



# CAIXA CENTRAL - CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, C.R.L.

(incorporated with limited liability in Portugal)

**€200,000,000 8.375 per cent. Fixed/Floating Rate Callable Senior Preferred Notes due 2027**

**Issue price: 99.681 per cent.**

The €200,000,000 8.375 per cent. Fixed/Floating Rate Callable Senior Preferred Notes due 2027 (the "Notes") will be issued by Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L. (the "Issuer") on or about 4 July 2023 (the "Issue Date"). The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 4 July 2026 (the "Reset Date"), at a fixed rate of 8.375 per cent. per annum and thereafter at the Floating Interest Rate as provided in Condition 4(d) (*Floating Interest Rate*). Interest will be payable on the Notes annually in arrear on each Interest Payment Date during the Initial Fixed Rate Interest Period and thereafter interest shall be payable on the Notes quarterly in arrear as provided in Condition 4 (*Interest Payments*).

Unless previously redeemed or purchased and cancelled, the Notes will mature on the Interest Payment Date falling on, or nearest to, 4 July 2027. Holders will have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer may, in its discretion, elect to (a) redeem all (but not some only) of the Notes at their principal amount, together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to (but excluding) the redemption date, on the Reset Date or at any time if a Tax Event has occurred and is continuing or a Loss Absorption Disqualification Event (each as defined in Condition 16 (*Definitions*)) has occurred and is continuing, or if at any time after the Issue Date 75 per cent. or more of the aggregate principal amount of the Notes has been purchased and cancelled or (b) repurchase the Notes at any time, subject in each case to compliance with the conditions described in Condition 5(b) (*Conditions to Redemption, Substitution or Variation, and Purchase*).

The Notes will be direct, unsecured, unsubordinated and unguaranteed obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and shall, in the event of the Winding-Up of the Issuer, rank *pari passu* with any other Senior Higher Priority Liabilities and senior to (i) Senior Non Preferred Liabilities and (ii) all present and future subordinated obligations and all classes of share capital of the Issuer.

This Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). The Central Bank only approves this 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 nor as an endorsement of the quality of the Notes that are the subject of this Prospectus. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") for the Notes to be admitted to its official list (the "Official List") and trading on the Regulated Market of Euronext Dublin (the "Regulated Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that the Notes have been admitted to trading on the Regulated Market and have been admitted to the Official List. The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("MiFID II").

The Notes will be issued in dematerialised book-entry form (*forma escritural*) and will be in registered (*nominativas*) form, in denominations of €100,000, and will be integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("Interbolsa"), as the entity responsible for the management and operation of the Central de Valores Mobiliários, a Portuguese Securities Centralised System managed and operated by Interbolsa (the "CVM"). The CVM currently has links in place with Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") through securities accounts held by Euroclear and Clearstream, Luxembourg with Affiliate Members (as described herein) of Interbolsa or directly with Interbolsa.

The Notes are expected to be rated Ba1 by Moody's Investors Service España, S.A. (Sociedad Unipersonal) ("Moody's") upon issue. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Moody's is established in the European Union (the "EU") and registered in accordance with Regulation (EC) No 1060/2009, as amended (the "EU CRA Regulation"), and appears on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority ("ESMA") website at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>. Moody's is not established in the United Kingdom (the "UK") but the rating it has given to the Notes is endorsed by Moody's Investors Service Limited, which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "UK CRA Regulation") and has not been withdrawn. As such, the rating issued by of Moody's may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

This Prospectus will be valid for a year from 30 June 2023. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid. For this purpose, "valid" means valid for making offers to the public or admissions to trading on a regulated market by or with the consent of the Issuer and the obligation to supplement this Prospectus is only required within its period of validity between the time when this Prospectus is approved and the closing of the offer period for the Notes or the time when trading on a regulated market begins, whichever occurs later.

The Notes will be offered and sold in offshore transactions outside the United States to persons who are not U.S. persons (as defined in Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")).

**The Notes have not been nor will be registered under the U.S. Securities Act, or any state securities law, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as such terms are defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.**

**Prohibition on sales to EEA and UK retail investors** - The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to retail investors in the European Economic Area (the "EEA") or the UK. See further under "Offer Restrictions" below.

**An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors".**

*Global Coordinator*

Crédit Agricole CIB

*Joint Lead Managers*

Citigroup

Crédit Agricole CIB

Santander Corporate & Investment Banking

UBS Investment Bank

Prospectus dated 30 June 2023

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## OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

The following overview provides an overview of certain of the principal features of the Notes and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms which are defined in "Terms and Conditions of the Notes" have the same respective meanings when used in this overview. References to numbered Conditions are to the terms and conditions of the Notes (the "Conditions") as set out under "Terms and Conditions of the Notes".

