Property Value, in case of a Property intended primarily for residential purposes, or 60 per cent. (or 70 per cent., in the circumstances foreseen in Article 129(1)(f) of the CRR) of the Current Property Value, in case of a Property intended primarily for commercial purposes; and

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

#### *Other assets Eligibility Criteria*

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

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

At the date of this Base Prospectus, the Issuer intends to include in the Cover Pool mortgage credits which are located in Portugal and secured primarily on residential property for the purposes of the Legal Regime of Covered Bonds.

The Issuer does not intend at the date of this Base Prospectus to include either (i) Mortgage Credits which have their primary security over commercial property or (ii) Mortgage Credits in respect of which the associated Property is located, for the purposes of the Legal Regime of Covered Bonds, outside Portugal without first obtaining (in each case for so long as the Covered Bonds are rated by such rating agency) from the Rating Agencies a confirmation that any such action will not result in a downgrade of the rating then ascribed by such rating agency to the Covered Bonds.

## **HEDGING CONTRACTS**

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

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

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

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

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

## **LOAN TO VALUE RESTRICTIONS**

Pursuant to the Legal Regime of Covered Bonds and Articles 129(1)(d) and (f) of the CRR, the amount of a Mortgage Credit granted by the Issuer and registered as being comprised in the Cover Pool may not exceed the lesser of (i) the principal amount of the respective Mortgage (combined with any prior mortgages, if they exist), and (ii) either 80 per cent. of the value of the Property, if it is residential property, or 60 per cent. of the value of the Property, if it is commercial property (which, in the case of commercial property, may be increased to 70 per cent., subject to certain conditions). The loan to value limit shall (i) apply on a loan-by-loan basis; (ii) determine the portion of the loan contribution to the coverage of liabilities attached to the Covered Bonds; and (iii) apply throughout the entire maturity of the loan. For further details, see section "*Valuation of Cover Pool*" below.

## OVERCOLLATERALISATION

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

In compliance with the above legal requirements, in particular with Article 129(3)(a) of the CRR, Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) requires the Issuer to over-collateralise the Cover Pool with respect to outstanding Covered Bonds at a minimum level of 105 per cent., provided that: (i) the Overcollateralisation Percentage shall not, for so long as there are Covered Bonds outstanding, be reduced by the Issuer below 105 per cent.; (ii) without prejudice to (i) above, the Issuer shall not at any time reduce the Overcollateralisation Percentage which applies for the purposes of Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*) if this could result in any credit rating then assigned to the Covered Bonds by any Rating Agency being reduced, removed, suspended or placed on credit watch; and (iii) assets contributing to the Overcollateralisation Percentage in excess of 100 per cent. of the aggregate nominal amount of all outstanding Covered Bonds issued under the Programme shall not be subject to the limits on exposure size set out in accordance with Condition 14.3 (*Issuer Covenants*), paragraph (A) (*Eligible Assets*), subparagraph (b) and shall not count towards those limits. See *Terms and Conditions of the Covered Bonds*.

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

- (a) Mortgage Credits shall be accounted for according to the nominal value of the respective outstanding principal;
- (b) debt securities shall be accounted for according to the nominal value of outstanding principal;
- (c) derivative contracts shall be accounted for according to the market value or, in the absence thereof, at the value calculated on the basis of appropriate valuation methods; and
- (d) in relation to any other assets in the Cover Pool:
  - (i) deposits shall be accounted for according to their amount; and
  - (ii) securities eligible for Eurosystem credit transactions shall be accounted for by the value resulting from the application of the rules regarding margin valuation laid down by the Eurosystem or, if lower, according to their nominal value.

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

BST decided, to the benefit of the holders of Covered Bonds, from 25 July 2013, to apply an Overcollateralisation Percentage (mentioned in Condition 14.1 (*Overcollateralisation*) of the Terms and Conditions of the Covered Bonds) of 115 per cent. This percentage may be subject to change as a result of requirements from Rating Agencies and/or the ratings envisaged by BST for the Covered Bonds.

## **COMPLIANCE WITH FINANCIAL REQUIREMENTS**

The Cover Pool Monitor, pursuant to the Legal Regime of Covered Bonds and in accordance with the terms set forth in the Cover Pool Monitor Agreement, must monitor the Issuer's compliance with the financial requirements established in the Legal Regime of Covered Bonds described in this section.

Should a breach of the homogeneity, coverage or liquidity of the Cover Pool occur, the Issuer is required, immediately after becoming aware thereof, to take all possible steps to remedy such breach, by:

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

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

## **VALUATION OF COVER POOL**

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

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

### ***Valuation of Properties***

#### *General Overview*

The value of each Property associated with a Mortgage Credit comprised in the Cover Pool shall be equal to or less than the amount determined as such Property's market value, in accordance with the most recent independent valuation of such Property, under the Legal Regime of Covered Bonds and Article 208 of the CRR.

The market value, in accordance with point (76) of Article 4(1) of the CRR, means the estimated amount for which the Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The property valuations are carried out by independent expert appraisers and the management of the valuations

and inspections is centralised in a unit that is independent of the commercial units.

#### *Valuation by expert*

In accordance with the Legal Regime of Covered Bonds, prior to the inclusion in the Cover Pool of the related Mortgage Credit, each Property must be valued by a real estate valuation expert, with necessary qualifications, competence and experience. The real estate valuation expert shall (i) be independent from the decision-making process concerning the granting of the credit; (ii) not take into account speculative elements in the assessment of the value of the physical cover asset and the cover documents; and (iii) document the value of the physical cover asset in a transparent and clear manner.

The Issuer may not appoint a real estate valuation expert with any potential conflicts of interest, notably where there is (i) any specific interest of the real estate valuation expert in the Property subject to the valuation, (ii) any relationship, commercial or personal, with the borrower of the Mortgage Credit related to the Property subject to valuation, or (iii) where the remuneration of the valuation expert is dependent on the valuation of the relevant Property.

The Issuer may appoint a valuation expert within the BST Group, provided such valuation expert is independent from the credit analysis and decision-making process within the BST Group.

The selection of real estate valuation experts by the Issuer must ensure adequate diversification and rotation, and the Issuer shall maintain a permanent and updated list of selected valuation experts, setting out the criteria which have led to the respective selection, as well as the Properties valued by each valuation expert. This list shall be sent to CMVM by the end of January in each year, with reference to 31 December of the previous year, indicating, if applicable, any changes made in relation to the list submitted the previous year.

Real estate valuation experts are required to comply with the terms and conditions set forth in Article 10 of the Legal Regime of Covered Bonds, Article 208(3) of the CRR, and Law No. 153/2015, of 14 September.

#### *Methods of valuation*

The Issuer must ensure that each real estate valuation expert it appoints uses one of the following methods of valuation, which shall be chosen in light of the specific characteristics of the Property subject to valuation, as well as the specific conditions of the local market:

- (a) Cost method;
- (b) Income method; or
- (c) Comparison method.

### *Valuation report*

Each real estate valuation expert appointed by the Issuer shall prepare a written report in relation to the valuation of each Property, setting out, in a clear and detailed manner, all the elements relevant for the full understanding of the analysis and conclusions of such valuation, in particular:

- (a) the identification of the relevant Property, with a detailed description of its characteristics;
- (b) a description of the selection and basis of the method(s) of valuation, any parameters used and/or assumptions adopted, identifying the manner in which the volatility effects of the short term market or the market temporary conditions were taken into account;
- (c) a description of possible qualifications to the analysis;
- (d) the valuation of the Property, in terms of both the value of the mortgaged Property and the market value of the Property;
- (e) a statement of the valuation expert confirming that it has carried out the valuation according to the applicable requirements set out in the Legal Regime of Covered Bonds; and
- (f) the date of the valuation and the identification and signature of the valuation expert.

### *Subsequent valuations of Properties and subsequent update of the value of Properties*

The Issuer shall perform any internal check of the value of each of the Properties on a frequent basis and at least once a year for commercial Properties, and at least once every three years for residential Properties, in accordance with Article 208(3)(a) of the CRR.

The Issuer may use statistical methods to monitor the value of the Property and to identify the Property that needs revaluation.

Notwithstanding the above, the Issuer shall proceed with more frequent monitoring where market conditions are subject to significant changes.

In addition, such valuation shall be reviewed by a real estate valuation expert whenever the information available to the Issuer indicates that the value of the Property may have materially decreased in relation to general market prices.

In respect of Mortgage Credits that exceed (i) 5 per cent. of the own funds of the Issuer or (ii) €3,000,000, the valuation of the relevant Property shall be reviewed by a real estate valuation expert who possesses the necessary qualifications, ability and experience to execute a valuation and who is independent from the credit decision process (in accordance with Article 208(3)(b) of the CRR) at least every three years.

The Issuer shall provide the Cover Pool Monitor with all information necessary for the Cover Pool Monitor to supervise, pursuant to the Legal Regime of Covered Bonds and in accordance with the terms set forth in the Cover Pool Monitor Agreement, compliance by the Issuer with the requirements set forth in the Legal Regime of Covered Bonds relating to the valuation of the Properties securing the Mortgage Credits comprised in the Cover Pool.



### ***Valuation of other assets***

Pursuant to the CMVM Regulation, the other assets in the Cover Pool shall be valued as follows:

- (a) deposits shall be accounted for according to their amount;
- (b) the securities eligible for Eurosystem credit transactions shall be accounted for according to the value resulting from the application of the rules regarding margin valuation laid down by the Eurosystem or, if lower, according to the nominal value of such securities;
- (c) the debt securities shall be accounted for according to the nominal value of the outstanding principal; and
- (d) the derivative contracts shall be accounted for according to the market value or, in the absence thereof, at the value calculated on the basis of appropriate valuation methods.

### ***Insurance***

Pursuant to the Legal Regime of Covered Bonds, the Issuer shall adopt and implement procedures to verify if any property mortgaged as security for payment of interest and principal in relation to a mortgage credit asset comprised in the Cover Pool is duly insured against the risk of loss or damage.

Any credits arising from the relevant insurance policies shall be segregated in accordance with the Legal Regime of Covered Bonds.

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

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

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

The Legal Regime of Covered Bonds provides that the appropriate particulars of each asset comprised in the Cover Pool must be recorded in a segregated register within, and maintained by, the Issuer. Such register must record the following:

- (a) borrower identification;
- (b) the outstanding amount;
- (c) the interest rate;
- (d) the amortisation date;
- (e) for collateralised claims, the identification of the entity or individual before whom the relevant deed was drawn up or who authenticated the private deed whereby the collateral was created; and
- (f) proof of definitive registration of the collateral in the corresponding real estate registry.

In case of default in payment of interest or principal on the Covered Bonds, and in case the holders of such Covered Bonds decide to accelerate the relevant Covered Bonds, holders of such Covered Bonds, or the Common Representative on their behalf, may have access to the list of assets making up the Cover Pool allocated to the relevant Covered Bonds, in accordance with Article 8 of the CMVM Regulation.

*Special creditor privilege*

Under the Legal Regime of Covered Bonds, the holders of Covered Bonds enjoy a special creditor privilege over the Cover Pool, with preference over any other general creditor, in relation to the repayment of principal and payment of interest due under the Covered Bonds. For further information, please refer to the chapter entitled "*Legal Regime of Covered Bonds*".

## INSOLVENCY OF THE ISSUER

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

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

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

In this situation, pursuant to the Legal Regime of Covered Bonds, the holders of Covered Bonds are entitled to adopt a resolution approving the immediate acceleration of the Covered Bonds by a majority of at least two thirds of the votes of the holders of Covered Bonds then outstanding, in which case the entity appointed to manage the Cover Pool shall provide for the liquidation thereof to the benefit of the holders of Covered Bonds. If an Insolvency Event occurs in relation to the Issuer, the Bank of Portugal, as the competent resolution authority, shall notify CMVM, as soon as possible, when it applies a resolution measure to the Issuer, informing it, specifically, of the treatment of the Covered Bonds in the resolution action applied. In addition, if the authorisation of the Issuer to act as a credit institution in Portugal is revoked, the Bank of Portugal will immediately inform CMVM of the decision to revoke the authorisation of the Issuer.

In case of revocation of the authorisation to act as a credit institution in Portugal and consequent liquidation of the Issuer, CMVM may appoint a special administrator (the "**Special Administrator**"), within 10 business days after the revocation of such authorisation, to ensure that the rights and interest of the holders of the Covered Bonds are preserved. The roles and responsibilities of the Special Administrator include:

- (a) extinction of liabilities associated with the Covered Bonds;
- (b) the management and settlement of cover assets, including their transfer to another credit institution that issues covered bonds, together with the liabilities associated with such covered bonds;
- (c) performing all acts and operations necessary for:
  - (i) the adequate administration of the Cover Pool;

- (ii) the continuous monitoring of the coverage of the liabilities associated with the Covered Bonds; and
  - (iii) the initiation of the necessary legal actions to reintegrate the assets into the Cover Pool and the transfer of the remaining assets to the insolvent estate (*massa insolvente*) of the Issuer, after all Covered Bond liabilities have been discharged;
- (d) performing all acts and operations necessary for the sound management of the claims and respective collateral, to ensure the timely payment of all amounts due to the holders of the Covered Bonds, including, but not limited to:
  - (i) selling the Mortgage Credits comprised in the Cover Pool;
  - (ii) ensuring collection services in respect of the Mortgage Credits comprised in the Cover Pool;
  - (iii) administrative services in connection with such Mortgage Credits and respective borrowers; and
  - (iv) amending and extinguishing conservative acts relating to the guarantees; and
- (e) maintaining and keeping updated a segregated register of the Cover Pool in accordance with the Legal Regime of Covered Bonds.

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

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

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

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

Bondholders, S.L., with head office at Avenida de Francia, 17, A, 1, 46023 Valencia, Spain, has been appointed by the Issuer as representative of the holders of the Covered Bonds pursuant to Article 28 of the Legal Regime of Covered Bonds and in accordance with the Terms and Conditions and the terms of the Common Representative Appointment Agreement.

The Issuer has appointed the Common Representative to represent the holders of Covered Bonds. According to the Legal Regime of Covered Bonds and the relevant provisions of the Portuguese Commercial Companies Code, the Common Representative may be entitled to perform all necessary acts and actions in order to ensure the protection of the holders of Covered Bonds, notably: (a) to represent the holders of Covered Bonds in respect of all matters arising from the issuance of the Covered Bonds and to enforce on their behalf their legal or contractual rights; (b) to enforce any decision taken by the general meetings of the holders of Covered Bonds, in particular those where the acceleration of the Covered Bonds may be decided; (c) to represent the holders of Covered Bonds in any judicial proceedings, including judicial proceedings against the Issuer and, in particular, in the context of any winding-up, dissolution or insolvency commenced by or against the Issuer; (d) to collect and examine all relevant documentation in respect of the Issuer which is provided to its shareholders; and (e) to provide the holders of Covered Bonds with all relevant information regarding the issuance of the Covered Bonds it may become aware of by virtue of its role as Common Representative under the Common Representative Appointment Agreement.

The holders of the Covered Bonds may at any time, by means of resolutions passed in accordance with the Terms and Conditions and the Common Representative Appointment Agreement, remove the Common Representative and appoint a new common representative. The removal of any Common Representative shall not become effective unless a common representative in office is appointed.

## **COVER POOL MONITOR**

### **APPOINTMENT OF A COVER POOL MONITOR**

The Legal Regime of Covered Bonds requires that the Board of Directors of the Issuer appoints a qualified person or entity to be the Cover Pool Monitor who shall be responsible, for the benefit of the holders of Covered Bonds, for monitoring the compliance by the Issuer of the requirements contained in the Legal Regime of Covered Bonds and the CMVM Regulation.

Pursuant to the Legal Regime of Covered Bonds, the Cover Pool Monitor must be an independent auditor registered with CMVM. For these purposes, an independent auditor must be an auditor which is not related to or associated with any group of specific interests within the issuing entity and is not in a position that hinders its independent analysis and decision-making process. In particular, such independent auditor shall not (i) be the statutory auditor responsible for the statutory audit of BST's annual report in the two years prior to the time of its appointment and is not financially, personally, commercially, professionally, or otherwise related to any such statutory auditor, its network, or any individual who can influence the findings of the audit; or (ii) be associated with any special interest group in BST nor is in any situation that could hinder its impartiality of analysis or decision-making, in particular because it holds or acts on behalf of the holders of qualifying holdings of 5 per cent. or more of BST's share capital nor has performed the duties set out in (i) above in relation to the relevant issuance or the covered bonds programme for 10 consecutive years.

The Issuer is responsible for paying any remuneration or other monies payable to the Cover Pool Monitor in connection with the Cover Pool Monitor's responsibilities in respect of the Issuer and the holders of Covered Bonds.

### **ROLE OF THE COVER POOL MONITOR**

Pursuant to the Cover Pool Monitor Agreement, the Issuer appointed Deloitte & Associados, SROC, S.A. as Cover Pool Monitor. Deloitte & Associados, SROC, S.A. is registered with CMVM under registration number 20161389.

The Cover Pool Monitor Agreement reflects the requirements of the Legal Regime of Covered Bonds in relation to the appointment of a monitor in respect of the requirements (namely, financial requirements and the requirements set forth in Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*)) concerning the Cover Pool and the Covered Bonds. The Cover Pool Monitor Agreement provides for certain matters such as overcollateralisation (see *Characteristics of the Cover Pool*), verification of the quality of the assets comprised in the Cover Pool, the payment of fees and expenses by the Issuer to the Cover Pool Monitor, the resignation of the Cover Pool Monitor, and the replacement by the Issuer of the Cover Pool Monitor.

### **DUTIES AND POWERS OF THE COVER POOL MONITOR**

In accordance with the Legal Regime of Covered Bonds, the Cover Pool Monitor is required to monitor, for the benefit of the holders of the Covered Bonds, compliance by the Issuer with the financial and prudential requirements established in the Legal Regime of Covered Bonds and in the CMVM Regulation in respect of the

Cover Pool. In particular, the Cover Pool Monitor shall be engaged to assess compliance by the Issuer with the requirements set forth in Condition 14 (*Overcollateralisation, Liquidity Buffer and Issuer Covenants*).

Pursuant to the Legal Regime of Covered Bonds, the Cover Pool Monitor is entitled to be provided with all information required to monitor compliance by the Issuer with the requirements relating to outstanding Covered Bonds and the Cover Pool.

