

ECO Newspaper Clarification

Caixa Central de Crédito Agrícola Mútuo, CRL

1 February 2022

Subsequent to the publication of the newspaper article titled “*Emissão de dívida do Crédito Agrícola gera dúvidas legais*”, on January 28th 2022, publicly available at <https://eco.sapo.pt/2022/01/28/emissao-de-divida-do-credito-agricola-gera-duvidas-le-gais/>, Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central) hereby provides the following clarifications, with regard to its recent bond issue aimed at meeting the minimum requirements for own funds and eligible liabilities (MREL requirements):

- the issuance of the abovementioned bonds does not, under any circumstance, grant their holders the right to convert them into share capital of Caixa Central (or any other entity). Therefore, they cannot be qualified, as erroneously conveyed in the ECO article, as “convertible bonds”;
- the references in the Prospectus to the possibility of write-down and conversion of these bonds are strictly within the scope of the law that governs bank resolution, originating from EU Regulation nr. 806/2014 of the European Parliament and of the Council (Single Resolution Mechanism Regulation), in its current form, which is directly applicable in Portugal. This Regulation attributes specific powers enabling Resolution Authorities to write-down and convert credit institutions’ liabilities, in cases where resolution measures prove to be necessary, including in the case of Caixa Central;
- under the terms of the aforementioned Regulation, credit institutions are required to meet MREL requirements, so as to be endowed with own funds and eligible liabilities which may be subject to the Resolution Authorities’ powers of write-down and conversion (in the Portuguese case, the Resolution Authority is the Bank of Portugal), in the event of resolution measures being taken;
- also under the terms of this Regulation, equally in its current form, the deadline of January 1st 2022 was set for credit institutions to meet the intermediate targets for these requirements, with the deadline for meeting the final targets set at January 1st 2024;
- in compliance with these legal requirements, Bank of Portugal has already determined MREL requirements for Grupo Crédito Agrícola;

Caixa Central de Crédito Agrícola Mútuo, C.R.L.

Rua Castilho 233-233A. 1099-004 Lisboa, Portugal

NIPC: 501 464 301

Share Capital: 311,097,865.00 Euros

Contacts:

Investor Relations: investor.relations@creditoagricola.pt / Tel. +351 213 809 900

Media: comunicacao@creditoagricola.pt / Tel. +351 213 805 532

- in order to meet these requirements, it was necessary to issue debt that could be deemed as an “eligible liability”, under the terms of the abovementioned European legislation;
- as such, the bond issue mentioned in the news article in question was undertaken by Caixa Central in order to meet the MREL requirement set by the Bank of Portugal, within the scope of its powers and legal competences;
- the eligibility of this unsubordinated issuance for the purposes of meeting the MREL requirements set by Bank of Portugal is monitored by this Authority;
- no prior ranking has been attributed to bondholders within the scope of this issuance;
- although a subordinated issuance could also be potentially eligible for MREL purposes, its cost would have been significantly higher;
- the choice of English law to govern the issue corresponds to current market practice, generally adopted by Portuguese issuers in international markets (financial and non-financial entities);
- under the terms of the abovementioned legislation and in strict adherence to its duty of transparency, Caixa Central has disclosed and detailed the above mentioned framework, in the same manner as all credit institutions in Portugal, when preparing prospectuses for their respective issuances.

The process which culminated in this issuance was conducted in a fully transparent manner and the Executive Board of Directors of Caixa Central is, as always, available to clarify all related matters to any interested parties.

The issuance Prospectus, which details all provisions with regards to these bonds, is public and can be easily accessed at www.creditoagricola.pt/institucional/investor-relations - Debt Issuances.

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