<b>Issuer</b>	Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L.
<b>Legal Entity Identifier</b>	529900H2MBEC07BLTB26
<b>Principal Paying Agent</b>	Deutsche Bank AG, London Branch
<b>Agent Bank</b>	Deutsche Bank AG, London Branch
<b>Portuguese Paying Agent</b>	Deutsche Bank Aktiengesellschaft – Sucursal em Portugal
<b>Notes</b>	€200,000,000 8.375 per cent. Fixed/Floating Rate Callable Senior Preferred Notes due 2027.
<b>Risk factors</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and the Instrument. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. See "Risk Factors".
<b>Status of the Notes</b>	The Notes constitute direct, unsecured, unsubordinated and unguaranteed obligations of the Issuer and rank <i>pari passu</i> and without any preference among themselves.
<b>Rights on a Winding-Up</b>	The rights and claims of Holders in the event of a Winding-Up of the Issuer in respect of, or arising under, the Notes shall rank <i>pari passu</i> among themselves and with any other Senior Higher Priority Liabilities and senior to (i) Senior Non Preferred Liabilities and (ii) all present and future subordinated obligations and all classes of share capital of the Issuer.
<b>Interest</b>	<p>The Notes will bear interest on their principal amount:</p> <p>(a) from (and including) the Issue Date to (but excluding) the Reset Date, at the rate of 8.375 per cent. per annum; and</p> <p>(b) thereafter, at the Floating Interest Rate (as described in Condition 4(d) (<i>Floating Interest Rate</i>)),</p> <p>payable annually in arrear on each Interest Payment Date during the Initial Fixed Rate Interest Period and thereafter interest shall be payable quarterly in arrear on each Interest Payment Date.</p>
<b>Maturity</b>	Unless previously redeemed or purchased and cancelled or substituted, the Notes will mature on the Interest Payment Date falling on, or nearest to, 4 July 2027.

<b>Optional redemption</b>	The Issuer may, in its sole discretion but subject to the conditions set out under " <i>Conditions to redemption, substitution or variation, and purchase</i> " below, redeem all (but not some only) of the Notes on the Reset Date at their principal amount together with any interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date.
<b>Clean Up Call</b>	The Issuer may, in its sole discretion but subject to the conditions set out under " <i>Conditions to redemption, substitution or variation, and purchase</i> " below, redeem in whole (but not in part) the remaining Notes if at any time after the Issue Date 75 per cent. or more of the aggregate principal amount of the Notes has been purchased and cancelled, at their principal amount together with any interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date.
<b>Redemption following a Loss Absorption Disqualification Event or a Tax Event</b>	The Issuer may, in its sole discretion but subject to the conditions set out under " <i>Conditions to redemption, substitution or variation, and purchase</i> " below, redeem all (but not some only) of the Notes at any time following the occurrence of a Loss Absorption Disqualification Event or a Tax Event, in each case which has occurred and is continuing, and in each case, at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date.
<b>Substitution or Variation of the Notes</b>	If a Tax Event or a Loss Absorption Disqualification Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 14(d) ( <i>Acknowledgement of Statutory Loss Absorption Powers</i> ), the Issuer may, subject to the conditions set out under " <i>Conditions to redemption, substitution or variation, and purchase</i> " below and upon notice to Holders (but without any consent of Holders), at any time elect to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Loss Absorption Compliant Notes.
<b>Purchase of the Notes</b>	The Issuer may, at its option but subject to the conditions set out under " <i>Conditions to redemption, substitution or variation, and purchase</i> " below, purchase (or otherwise acquire) any of the outstanding Notes at any price in the open market or otherwise in accordance with the then prevailing Loss Absorption Regulations. All Notes purchased by or on behalf of the Issuer may be held, reissued, resold or, at the option of the Issuer, cancelled in accordance with the applicable regulations of Interbolsa.
<b>Conditions to redemption, substitution or variation, and purchase</b>	Any redemption or purchase of the Notes prior to their maturity or any substitution or variation of the Notes will be subject to: (i) the Issuer obtaining prior Regulatory Permission, if applicable, (ii) in the case of any substitution or variation, such substitution or variation being permitted by, and conducted in accordance with, any other applicable requirement of the Relevant Regulator or under the Loss Absorption Regulations at such time, and (iii) such

redemption, substitution, variation or purchase complying with Applicable Banking Regulations or Loss Absorption Regulations, as applicable.

**Withholding tax and Additional Amounts**

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

In no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to Sections 1471 through 1474 of the US Internal Revenue Code of 1986 and any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

**Default**

If the Issuer has not made payment in respect of the Notes for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Notes and, unless proceedings for a Winding-Up have already commenced, a Holder may institute proceedings for a winding-up. Holders may prove and/or claim in any Winding-Up of the Issuer and shall have such claim as is set out in Condition 3(a) (*Winding-Up*).

If a Winding-Up occurs, then any Holder may give notice to the Issuer and to the Paying Agents at their respective registered offices, effective upon the date of receipt thereof by the Issuer, that the Notes held by such Holder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable together with accrued and unpaid interest and any Additional Amounts thereon.

See Condition 7(a) (*Default*) for further information.