In accordance with Article 17 of the Legal Regime of Covered Bonds, in the performance of its duties, the Cover Pool Monitor shall verify on an ongoing basis, including in the event of liquidation or resolution of the Issuer, the quality of the assets comprising the Cover Pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the Cover Pool, segregation, intra-group structures and joint funding, coverage and liquidity requirements, as well as the information provided to the holders of Covered Bonds. In addition, if the Cover Pool Monitor, while performing its duties, detects any irregularity it shall communicate it immediately and simultaneously to the Issuer and CMVM.

Finally, in accordance with Article 17 of the Legal Regime of Covered Bonds, the Cover Pool Monitor must produce an annual report, by reference to 31 December, with an assessment of the Issuer's compliance with the requirements established in the Legal Regime of Covered Bonds, in particular the quality of the assets comprising the Cover Pool and compliance with the applicable requirements on eligibility of assets, including risk coverage and derivatives, composition and homogeneity of the Cover Pool, segregation, intra-group structures and joint funding, coverage and liquidity requirements, as well as information provided to investors.

If, during the performance of its duties, the Cover Pool Monitor becomes aware that the Issuer has not complied with any of the provisions of the Legal Regime of Covered Bonds and/or of any of the Cover Pool's requirements, it must immediately notify the Issuer and CMVM of such event. If the situation remains unremedied for 10 business days after such notification, the Cover Pool Monitor will notify the Arrangers, the Common Representative and the relevant Dealers of the non-compliance.

#### **REMUNERATION AND TERMINATION OF THE APPOINTMENT OF THE COVER POOL MONITOR**

In accordance with the Cover Pool Monitor Agreement, the Cover Pool Monitor shall be remunerated by the Issuer for its services as Cover Pool Monitor at a rate as may from time to time be agreed between the Issuer and the Cover Pool Monitor.

The Cover Pool Monitor can only be dismissed by the Issuer with cause, and such dismissal and the relevant cause must be communicated to CMVM within 10 days from its occurrence. The Cover Pool Monitor may retire, upon giving not less than 3 calendar months' notice in writing to the Issuer. Any such termination or retirement shall not become effective until a new cover pool monitor is appointed.

## DESCRIPTION OF THE ISSUER

### Legal and Commercial name of the Issuer

The legal name of the Issuer is Banco Santander Totta, S.A. and its most frequent commercial name is “Santander Totta”.

### Incorporation, registration, legal form, head office and contacts of the Issuer, legislation that governs the Issuer’s activity and website of the Issuer

Banco Santander Totta, 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 EUR 1,391,779,674.00, represented by 1,391,779,674 ordinary shares with a nominal value of EUR 1.00 each, and registered with the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 500 844 321. BST’s head office is at Rua Áurea, No. 88, in Lisbon, Portugal, and the telephone number of its head office is +351 21 326 2031. The Issuer was registered by deed on 19 December 2004. The Issuer is a credit institution whose activities are regulated by the RGICSF and is subject to the Portuguese Companies Code (approved by Decree-Law No. 262/86, of 2 September 1986, as amended).

The Legal Entity Identifier (LEI) code of the Issuer is 549300URJH9VSI58CS32.

Information contained in the Issuer’s official website ([www.santander.pt](http://www.santander.pt)) or in any other website referred to in this Base Prospectus does not form part of this Base Prospectus and has not been scrutinised or approved by the CMVM unless that information is incorporated by reference into this Base Prospectus and, therefore, the Issuer is not liable, and cannot be held liable, for the information contained on such websites, which, except for the Issuer’s official website ([www.santander.pt](http://www.santander.pt)), have not been reviewed by the Issuer with the purpose of assessing if the information contained therein is complete, true, updated, clear, objective and licit.

### Business overview

BST’s commercial banking business is managed through its retail network. The investment banking and investment funds businesses of BST, formerly managed through Banco Santander de Negócios Portugal, S.A. (“BSN”), are now directly managed by BST, following BST’s merger with BSN in May 2010. The specialised credit business (including leasing, factoring and consumer credit) is also directly managed by BST, following BST’s merger with Totta – Crédito Especializado, Instituição Financeira de Crédito, S.A. on 1 April 2011. The strategy of the BST Group is to position itself as a full service bank offering customers a full range of banking products.

The commercial banking business is divided into four core customer/business areas:

- (i) individuals and self-employed;
- (ii) small and medium-sized businesses;
- (iii) corporate and institutional customers; and
- (iv) high net worth individuals.



As at 31 December 2023, the Issuer had a domestic network of 332 branches (compared to 339 in 31 December 2022). BST has subsidiaries and representative offices abroad, as well as investments in subsidiaries and associated companies.

## **Economic and Financial Information in 2022 and 2023**

### **Consolidated Business**

#### **Introduction**

For the year ending 31 December 2023, the consolidated net income attributable to BST shareholders was EUR 931.4 million, an increase of 58.8 per cent. compared to the EUR 586.6 million registered in the year ending 31 December 2022.

As at 31 December 2023, the efficiency ratio stood at 26.0 per cent., a decrease of 10.3 p.p. since December 2022, reflecting increased revenues, greater operational efficiency, and lower customer service costs, achieved as part of the continuous commercial and digital transformation process, with strict control over operational costs.

Loans and advances to customers (gross) amounted to EUR 44.6 billion as at 31 December 2023, an increase of 3 per cent. compared to the same period last year. Loans to individuals decreased by 4.7 per cent. and loans to companies increased by 13.7 per cent. since 31 December 2022. The non-performing exposure ratio stood at 1.7 per cent. as at 31 December 2023, with provisions coverage of 89.2 per cent.

As at 31 December 2023, customer's resources totalled EUR 43.7 billion, a decrease of 5.7 per cent. year-on-year, determined by a 8.8 per cent. decrease in deposits and an increase of 11.1 per cent. year-on-year in off-balance sheet resources.

In 2023, the funding obtained from the ECB, in the amount of EUR 0.7 billion, was based entirely on long-term operations, through TLTRO III. Net exposure to the Eurosystem stood at EUR -4.9 billion (a surplus position). Long-term financing also included EUR 3.6 billion of mortgage bonds (EUR 0.75 billion issued in April 2023, and EUR 0.85 billion issued in September 2023), EUR 0.65 billion of senior non-preferred issuances, EUR 1.0 billion of securitisations, EUR 0.3 billion of credit linked notes, EUR 0.3 billion of subordinated issuances, and EUR 0.4 billion of interbank operations with repurchase agreements.

Short-term financing included interbank operations with repurchase agreements, amounting to EUR 4.1 billion.

In 2023, the LCR, calculated in accordance with the CRD IV rules, stood at 136.2 per cent., meeting the regulatory requirement on a fully-implemented basis.

## Results

<b>CONSOLIDATED INCOME STATEMENTS</b> (million euro)	<b>Dec-23</b>	<b>Dec-22</b>	<b>Var.</b>
<b>Net interest income</b>	<b>1,481.3</b>	<b>779.3</b>	<b>+90.1%</b>
Income from equity instruments	1.7	3.8	-55.8%
Results from associates	0.0	5.1	-100.0%
Net fees	457.0	475.6	-3.9%
Other operating results	6.5	9.4	-30.6%
<b>Commercial revenue</b>	<b>1,946.5</b>	<b>1,273.2</b>	<b>+52.9%</b>
Gain/losses on financial assets	71.7	88.3	-18.8%
<b>Net income from banking activities</b>	<b>2,018.2</b>	<b>1,361.5</b>	<b>+48.2%</b>
Administrative expenses	(464.5)	(433.4)	+7.2%
Staff expenses	(284.3)	(261.0)	+8.9%
Other administrative expenses	(180.2)	(172.4)	+4.5%
Depreciation	(54.3)	(45.3)	+19.9%
Cash contributions to resolution funds and deposit guarantee schemes	(23.9)	(41.7)	-42.6%
<b>Net operating income</b>	<b>1,475.5</b>	<b>841.2</b>	<b>+75.4%</b>
Impairment, net provisions and other results	(125.2)	12.6	-1,092.9%
<b>Income before taxes and non-controlling interests</b>	<b>1,350.3</b>	<b>853.8</b>	<b>+58.2%</b>
Taxes	(418.9)	(267.2)	+56.7%
<b>Income after taxes and before non-controlling interests</b>	<b>931.4</b>	<b>586.6</b>	<b>+58.8%</b>
Non-controlling interests	0.0	-	-
<b>Consolidated net income attributable to BST shareholders</b>	<b>931.4</b>	<b>586.6</b>	<b>+58.8%</b>

Net interest income amounted to EUR 1,481.3 million at the end of 2023, a 90.1 per cent. increase when compared to the preceding year. The favourable impact of the interest rate path on the credit portfolio more than offset the greater demand for housing credit at mixed rates, the competitive environment which, in a context of high liquidity in the banking system, put downward pressure on credit spreads, the fact that the ECB no longer remunerated minimum mandatory reserves, the expiration of part of the financing obtained from the ECB under TLTRO III, which was replaced by the issuance of bonds and by interbank financing, and the gradual transfer from the rise in EURIBOR interest rates to the remuneration of deposits.

Net fees stood at EUR 457.0 million, a decrease of 3.9 per cent. compared to 2022. The favourable performance of financial advisory fees stood out, although mitigated by lower fees associated with credit (due to the decrease in the volume of new credit production, especially mortgage credit, in a context of impacts on household budgets, inflation and higher interest rates, plus regulatory changes, which exempted some loans from certain fees), means of payment (influenced by the intra-group operation of the transmission of the automatic payment service, at the end of 2022, although with a positive evolution in customer transactions through the growth of fees for payment

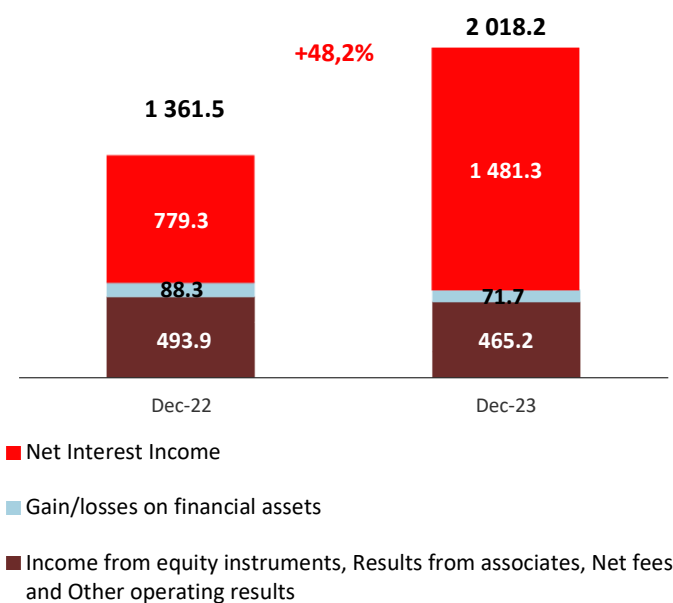
operations and transfers with cards), funds and insurance. Other operating results amounted to EUR 6.5 million, 30.6 per cent. less than the results registered for the same period last year, impacted by the lower income from property management. Commercial revenue, in the amount of EUR 1,946.5 million, increased 52.9 per cent. in relation to the amount registered in 2022.

As at 31 December 2023, Gain/Losses on financial assets amounted to EUR 71.7 million, compared to EUR 88.3 million in the previous year, a decrease of 18.8 per cent. including the income generated in the management of the public debt portfolio.

Net income from banking activities amounted to EUR 2,018 million in December 2023, an increase of 48.2 per cent. when compared to the amount registered at the end of December 2022.

### NET INCOME FROM BANKING ACTIVITIES

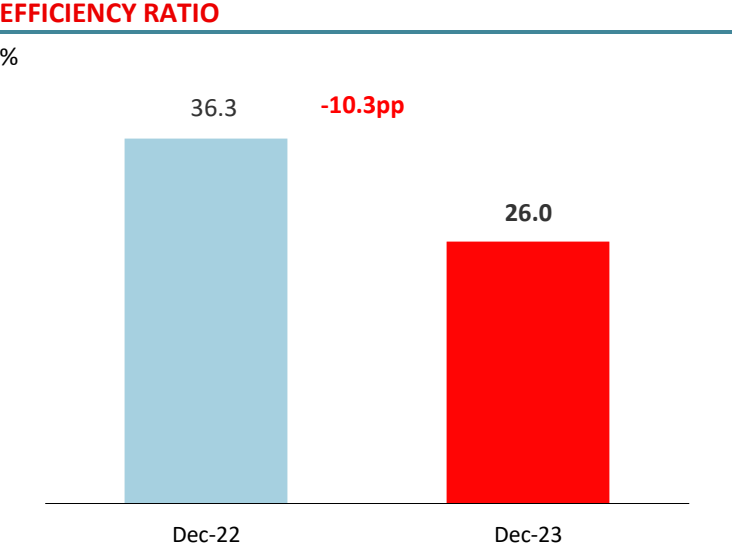
million euro



Operating costs amounted to EUR 518.8 million in 2023, registering a 8.4 per cent. increase compared to the previous year.

OPERATING COSTS (million euro)	Dec-23	Dec-22	Var.
Staff expenses	(284.3)	(261.0)	+8.9%
Other administrative expenses	(180.2)	(172.4)	+4.5%
Depreciation	(54.3)	(45.3)	+19.9%
<b>Operating costs</b>	<b>(518.8)</b>	<b>(478.7)</b>	<b>+8.4%</b>
<b>Efficiency ratio</b>	<b>26.0%</b>	<b>36.3%</b>	<b>-10.3 p.p.</b>

At the end of 2023, the efficiency ratio stood at 26.0 per cent., which corresponds to a decrease of 10.3 p.p. compared to the 36.3 per cent. registered in the previous year, reflecting increased revenues, greater operational efficiency, and lower customer service costs, as part of the continuous commercial and digital transformation process, with strict control over operational costs.



In 2023, the cash contributions to resolution funds and deposit guarantee schemes amounted to EUR 23.9 million, a decrease of 42.6 per cent. compared to the EUR 41.7 million incurred in the previous year.

Net operating income amounted to EUR 1,475.5 million in 2023, a 75.4 per cent. year-on-year increase.

Impairment, net provisions and other results recorded an amount of EUR -125.2 million at the end of 2023, compared to the EUR 12.6 million registered in the same period of the previous year.

In 2023, net impairment on financial assets at amortised cost totalled EUR -73.3 million, compared to the EUR 12.0 million recorded in the previous year, reflecting the conservative credit risk control policy, in a context of higher inflation and higher interest rates, and consequent higher cost of credit, plus a moderate increase in the unemployment rate, compounded by geopolitical uncertainty.

The regulatory cost with the Banking Sector Contribution and Solidarity Tax on the banking sector, in the amount of EUR 38.3 million, increased by 6.8 per cent. in 2023, compared to the EUR 35.9 million registered in 2022.

In 2023, income before taxes and non-controlling interests amounted to EUR 1,350.3 million, a 58.2 per cent. increase compared to the amount registered in the same period in 2022.

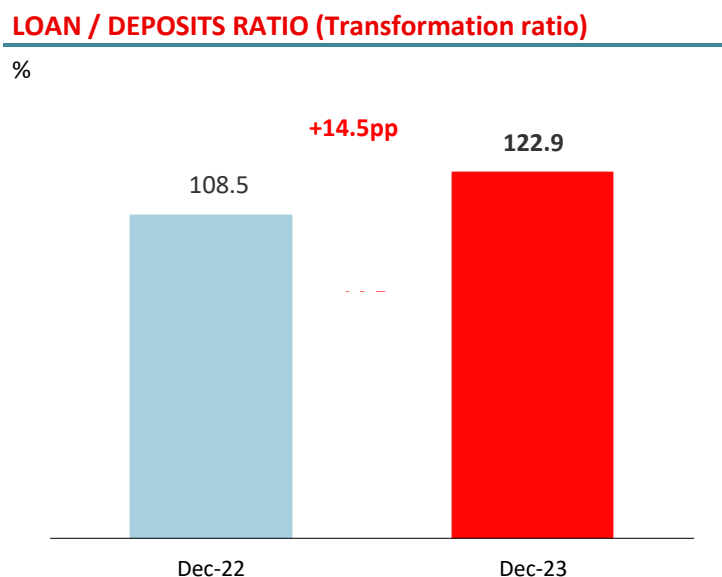
Taxes amounted to EUR 418.9 million in 2023, a 56.7 per cent. increase compared to the amount registered in the same period in 2022.

Consolidated net income attributable to BST shareholders amounted to EUR 931.4 million in 2023, a 58.8 per cent. year-on-year increase.

## Balance Sheet and Activity

At the end of 2023, business volume amounted to EUR 88.3 billion, a 1.5 per cent. decrease compared to the amount recorded in 2022, due to the 5.7 per cent. drop in customer's resources and 3.0 per cent. increase in loans and advances to customers (gross).

The Loans/Deposits ratio, measured by the ratio of loans and advances to customers (net) to deposits, stood at 122.9 per cent. in December 2023, 14.5 per cent. more than in the same period last year.



In 2023, loans and advances to customers (gross) amounted to EUR 44.6 billion, up 3 per cent. compared to the same period in 2022, with loans to corporates and institutions increasing by 13.7 per cent., and loans to individuals dropping by 4.7 per cent.

LOANS (million euro)	Dec-23	Dec-22	Var.
<b>Loans and advances to customers (gross)</b>	<b>44,586</b>	<b>43,303</b>	<b>+3.0%</b>
<i>of which</i>			
Loans to individuals	24,108	25,290	-4.7%
<i>of which</i>			
Mortgage	22,035	23,117	-4.7%
Consumer	1,789	1,820	-1.7%
Loans to corporates and institutions	20,478	18,014	+13.7%

Note: Loans to corporates include credits to institutions and public administrations

Loans to individuals stood at EUR 24.1 billion, a year-on-year decrease of 4.7 per cent. in 2023.

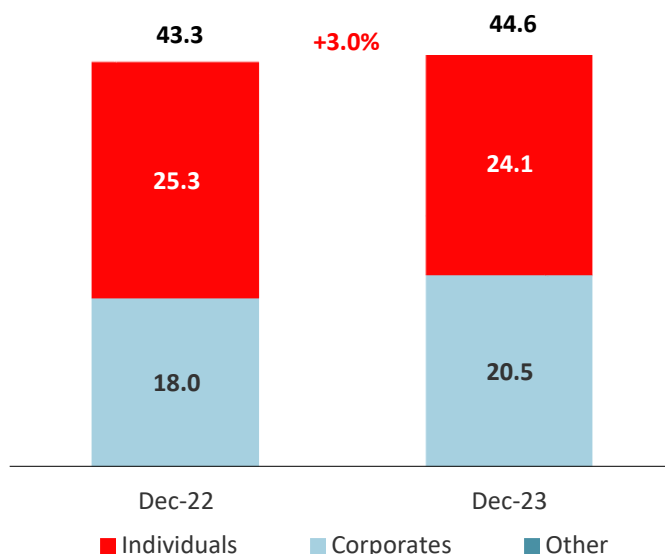
Mortgage loans decreased by 4.7 per cent. in 2023 to EUR 22 billion.