**Enforcement**

Without prejudice and subject to Condition 7(a) (*Default*), a Holder may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Instrument or the Notes (other than any payment obligation of the Issuer under or arising from the Instrument or the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) **provided that** in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same

	<p>would otherwise have been payable by it pursuant to the Conditions or the Instrument.</p> <p>See Condition 7(b) (<i>Enforcement</i>) for further information.</p>
<b>Modification</b>	<p>The Instrument will contain provisions for convening meetings of Holders to consider any matter affecting their interests, pursuant to which defined majorities of the Holders may consent to the modification or abrogation of any of the Conditions, and any such modification or abrogation shall be binding on all Holders.</p> <p>See Condition 10 (<i>Meetings of Holders, Modification and Waiver</i>) for further information.</p>
<b>Acknowledgement of Statutory Loss Absorption Powers</b>	<p>Each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority. See Condition 14(d) (<i>Acknowledgement of Statutory Loss Absorption Powers</i>).</p>
<b>Form</b>	<p>The Notes will be issued in denominations of €100,000 and will be issued in dematerialised book-entry (<i>forma escritural</i>) and will be in registered (<i>nominativas</i>) form. The Notes will be registered with the CVM, a Portuguese Securities Centralised System managed and operated by Interbolsa.</p>
<b>Denomination</b>	<p>€100,000.</p>
<b>Clearing</b>	<p>The Notes will be cleared and settled through Interbolsa (and indirectly through Euroclear and Clearstream, Luxembourg). For a summary description of rules applicable to Notes, see section "<i>Form of the Notes</i>".</p>
<b>Rating</b>	<p>The Notes are expected to be rated Ba1 on issue by Moody's Investors Service España, S.A. (<i>Sociedad Unipersonal</i>). A security rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agencies. Any adverse change in an applicable credit rating could adversely affect the trading price of the Notes. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Prospectus, and other factors that may affect the value of the Notes.</p>
<b>Listing</b>	<p>Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Regulated Market with effect from the Issue Date.</p>
<b>Governing law</b>	<p>The Notes, the Agency Agreement and the Instrument and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, save that the provisions of (i) Condition 1 (<i>Form, Denomination, Title and Transfer</i>) and the Instrument relating to the form (<i>representação formal</i>) and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, (ii) the provisions of Condition 2 (<i>Status</i>) relating to the status of the Notes, (iii) the provisions of Condition 3 (<i>Ranking</i>) and Clause 5 of the Instrument relating</p>

to the ranking of the Notes and (iv) Condition 14(d) (*Acknowledgement of Statutory Loss Absorption Powers*) are, in each case, governed by, and shall be construed in accordance with, the laws of Portugal.

**The Conditions allow the Issuer, in certain circumstances, to vary the terms of, or substitute, the Notes. See "*Risk Factors—Risks relating to the Notes—The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Holders in certain circumstances*".**

**ISIN**

PTCCCMOM0006

**Common Code**

264609887

## RISK FACTORS

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

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

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

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

### 1. RISKS RELATING TO THE ISSUER

#### A. Risks relating to the economic and financial environment

##### **Risks relating to the Portuguese economy**

As a financial group whose core business is banking (taking deposits and granting credit) operating predominantly in Portugal, the Group is dependent on the performance of the Portuguese economy. As at 31 December 2022 and 31 December 2021, 100 per cent. of the Group's consolidated net assets related to its business activities in Portugal. Consequently, the business of the Group is particularly exposed to macroeconomic conditions, which affect growth in the Portuguese market, which in turn are affected by both domestic and international economic and political events. Furthermore, because the Group has significant exposure to small business and small and medium-sized enterprise ("SME") lending, the performance of which is closely linked to both trends in the economy and export activity, the Group could be heavily affected by macroeconomic conditions in Portugal.

In 2011 the Economic Adjustment Programme (the "**Financial Assistance Programme**") was created by a memorandum of understanding on financial assistance with the IMF, the EC and the ECB to address deteriorating economic conditions in Portugal stemming from the global financial crisis of 2007/2008. The performance of the Portuguese economy between 2011 and 2014 was highly dependent on the implementation of the Financial Assistance Programme. The need to reduce the public deficit was addressed by the adoption of very restrictive budgetary policies, with negative impacts on economic activity in the near term.

Economic conditions in Portugal have since improved with the Portuguese economy performing strongly up until the end of February 2020. However, the economic situation changed dramatically in March 2020, when the COVID-19 pandemic hit. The Portuguese Government implemented a comprehensive package of measures, addressing the immediate health policy challenges and implementing social distancing measures. The package also included measures to counter the negative economic impact of COVID-19, e.g. guarantee programmes for affected companies and income support measures. The economic and fiscal impact will depend on the duration and the magnitude of disruption at global and regional levels and the related policy response.

With the restrictions starting to ease in May 2020, economic activity gradually increased. Eventually, these measures and the accelerating pace of the vaccination drive led to a significant decline in the total number of new COVID-19 cases. The removal of most restrictions up to the



end of the "state of contingency" in October 2021 allowed for an improvement in most indicators of economic activity, sustaining an economic recovery. GDP increased 4.9 per cent. in 2021 and 6.2 per cent. in 2022 (Source: *Bank of Portugal, Economic Bulletin, March 2023*). In 2022, economic activity benefited from a further expansion of private consumption (5.7 per cent. growth (Source: *Bank of Portugal, Economic Bulletin, March 2023*)) and a significant recovery of tourism services exports (80.9 per cent. growth (Source: *Statistics Portugal*)). The Bank of Portugal foresees annual GDP growth of 1.8 per cent. in 2023 (Source: *Bank of Portugal, Economic Bulletin, March 2023*).