Consumer loans decreased by 1.7 per cent. in 2023 to EUR 1.8 billion.

Loans to corporates and institutions amounted to EUR 20.5 billion as at 31 December 2023, an increase of 13.7 per cent. compared to 2022, reflecting the support given by the Bank to its customers' projects, and highlighting the refinancing operations of large corporates as well as liquidity and treasury management solutions, including support for international trade.

### LOANS AND ADVANCES TO CUSTOMERS (GROSS)

billion euro



At the end of 2023, the non-performing exposure ratio, in line with the EBA's definition (in relation to balance sheet exposures), stood at 1.7 per cent., a 0.3 p.p. year-on-year decrease, with impairment coverage standing at 89.2 per cent. (87 per cent. in the previous year). The cost of credit stood at 0.17 per cent. in 2023, 0.2 p.p. more than the -0.03 per cent. registered in 2022.

CREDIT RISK RATIOS	Dec-23	Dec-22	Var.
Non-performing Exposure Ratio	1.7%	2.0%	-0.3 p.p.
Non-Performing Exposure coverage Ratio	89.2%	87.0%	+2.2 p.p.
Cost of credit	0.17%	(0.03%)	+0.2 p.p.

Customer's Resources amounted to EUR 43.7 billion at the end of 2023, a decrease of 5.7 per cent. when compared with the amount recorded in 2022, supported by the 8.8 per cent. decrease in deposits and the 11.1 per cent. increase in off-balance sheet resources since 2022.

<b>RESOURCES</b> (million euro)	<b>Dec-23</b>	<b>Dec-22</b>	<b>Var.</b>
<b>Customer's resources</b>	<b>43,709</b>	<b>46,332</b>	<b>-5.7%</b>
On-balance sheet resources	35,629	39,062	-8.8%
Deposits	35,629	39,062	-8.8%
Off-balance sheet resources	8,079	7,270	+11.1%
Investment funds marketed by the Bank	4,252	3,623	+17.4%
Insurance and other resources marketed by the Bank	3,828	3,647	+4.9%

Deposits amounted to EUR 35.6 billion in 2023, a decrease of 8.8 per cent. year-on-year, reflecting the early repayment of credit by customers, in the context of rising interest rates, and the channelling of savings into investments in off-balance sheet resources.

Off-balance sheet resources stood at EUR 8.1 billion at the end of 2023, up 11.1 per cent. in relation to December 2022. Investment funds marketed by BST, in the amount of EUR 4.3 billion, increased by 17.4 per cent. compared to the previous year and insurance and other resources marketed by the Bank stood at EUR 3.8 billion as at 31 December 2023, registering a 4.9 per cent. year-on-year increase.

### Solvency Ratios

At the end of December 2023, the CET1 ratio, calculated according to CRR/CRD IV, stood at 16.1 per cent. (fully implemented), an increase of 0.3 p.p. compared to the previous year, reflecting the Bank's ability to generate organic capital and manage RWAs.

BST has a very high capitalisation rate, above the minimum requirements set by the ECB (for 2024, CET1 of 8.428 per cent., Tier 1 of 10.238 per cent., and Total of 12.5 per cent. (fully implemented)).

The MREL ratio (Minimum Requirement for Own Funds and Eligible Liabilities), which has to be met on the individual activity basis, stood at 24.4 per cent. at the end of 2023, above the fully-implemented requirement of 20.68 per cent. imposed from 1 January 2024 onwards.

<b>CAPITAL</b> (million euro)	<b>Dec-23</b>	<b>Dec-22</b>	<b>Var.</b>
<b>Common Equity Tier 1</b>	<b>2,496</b>	<b>2,508</b>	<b>-0.5%</b>
Tier 1 Capital	2,896	2,908	-0.4%
Total Capital	3,288	3,295	-0.2%
<b>Risk Weighted Assets (RWA)</b>	<b>15,467</b>	<b>15,867</b>	<b>-2.5%</b>
CET 1 ratio	16.1%	15.8%	+0.3 p.p.
Tier 1 ratio	18.7%	18.3%	+0.4 p.p.
Total Capital ratio	21.3%	20.8%	+0.5 p.p.

## **Future Outlook**

The evolution of BST's business activity in Portugal will depend on the materialisation and potential impacts of some of the factors referred to in the section headed "Risk Factors", related to the stabilisation and recovery of economic activity, on the one hand, and the evolution of interest rates, on the other.

The economic context is critical for the consolidation of the recovery of business activity, which can generate a more sustained investment cycle. In this context, the implementation of "Portugal 2030", as the main financial instrument to support companies in their digital and energy transformation, is of particular relevance. In addition, the execution of the Recovery and Resilience Plan is an additional lever in terms of the mobilisation of investment by the public sector.

This cycle, especially in the non-financial private sector, could mobilise the granting of credit. In terms of credit to households, a new, less restrictive interest rate cycle could also contribute to stabilising or even increasing the volumes of new credit origination. However, in terms of income from fees — despite greater credit activity — the banking sector continues to operate within a legal framework that has exempted, temporarily or permanently, the charging of fees for some banking services.

Despite the prospects for the evolution of interest rates, BST intends to continue carefully monitoring credit quality, as the full effects of the higher interest rates registered in 2023 may not yet have been fully felt, or in a context of moderate economic growth, unemployment could maintain the upward trend observed at the end of 2023. Having said this, the economy currently remains at full employment, with the unemployment rate at a minimum.

The Bank has maintained its strategy and remains focused on its execution, which is materialised in a strong transformational impetus aimed at improving customer experience and satisfaction, in relation to which it is worth highlighting i) the continuous process of optimisation and simplification, focused on transactionality with an omnichannel presence; ii) a simplified, but customised, offer aligned with customer expectations and needs; iii) profitable growth in business volumes, adapted to customer needs and market conditions; iv) strict control over credit quality; and v) maintenance of a solid capital and liquidity position, in line with regulatory requirements.

BST also remains focused on being a responsible bank, boosting society's sustainable and inclusive growth, and reducing social and economic inequalities among populations, while, at the same time, supporting the development of the communities where it operates, with a special focus on financing the climate transition. In this regard, the Bank has already achieved a solid position in the national market, which it wants to strengthen further, namely through the financing of renewable energies and the provision of sustainable financial products and services.



## **Business Areas Overview**

### ***Individuals and Business, Companies and Institutional***

#### *Individuals*

In the Individuals segment, the customer growth trajectory stands out, as a result of the great effort made throughout 2023 to attract new customers — materialised through various campaigns.

The Net Promoter Score (“**NPS**”) is also worthy of note. This index measures the level of customer satisfaction, with BST having been ranked 2nd in NPS in Portugal, in the national banking system.

In terms of commercial activity, there were increased dynamics in this segment during the last months of 2023 as a result of the launch of a commercial revitalisation programme that showed very positive results.

In 2023, the Bank increased its active customer base by 70,000 new customers, registering a growth of 4 per cent. when compared to the end of 2022; and digital customers increased by another 63,000 (+6 per cent.), reaching 1.2 million customers, which already represent 64 per cent. of active customers, with more than 1.2 million daily logins on the Bank’s digital channels (corporate website and app), i.e., a growth of 25.5 per cent. when compared to 2022.

The expansion of the Bank’s customer base was accompanied by increased relationships with customers, materialised in the growth of the main transaction metrics throughout 2023, leveraged by the 3 per cent. increase in the number of debit and credit cards made available by the Bank.

At this level, the Bank promoted several initiatives, notably:

- Launching the instant digital card for individual customers (new cards and replacement requests);
- Reinforcing the Santander Rewards Engagement programme for customers who frequently use their card (discounts as cash back); and
- Boosting digital payments on a huge growth drive, and adapting the business to Apple Pay/Google Pay wallets and tokenization.

In 2023, BST customers carried out almost 100 million payment and transfer operations, 12.9 per cent. more than the figure registered in the previous year. They also made almost 1 million daily purchases (+19 per cent. year-on-year) and more than 45 million cash withdrawals.

The year of 2023 was significant in terms of changes in mortgage lending. There was a shift in the rate regimes for contracted operations, from floating to mixed, and a very significant increase in credit transfers between banks. This scenario was a consequence of higher interest rates and the measures implemented by the Portuguese Government. Throughout the year, the Bank sought to respond to the changes in customer preferences by adapting its offer to the new market context. This allowed for sustained growth in new production volumes, especially in the second half of the year. However, the context of higher interest rates resulted in lower production volumes compared to 2022, which, combined with the increase in partial early repayments of debt, put pressure

on the mortgage loans portfolio, with an accumulated drop of 4.7 per cent. during the year.

Consumer loans decreased in 2023, with lower production volumes compared to 2022, mostly due to the current market context, as well as the changes introduced to the admission and decision process of BST with the aim of reducing the number of default cases. Nevertheless, production volumes proved to be solid, essentially due to the commercial focus, optimisation of the implemented admission rules, and continued digital transformation of the contracting process.

In 2023, the Protection Insurance activity maintained its focus on improving relations with the Bank's customers, namely by increasing its offer and by optimising processes, with the aim of bringing customers closer to the Bank, by simplifying their interaction with the Bank in all dimensions of their day-to-day lives (Global Protection).

Regarding Non-Related Insurance, a new, simplified Home Protection Insurance was launched, with a 100 per cent. omnichannel journey. The corporate offer was also enriched, with the new Health offer adjusted to each customer's needs, plus the Cyber Insurance, and the reinforcement of the Car Insurance offer. At the end of 2023, a new branch was added to the offer, namely the new Family Civil Liability Insurance which, in addition to offering basic coverage, allows families to be supported in the event of an oncological disease, and responds to concerns related to new mobility trends (by scooter, for instance).

Regarding Credit-Related Insurance, the competitiveness and attractiveness of the offer was worked on, notably through several campaigns launched throughout the year. Credit journeys with insurance in context are subject to continuous improvement and their optimisation will continue throughout 2024.

In this context, 2023 was a very strong year in terms of attracting young doctors, a segment that BST continues to support, specifically in their preparation for the national exam for access to their medical specialty, as well as their entry into the labour market. At the same time, initiatives were launched to replicate best practices with other partners.

#### *Companies, Business and Institutions*

In 2023, one of BST's main objectives for the Corporate segment was to reinforce the Bank's role as a partner of Portuguese companies, namely by positioning itself by their side when it comes to responding to emerging challenges. As a result of this proximity, BST has continued to be recognised as a trusted partner for companies in their transformation process, and as a reference bank in terms of its contribution to the greater adoption of increasingly demanding sustainability criteria.

The awarding of the innovative status by COTEC stands out in the context of non-financial partnerships, in the field of innovation and development. The Bank also supports applications from small and medium-sized companies for the SME Leader and Excellence label, acknowledging the strength of their balance sheets and their ability to make a difference. The Bank promotes the empowerment of SMEs by helping companies grow through their partnership with Business Roundtable Portugal. 2023 ended with the launch of 200 scholarships for the SMEs management programme "NOVA SBE Voice Leadership", which promotes the empowerment of company managers.

Challenges related to sustainability, combating climate change, and helping companies in their transition to a greener economy are becoming increasingly relevant. Green Finance has gained greater relevance and companies currently working with BST are more informed when making decisions about their investments, viewing BST as a trusted partner.

Support for public and private investment projects within the scope of European Funds continued to be a priority for the Bank in 2023.

In 2023, tourism, agriculture, social economy, and health continued to play a prominent role in the Portuguese economy and are therefore considered strategic sectors for BST.

As regards tourism — one of the levers of the Portuguese economy — the Bank has been strongly committed to providing solutions aimed at supporting innovation and digital transformation, as well as climate sustainability. As regards agriculture, the Bank will continue to strengthen its presence in the agricultural sector through an adequate offer that helps enhance the quality of customer and partner practices, promoting their efficiency and contributing to making agriculture one of the main pillars of the Portuguese economy. In the social economy sector, the Bank is building a new way of being, namely by establishing partnerships, by responding to the real needs of the sector, and by valuing sustainability over profitability, in a shared effort between the state and local administration, social sector entities and banks, embodied in the peers programmes or in specific notices integrated in the Portuguese recovery and resilience plan, of which the Bank has been a structural partner. Health will also continue to receive the Bank's attention in Portugal in an organic way, with the Bank pursuing a strategy of greater proximity to the sector and its entire value chain.

The importance of local government, namely in the form of municipalities, municipal companies and other public sector institutions, has been taken on by the cluster that accompanies Institutional Banking. In 2023, the Bank's commitment to supporting these customers was maintained, with a differentiating offer suited to each customer, thus contributing to increased loyalty and closer relations with the Bank. This is a segment where the Bank's response has been handled by a dedicated team that supports the various networks in their relationship with these entities.

Knowing that Portuguese companies are faced with huge challenges, BST has made about EUR 982 million available through facilities agreed with the European Investment Bank, of which EUR 162 million is earmarked for improved energy efficiency in buildings. In addition to these protocols with the European Investment Bank, there is a set of facilities already in force with the European Investment Fund and with the Banco Português de Fomento / National Mutual Guarantee System.

BST provides an online Trade Club Alliance platform, which provides information on customers, suppliers and distributors abroad, in addition to macroeconomic data and exchange rates, also offering the possibility of simulating the total costs associated with export operations.

### ***Wealth Management and Insurance***

The year of 2023 was marked by Russia's continued aggression against Ukraine, by the outbreak of war in the Middle East from October onwards, and by the interventions and communications from the main central banks regarding the monetary policy to be followed in order to effectively combat the high inflation rates felt globally since mid-2022.

Whilst the effects of the war continue to be felt, with "no end in sight", however, as a consequence of the policies of the major central banks across the globe, inflation has finally begun to show signs of slowing down. As a result, markets have begun to foresee that a change in monetary policy would take place sometime in 2024, as suggested by the negative slope of the short-term interest rate curve (up to one year).

In the context of this framework, 2023 was a year in which practically all asset classes had positive performances, with the North American S&P 500 index appreciating by 23 per cent. in the year, and the European Euro Stoxx 50 index appreciating by 19 per cent. (after a devaluation of 12 per cent. in 2022).

Thus, 2023 proved to be a very positive year for most of BST's Private Banking business indicators in Portugal, with all showing very positive performances, notably growth in business volume by 9 per cent. and a 27 per cent. growth in off-balance sheet resources — investment funds, discretionary mandates, and unit-linked insurance.

The strong momentum of growth of the Private Banking customer base was maintained in 2023, based on continued external prospecting activity and the collaboration and support from the Bank's branch network and corporate centres.

In recognition of its service and customer service, in 2023, BST Private Banking Portugal was named by Euromoney magazine as the "Best International Private Bank" operating in Portugal and, at the end of the year, BST was awarded "Best Private Bank Portugal 2024" by Global Finance magazine for the ninth consecutive year. These awards recognise and reinforce the quality of BST's teams and of the investment solutions provided by BST Private Banking, in line with the continuous improvement of the Bank's customer service and value proposition.

### ***Corporate and Investment Banking***

In 2023, the Corporate and Investment Banking area continued to uphold its commitment to enhancing collaboration between the local team (with recognised skills in the Portuguese wholesale banking market), the regional platform (Europe), and the remaining global teams with knowledge and experience in the various markets and geographies where the BST Group operates. This international-scale collaboration allows the Bank to position itself as a strategic advisor to customers in both local and global transactions, and to aim at becoming the leader in the wholesale banking market in Portugal.

In the Global Debt Financing area, 2023 was marked, among other factors, by the Bank's leadership in the main project finance operations in Portugal. In the renewable energy sector, particularly worthy of note was the conclusion of the financial advisory service to Finerge, through which the Bank supported the company in a financing operation worth more than EUR 2.3 billion for the refinancing of its entire debt and financing of its future

growth plan. This operation also stands out for its innovative amortisation structure, more adaptable to the challenges currently faced by the energy sector, having been named “European Renewables Deal of the Year” by PFI magazine and “Deal of the Year” by Proximo Infrastructures. Additionally, the Bank was involved in the year’s main operations in the infrastructure sector.

In terms of syndicated credit products, the Bank was involved in an assurance operation for Visabeira Global’s debt, in the amount of EUR 450 million, which was then syndicated with a group of national and international credit entities.

In terms of debt capital markets, the Bank’s Global Debt Financing area maintained its leading position in the Portuguese market by participating in the placement of three bond issuances, namely, for EDP, in the amount of EUR 750 million over 5 years; for Caixa Central de Crédito Agrícola, in the amount of EUR 200 million over 4 years; and for Floene, in the amount of EUR 420 million over 5 years.

In 2023, the Corporate Finance area continued to develop an intense activity in mergers & acquisitions and in equity capital market operations, among which it is worth highlighting the successful completion of the following operations:

- Financial advice to Onex Holding in the sale of a 221 MW wind portfolio to Finerge;
- Financial advice to EDPR in the sale of a 280 MW wind and solar portfolio in Poland to Orlen; and
- Financial advice to Altri and Greenvolt in the spin-off operation of the remaining 16.6 per cent. stake held by Altri in Greenvolt.

In the Markets area, at the macroeconomic level, 2023 was marked: by a consolidation of higher interest rates (and consequent adjustment of expectations and portfolios); by the cooling of inflation in the second half of the year; and by the peak of volatility in March, caused by the failure of the Silicon Valley Bank. Despite high interest rates, equity markets closed the year with relevant gains (once again largely fuelled by big tech) and credit spreads remained stable.

In the Interest Rate area, despite some unfavourable headwinds, namely customers’ aversion to higher interest rates, BST’s business strategy defined for the year turned out to be correct, fostering continued growth in business activity.

In Foreign Exchange operations, solidity was maintained based on personalised customer support, the competitiveness and scope of the offer, and the ecosystem of financial products offered by the Bank. These strategic pillars were particularly important in a year in which competition proved to be more aggressive than usual. It is worth highlighting, once again, the ongoing business digitalisation trend, reflected in the growing percentage of customers with access to the NetBanco Corporate Foreign Exchange Platform.