The average annual unemployment rate fell from 6.6 per cent. in 2019 to 6.0 per cent. of the labour force in 2022 (Source: *Statistics Portugal*). The benign performance of the labour market in 2022 could be seen as a result of government support schemes to firms in the context of the pandemic and in the context of the energy shock suffered by the European and Portuguese economies with the start of the Russia-Ukraine conflict (as defined below). Furthermore, firms appeared to be reluctant to lay off workers, as labour shortages (particularly of skilled workers) remained a constraint in many sectors of activity. The monthly unemployment rate increased from 6.1 per cent. to 6.8 per cent. between October 2022 and February 2023 (Source: *Statistics Portugal*). A higher than expected increase in the unemployment rate in 2023 would have a negative impact on consumption and could lead to a higher than expected increase in NPLs. The Bank of Portugal expects an average annual unemployment rate of 7.0, 6.9 and 6.7 per cent. in 2023, 2024 and 2025 respectively (Source: *Bank of Portugal, Economic Bulletin, March 2023*).

However, the recovery of the Portuguese economy was constrained by the economic global conditions in 2022, marked by the Russia-Ukraine conflict and the significant and widespread increase in inflation and interest rates. In Portugal, the annual average consumer price index ("CPI") inflation stood at 8.1 per cent. in 2022 (Source: *Bank of Portugal, Economic Bulletin, March 2023*), with the energy and food components rising 23.7 per cent. and 12.2 per cent. (Source: *INE, January 2023*). Significant uncertainties over the short and medium term remain. A further significant increase in interest rates, as a result of persistent inflation in the euro area, could lead to higher than expected household debt service burdens, which could translate into lower spending on goods and services, hurting economic growth, and to a rise in non-performing loans.

The stock of NPLs has consistently declined (from a peak of 17.9 per cent. of total loans in June 2016 to 3.2 per cent. in the fourth quarter of 2022) (Source: *Bank of Portugal, Portuguese Banking System Statistics*). The end of the loan moratoria in September 2021, and the gradual retreat of policy support measures associated with the COVID-19 pandemic, did not translate into any significant deterioration in credit quality. However, the impact of the energy shock on households and firms, and the negative effects of higher inflation and interest rates, which are still to be seen in full, could lead to a deterioration in credit quality.

House prices moving average rate of change increased 2.6 per cent. in the fourth quarter of 2022 (Source: *Bank of Portugal, Economic Bulletin, March 2023*) and some indicators point to signs of overvaluation in housing (Source: *Bank of Portugal, Financial Stability Report, November 2022*). Lower demand could lead to a sudden fall in house prices and to a deterioration in the financial health of firms in the real estate sector.

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

Further waves of the COVID-19 pandemic due to virus mutations, leading to a reintroduction of restrictive measures on activity and/or worsening of the health crisis in other European countries and worldwide, could weaken economic activity, mainly due to the impact on foreign tourism, and to the effects of shortages of materials and intermediate consumptions (i.e. the value of goods and services consumed as inputs by a process of production) on manufacturing activity.

The materialisation of these risks would lead to negative spill-overs to the labour market, banking sector and public finances. A further and significant increase in energy and non-energy commodity prices, and a sudden cut-off in Russian gas supplies to Europe could lead to energy rationing and

to a contraction in economic activity in the euro area, with negative indirect effects on the Portuguese economy. Additionally, further escalation of tensions between Russia and Europe or the US would heighten uncertainty and have negative impacts on financial markets, which could lead to negative economic effects and to a rise in risk premia in the euro area periphery sovereign debt. See also the risk factor entitled "*Risks relating to the Issuer – Risks relating to the economic and financial environment*".

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

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

The macroeconomic factors described above, and their impact on the banking sector in Portugal, could have a material adverse effect on the business, financial condition and results of operations of the Group. For further details, see the risk factor entitled "*Risks relating to the Issuer – Risks relating to the economic and financial environment – Portugal may be subject to rating downgrades*" below.

#### **Risks relating to international economic and financial conditions and geopolitical risks**

The Group's businesses and performance are being and may continue to be negatively affected by current local and global economic conditions and adverse perceptions of those conditions and future economic prospects.

In February 2022, the global economy was negatively impacted by the start of a military conflict by the Russian Federation ("**Russia**") in Ukraine (the "**Russia-Ukraine conflict**"), which further contributed to disruptions in global supply chains that were already affected by the COVID-19 pandemic, which in turn led to a significant and widespread increase in inflation rates, mainly through an acceleration in energy and food prices. The EU imposed economic sanctions on Russia and Belarus, which included, among others, a ban on all transactions with the Russian Central Bank and the freezing of its assets and the exclusion of major Russian banks from SWIFT.

The initial sanctions imposed on Russia have been extended and new ones have been added. The direct exposure of the Portuguese economy to Russia or Ukraine is not significant. In 2021, Portuguese exports of goods to Russia represented 0.3 per cent. of total exports of goods, while imports (75 per cent. of which were minerals) represented 1.3 per cent. of total imports of goods (*Source: Bank of Portugal, 2022*). Russian foreign direct investment in Portugal amounted to €305 million, while Portuguese foreign direct investment in Russia stood at €20 million in 2021 (*Source: Bank of Portugal, 2022*). Portuguese exports and imports of goods to and from Ukraine represented 0.1 and 0.4 per cent. of total exports and total imports, respectively, in 2021, with 60 per cent. of imports related to vegetables, fruits and cereals (*Source: Bank of Portugal, 2022*). In terms of assets by residence of counterparty, Russian Federation, Ukraine and Belarus altogether represent an insignificant share of loans and advances gross carrying amount as of March 2023 (€4,700), December 2022 (€2,400) and as of December 2021 (€24). In terms of deposits by customer, Russian Federation, Ukraine and Belarus altogether only represent an insignificant amount as of March 2023 (€586,581), as of December 2022 (€640,157) and as of December 2021 (€681,242).

Energy trade with Russia was not immediately interrupted in Europe but fears of future significant supply disruptions translated into a higher risk premia in oil and gas prices. Along with the constraints still felt in supply chains, this contributed to a significant rise in inflation. In the euro

area, CPI inflation rose to 8.4 per cent. in 2022 (*Source: Eurostat, February 2023*). In this context, several central banks, including the ECB, accelerated the removal of monetary policy stimuli, which led to a rise in expectations of market interest rates and to a rise in volatility in financial markets, with increased fears of deceleration or contraction in global economic activity. Between July 2022 and March 2023, the ECB raised its policy interest rates by a cumulative 350 basis points, leaving the rate on the main refinancing operations at 3.5 per cent. and the deposit facility rate at 3.0 per cent. Further increases in policy rates were signalled. The euro area monetary authority also ended its net asset purchases under the pandemic emergency purchase programme in March 2022 and its net asset purchase programme in the third quarter of 2022 and approved a new transmission protection instrument for the effective transmission of monetary policy. The Transmission Protection Instrument was announced in July 2022, aimed at countering "unwarranted, disorderly market dynamics" that could threaten the smooth transmission of monetary policy across all euro area economies, as the ECB continues to normalise its policy. In this context, the yield on the 10-year Portuguese Government bond increased to 3.586 per cent. by December 2022 (*Source: Bloomberg*), with the spread as compared to the German Bund widening to 102 basis points. This reflected a general increase in risk aversion in financial markets, as a result of the uncertainty around the impacts of the Russia-Ukraine conflict, higher inflation and the removal of monetary policy stimuli. The sovereign spread was, nevertheless, lower than in other periphery economies, such as Greece and Italy, as the Portuguese economy was not perceived as being in the frontline of the impacts of the war.

Euro area GDP rose 3.6 per cent. in 2022, slowing down from its 5.4 per cent. increase in 2021 (*Source: Bank of Portugal, March 2023 Economic Bulletin*). After a recession, Portugal's GDP rose from -7.6 per cent. in 2020 to 4.9 per cent. in 2021 and 6.7 per cent. in 2022, supported by the relaxation of COVID-19 restrictions and by the strong performance of services, particularly tourism. Domestic demand in Portugal was constrained by rising inflation and interest rates, which effectively reduced families' disposable income and purchasing power. At the same time, the sharp rise in energy costs and the cooling of external demand resulted in lower industrial activity as gross fixed capital formation in Portugal reduced its growth pace from 6.4 per cent. in 2021 to 2.7 per cent. in 2022 (*Source: Bank of Portugal, March 2023 Economic Bulletin*). The slowdown in domestic demand, from 5.0 per cent. to 4.5 per cent., was mitigated by the drop in unemployment rate, from 6.6 per cent., to 6.0 per cent. of the labour force (*Source: Bank of Portugal, March 2023 Economic Bulletin*).

The IMF expects the global economy to grow by 2.9 per cent. in 2023 and 3.1 per cent. in 2024, respectively, down from a 3.4 per cent. expansion in 2022 (*Source: World Economic Outlook Update, January 2023*). For the euro area, the EC foresees GDP growth of 0.9 per cent. in 2023 and 1.5 per cent. in 2024. The EC sees inflation falling in 2023, but still remaining above the ECB's target at 5.6 per cent., down from 8.4 per cent. in 2022 (*Source: EC European Economic Forecast, Winter 2023*). Inflation could be higher and more persistent than expected, forcing the ECB to raise policy rates further, to levels that are more restrictive than anticipated by households and firms. Tighter than expected monetary and financial conditions could lead to an environment of restricted liquidity. This, in turn, could lead to downward asset revaluations in markets, with negative wealth effects and with adverse impacts on confidence and spending by households and firms. There is also a possibility that an extended Russia-Ukraine conflict contributes to more permanent increases in energy and food prices, with a negative impact on global economic activity.

Natural gas prices could increase again significantly in 2023 and 2024, as European countries try to rebuild reserves, at the same time as gas demand increases with the reopening of China's economy after the end of its "zero-Covid" policy. Lower than expected temperatures could reinforce an upward pressure on global gas demand and on prices. Europe, in particular, also faces the risk of being cut off completely from the supply of Russian gas. All this could create a need to ration energy, which would likely lead to a contraction in economic activity.