In the Cash Trading segment, the volumes traded on equity markets in 2023 recorded a decrease compared to the previous year. It is worth highlighting the year-on-year decrease in online business, following the reduction seen in Portugal in volumes traded on equity markets due, above all, to the tax changes to the capital gains regime that

came into force in 2023. In the same period, the volumes traded on the bond markets recorded strong growth, namely in corporate debt bonds (+37.6 per cent.) and public debt bonds (+349.8 per cent.).

In the Structured Products segment for retail, eight products were launched since the beginning of 2023, raising a total of about EUR 177 million. The rise in interest rates allowed for more attractive payoff levels to be obtained in this type of product and even in more conservative products with shorter terms.

### **Technology and Operations**

In line with the Bank's business areas, the Technology area continued to develop and implement digital solutions geared towards its employees and its customers, namely by promoting the continued adoption of new technologies, modern architectures, and agile development approaches. In terms of the regulatory context, it ensured the implementation of initiatives aimed at assuring compliance with legal and regulatory requirements, as well as the implementation of recommendations arising from internal and external audits — critical pillars for the operation of BST.

In 2023, boosted by previously implemented enablers, the Bank kept up with its strategic IT programme, namely in journeys to the cloud, the digitisation of network processes and central services (implementation of processes that help decrease the administrative burden), and the transformation of information systems, allowing BST to increasingly become a digital bank with physical branches, and with a constant focus on improving customer experience. It is also worth highlighting the new features available on the Bank's digital channels and through its call centre service. New customer service capabilities are also available through the commercial network, namely on platforms such as customer onboarding and insurance.

### **Organisational Structure**

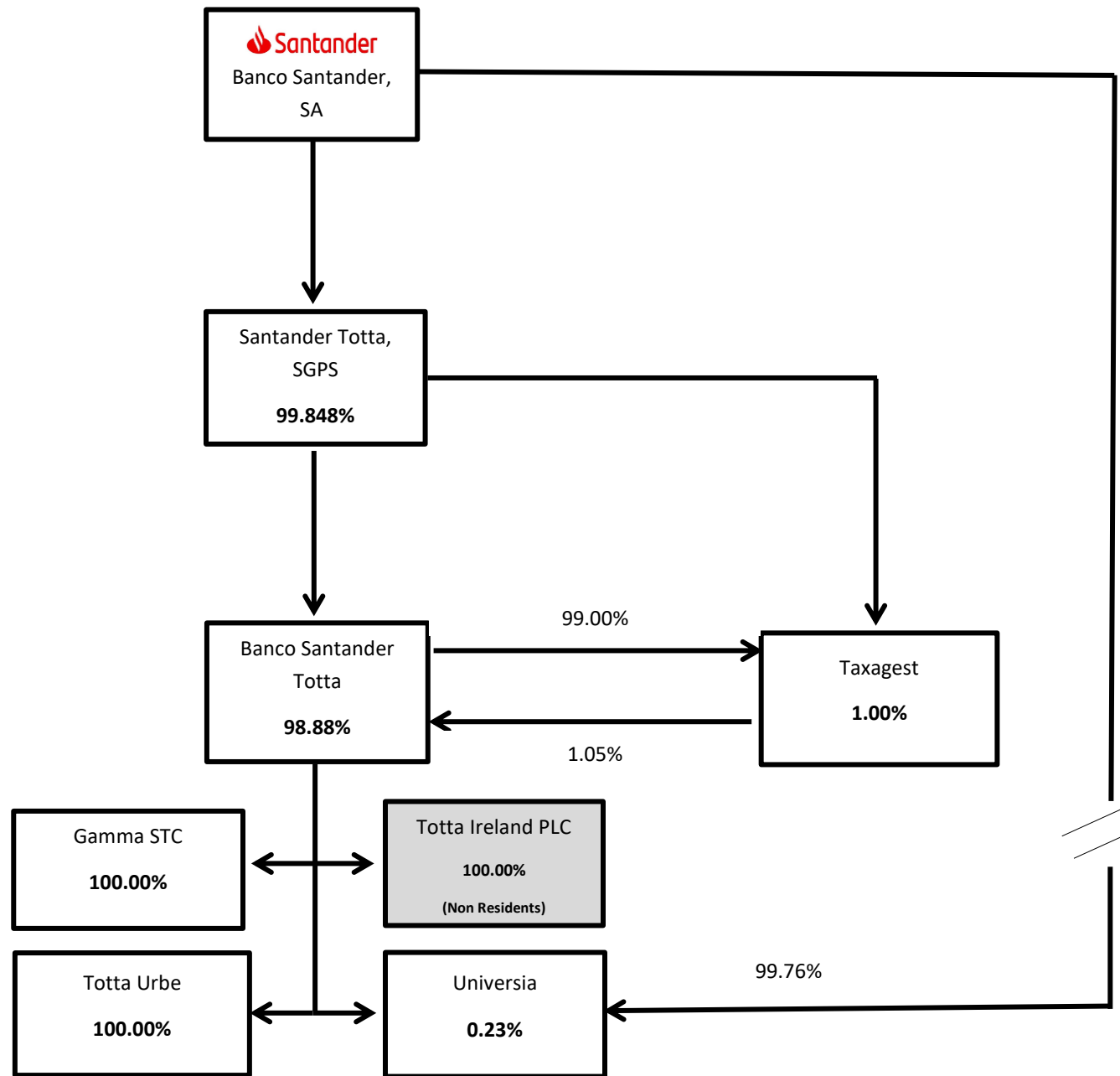
#### *BST Group*

The BST Group is a global financial group focusing its activity on two main business areas: commercial retail banking and investment banking. The BST Group provides a full range of products and services to individuals, companies and institutional investors in Portugal. In addition, following the incorporation of BSN and Totta – Crédito Especializado, Instituição Financeira de Crédito, S.A. by the Issuer, the BST Group comprises the investment bank networks of the Issuer and the related group of operating companies controlled by Santander SGPS.

Santander SGPS, the holding company in Portugal, separates the activities of the participating companies and the investment bank business from the activities of the Issuer. The aim of this corporate structure, whereby all the banks and operating companies of the BST Group are controlled by Santander SGPS, is essentially to increase the BST Group's strength and solvency, as well as to provide transparency to the market and allow for adequate supervision on a consolidated basis. However, following a strategic, economic and operational analysis of the structure of the BST Group, it was found that the BST Group's current corporate configuration was redundant and could be optimised. Therefore, with a view to simplifying its corporate structure, by avoiding the overlapping of structures and intermediate procedures, the Issuer's Board of Directors approved, albeit subject to the applicable

regulatory authorisations (including the applicable authorisation by the ECB), (i) a simplified merger project which envisages a merger by incorporation in the Issuer of Taxagest – SGPS, S.A. and (ii) a simplified merger project which envisages a merger by incorporation in the Issuer of Santander SGPS. As such, the BST Group’s corporate organisation/structure as at the date of this Base Prospectus will undergo substantial changes in the near future.

The diagram presented on the next page shows the structure of the BST Group as at the date of this Base Prospectus.





## History of BST

Following an agreement entered into on 7 April 2000 between Banco Santander Central Hispano (“**BSCH**”), Mr. António Champalimaud (the former controlling shareholder of Banco Totta & Açores (“**BTA**”)) and CGD, the Issuer acquired a controlling interest of 94.68 per cent. in BTA and of 70.66 per cent. in Crédito Predial Português (“**CPP**”). In June 2000, through its associate Santusa Holding, S.L. (“**Santusa, BSCH**”), the Issuer made a public acquisition offer for all of the outstanding shares of BTA and CPP. In December 2000, following a capital increase of BTA and the restructuring of the investments of the BST Group in Portugal, BTA became the head of the BTA Group, which, in addition to CPP, comprised Banco Santander Portugal (“**BSP**”) and BSN. The first complete year under the BST Group structure was 2001.

The Issuer was established following a corporate restructuring process completed in December 2004, which merged the commercial banks within the BST Group in Portugal (namely, BTA, CPP and BSP) into a single legal entity. The outcome was a holding company (Santander SGPS), holding the commercial bank, the Issuer and the investment bank BSN. The restructuring process was approved by the Bank of Portugal and at the General Meetings of Shareholders of BTA, CPP and BSP on 15 October 2004, with the granting and filing of the deed completed on 19 December 2004.

The restructuring involved an internal reorganisation of the BST Group in Portugal and resulted in BTA transferring, by operation of the merger, all of its assets into the Issuer, which assumed all BTA’s obligations by operation of law.

In May 2010, BSN was incorporated into the Issuer following a merger process initiated in 2009 and, as a result, the share capital of the Issuer increased from EUR 589,810,510.00 to EUR 620,104,983.00. In August 2010, the Issuer announced its intention to carry out a merger with Totta – Crédito Especializado, Instituição Financeira de Crédito, S.A., thus concentrating in the Issuer all lending activity currently developed by the merging entities. A preliminary project for the acquisition of the shares and the envisaged merger was presented to the Bank of Portugal in the terms set forth in the law.

In this context, and following a shareholders’ resolution, on 18 March 2011 the Issuer announced the decision to increase its share capital to EUR 656,723,284.00 by means of contributions in kind (*entradas em espécie*), which would be performed by Santander SGPS through the transfer of 5,750,322 shares representing the share capital of Totta – Crédito Especializado, Instituição Financeira de Crédito, S.A., to which it attributed the global value of EUR 66,304,973.91. To complete this transaction, 36,618,301 new shares representing the share capital of the Issuer, with the nominal value of EUR 1 each and with an issue premium per share of EUR 0.8107059066, corresponding to the relevant share capital increase, were issued. In addition, the holders of the notes issued by the Issuer, who met to decide on the aforementioned merger, decided not to oppose such merger on 21 March 2011. The share capital increase was filed with the Commercial Registry Office on 24 March 2011 and the merger was completed on 1 April 2011 in the terms described above.

On 20 December 2015, following the resolution measure applied to Banif by the Bank of Portugal, the Issuer

acquired a set of rights and obligations comprised of assets, liabilities, off-balance sheet items and assets under the management of Banif, as listed in the resolution passed by the Bank of Portugal in that respect, in the amount of EUR 150 million.

On 8 January 2016 and 28 March 2016, the Issuer registered with the competent Commercial Registry Office its share capital increases of EUR 300,000,000 on each such date, first from EUR 656,723,284.00 to EUR 956,723,284.00 and then from EUR 956,723,284.00 to EUR 1,256,723,284.00, through the issue of ordinary book-entry and nominative shares with the nominal value of EUR 1 each. These share capital increases were reserved to BST's shareholders and resulted in a total increase of BST's share capital to EUR 1,256,723,284.00.

On 30 December 2016, BST completed the acquisition of Gamma – Sociedade de Titularização de Créditos, S.A., a securitisation company registered with the CMVM under number 9152, after having submitted this transaction to the competent authorities and having obtained the necessary authorisations.

On 24 May 2022, the Issuer registered with the competent Commercial Registry Office its share capital increase of EUR 135,056,390.00, from EUR 1,256,723,284.00 to EUR 1,391,779,674.00.

The Issuer is the parent company to various subsidiaries and its financial results are thus affected by the cash flows and dividends of these subsidiaries.

As at the date of this Base Prospectus, the majority shareholders of the Issuer are:

<b>Shareholder</b>	<b>No. of shares</b>	<b>%</b>
Santander Totta, SGPS, S.A.	1,376,219,267	98.882%
Taxagest - SGPS, S.A.	14,593,315	1.05%

Santander SGPS directly holds approximately 98.882 per cent. of the Issuer.

Santander SGPS is fully owned directly by Banco Santander, S.A. and TaxaGest – SGPS, S.A. is fully owned indirectly by Banco Santander, S.A. Therefore, the Issuer is indirectly owned by Banco Santander, S.A.

Notwithstanding the above, and subject to certain conditions precedent, including obtaining the applicable prior authorisations from the ECB, on 18 March 2024, the Issuer's Board of Directors approved (i) a simplified merger project which envisages a merger by incorporation in the Issuer of Taxagest – SGPS, S.A. and (ii) a simplified merger project which envisages a merger by incorporation in the Issuer of Santander SGPS. As such, it is expected that the Issuer's corporate organisation/structure as at the date of this Base Prospectus will undergo substantial changes in the near future.

There are no specific mechanisms in place to ensure that control over the Issuer is not abusively exercised. Risk of abusive control is, in any case, mitigated by the existence of an Audit Committee and an Auditor, as described herein.

The Issuer, as (i) a credit institution and (ii) a financial intermediary (i.e., an entity which provides investment services/activities and ancillary services) and an issuer of securities admitted to trading on a Portuguese regulated market, is subject to the supervision of, respectively, (i) the Bank of Portugal and (ii) the CMVM, which, among

other regulatory areas, supervise the acquisition and disposal of substantial holdings in the Issuer.

The Issuer is managed by a Board of Directors (*Conselho de Administração*) elected at the General Meeting of Shareholders for a three-year period and each of its members is bound by duties of loyalty and care with a view to safeguarding the interests of all stakeholders (in accordance with the Portuguese Commercial Companies Code – Article 64 – and the RGICSF – Article 75). The business address for each of the members of the Management and Statutory Bodies of BST is Rua Áurea, No. 88, 1100-063 Lisbon, Portugal.

### **Governing Bodies of BST for the 2022-2024 term of office**

On 23 November 2021, the General Meeting of Shareholders approved the election of corporate officers for the 2022-2024 term of office.

The Governing Bodies of BST, authorised on 3 May 2022, for the 2022-2024 term of office, are:

#### **Board of the General Meeting**

Chairman	António Maria Pinto Leite
Deputy-chairman	Ricardo Andrade Amaro
Secretary	Bruno Miguel dos Santos de Jesus

#### **Board of Directors**

Chairman	José Carlos Brito Sítima
Deputy-Chairman	Pedro Aires Coruche Castro e Almeida
Members	Amílcar da Silva Lourenço
	Ana Isabel Abranches Pereira de Carvalho Morais
	Cristina Alvarez Alvarez
	Daniel Abel Monteiro Palhares Traça
	João Pedro Cabral Tavares
	Isabel Cristina da Silva Guerreiro
	Manuel António Amaral Franco Preto
	Manuel Maria de Olazábal y Albuquerque
	Maria Manuela Machado Costa Farelo Ataíde Marques

Miguel Belo de Carvalho

Remedios Ruiz Maciá

Ricardo Lopes da Costa Jorge

### Audit Committee

Chairwoman Ana Isabel Abranches Pereira de Carvalho Morais

Members Daniel Abel Monteiro Palhares Traça  
João Pedro Cabral Tavares  
Manuel Maria de Olazábal y Albuquerque  
Maria Manuela Machado Costa Farelo Ataíde Marques

### Auditors

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., represented by José Manuel Henriques Bernardo.

### Executive Committee

Chairman Pedro Aires Coruche Castro e Almeida

Deputy-Chairman Manuel António Amaral Franco Preto

Members Amílcar da Silva Lourenço  
Isabel Cristina da Silva Guerreiro  
Miguel Belo de Carvalho  
Ricardo Lopes da Costa Jorge

### Company Secretary

Full Secretary Bruno Miguel dos Santos de Jesus

Alternate Secretary Marta Maria Appleton de Serpa Pimentel Marques

### Risk Committee

Chairman Manuel Maria de Olazábal y Albuquerque

Members

Daniel Abel Monteiro Palhares Traça

João Pedro Cabral Tavares

Maria Manuela Machado Costa Farelo Ataíde Marques

Remedios Ruiz Maciá

### Remuneration Committee

Chairman

João Pedro Cabral Tavares

Members

Daniel Abel Monteiro Palhares Traça

Manuel Maria de Olazábal y Albuquerque

Maria Manuela Machado Costa Farelo Ataíde Marques

Remedios Ruiz Maciá

### Nomination Committee

Chairman

Daniel Abel Monteiro Palhares Traça

Members

Ana Isabel Abranches Pereira de Carvalho Morais

Cristina Alvarez Alvarez

João Pedro Cabral Tavares

Manuel Maria de Olazábal y Albuquerque

### Remuneration Board

Chairwoman

Maria Alexandra Teixeira Peres Brandão Palma Cavaco

Member

Javier Roglá Puig

## Relevant activities of directors outside BST

	Within the consolidation perimeter	Outside the consolidation perimeter
Amílcar da Silva Lourenço	-	COTEC Portugal - Associação Empresarial para a Inovação (Member of the general council, on behalf of BST); CIP – Confederação Empresarial de Portugal (Deputy Chairman of the General Council on behalf of BST)
José Carlos Brito Sítima	Santander Totta SGPS, S.A. (Chairman of the Board of Directors)	Câmara de Comércio e Indústria Luso Espanhola (Non-Executive Board Member, on behalf of BST)
Ana Isabel Abranches Pereira de Carvalho Morais	-	Instituto Superior de Economia e Gestão (Member of the Scientific Board and full professor); EPAL, Empresa Portuguesa das Águas Livres (Chairwoman of the Supervisory Board); Águas do Vale do Tejo, S.A. (Chairwoman of the Supervisory Board); Comissão de Normalização Contabilística (Member of the General Council, as “person of recognised merit” e Deputy Chairwoman); IDEFE – Instituto para o Desenvolvimento e Estudos Económicos, Financeiros e Empresariais, S.A.   ISEG Executive Education (Executive member of the Board of Directors)
Manuel António Amaral Franco Preto	Santander Totta SGPS, S.A. (Executive Board Member); Taxagest - Sociedade Gestora de Participações Sociais, S.A. (Chairman of the Board of Directors); Santander Totta Seguros - Companhia de Seguros de Vida, S.A. (Chairman of the Salaries Committee), Banco Santander, S.A. (Regional Head of Financial Accounting & Control Europe)	-

Manuel Maria de Olazábal y  
Albuquerque

---

Pedro Aires Coruche Castro e  
Almeida

Santander Totta SGPS (Deputy  
Chairman of the Board of  
Directors; Chairman of the ExCo  
(CEO)); Banco Santander, S.A.  
(Regional Head of Europe)

Centro Paroquial São Francisco de Paula  
(Non-Executive Director); ISEG (School  
Council Member); Fundação Alfredo de Sousa  
(Board of Trustees Member, on behalf of  
BST); Associação Portuguesa de Bancos  
(Member of the Board, on behalf of BST); BRT  
Associação Business Roundtable Portugal  
(associate on behalf of BST); The Trilateral  
Commission (European Group Member);  
Santander UK Group Holding, plc (Non-  
Executive Member of the Board of Directors);  
Santander UK, plc (Non-Executive Member of  
the Board of Directors); PagoNxt (Non-  
Executive Member of the Board of Directors)