A revaluation in asset prices and a market correction resulting from a stronger and more persistent expected rise in inflation and interest rate expectations could lead to lower confidence levels, negative economic effects and a tightening in financing conditions. Higher interest rates and currency appreciations in the main developed economies could lead to capital outflows from emerging markets, particularly from those with more visible macroeconomic imbalances. Risks of financial instability and of recessions in emerging markets could rise, with the need to increase domestic interest rates and with declines in commodity prices. Worsening economic conditions in

emerging markets could have a negative impact on the Portuguese business sector. Investor confidence could deteriorate, affecting financing conditions faced by the Portuguese Government and by Portuguese businesses. Portuguese exports and business investments could also feel a negative impact. For example, PALOP economies (Portuguese Speaking African Countries) account for 8.9 per cent. of Portugal's outward foreign direct investment, while BRIC (Brazil, Russia, India and China) economies account for 5 per cent. of that investment (*Source: Bank of Portugal, December 2022*). Brazil and Angola together account for 3 per cent. of Portuguese goods exports (*Source: Bank of Portugal, December 2022*). Global economic growth and, particularly, activity in Europe, could be severely affected by an escalation of the war in Ukraine and by an increase in political and military tensions between Western countries and Russia, including the risk of a nuclear accident. The rise in uncertainty could delay investment and consumption decisions, hurting economic growth. A rise in public defence spending could contribute to a further upward pressure on inflation and on interest rates. Confidence levels could also be constrained by a rise in political and trade tensions between China and the US, and by a rise in tensions between the US and Iran, related to the latter's nuclear programme. This could also translate into a significant increase in oil prices, with negative impacts on global growth. The US and European economies also face an increasing risk of cyber terrorism, which could disrupt economic activity.

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

Sustainable economic growth in the euro area continues to be a challenge in certain countries, including Portugal. Slow economic growth or recession in major EU economies, the restructuring or default by an EU Member State on its sovereign debt obligations or withdrawal from the euro area, could significantly increase volatility and uncertainty in financial and currency markets. Prolonged political instability in some European countries, rising populism and anti-integration movements in Europe could be reflected in a deterioration of market sentiment towards Portugal.

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

- negatively affect the capacity of Portugal to satisfy its financing needs;
- have a material adverse effect on the value of portfolios of sovereign debt securities of peripheral Eurozone countries;
- have a significant adverse effect on the Group's capacity to raise and/or generate capital and comply with minimum regulatory capital requirements;

- significantly restrict the Group's ability to obtain liquidity; and
- negatively affect the Group's capital position, its operational results and its financial condition.

### **Portugal may be subject to rating downgrades**

Economic growth, the improvement in public accounts and the stabilisation of the banking sector led to upgrades in the Portuguese sovereign rating in previous years. As at the date of this Prospectus, Portuguese sovereign debt is rated BBB+ by Fitch, BBB+ by S&P, Baa2 by Moody's and in 2021 from Baa3 to A (low) by DBRS. With these ratings, Portugal's sovereign debt is considered investment grade by all main rating agencies.

However, rating agencies S&P, Moody's, Fitch and DBRS have in the past downgraded the long- and short-term ratings and outlook of Portugal on several occasions since 2010 due to the uncertainties and risks of a prolonged recession, the outlook for modest GDP growth, high levels of unemployment, limited fiscal flexibility, the high leverage of the private sector and the level of sustainability of Portugal's public debt. Portugal's small and open economy, with its high dependence on tourism, is exposed to downside risks from the severity of negative external shocks, including the COVID-19 pandemic, the war in Ukraine and a recession in Europe.

The ability to use Portuguese and other (notably Italian and Spanish) public debt as an asset eligible for collateral for financing with the ECB will depend on the maintenance of an "investment grade" rating by at least one rating agency recognised by the ECB. The non-eligibility for the ECB could have a material and negative impact on the market value, cost of funding and overall demand for Portuguese public debt and debt issued from Portuguese companies.

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

## **B. Risks relating to the Issuer's business**

### **The Group is exposed to significant credit risk**

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

In terms of the Group's credit risk exposure as at 31 March 2023 the ratio of non-performing loans ("**NPL ratio**") was 5.0 per cent., compared to 5.1 per cent. as at 31 December 2022 and to 7.2 per cent. as at December 2021, with a NPL coverage by NPL impairments non-performing impairment divided by non-performing loans of 40.8 per cent. (41.2 per cent. as at 31 December 2022 and 32.6 per cent. as at 31 December 2021) and a NPL coverage by loan loss reserves of 62.2 per cent. (61.3 per cent. as at 31 December 2022 and 40.6 per cent. as at 31 December 2021).

The Group is exposed to many different counterparties in the normal course of its business, but its exposure to counterparties in the financial services industry is also significant. This exposure can arise through trading, lending, deposit taking, clearance and settlement and numerous other activities and relationships. These counterparties include institutional clients, brokers and dealers, commercial banks and investment banks. Many of these relationships expose the Group to credit

risk in the event of default of a counterparty or client. In addition, the Group's credit risk may be exacerbated when the collateral it holds cannot be realised at, or is liquidated at prices not sufficient to recover, the full amount of the loan or derivative exposure it is due to cover. Many of the hedging and other risk management strategies used by the Group also involve transactions with financial services counterparties. The insolvency of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies, which could in turn have a material adverse effect on the Group's financial condition and results of operations.

Macroeconomic conditions have a significant influence on credit risk, as in an economic downturn more customers tend to fall into default. In the context of continued weak economic conditions, especially considering the high inflation and interest rate environment, mainly as a consequence of the Russia-Ukraine conflict and high levels of unemployment, loans to corporates and individuals and the value of assets collateralising the Group's loans are expected to remain under pressure. Failure by the Group to adequately manage its credit risk could materially and adversely affect the Group's financial condition and results of operations.

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

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

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

### **Risks related to the cooperative nature of the Group**

The Issuer forms part of Grupo Crédito Agrícola, a cooperative financial group composed of the Issuer, its Associated Caixas (each a local cooperative credit institution operating in a designated geographic area set according to applicable law) as well as its Affiliated Companies (certain life insurance, non-life insurance and asset management companies and ancillary service companies of the Group).

The Group is governed both by the provisions in the Legal Framework of Credit Institutions and Financial Companies enacted by Decree-Law no. 298/92, of 31 December, as amended (the "RGICSF") and the provisions in its own legal regime, the Legal Regime for Mutual Agricultural Credit and Agricultural Credit Cooperatives, enacted by Decree-Law no. 24/91, of 11 January, as amended (the "RJCAM"). Under the terms of the RJCAM, the Issuer and its Associated Caixas are referred to as the "Integrated System of Crédito Agrícola Mútuo" ("SICAM"), with the Issuer acting as the central body that, among other aspects, is empowered to guide, monitor, oversee and supervise its associates. The SICAM was incorporated in 1991 and allows the Associated Caixas with freedom of association to the Issuer. In case they do not choose to be associate members of the Issuer, caixas de crédito agrícola mútuo may pursue, under the rules of the RJCAM, separate businesses outside of the SICAM. The Associated Caixas hold the entirety of the share capital of the Issuer and, indirectly, hold the Affiliated Companies that are part of the Group.

In October 2020, the Bank of Portugal submitted for public consultation a preliminary draft of a legislative proposal for replacing the current RJCAM by a new regime, converging it, notably, with the CRR and 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"). However, at present, no such new regime has been published.

*SICAM's mutual solidarity scheme*

The cooperative and mutualist nature of SICAM and the Group is based on a mechanism of reciprocal solidarity. As provided for in Article 78 of the RJCAM, the Issuer fully guarantees the obligations assumed by the Associated Caixas (even if such obligations derive from facts occurred before such entities having become associates of the Issuer), under the terms of a personal guarantee ("*fiança*"), and, notably, without the benefit of prior execution ("*benefício da excussão*") (i.e., the Issuer may not oppose foreclosure of its assets for payment of guaranteed obligations, even if the assets of the relevant Associated Caixa have not yet been fully foreclosed).

In turn, under Article 80 of the RJCAM, the Issuer has the right to demand from its Associated Caixas, an increase of the Issuer's share capital up to an amount corresponding to the Issuer's then current share capital if it is in a situation of financial imbalance, translated, notably, in the reduction of own funds to a level below the legal minimum or in non-compliance with the ratios and prudential limits that apply to it.

Apart from the SICAM's solidarity system, the Group also has separate autonomous assets under the Crédito Agrícola Mútuo Assistance Fund ("**FACAM**"), which is constituted to provide financial assistance to the Associated Caixas and to ensure SICAM's solidity and sustainability at all times.

FACAM arises from the transformation into an association governed by private law of the formerly named Crédito Agrícola Mútuo Guarantee Fund ("**FGCAM**"), a legal person under public law, endowed with administrative and financial autonomy that, operating with the Bank of Portugal, provided a deposit guarantee to all of SICAM's depositor customers and, likewise, to the financial assistance of the credit institutions included therein. This transformation was determined by Decree-Law 106/2019 of 12 August, which entered into force on 1 January 2020, and was accomplished on 8 January 2021.

With the enforcement of the legislation mentioned above and the transformation of FGCAM into the current FACAM, the deposit guarantee of SICAM was henceforth provided by the Deposit Guarantee Fund ("**DGF**"), of which the Issuer and its Associated Caixas became stakeholders under the same circumstances of the other entities of the banking system. In turn, the assistance sphere of the Credit Institutions included in SICAM was henceforth provided by FACAM, which is governed by its own Articles of Association and Internal Regulations.

The Issuer interprets the mutual solidarity scheme in a restrictive manner. Considering that the Issuer's guarantee of the Associated Caixas' obligations established under the terms of the RJCAM is specifically framed within the rules that regulate the operation of SICAM, which provide for the centralisation of the surplus liquidity of the Associated Caixas in the Issuer (Article 72 of the RJCAM) and for the obligation of the Issuer to ensure compliance with the solvency and liquidity rules of the SICAM and the Associated Caixas (Article 74(3) of RJCAM), the Issuer considers that Article 78 of the RJCAM applies only in situations of lack of solvency or insolvency of an Associated Caixa, and does not imply the existence of an open ended guarantee over all the activity and all and any pecuniary obligations of the Associated Caixas.

In the Issuer's understanding, this guarantee only covers obligations assumed, freely and voluntarily contracted by the Associated Caixas, notably the granting of credit and collection of deposits, and does not cover indemnities that an Associated Caixa has to pay, e.g. on the basis of extra-contractual civil liability or as a result of a fine. It is therefore a guarantee covering the liability of the Associated Caixas towards depositors/customers contracted in the course of their banking business, providing SICAM with the means to ensure the effectiveness of the common management of its liquidity and solvency, safeguarding its integrity and allowing it to come to the aid of its members who find themselves in difficulty, as, in the Issuer's views, this guarantee is intended to ensure that the depositors of the Associated Caixas have the protection of their deposits in the event that the respective depositaries are unable to repay them, namely as a result of their insolvency, in the part that is not guaranteed by the DGF.