---

Isabel Cristina da Silva Guerreiro -

---

Santander Bank Polska, S.A. (Supervisory  
Board Non-Executive Member and Lead  
Group Director)

---

Maria Manuela Machado Costa -  
Farelo Ataíde Marques

Gerefinança - Consultores de Gestão, Lda  
(Manager); European Money Markets  
Institute (Non-Executive Board Member |  
Supervisory and Risk Board Member)

---

Miguel Belo de Carvalho

Santander Totta SGPS, S.A.  
(Executive Member of the  
Board of Directors); Fundação  
Santander Portugal (Chairman  
of the Board of Trustees)

Universidade Lusíada – Faculdade de Ciências  
da Economia e da Empresa (Advisory Council  
Member)

---

Daniel Abel Monteiro Palhares -  
Traça

---

Nova School of Business and Economics (on  
leave)

---

Remedios Ruiz Maciá

Banco Santander, S.A. (CRO  
Global Cards & Digital  
Solutions)

UCI SA (Non-Executive Board Member, Audit  
and Risk Committee Member, on behalf of  
BST); UCI, SA, EFC (Non-Executive Board  
Member); Tresmares Capital Corporate SL  
(Non-Executive Board Member, on behalf of  
BST); Deva Capital Holding Company, SL |

---

		Deva Capital Management Company, SL (Non-Executive Board Member); Servicios de Cobranza, Recuperación y Seguimiento, SA de CV (SECORSE) (Alternate Non-Executive Board Member, on behalf of Deva Capital Servicer Company, S.L.U.); Cobranza Amigable SAPI de CV (Alternate Non-Executive Board Member)
Cristina Alvarez Alvarez	Banco Santander, S.A. (Head of T&O Europe e Espanã)	Santander Global Technology and Operations, SL (Non-Executive Board Member); AEDAS HOMES (Non-Executive Board Member, and Chairwoman of the Technology, Innovation and Cybersecurity Committee); IE Business School (Senior Advisory); Santander de Titulización, S.G.F.T, S.A. (Non-Executive Board Member)
João Pedro Cabral Tavares	Fundação Santander Portugal (Non-Executive Member of the Board of Directors)	AGEGE – Associação Cristã de Empresários e Gestores (Non-Executive Chairman); IES – Social Business School (Non-Executive Chairman); Fundação Gaudium Magnum – Maria e João Cortez de Lobão (Non-Executive Board Member); Fundação Calouste Gulbenkian (Advisor to the Board of Directors); AICD – Associação Para Inserção por Centros Digitais de Informação (Member of the Strategic Board); C-More Sustainability, Lda (Senior Advisory); Fundação Gonçalo Silveira (Member of the board of trustees do Conselho de Curadores)
Ricardo Lopes da Costa Jorge	Banco Santander, S.A. Business Channel Leads de SMEs – PJ Channel	SIBS SGPS, S.A. (Non-Executive Member of the Board of Directors on behalf of BST); SIBS Forward Payment, Solutions, S.A. (Non-Executive Member of the Board of Directors, on behalf of BST); Católica Lisbon School of Business & Economics, Universidade Católica Portuguesa (Guest Professor); UNICRE – Instituição Financeira de Crédito, S.A. (Member of the Shareholders Committee for Monitoring Activity and Business)



## **Employees**

In Portugal, certain terms and conditions of employment in the banking sector are negotiated with trade unions and wage negotiations occur on an industry-wide basis. The Issuer has not experienced any material labour problems and it believes that its relations with its employees are generally satisfactory. The main objectives of the BST Group's staff management programme are directed at creating and improving team spirit through, among other measures, recruitment, a training plan and early retirement schemes.

## **Material Contracts**

As at the date of this Base Prospectus, there are no material contracts that are reasonably likely to have a material effect on this Base Prospectus.

## **Conflicts of Interest**

The members of the Board of Directors, the Executive Committee, the General Meeting or the Audit Board of BST do not have any conflicts, or any potential conflicts, between their duties to BST and their private interests or other duties.

## **Recent Developments**

On 26 May 2023, BST informed the market of Moody's rating decision, which upgraded the long-term debt rating of BST to "Baa1".

On 19 June 2023, BST informed the market of the Bank of Portugal's notification about the decision of the Single Resolution Board on the determination of its and Santander SPGS's MREL requirements. According to such notification, as of 1 January 2024, BST has to comply with 17.92 per cent. in terms of TREA and 5.91 per cent. in terms of LRE, respectively, and on an individual basis.

On 3 July 2023, BST informed the market of Fitch's rating decision, which upgraded (i) its long-term senior debt and deposit ratings to "A", maintaining a stable outlook and (ii) confirmed its IDR – *Issuer Default Rating* at "A-" with stable outlook.

On 4 September 2023, BST informed the market of the placement with institutional investors of an issue of Covered Bonds (Premium) in the amount of €850 million, with maturity in September 2026 and a fixed coupon of 3.750 per cent., under its Covered Bonds Programme and the settlement occurred on 11 September 2023.

On 22 November 2023, BST informed the market that Moody's had (i) upgraded its deposit risk rating from "A3" to "A2" with "stable" outlook, (ii) raised the covered bonds ratings from "Aa2" to "Aaa", and (iii) reaffirmed the rating of its senior unsecured programme at "Baa1".

On 22 November 2023, BST also informed the market that its shareholder, Santander Totta, SGPS, S.A. was notified by the Bank of Portugal of the decision to implement a reserve for sectoral systemic risk, which aims to reinforce the resilience of the banking sector against a potential deterioration in economic conditions and/or unexpected significant correction in residential property prices. The reserve for sectoral systemic risk complements the current

prudential recommendation and consists of a preventive measure to address the possible materialisation of potential risks. The Bank of Portugal’s decision translates into the requirement to comply with a reserve for sectoral systemic risk of 4 per cent. on the amount of risk exposures of the retail portfolio of loans to individuals collateralised by residential properties located in Portugal, as from 1 October 2024. In its announcement, BST also informed that it considers that this measure will have no impact on the strategy and development of its own funds.

On 22 November 2023, BST informed the market that Moody’s has upgraded its long term rating to “Baa1” with stable outlook.

On 12 December 2023, BST informed the market of the decision served by the ECB regarding minimum prudential requirements, to be fulfilled in 2024 on a consolidated basis by Santander SGPS. As of 2024, the minimum own funds requirements to be observed from the referred date, calculated as a ratio of total RWA, are as follows:

	2024	Pillar 1	Pillar 2	Buffers
CET1	8.428%	4.500%	0.928%	3.00%
T1	10.238%	6.000%	1.238%	3.00%
Total	12.650%	8.000%	1.650%	3.00%

The buffers include the capital conservation buffer (2.5 per cent.) and the O-SII buffer (0.5 per cent.). In 2024, the Pillar 2 requirement, defined under SREP, is set at 1.65 per cent. Considering the capital ratios calculated as at 30 September 2023, Santander SGPS complies with the new minimum capital requirements for CET1, Tier 1 and total ratios.

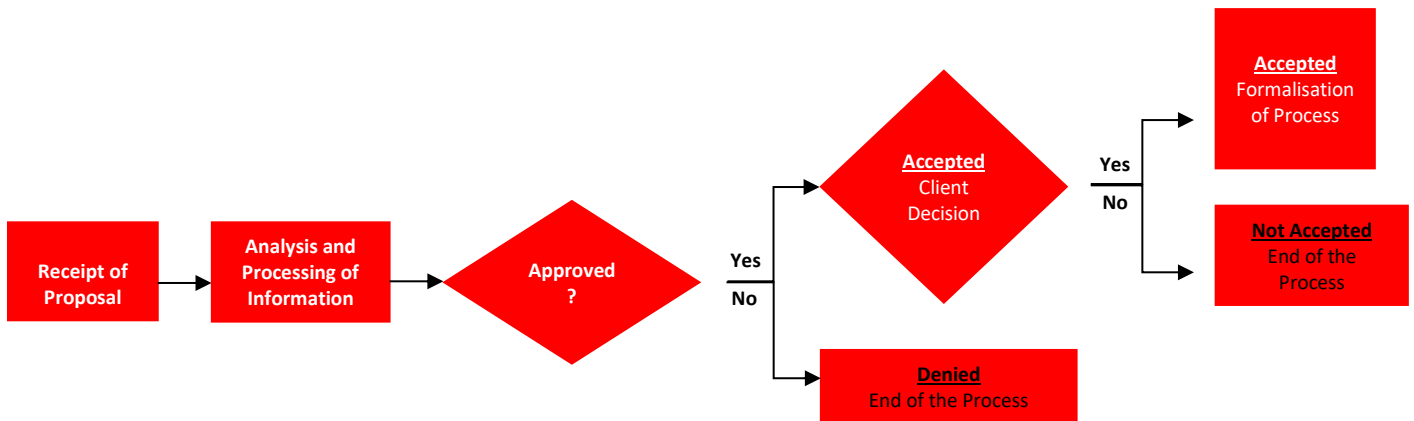
On 6 March 2024, BST informed the market that S&P has upgraded its long term rating from “BBB+” to “A-” with positive outlook.

On 18 March 2024, BST informed the market that its Board of Directors had approved on that same date (i) a simplified merger project envisaging a merger by incorporation in the Bank of its subsidiary TaxaGest – SGPS, S.A., to be carried out through the global transfer of TaxaGest – SGPS, S.A.’s estate to the Bank; and (ii) a simplified merger project, envisaging the merger by incorporation in the Bank of Santander SGPS, to be carried out through the global transfer of Santander SGPS’s estate to BST. The simplified merger projects were also approved on the same date by the Boards of Directors of TaxaGest – SGPS, S.A. and Santander SGPS.

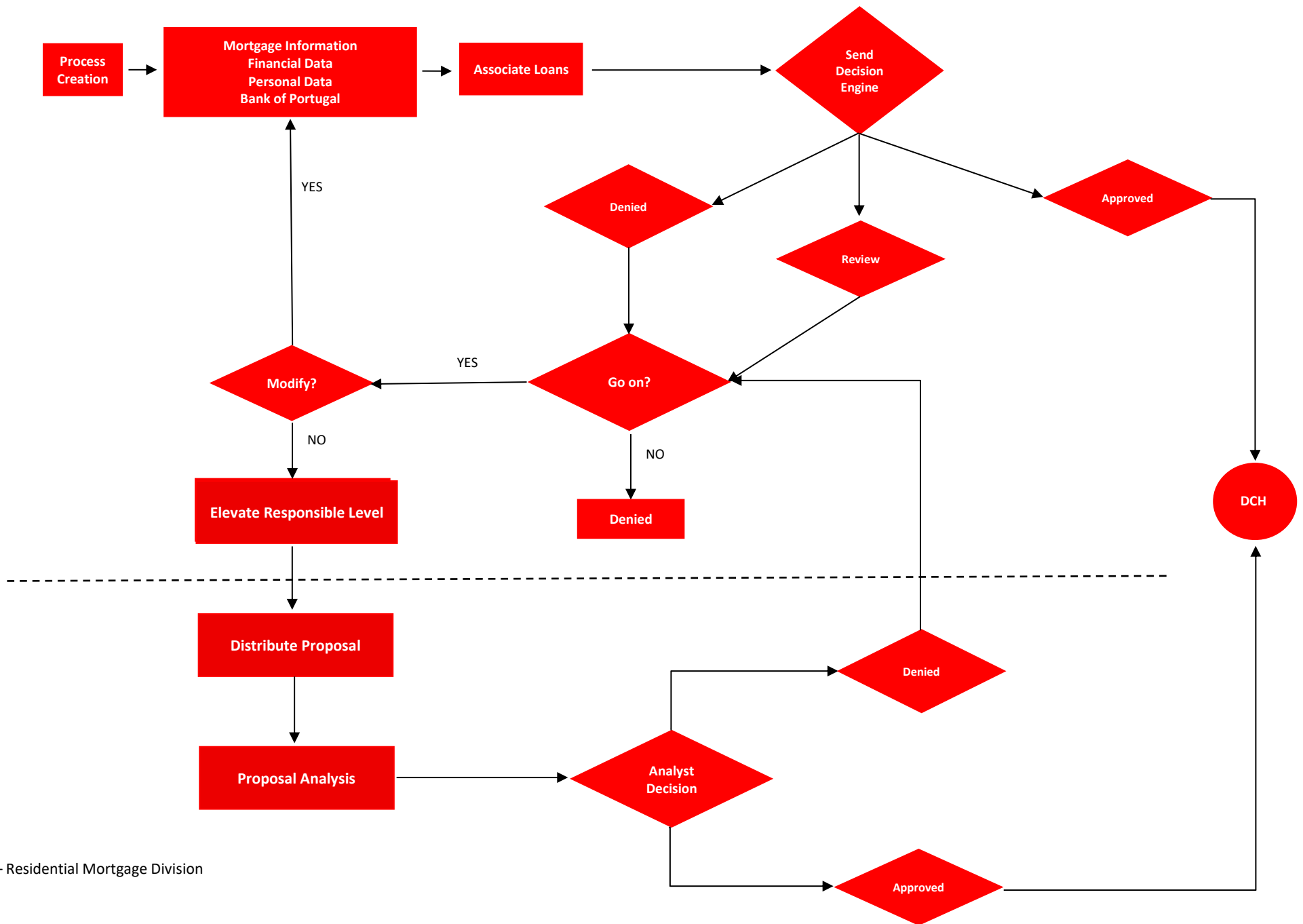
## ISSUER'S STANDARD BUSINESS PRACTICES

The internal procedure for approval of an application for a mortgage-backed loan involves: (i) the creation of an application by the relevant branch within the internal financial system; and (ii) the receipt of the relevant documentation (either the originals or authenticated copies) from the potential borrower. For each mortgage loan application, the internal decision process is based on the collection of information needed (financial information; relation between income and expenses; warranty; maturity; etc.) for each customer. With this information, the engine admission system calculates the admission scoring or collects the behaviour score and applies the decision model that gives the probability of default of the credit proposal / customer at the time of evaluation. Depending on the amount of the credit proposal and the risk indicated, the application could be decided automatically by the engine decision or by a risk analyst.

Once an application has been accepted, the branch and customer begin the contractual process. This process may be summarised as follows:



On a broader scale, the entire process may be summarised as follows:



## **Valuation**

Valuations of mortgaged houses are carried out by several valuation companies which are all certified by the CMVM. The valuation company is randomly selected by the system based on quotes defined by BST. The appraisers of these valuation companies make an internal and external visit to the property in question and carry out the evaluation report according to Law No. 153/2015 and other legal requirements. Each of these valuation companies has a central department that validates the valuations carried out. The results are subsequently uploaded on the internal website of BST. BST has a technical department with a group of qualified and independent engineers who audit and monitor the quality of these valuations using appropriate valuation samples.

## **Monitoring process**

The Issuer is constantly monitoring internal and external risk indicators of its customers and accordingly adjusts the behaviour scoring and risk appetite.

With a constant monitoring of new origination key performance indicators, it is possible to maintain the credit quality of the balance sheet.

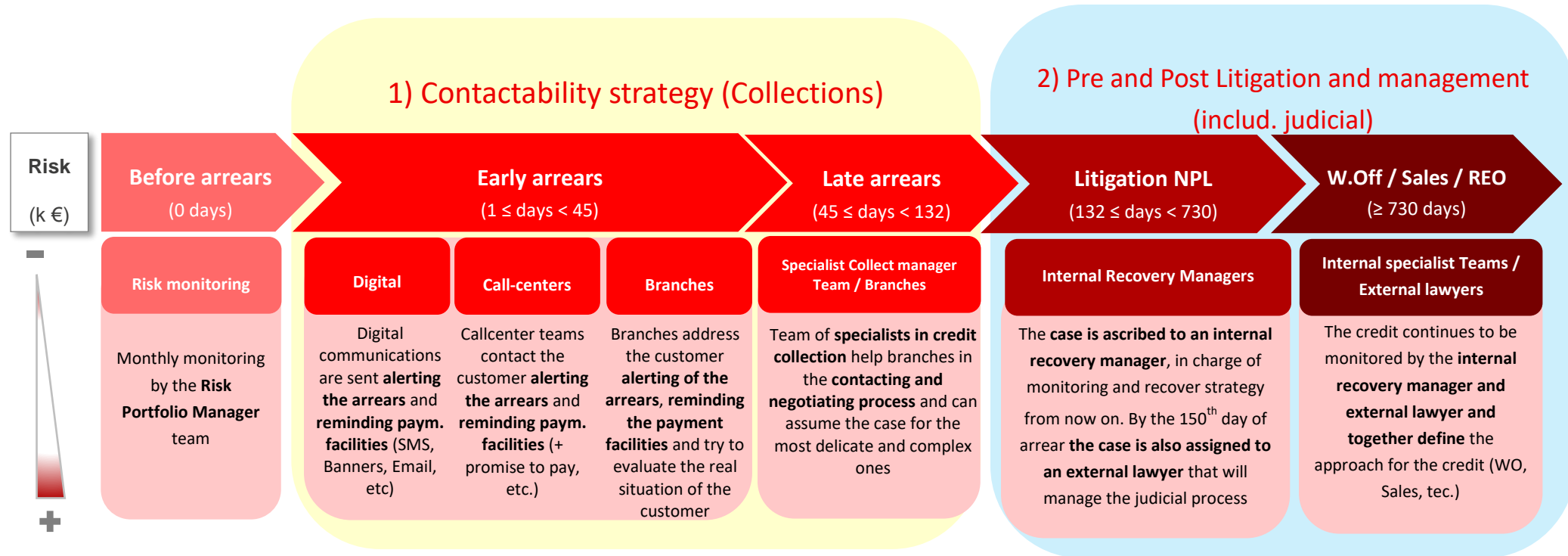
In general, the collection processes respect the following 3 phases: (i) digital contact in the first 7 days of arrears, (ii) the call centre level between the 7th and 15th days of arrears, and (iii) the branch level after the 15<sup>th</sup> day of arrears or before when the branch and the recovery managers consider that a “human” approach is more valuable in particular cases. This last phase includes other commercial specialised collectors to deal with the late arrears and, if an additional effort to collect the past due amount continues to not work, the next step is negotiating a restructuring solution to avoid increasing the non-performing loans.

Finally, after 90 days of arrears (non-performing loan phase), the litigation procedures start by allocating an internal recovery manager that will initiate negotiations with the borrower to reach a successful restructuring solution. Alongside the internal manager, an external lawyer is also allocated to start the judicial process if necessary.

In unsuccessful recovery cases, resolutions like admitting losses, charges-off or write-offs are usually, but as a last resort, adopted after the 730-day past due period. This is always decided together with the internal recovery team, external lawyers and the senior management committees.

# Arrears and NPL credit management

## Flowchart



## **USE OF PROCEEDS**

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

## THE LEGAL REGIME OF COVERED BONDS

### FRAMEWORK

The Covered Bonds Law introduced a framework for the issuance of asset covered debt securities into Portuguese law. The Covered Bonds to be issued under this Base Prospectus will be labelled as “*European Covered Bond (Premium)*”, as set out in Article 42(2) of the Legal Regime of Covered Bonds provided that the Covered Bonds are in compliance with the Legal Regime of Covered Bonds and the CRR.

As such, the Cover Pool will only be comprised of assets listed in Article 129(1) of the CRR (and provided that the requirements under paragraphs 1a to 3b of Article 129 of the CRR are met).

On 6 May 2022, Decree-Law No. 31/2022, of 6 May 2022, approving the new Legal Regime of Covered Bonds and transposing the CBD, was published in the Portuguese Official Gazette, and which was supplemented by the CMVM Regulation.

In accordance with the transitional provisions of Decree-Law No. 31/2022, of 6 May 2022, BST, as issuer of covered bonds, applied to the CMVM, as supervisory authority, for the conversion of its covered bonds programme, under the Covered Bonds Law, into a covered bonds programme compliant with the Legal Regime of Covered Bonds. The CMVM has authorised such conversion and, as such, all outstanding covered bonds of BST issued under the Covered Bonds Law are now subject to the Legal Regime of Covered Bonds.

Pursuant to Article 44 of the Legal Regime of Covered Bonds, the CMVM may issue regulations with regard to covered bonds. On 28 July 2023, the CMVM Regulation was published in the Portuguese Official Gazette. The CMVM Regulation focuses only on those aspects that are directly subject to the Legal Regime of Covered Bonds, namely, (i) the instructive/ancillary elements for the purpose of authorising covered bond programmes; (ii) the criteria for legal, contractual or voluntary overcollateralisation; (iii) the issuer’s information duties towards the CMVM; (iv) the document preservation duties related to the programmes; (v) the common representative’s right of access to information about the cover pool; (vi) the means of sending and disclosing information relating to covered bond programmes; (vii) the procedures for the replacement of the programme’s credit manager; and (viii) the fee due and payable for the authorisation of covered bond programmes.

### ISSUERS OF COVERED BONDS

Covered bonds may only be issued by credit institutions (“**Credit Institutions**”).

### COVER ASSETS

The Legal Regime of Covered Bonds sets out the type of assets that are eligible to collateralise issues of covered bonds made by a Credit Institution. For further information regarding the eligible types of assets, please see the section “*Issuer Required to Maintain Cover Pool*” in the chapter entitled “*Characteristics of the Cover Pool*”.

Hedging Contracts may also be included in the cover pool for hedging purposes, provided they meet certain legal requirements established in the Legal Regime of Covered Bonds and in Article 129 of the CRR.



The Legal Regime of Covered Bonds contains certain rules governing the limits and conditions for the use of these hedging contracts. The evaluation rules of the Hedging Contracts are established in Article 4(e) of the CMVM Regulation.

For further details on the abovementioned requirements, see the section “*Hedging Contracts*” in the chapter entitled “*Characteristics of the Cover Pool*”.

The cover pool is of a dynamic nature. Accordingly, the Credit Institution may be required, or may otherwise decide, to include new assets in such cover pool or substitute assets in case the existing ones no longer comply with the applicable financial and prudential requirements.

Furthermore, a Credit Institution is required by the Legal Regime of Covered Bonds to maintain a register, in segregated accounts of the Credit Institution, of all the assets comprised in the cover pool, including hedging contracts.

#### **VALUATION AND LOAN TO VALUE CRITERIA**

Credit Institutions are required to conduct valuations of mortgage properties and periodic updates of such valuations in accordance with Articles 129 and 208 of the CRR, which establishes rules on the methods and frequency of the valuations of properties.

In accordance with Article 129(1) of the CRR, the maximum loan to value ratio for residential mortgages is 80 per cent. and 60 per cent. for commercial mortgages loans (which, in the case of commercial mortgages loans, may be increased to 70 per cent., subject to certain conditions).

The loan-to-value limit shall (i) apply on a loan-by-loan basis, (ii) determine the portion of the loan contribution to the coverage of liabilities attached to the covered bond, and (iii) apply throughout the entire maturity of the loan.

Article 208 of the CRR contains detailed provisions regarding the valuation of properties securing mortgage credits included in a cover pool (including subsequent valuations).

For further information regarding the valuation of assets, please see the chapter entitled “*Characteristics of the Cover Pool*”.

#### **ASSET-LIABILITY MANAGEMENT AND FINANCIAL REQUIREMENTS**

The Legal Regime of Covered Bonds establishes, as a nominal principle coverage requirement, that the calculation of the coverage requirement shall be made in accordance with the nominal principle and ensures that the total aggregate principal amount of all cover assets is at least equal to or greater than the aggregate principal amount of the unpaid covered bonds (i.e., 100 per cent. coverage of the liabilities shall be fully secured by cover assets).

For the purposes of the calculation of the level of the coverage requirement, as well as of the remaining financial and prudential requirements, the liabilities of the covered bonds shall include, namely:

- (a) the obligations for payment of the principal amount of issued covered bonds;

- (b) the obligations for payment of any interest arising from the outstanding covered bonds;
- (c) the payment obligations arising from derivative contracts comprised in the cover pool; and
- (d) the expected costs related to maintenance and administration for the liquidation of the relevant programme.

If the relevant covered bonds are denominated in any currency other than euro, the Credit Institution must use the exchange rates published by the ECB as a reference.

Should a breach of the homogeneity, coverage or liquidity of the Cover Pool occur, as foreseen in Article 20 of the Legal Regime of Covered Bonds, the Issuer is required, immediately after becoming aware thereof, to take all possible steps to remedy such breach by (i) allocating new primary or substitution assets, with or without replacing any assets already attached to the covered bonds, (ii) amortising outstanding covered bonds in the sufficient amount to remedy the breach and/or (iii) allocating new liquid assets to the liquidity buffer.

Mortgage credits that become delinquent after being allocated to the cover pool may still remain in such cover pool provided that the delinquency period is not equal to or higher than 90 days, in which case such mortgage credits must be removed from the cover pool by the Credit Institution and, if necessary to comply with the prudential requirements established in the Legal Regime of Covered Bonds, substituted by new primary or substitution assets.

Mortgage credits underlying covered bonds may only be sold or encumbered if the Credit Institution allocates sufficient new primary or substitution assets to maintain compliance with the financial and prudential requirements set forth in the Legal Regime of Covered Bonds.

#### **SEGREGATION OF COVER ASSETS AND INSOLVENCY REMOTENESS**

##### *Asset segregation*

The cover assets and hedging contracts allocated by the Credit Institution to the issues of covered bonds, including liquidity buffer assets, interest revenue, repayments, and collateral relating to derivative contracts, will permanently remain and be registered in segregated accounts of the Credit Institution.

For further information, please refer to the chapters entitled “*Characteristics of the Cover Pool*” and “*Insolvency of the Issuer*” above.

##### *Preferential status for covered bonds holders*

Pursuant to the Legal Regime of Covered Bonds, holders of covered bonds benefit from a special creditor privilege (*privilegio creditório especial*) over the assets assigned to the issue, with precedence over any other creditors, for the purpose of redemption of principal and receipt of interest corresponding to the relevant covered bonds.

The mortgages that serve as collateral for the entitlements of the holders of covered bonds prevail over any real estate preferential claims.

The hedging contracts entered into by the Credit Institution also form part of the cover pool and thus the relevant

counterparties will also benefit from the special creditor privilege (*privilégio creditório especial*) over such cover pool. Accordingly, these counterparties will have similar rights to those of the holders of the covered bonds and, consequently, their contracts are not expected to be called in case of insolvency of the Credit Institution.

In particular, the holders of covered bonds and the Hedge Counterparties have: (a) a claim against the credit institution issuing the covered bonds, (b) in the case of the insolvency or resolution of the Credit Institution issuing the covered bonds, a special creditor privilege over the cover assets in the amount of the principal and any accrued and future interest, and (c) in the case of the insolvency of the Credit Institution issuing the covered bonds and in the event that the privileged credit referred in (b) cannot be fully satisfied, a common claim against the insolvency estate of that Credit Institution, which ranks *pari passu* with the claims of the Credit Institution's ordinary unsecured creditors of the Credit Institution. The entitlements under (a) to (c) above are limited to the total payment obligations under the covered bonds and the above dual recourse and special creditor privilege also applies in case of extendable maturity of those covered bonds subject to automatic maturity extension, pursuant to the Legal Regime of Covered Bonds.

Pursuant to the Legal Regime of Covered Bonds, in the case of dissolution and winding-up of a Credit Institution, a meeting of holders of all Series of covered bonds then outstanding may decide, by a 2/3 majority vote, to accelerate the covered bonds, in which case the administrator shall provide for the settlement of the estate allocated to the relevant issue in accordance with the provisions defined in the Legal Regime of Covered Bonds and in the relevant terms and conditions that govern such issue.

#### *Maturity Extension*

Pursuant to the Legal Regime of Covered Bonds, Credit Institutions may issue covered bonds with an automatic extendable maturity structure when:

- (a) the non-discretionary extension requirements are specified in the terms and conditions of the issue applicable to the covered bonds;
- (b) the information provided to holders of covered bonds relating to covered bonds with such automatic extendable maturity structure is sufficient to perceive the respective risk, including:
  - (i) the operation of the maturity extension;
  - (ii) the consequences for a maturity extension of the liquidation or resolution of the relevant Credit Institution; and
  - (iii) CMVM's duties in relation to the maturity extension;
- (c) the final maturity date of the covered bonds is determinable at all times; and
- (d) in the event of liquidation or resolution of the relevant Credit Institution, maturity extensions do not affect the ranking of holders of covered bonds or invert the sequencing of the relevant covered bond programme's original maturity schedule.

In addition, the maturity of the covered bonds can only be extended based on the following:

- (a) revocation of the authorisation of the relevant Credit Institution; or
- (b) foreseeable or actual failure to pay the principal or interest amounts of the covered bonds due at the initial maturity date, which is not remediable within an established period of time in the terms of the relevant issue or the covered bond programme, not exceeding 10 Business Days.

In order to be able to extend the maturity of covered bonds, the Credit Institution shall notify CMVM of the referred extension, together with the relevant reasons for such extension, (i) no less than 10 calendar days prior to the effective date, or (ii) as soon as possible, if the occurrence of the reason for the extension or the time it becomes known does not allow the Credit Institution to respect the 10 calendar days deadline. CMVM shall oppose the maturity extension, within 10 calendar days from receipt of such notice from the Credit Institution referred to above, when it considers that the requirements for the extension of the maturity are not fulfilled.

If, prior to the date on which the Covered Bonds will be automatically extended, CMVM has timely and duly decided to oppose such extension, the extension to an extended maturity date will not apply; otherwise, such extension will apply.

For the avoidance of doubt, if the Credit Institution communicates to CMVM a possible extension less than 10 calendar days in advance of the effective date and, if on the date on which the Covered Bonds should automatically be extended to the Extended Maturity Date, CMVM has not yet resolved on its opposition, the Covered Bonds will be extended to the Extended Maturity Date; if, thereafter, CMVM opposes such extension, the extension to the Extended Maturity Date will cease to apply.

## TAXATION

### Portugal

The following is a general summary of the Issuer's understanding of current law and practice in Portugal as in effect on the date of this Base Prospectus in relation to certain current relevant aspects of Portuguese taxation of the Covered Bonds and is subject to changes in such laws, including changes that could have a retroactive effect. The following summary is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any holder of Covered Bonds. It does not take into account or discuss the tax laws of any country other than Portugal and relates only to the position of persons who are absolute beneficial owners of Covered Bonds. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences resulting from the purchase, ownership and disposition of Covered Bonds, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or are deemed to be, residents. The reference to "interest", "other investment income" and "capital gains" in the paragraphs below means "interest", "other investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take into account any different definitions of "interest", "other investment income" or "capital gains" which may prevail under any other law.

Economic benefits derived from interest, accrued interest, amortisation and reimbursement premiums, and other instances of remuneration arising in respect of Covered Bonds, are designated as investment income for Portuguese tax purposes.

Gains obtained with the repayment of Covered Bonds are classified as capital gains for Portuguese tax purposes.

#### **1. Covered Bonds not held through a centralised control system**

##### *Individuals resident in Portugal*

Interest and other types of investment income obtained on Covered Bonds by a Portuguese resident individual are subject to personal income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter case, an additional income tax rate will be due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income up to EUR 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR 250,000. Accrued interest qualifies as interest, rather than as capital gains, for tax purposes.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Capital gains taxation of 28 per cent., applicable to Portuguese resident individuals, will apply on the positive difference between the capital gains and capital losses arising from the transfer of the Covered Bonds, unless the

individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter case, an additional income tax rate will be due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income up to EUR 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR 250,000.

The positive balance between capital gains and capital losses arising from the transfer for consideration of shares and other securities is mandatorily accumulated and taxed at progressive rates if the assets have been held for less than 365 days and the taxable income of the taxpayer, including the balance of the capital gains and capital losses, amounts to or exceeds EUR 81,199.

*Legal entities resident in Portugal and non-residents with a permanent establishment to which income derived from the Covered Bonds is attributable to*

Interest and other types of investment income derived from the Covered Bonds and capital gains and losses realised by legal entities resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the interest or capital gains or losses are attributable are included in their taxable income and are subject to corporate income tax rate at a rate of (i) 21 per cent. or (ii) if the taxpayer is a small or medium-sized enterprise or a small and mid-capitalization enterprise (Small Mid Cap) as established in Decree-Law No. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to EUR 50,000 and 21 per cent. on profits in excess thereof or (iii) if the taxpayer is a small and medium-sized enterprise or a small and mid-capitalization enterprise (Small Mid Cap) that qualifies as startup under the terms foreseen in Law No. 21/2023, of 25 May, and that cumulatively meet the conditions established in Article 2(1)(f) of Law No. 21/2023, of 25 May, 12.5 per cent. for taxable profits up to EUR 50,000 and 21 per cent. on profits in excess thereof, to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income may be added. Corporate taxpayers with a taxable income of more than EUR 1,500,000 are also subject to a State surcharge (*derrama estadual*) of (i) 3 per cent. on the part of their taxable profits exceeding EUR 1,500,000 up to EUR 7,500,000, (ii) 5 per cent. on the part of their taxable profits that exceeds EUR 7,500,000 up to EUR 35,000,000, and (iii) 9 per cent. on the part of their taxable profits that exceeds EUR 35,000,000.

Withholding tax on interest and other investment income applies at a rate of 25 per cent., which is deemed as a payment on account of the final tax due.

Portuguese financial institutions, pension funds, retirement and/or education savings funds, venture capital funds and collective investment undertakings incorporated under the laws of Portugal, as well as some exempt entities, are not subject to withholding tax.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

*Non-resident individuals and legal persons with no permanent establishment to which income derived from the Covered Bonds is attributable*

Notwithstanding the special debt securities tax regime as described below, the general tax regime on debt securities applicable to non-resident entities is the following.

Interest and other types of investment income obtained by non-resident beneficial owners (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable are subject to withholding tax at a rate of 28 per cent. (in the case of individuals) or at a rate of 25 per cent. (in the case of legal persons), which is the final tax on that income. Under the tax treaties entered into by Portugal which are in full force and effect on the date of this Base Prospectus, the above withholding tax rates may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of excess tax.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities are subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Withholding tax at a rate of 35 per cent. applies in case of investment income payments to individuals or companies domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by Ministerial Order (*Portaria*) No. 150/2004, of 13 February 2004, as amended from time to time (the “**Ministerial Order**”).

Under domestic law, the responsibility to withhold taxes arising from interest payments of the Covered Bonds issued by resident entities for tax purposes belong to the registry or depository entity, as the case may be.

Capital gains obtained on the transfer of Covered Bonds by non-resident individuals without a permanent establishment in Portugal to which these gains are attributable are exempt from Portuguese capital gains taxation unless the individual is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by the Ministerial Order. Capital gains obtained by individuals that are not entitled to said exemption will be subject to taxation at a 28 per cent. flat rate. Accrued interest does not qualify as capital gains for tax purposes. Under the tax treaties entered into by Portugal, Portugal is usually not allowed to tax such gains, but the applicable rules should be confirmed on a case by case basis.

Capital gains obtained on the disposal of Covered Bonds by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which these gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the non-resident entity is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the “low tax jurisdictions” list approved by the Ministerial Order. This 25 per cent. threshold will not be applicable when the following cumulative requirements are met by the seller: (i) the seller is an entity resident in the EU or in an EEA State which

is bound to cooperate with Portugal under an administrative cooperation agreement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or in any country with which Portugal has a double tax treaty in force that foresees the exchange of information; (ii) such entity is subject and not exempt from a tax referred to in Article 2 of Council Directive 2011/96/EU, of 30 November 2011, or a tax of similar nature with a rate not lower than 60 per cent. of the Portuguese corporate income tax rate; (iii) it holds at least 10 per cent. of the share capital or voting rights regarding the entity subject to disposal for at least one year uninterruptedly; and (iv) is not intervenient in an artificial arrangement or a series of artificial arrangements that have been put into place for the main purpose, or one of the main purposes, of obtaining a tax advantage. Although the abovementioned cumulative requirements are in full force and effect since 31 March 2016 and apply to securities in general, the law is not clear on the application thereof for holders of debt representative securities, as some of the alluded requirements appear not to apply to debt representative securities.

If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, Portugal is usually not allowed to tax such gains, but the applicable rules should be confirmed on a case by case basis.

#### *Acquisition of Covered Bonds through gift or inheritance*

Stamp tax at a rate of 10 per cent. applies to the acquisition through gift or inheritance of Covered Bonds by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse, de facto spouse, descendants and parents/grandparents.

The acquisition of Covered Bonds through gift or inheritance by legal entities resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal is subject to corporate income tax rate at a rate of (i) 21 per cent. or (ii) if the taxpayer is a small or medium-sized enterprise or a small and mid-capitalization enterprise (Small Mid Cap) as established in Decree-Law No. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to EUR 50,000 and 21 per cent. on profits in excess thereof or (iii) if the taxpayer is a small and medium-sized enterprise or a small and mid-capitalization enterprise (Small Mid Cap) that qualifies as startup under the terms foreseen in Law No. 21/2023, of 25 May, and that cumulatively meet the conditions established in Article 2(1)(f) of the Law No. 21/2023, of 25 May, 12.5 per cent. for taxable profits up to EUR 50,000 and 21 per cent. on profits in excess thereof, to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income may be added. Corporate taxpayers with a taxable income of more than EUR 1,500,000 are also subject to a State surcharge (*derrama estadual*) of (i) 3 per cent. on the part of their taxable profits exceeding EUR 1,500,000 up to EUR 7,500,000, (ii) 5 per cent. on the part of their taxable profits exceeding EUR 7,500,000 up to EUR 35,000,000, and (iii) 9 per cent. on their part of the taxable profits exceeding EUR 35,000,000.

No stamp tax applies to the acquisition through gift or inheritance of Covered Bonds by an individual who is not domiciled in Portugal. The acquisition of Covered Bonds through gift or inheritance by a non-resident legal person is subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case



basis.

There is no wealth or estate tax in Portugal related to Covered Bonds.

## **2. Covered Bonds held through a centralised control system**

The regime described in 1. above corresponds to the general tax treatment of investment income and capital gains on Covered Bonds and to the acquisition through gift or inheritance of such Bonds.

Nevertheless, pursuant to the Special Tax Regime for Debt Securities, approved by Decree-Law No. 193/2005, of 7 November 2005, as amended (“**the special regime approved by Decree-Law No. 193/2005**”), investment income and capital gains on the disposal of debt securities issued by Portuguese resident entities, such as Covered Bonds obtained by non-resident beneficial owners, are exempt from Portuguese income tax provided that the debt securities are integrated in a centralised system for securities managed by a resident entity or by an international clearing system managing entity established in another EU Member State or in an EEA Member State (in this last case, provided it is bound by an administrative cooperation in tax matters similar to the one established within the EU) and that the beneficial owners are:

1. central banks and / or governmental agencies; or
2. international bodies recognised by the Portuguese State; or
3. entities resident in countries with whom Portugal has a double tax treaty in force or a tax information exchange agreement; or
4. other entities without headquarters, effective management or a permanent establishment in Portuguese territory to which the relevant income is attributable which are not domiciled in a low tax jurisdiction as set out in the Ministerial Order.

The special regime approved by Decree-Law No. 193/2005 sets out the detailed rules and procedures to be followed on the evidence of non-residence by the beneficial owners of the bonds to which it applies. Under these rules, the direct register entity (i.e. the entity affiliated to the centralised system where the Covered Bonds are integrated), will be under the obligation (i) to withhold tax on the interest payments arising from the Covered Bonds, if necessary, or to (ii) obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the evidence of non-residence status should be provided to, and received by, the direct registration entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Covered Bonds), and prior to the transfer of Covered Bonds date, as the case may be. The relevant direct registration entity shall withhold the relevant tax if the requirements for a withholding tax exemption are not met.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Base Prospectus.

- **Domestically Cleared Covered Bonds**

The beneficial owner of Covered Bonds must provide proof of non-residence in Portuguese territory substantially in the terms set forth below.

- (1) If the beneficial owner of Covered Bonds is a central bank, an international organisation or a public law entity and respective agencies, a declaration issued by the beneficial owner of Covered Bonds itself duly signed and authenticated, or proof of non-residence pursuant to (4) below. The respective proof of non-residence in Portugal is provided just once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change on the requirement conditions that may prevent the tax exemption from applying;
- (2) If the beneficial owner of Covered Bonds is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification official form; or (B) a certificate issued by the entity responsible for such supervision or registration, or by tax authorities, confirming the legal existence of the beneficial owner of Covered Bonds and its domicile; or (C) proof of non-residence pursuant to (4) below. The respective proof of non-residence in Portugal is provided just once, its periodical renewal not being necessary and the beneficial owner should inform the register entity immediately of any change on the requirement conditions that may prevent the tax exemption from applying;
- (3) If the beneficial owner of Covered Bonds is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has in force a double tax treaty or a tax information exchange agreement, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, the law of incorporation and domicile; or (B) proof of non-residence pursuant to (4) below. The respective proof of non-residence in Portugal is provided just once, its periodical renewal not being necessary and the beneficial owner should inform the register entity immediately of any change on the requirement conditions that may prevent the tax exemption from applying; and
- (4) 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.

There are rules regarding the authenticity and validity of the documents mentioned in paragraph (4) above, in particular that the beneficial owner of Covered Bonds must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until 3 months after the date on which

the withholding tax would have been applied and will be valid for a 3 year period beginning from the date such document is produced. The beneficial owner of Covered Bonds must inform the register entity immediately of any change on the requirement conditions that may prevent the tax exemption to apply.

- **Internationally Cleared Covered Bonds**

If the Covered Bonds are registered in an account held by an international clearing system, pursuant to the requirements set forth in this tax regime, the identification and quantity of securities, as well as the amount of income, and, when applicable, the amount of tax withheld, shall be transmitted on each interest payment dates, segregated by the following categories of beneficiaries:

- (i) Entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable in Portugal, non-exempt and subject to withholding;
- (ii) Entities with residence in a country, territory or region with a clearly more favourable regime, included in the Portuguese “blacklist” (countries and territories listed in the Ministerial Order), non-exempt and subject to withholding;
- (iii) Entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable in Portugal, exempt or non-subject to withholding; and
- (iv) Other entities which do not have residence, headquarters, effective management or permanent establishment to which the income would be imputable in Portugal.

In each interest payment date and each relevant redemption date, the following elements, regarding each one of the beneficiaries mentioned in (i), (ii) and (iii) above, should be transmitted:

- (a) Name and address;
- (b) Tax identification number, if applicable;
- (c) Identification and quantity of the securities held; and
- (d) Amount of income.

The information referred above is transmitted by the international clearing system to the direct registration entity or to its representative, and should refer to the universe of accounts under its management.

No Portuguese exemption shall apply at source under the special regime approved by Decree-Law No. 193/2005 if the above rules and procedures are not complied with. Accordingly, the general Portuguese tax provisions shall apply as described above. This will be the case whenever the Covered Bonds are not integrated in a centralised system for securities managed by a resident entity or by an international clearing system managing entity established in another EU Member State or in an EEA Member State (in this last case, provided it is bound by administrative cooperation in tax matters similar to the one established within the EU).

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-Law No. 193/2005.

The refund claim is to be submitted to the direct register entity of the Covered Bonds within 6 months from the date the withholding took place. A special tax form for these purposes was approved by Order (*Despacho*) 2937/2014, published in the Portuguese official gazette, second series, No. 37, of 21 February 2014 issued by the Secretary of State of Tax Affairs (*Secretário de Estado dos Assuntos Fiscais*), which is available at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

The refund of withholding tax in other circumstances or after the above 6 months period is to be claimed from the Portuguese Tax Authorities and within 2 years from the end of the year in which tax was withheld.

### **Administrative cooperation in the field of taxation**

Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts in accordance with the Global Standard released by the Organization for Economic Co-operation and Development in July 2014 (the “**Common Reporting Standard**”).

Portugal has implemented Directive 2011/16/EU through Decree-Law No. 61/2013, of 10 May, as amended by Decree-Law No. 64/2016, of 11 October 2016, Law No. 98/2017, of 24 August 2017, Law No. 17/2019, of 14 February, Law No. 24-D/2022, of 30 December and Law No. 36/2023, of 26 July. Council Directive 2014/107/EU of 9 December 2014 regarding the mandatory automatic exchange of information in the field of taxation was also transposed into Portuguese law through Decree-Law No. 64/2016, of 11 October. Under such law, the Issuer is required to collect information regarding certain accountholders and to report such information to the Portuguese Tax Authorities – which, in turn, will report such information to the relevant Tax Authorities of the EU Member States or third States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard. Council Directive 2021/514/EU was implemented through Law No. 36/2023, of 26 July, which amended Decree-Law No. 61/2013, of 10 May.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the Tax Authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

Council Directive 2021/514/EU has amended Council Directive 2011/16/EU aiming to combat fraud, evasion and tax avoidance in the digital economy and the cross-border dimension of the services offered through the use of digital platforms. Under this regime, any digital platform that connects sellers of certain goods and services with the respective buyers should report to the local Tax Authorities information on the economic activities carried out

by the users.

In view of the regime enacted by Decree-Law No. 64/2016, of 11 October, which was amended by Law No. 98/2017, of 24 August, and Law No. 17/2019, of 14 February 2019, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order (*Portaria*) No. 302-B/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) No. 282/2018, of 19 October 2018, Ministerial Order (*Portaria*) No. 302-C/2016, of 2 December 2016, Ministerial Order (*Portaria*) No. 302-D/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) No. 255/2017, of 14 August and by Ministerial Order (*Portaria*) No. 58/2018, of 27 February 2018 and Ministerial Order (*Portaria*) No. 302-E/2016, of 2 December 2016.

### **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” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions (including Portugal) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding were required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, 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 Covered Bonds that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is 6 months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for the purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer).

However, if additional Covered Bonds (as described under Condition 15 (*Further Issues*) in the “Terms and Conditions of the Covered Bonds”) that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Portugal signed an IGA with the United States on 6 August 2015, and has implemented through Law No. 82-B/2014, of 31 December 2014 (as amended), the legal framework based on the reciprocal exchange of information with the United States on financial accounts subject to disclosure. The IGA entered into force on 10 August 2016, and through Decree-Law No. 64/2016, of 11 October 2016, which was amended by Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019, the Portuguese Government approved the complementary regulation required to comply with FATCA. Under this legislation, the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the U.S. Inland Revenue Service. The exchange of information shall be made by 31 May of each year comprising the information gathered respecting the previous year.

Holders of Covered Bonds should consult their own tax advisers on how these rules may apply to their investment in Covered Bonds.

### **Covered Bonds may be subject to Financial transactions tax (“FTT”)**

The EC has published a proposal for a Directive for a common financial transaction tax (“FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in Covered Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Covered Bonds should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of Covered Bonds are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE AND SECONDARY MARKET ARRANGEMENTS

The Dealers have, in the Programme Agreement, represented and agreed with the Issuer a basis upon which they, or any of them, may from time to time agree to purchase Covered Bonds.

Any such agreement will extend to those matters stated under “*Form of the Covered Bonds Interbolsa*” and “*Terms and Conditions of the Covered Bonds*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The following restrictions may be amended or supplemented in the applicable Final Terms.

### United States

The Covered Bonds have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act. The Covered Bonds are initially being offered and sold only outside the United States in reliance on Regulation S under the US Securities Act. Terms used in this paragraph and the following paragraph have the meanings given to them by Regulation S under the US Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Covered Bonds of the Tranche of which such Covered Bonds are a part, except in accordance with Rule 903 of Regulation S under the US Securities Act. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Covered Bonds, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Covered Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**US Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities and except in either case in accordance with Regulation S under the US Securities Act. Terms used above have the meanings given to them by Regulation S.”

The Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder.

In addition, until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the US Securities Act.

## **Japan**

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended or superseded from time to time; the “**FIEA**”) and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold any Covered Bonds and will not, directly or indirectly, offer or sell any Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended or superseded from time to time)), or to others for re-offering or re-sale, directly or indirectly, in Japan to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Covered Bonds specify the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering and listing contemplated in this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (1) the expression “**retail investor**” means a person who is one (or more) of the following:
  - a. a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - b. a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (as amended from time to time), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - c. not a qualified investor as defined in the Prospectus Regulation; and
- (2) the expression an “**offer**” includes the communication in any form and by any means of sufficient



information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering and listing contemplated in this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State of the EEA, except that it may make an offer of such Covered Bonds to the public in that Member State of the EEA:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression an “**offer of Covered Bonds to the public**” in relation to any Covered Bonds in any Member State of the EEA means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds; and
- the expression “**Prospectus Regulation**” means Regulation (EU) No. 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended or superseded from time to time.

## **United Kingdom**

### *Prohibition of Sales to UK Retail Investors*

Unless the Final Terms in respect of any Covered Bonds specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering and listing contemplated in this Base Prospectus as completed by the Final Terms in relation thereto, to any retail investor in the UK. For the purposes of this provision:

- (1) the expression “**retail investor**” means a person who is one (or more) of the following:
  - a. a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
  - b. a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
  - c. not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (2) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering and listing contemplated in this Base Prospectus as completed by the Final Terms in relation thereto to the public in the UK, except that it may make an offer of such Covered Bonds to the public in the UK:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression an “**offer of Covered Bonds to the public**”, in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds; and
- the expression “**UK Prospectus Regulation**” when used herein means Regulation (EU) No. 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

### *Other regulatory restrictions*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated 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 Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Covered Bonds in, from or otherwise involving, the UK.

### **Belgium**

Other than in respect of Covered Bonds for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1, 2° of the Belgian Code of Economic Law, as amended from time to time (a “**Belgian Consumer**”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

### **Singapore**

If the applicable Final Terms in respect of any Covered Bonds specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as 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.

If the applicable Final Terms in respect of any Covered Bonds specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, 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 MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

### **Switzerland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Covered Bonds and the Covered Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Covered Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No action has been taken in any jurisdiction that would permit a public offering of any of the Covered Bonds, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers has represented that the Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any

exemption available thereunder, or has assumed any responsibility for facilitating such sale.

### **Secondary Market Arrangements**

The Issuer may enter into agreements with Dealers or other persons in relation to a Tranche or Series of Covered Bonds whereby such Dealers may agree to provide liquidity in those Covered Bonds through bid and offer rate arrangements. The relevant Dealers or relevant persons in such agreements may agree to quote bid and offer prices for the relevant Covered Bonds at such rates and in such sizes as are specified in the relevant agreement and the provision of such quotes may be subject to other conditions as set out in the relevant agreement. Not all issues of Covered Bonds under the Programme will benefit from such agreements. A description of the main terms of any such agreements and the names and addresses of the relevant Dealers or other persons who are party to such will be disclosed in the applicable Final Terms for the relevant Covered Bonds.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme in compliance with the Covered Bonds Law was duly authorised on 9 January 2008 by a resolution of the Executive Committee of the Board of Directors of the Issuer and the Programme has been subsequently updated under the authorisation of the Issuer's relevant management body. The Issuer applied to the CMVM to convert its existing covered bonds programme to a covered bonds programme compliant with the Legal Regime of Covered Bonds, as authorised by a resolution of the Board of Directors of the Issuer dated 28 February 2023. The CMVM authorised such conversion on 9 March 2023 and the last update of the Programme has been authorised by a resolution of the Executive Committee of the Board of Directors of the Issuer dated 10 April 2024.

### Listing

In respect of Covered Bonds which are intended to be listed, application will be made to Euronext, or such other stock exchange or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer, for the admission to trading of the Covered Bonds issued under the Programme on the regulated market of Euronext Lisbon or such other stock exchange or markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer.

### Registration and Settlement

The Covered Bonds have been accepted for registration and settlement through Interbolsa, as specified in the applicable Final Terms. The appropriate Common Code and ISIN for each Tranche of Covered Bonds will be specified in the applicable Final Terms.

### Significant or material change

There has been no significant change in the financial performance or financial position of the Issuer since 31 December 2023 and there has been no material adverse change in the prospects of the Issuer since 31 December 2023.

### Legal and Arbitration Proceedings

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus, which may or have had a significant effect on the Issuer's financial position or profitability.

### Independent Auditors

The auditor of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 was PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., which is a member (number 183) of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) and is registered with the CMVM under number 20161485, with head office at Palácio SottoMayor, Rua Sousa Martins,

No. 1, 3rd, 1069-316 Lisbon, Portugal, and represented by José Manuel Henriques Bernardo for the period ended 31 December 2022 and 31 December 2023.

The financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 are incorporated by reference in this Base Prospectus. The financial statements of the Issuer for the financial year ended 31 December 2022 were approved by the competent bodies and by the General Meeting of Shareholders on 16 May 2023. The financial statements of the Issuer for the financial year ended 31 December 2023 will be approved by the General Meeting of Shareholders after the date of this Base Prospectus.

BST's consolidated financial statements were prepared on a going concern basis from its books and accounting records, which are maintained in accordance with the accounting principles set forth in the International Financial Reporting Standards (IAS/IFRS) as adopted by the EU, Regulation (EC) 1606/2002 of 19 July 2002 of the European Parliament and the Council, as amended, implemented in Portugal by Decree-Law No. 35/2005, of 17 February 2005, amended by Decree-Law No. 158/2009, of 13 July 2009 and Regulation No. 1/2005 of 21 February 2005, as amended. Where BST Group companies use different accounting principles, the appropriate adjustments were made.

The financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2023 were audited in accordance with the generally accepted auditing standards issued by the Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement.

#### **Documents Available**

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection at [https://www.santander.pt/pt\\_PT/Investor-Relations.html](https://www.santander.pt/pt_PT/Investor-Relations.html):

- (a) the bylaws of the Issuer (Portuguese and English versions);
- (b) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2022 (English and Portuguese versions) and 31 December 2023 (English and Portuguese versions), in each case with the audit reports prepared in connection therewith;
- (c) the Set of Agency Procedures;
- (d) the Common Representative Appointment Agreement;
- (e) this Base Prospectus; and
- (f) any offering circulars, information memoranda and supplements, including the Final Terms (other than the Final Terms relating to Covered Bonds which are not listed on any stock exchange), to this Base Prospectus and any other documents incorporated herein or therein by reference.

In relation to the documents referred to in (a) and (b) above, the Issuer confirms that the corresponding

translations are true and accurate; however, in case of a discrepancy between the original document and the English translation thereof, the original document will prevail.

### **Electronic copies**

Electronic copies of this Base Prospectus (and any supplements thereto, and Final Terms pertaining to Covered Bonds traded on Euronext Lisbon) are available on the official website of the CMVM ([www.cmvm.pt](http://www.cmvm.pt)) and of the Issuer ([www.santander.pt](http://www.santander.pt)). Copies of this Base Prospectus and any other documents incorporated herein shall remain publicly available in electronic form for at least 10 years after its publication. Copies of the documents referred to in items (a) to (f) above may be obtained from the Issuer's website.

### **Validity of base prospectus and base prospectus supplements**

For the avoidance of doubt, the Issuer is under no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

### **Post-issuance information**

Any information which the Issuer is required by law or regulation to provide in relation to itself or the securities issued by it, including the Covered Bonds, will be made available at [www.cmvm.pt](http://www.cmvm.pt).

The Issuer publishes quarterly investor reports on the outstanding Covered Bonds (*Covered Bonds (HTT) – Investor Report*), including information on the Cover Pool and the applicable Overcollateralisation Percentage. Such reports are available at <https://www.santander.pt/institucional/investor-relations/santander-totta-sa/emissao-de-divida>.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in the ordinary course of their business activities, in lending, advisory, corporate finance services, investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and 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 may also have positions, deals or make markets in the Covered Bonds 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 Issuer's affiliates. The Dealers and/or their affiliates may receive allocations of the Covered Bonds (subject to customary closing



conditions), which could affect future trading of the Covered Bonds issued under the Programme. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds 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.

## DEFINITIONS

In this Base Prospectus, the following defined terms have the meanings set out below:

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

**“Adjustment Spread”** shall mean a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) 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
- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (c) if neither (a) nor (b) above applies, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case acting in good faith and in a commercially reasonable manner determines as being 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 Reference Rate (as applicable); or
- (d) if none of (a), (b) or (c) above applies, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any)), in each case in its discretion and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

**“Affiliate Member of Interbolsa”** means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of its customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

**“Agent”** means Banco Santander Totta, S.A., in its capacity as Agent, with its head office at Rua Áurea, No. 88, 1100-063 Lisbon, Portugal, or any successor Agent(s), in each case together with any additional Agent(s), appointed from time to time by the Issuer in connection with the Covered Bonds and under the Set of Agency Procedures.

**“Alternative Reference Rate”** means the rate that the Independent Adviser or, as the case may be, the Issuer determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of bonds denominated in the same Specified Currency as the Covered Bonds and with an interest period of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or, as the case may be, the Issuer determines that there is no such rate, such other rate as the Independent Adviser or, as the case may be, the Issuer determines in its discretion is most comparable to the Original Reference Rate.

**“Benchmark Event”** means, in respect of an Original Reference Rate:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or be administered; or
- (b) the later of (i) a public statement by the administrator of the Original Reference Rate stating that it will, on or prior to a specified date, cease to publish 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) and (ii) the date falling 6 months before the specified date referred to in (b)(i); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (d) the later of (i) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, on or prior to a specified date, be permanently or indefinitely discontinued and (ii) the date falling 6 months before the specified date referred to in (d)(i); or
- (e) the later of (i) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or prior to a specified date and (ii) the date falling 6 months before the specified date referred to in (e)(i); or
- (f) it has, or will on or prior to the next Interest Determination Date, become unlawful for the Issuer, the Agent or any Calculation Agent specified in the applicable Final Terms, as the case may be, to calculate any payments due to be made to the holders of the Covered Bonds using the Original Reference Rate; or
- (g) the later of (i) a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, as of a specified date, no longer be representative of its relevant underlying market and (ii) the date falling six months before the specified date referred to in (g)(i).

**“Arrangers”** means Banco Santander, S.A., Barclays Bank Ireland PLC and any other entity appointed as an arranger for the Programme.

**“Banif”** means Banif – Banco Internacional do Funchal, S.A.

**“Bank”** means Banco Santander Totta, S.A.

**“Base Prospectus”** means this base prospectus dated 23 May 2024, as supplemented, prepared in connection with the Programme.

**“BPI Group”** means Banco BPI, S.A. together with its consolidated subsidiaries.

**“BRRD”** means Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended.

**“BST”** means Banco Santander Totta, S.A.

**“BST Group”** means the Issuer together with its consolidated subsidiaries.

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

**“CGD”** means Caixa Geral de Depósitos, S.A.

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

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

**“CET1”** means Common Equity Tier 1.

**“Clearing System”** means Interbolsa.

**“Clearstream, Luxembourg”** means Clearstream Banking S.A.

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

**“CMVM Regulation”** means CMVM Regulation No. 2/2023 regarding covered bonds.

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

**“Common Representative Appointment Agreement”** means the agreement dated 9 March 2023 entered into between the Issuer and the Common Representative and which sets out the terms and conditions upon and subject to which the Common Representative has agreed to act as Common Representative, as amended and

restated on 23 May 2024, and as may be further amended and restated.

“**COTEC**” means COTEC Portugal – Associação Empresarial para a Inovação.

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

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

“**Cover Pool Monitor Agreement**” means the agreement dated 9 March 2023 entered into by and between the Issuer and the Cover Pool Monitor, as amended and restated on 23 May 2024, and as may be further amended and restated.

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

“**Covered Bonds Law**” means the Portuguese legal framework applicable to the issuance of covered bonds, enacted by Decree-Law No. 59/2006, of 20 March 2006, as amended, which has been revoked by Decree-Law No. 31/2022, of 6 May 2022.

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

“**CRD IV**” means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended.

“**CRD IV/CRR**” means the CRD IV and CRR, taken together, any future regulation thereto and any implementing legislation in Portugal.

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

“**CSD**” means a central securities depository.

“**Current Property Value**” means, in relation to a Property securing a Mortgage Credit, the updated Property Valuation of such Property.

“**DBRS**” means DBRS Ratings GmbH, or any of its affiliates or successors.

“**Dealers**” means Banco Santander, S.A., Barclays Bank Ireland PLC and any other Dealer(s) appointed from time to time by the Issuer in accordance with the Programme Agreement, and excludes any entity whose appointment

has been terminated pursuant to the Programme Agreement.

**“Determination Period”** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**“Directive 2013/36/EU”** means Directive No. 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended).

**“EBA”** means the European Banking Authority.

**“EC”** means the European Commission.

**“ECB”** means the European Central Bank.

**“EEA”** means the European Economic Area.

**“ESMA”** means the European Securities and Markets Authority.

**“EU”** means the European Union.

**“EU Banking Reforms”** means the CRD V Directive, BRRD II, CRR II and the SRM Regulation II.

**“EURIBOR”** means the Euro Interbank Offered Rate.

**“EUR”, “€”, “Euro” or “euro”** means the lawful currency of Member States of the EU that adopt the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty.

**“Euroclear”** means Euroclear Bank SA/NV.

**“Euronext”** means Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

**“Euronext Lisbon”** means Euronext Lisbon, a regulated market managed by Euronext.

**“Eurosystem”** means the central banking system for the euro.

**“Extended Maturity Date”** means the date so specified in the applicable Final Terms, extending the maturity of the relevant Series of Covered Bonds if the conditions foreseen in Condition 6.7 (*Extension of Maturity up to Extended Maturity Date*) are met.

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

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

**“Final Terms”** means the final terms issued in relation to each Tranche of Covered Bonds and giving details of that Tranche of Covered Bonds and, in relation to any particular Tranche of Covered Bonds, **“applicable Final Terms”**

means the Final Terms applicable to that Tranche of Covered Bonds.

“**Fitch**” means Fitch Ratings Ireland Limited, or any of its affiliates or successors.

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

“**GDP**” means gross domestic product.

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

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

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser with appropriate expertise in the international capital markets, in each case selected and appointed by the Issuer.

“**IMF**” means the International Monetary Fund.

“**INE**” means Statistics Portugal, the Portuguese institute of statistics.

“**Insolvency Event**” means the winding-up and dissolution of the Issuer under any applicable laws and regulations (including under Decree-Law No. 199/2006, of 25 October 2006, as amended, RGICSF and/or (if applicable) under the Code for the Insolvency and Recovery of Companies introduced by Decree-Law No. 53/2004, of 18 March 2004, as amended).

“**Interbolsa**” means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as management entity of the Central de Valores Mobiliários.

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

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

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

“**Issuer**” means Banco Santander Totta, S.A.

“**Legal Regime of Covered Bonds**” means the Portuguese legal regime applicable to the issuance of covered bonds, annexed to Decree-Law No. 31/2022, of 6 May 2022 (transposing Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU), as amended from time to time.

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

- a) Assets qualifying as level 1, level 2A or level 2B assets pursuant to the applicable delegated regulation adopted pursuant to Article 460 of the CRR, that are valued in accordance with such regulation, and are not issued by the issuing credit institution itself, its parent undertaking, unless it is a public sector entity that is not a credit institution, its subsidiary or another subsidiary of its parent undertaking or by a securitisation special purpose entity with which the credit institution has close links; and
- b) Short-term exposures to credit institutions that qualify for credit quality step 1 or 2 (as defined in the CRR), or claims, including deposits, that are short-term to credit institutions that qualify for credit quality step 1, 2 or 3 (as defined in the CRR), in accordance with Article 129(1)(c) of the CRR, provided that any such assets comply with any applicable requirements under paragraph (A) (*Eligible Assets*) of Condition 14.3 (*Issuer Covenants*), subject to Condition 14(1)(iii).

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

**“Liquidity Buffer”** means the liquidity buffer included in the Cover Pool in accordance with Article 19 of the Legal Regime of Covered Bonds and Condition 14.2 (*Liquidity Buffer*).

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

**“Maturity Date”** means the maturity date of a Series of Covered Bonds, as specified in the applicable Final Terms.

**“Millennium BCP Group”** means Banco Comercial Português, S.A. together with its consolidated subsidiaries.

**“Moody’s”** means, in relation to the ratings assigned to the Issuer, Moody's Investors Service España, S.A and, in relation to the ratings assigned to the Programme, Moody's Italia S.r.l., or any of its affiliates or successors.

**“Mortgage”** means, in respect of any Mortgage Credit, the charge by way of legal mortgage over the relevant Property (together with all other encumbrances or guarantees) the benefit of which is vested in the Issuer as security for the repayment of that Mortgage Credit.

**“Mortgage Credit”** means a pecuniary loan receivable granted by the Issuer secured by a Mortgage which is registered as being comprised in the Cover Pool for the amount and with the characteristics required to be met pursuant to the Legal Regime of Covered Bonds, provided that it complies with any applicable requirements under paragraph (A) (*Eligible Assets*) of Condition 14.3 (*Issuer Covenants*).

**“Net Liquidity Outflows”** means all payment outflows falling due on one day, including principal (if applicable, as it will only be considered due for this purposes on the relevant Extended Maturity Date in accordance with Condition 14.2 (*Liquidity Buffer*)) and interest payments under the Covered Bonds and payments under the Hedging Contracts, net of all payment inflows falling due on the same day for assets in the Cover Pool.



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

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

**“Original Reference Rate”** means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant rate of interest (or any relevant component part(s) thereof) applicable to the Covered Bonds in respect of any Interest Period(s).

**“Novo Banco Group”** means Novo Banco, S.A., together with its consolidated subsidiaries.

**“OECD”** means the Organisation for Economic Co-operation and Development.

**“O-SIIs”** means Other Systemically Important Institutions identified by the Bank of Portugal pursuant to the Framework of Credit Institutions and Financial Companies and within the scope of the exercise of its powers as macro-prudential authority.

**“Other Preferred Creditors”** means the Hedge Counterparties.

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

**“Paying Agent”** means Banco Santander Totta, S.A., in its capacity as Paying Agent, with its head office at Rua Áurea, No. 88, 1100-063 Lisbon, Portugal, or any successor Paying Agent(s), in each case together with any additional Paying Agent(s), appointed from time to time by the Issuer in connection with the Covered Bonds and under the Set of Agency Procedures.

**“Portuguese Companies Code”** means the commercial companies code approved by Decree-Law No. 262/86, of 2 September 1986, as amended from time to time.

**“Portuguese Resolution Fund”** means the Portuguese resolution fund, as created by Decree-Law No. 31-A/2012, of 10 February 2012.

**“Portuguese Securities Code”** means the securities code approved by Decree-Law No. 486/99, of 13 November 1999, as amended from time to time.

**“Primary Assets”** means the dominant cover assets that determine the nature of a cover pool of covered bonds, under the Legal Regime of Covered Bonds. In particular in respect of the Cover Pool, the Primary Assets are Mortgage Credits, corresponding to the type of assets foreseen in Article 129(1), paragraphs (d) and (f) of the CRR.

**“Principal Amount Outstanding”** means, in respect of a Covered Bond, the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant holder of Covered Bonds in respect thereof.

**“Programme”** means the EUR 12,500,000,000 covered bonds programme established on 4 April 2008 in accordance with the Covered Bonds Law for the issuance of Covered Bonds by the Issuer, which was converted on 9 March 2023 for the issuance of “European Covered Bond (Premium)” in compliance with the Legal Regime

of Covered Bonds, as updated from time to time.

**“Programme Agreement”** means the agreement dated 4 April 2008 entered into between the Issuer and the Dealers, as amended and restated from time to time.

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

**“Programme Resolution”** means any Resolution directing the Common Representative to accelerate the Covered Bonds pursuant to Condition 9 (*Insolvency Event and Enforcement*) or directing the Common Representative to take any enforcement action and which shall only be capable of being passed at a single meeting of the holders of Covered Bonds of all Series then outstanding.

**“Property”** means, in relation to any Mortgage Credit, the property upon which the repayment of such Mortgage Credit is secured by the corresponding Mortgage, and **“Properties”** means all of them.

**“Property Valuation”** means, in relation to any Property, the amount determined as such Property’s market value (which means, in accordance with point (76) of Article 4(1) of the CRR, the estimated amount for which the Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties have each acted knowledgeably, prudently and without compulsion), in accordance with the most recent independent valuation of such Property, at the time or after the relevant Mortgage Credit was originated, in accordance with the Legal Regime of Covered Bonds and Article 208 of the CRR, provided that, in accordance with the foregoing, the Issuer may use statistical methods to monitor the value of the Property and identify if it needs revaluation.

**“Prospectus Delegated Regulations”** means Commission Delegated Regulation (EU) No. 2019/980 of 14 March 2019, supplementing Regulation (EU) No. 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No. 809/2004, as amended, together with Commission Delegated Regulation (EU) No. 2019/979 of 14 March 2019 supplementing Regulation (EU) No. 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No. 382/2014 and Commission Delegated Regulation (EU) No. 2016/301.

**“Prospectus Regulation”** means Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading

on a regulated market, and repealing Directive 2003/71/EC, as amended.

**“Rating”** means the then current rating of rated Covered Bonds given by the relevant Rating Agency, and **“Ratings”** means all such Ratings.

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

**“recast DGSD”** means Directive 2014/49/EU of the European Parliament and of the Council, of 16 April 2016, on guarantee schemes.

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

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

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

**“Regulation (EU) 575/2013”** means Regulation (EU) No. 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms, as may be amended from time to time.

**“Regulation S”** means Regulation S under the US Securities Act.

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

**“Relevant Nominating Body”** means, in respect of an Original Reference Rate:

- (a) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

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

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

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

**“RGICSF”** means the General Regime for Credit Institutions and Financial Companies, as enacted by the Decree-Law No. 298/92, of 31 December 1992, as amended.

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

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

**“Set of Agency Procedures”** means the set of agency procedures dated 4 April 2008 (as amended and restated from time to time) and made and agreed by Banco Santander Totta, S.A., in its capacity as Agent, Paying Agent and Issuer and agreed to by any subsequent agent, paying agent, transfer agent, and/or agent bank appointed by the Issuer.

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

**“Single Resolution Board”** means resolution authority within the Banking Union established by the SRM Regulation.

**“Single Resolution Mechanism”** means the central institution for bank resolution in the EU, which is the second pillar of the banking union and which applies to banks covered by the Single Supervisory Mechanism.

**“SRM Regulation”** means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain

investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time (including by SRM Regulation II).

“**SRM Regulation II**” means Regulation (EU) No. 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms.

“**Stabilisation Manager**” means the Dealer or Dealers (if any) named as the stabilisation manager(s) for a particular Tranche of Covered Bonds.

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

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

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

“**Successor Rate**” means the rate that the Independent Adviser or, as the case may be, the Issuer determines is a successor to, or replacement of, the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

“**T2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer Payment System, which utilises a single shared platform and which was launched on 20 March 2023 (replacing the previous settlement payment system, TARGET 2), or any successor or replacement for that system.

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

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

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

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

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

**“Treaty”** means the Treaty on the Functioning of the EU, as amended.

**“U.S.” or “United States”** means the United States of America.

**“US Securities Act”** means the United States Securities Act of 1933, as amended.

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

**REGISTERED OFFICE OF THE ISSUER**

**Banco Santander Totta, S.A.**

Rua Áurea, No. 88  
1100-063 Lisbon  
Portugal

**ARRANGERS**

**Banco Santander, S.A.**

Ciudad Grupo Santander  
Edificio Encinar, Avenida de Cantabria s/n  
28660, Boadilla del Monte, Madrid  
Spain

**Barclays Bank Ireland PLC**

One Molesworth Street  
Dublin 2, D02 RF29  
Ireland

**COVER POOL MONITOR**

**Deloitte & Asociados, SROC, S.A.**

Avenida Engenheiro Duarte Pacheco, No. 7  
1070-100 Lisbon  
Portugal

**DEALERS**

**Banco Santander, S.A.**  
Ciudad Grupo Santander  
Edificio Encinar, Avenida de Cantabria s/n  
28660, Boadilla del Monte, Madrid  
Spain

**Barclays Bank Ireland PLC**

One Molesworth Street  
Dublin 2, D02 RF29  
Ireland

**COMMON REPRESENTATIVE**

**Bondholders, S.L.**  
Avenida de Francia, 17, A, 1  
46023 Valencia  
Spain

**AGENT AND PAYING AGENT**

**Banco Santander Totta, S.A.**

Rua da Mesquita, 6-B4D  
1070-238 Lisbon  
Portugal

**AUDITORS**

**PricewaterhouseCoopers & Associados –  
Sociedade de Revisores Oficiais de Contas, Lda.**  
Palácio SottoMayor, Rua Sousa Martins, No. 1, 3rd,  
1069-316 Lisbon,  
Portugal

**LEGAL ADVISERS TO THE ISSUER**

**Vieira de Almeida & Associados,  
Sociedade de Advogados S.P. R.L.**

Rua Dom Luís I, 28  
1200-151 Lisbon  
Portugal

**LEGAL ADVISERS TO THE ARRANGERS AND THE DEALERS**

*as to English law*

**Allen Overy Shearman Sterling LLP**

One Bishops Square  
London E1 6AD  
United Kingdom