The Issuer also considers that this guarantee cannot be directly invoked by creditors, since in a situation of normal operation of the Associated Caixas, they will have to fulfil their own obligations, in first instance. In the Issuer's view, the guarantee in question does not give creditors of the Associated Caixas an indiscriminate right to demand the performance of the Associated Caixas' obligations from the Issuer, but only the right to request the performance of the contractual

obligations of the Associated Caixas as part of their banking activity in circumstances of lack of solvency or insolvency.

There is no assurance that the Issuer's interpretation of the SICAM's mutual solidarity scheme would be held in a court of law. In the event that a court decision does not hold this restrictive interpretation, the Issuer may be called to meet, as guarantor, the Associated Caixas' general obligations, in a wider context, which could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Interest rate risk reflects the probability of occurrence of negative impacts on profit or loss or capital, due to adverse movements in interest rates, as a result of mismatches of maturities or interest rate repricing periods (repricing), alterations of the slope of interest rate curves (curve risk), the lack of a perfect correlation between the rates received and paid in the different instruments (base risk) of the balance sheet, or the existence of embedded options in financial instruments of the balance sheet or off-balance sheet items (optional risk).

The Group is subject to interest rate risk. As is the case with other banks in Portugal, the Issuer and the Group are particularly exposed to differentials between the interest rates payable by it on deposits and the interest rates that it is able to charge on loans to customers, bond portfolio and other banks exposures. This exposure is increased by the fact that, in the Portuguese market, loans typically have floating interest rates, whereas the interest rates applicable to deposits are usually fixed for periods that may vary between three months and three years. Interest rates applicable to bonds on the Group portfolios are usually fixed for long periods that may go above 20 years. The Group manages the duration of the bond portfolio using derivatives such as interest rate swaps and futures, but significant differentials in the repricing profiles of the bond portfolio and of the Group's deposits remain open. Portuguese banks, including the Issuer, frequently experience difficulties in adjusting the interest rates that they pay for deposits in line with market interest rate changes.

Interest rates are sensitive to several factors that are out of the Group's control, including tax and monetary policies of governments and central banks, as well as domestic and international political conditions. Changes in market interest rates can affect the interest rates that the Group receives on its interest-earning assets in a different way when compared to the rates that the Group pays for its interest-bearing liabilities. This difference may reduce the net interest margin, which could have an adverse effect on the Group's results of operations. Changes of interest rate also constrain profit or loss by affecting not only net interest income, but also other items of operating income that are sensitive to interest rates. The latter includes, for example, the value of public debt securities subject to revaluation at market value. The underlying value of the assets, liabilities, off-balance sheet items, and consequently, equity, are likewise affected in view of the necessary review of the present value of the future cash flows generated by these components (and in many cases the review of the actual cash flows).

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

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



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

While interest rates are still expected to increase in 2023, expectations on the level of interest rates in the coming years are still very uncertain, which translates into significant volatility in the market. In addition to the high volatility in the interest rate markets and in financial markets globally, with a general rise in risk premia, the perspective of a sharp increase in interest rates have also generated fears of deceleration or even contraction in global economic activity, which could in turn favour a reduction of interest rates. Conversely, a reduction in the level of interest rates may adversely affect the Group through, among other things, a lower interest margin, a decrease in demand for deposits and an increase in competition in deposit taking and lending to customers. As a result of these factors, significant changes or volatility in interest rates could have a material adverse impact on the business, financial condition or results of operations of the Group.

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

Liquidity risk arises from the present or future inability to draw on the cash balances required, at any given time, to comply with its financial obligations liabilities as they become due, taking into consideration the existing capacity to manage a settlement of assets under reasonable conditions in terms of price and period of time. The Issuer, principally by virtue of its business of providing long-term loans and receiving short-term deposits, is subject to liquidity risk.

The ongoing availability of customer deposits to fund the Group business is subject to a variety of factors, such as depositors' concerns relating to the Portuguese economy in general, the financial services industry or the Group specifically, economic conditions in Portugal impacting the availability of funds for deposits, the availability and extent of deposit guarantees and the existence of alternative and competitive savings products. Customer deposits, consisting of repayable on demand deposits, time deposits and savings accounts are the principal source of funding for the Group, and accounted for 88.8 per cent., 89.3 per cent. and 80.2 per cent. of total liabilities as at 31 March 2023, 31 December 2022 and 31 December 2021 respectively.

If the Group's depositors withdraw their funds at a rate faster than borrowers repay their loans, or if the Group is unable to obtain the necessary liquidity by other means, the Group may be unable to maintain its current levels of liquidity. If additional liquidity were needed, the Group might be required to obtain additional funding at, *inter alia*, significantly higher funding costs, liquidate certain of its assets or increase its central bank funding through monetary policy operations of the ECB.

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

The Group's inability to attract customer deposits may impact the Group's ability to fund its operations and meet its minimum liquidity requirements and have a material adverse effect on its business, financial condition or results of operations.

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

A perception among market participants that a financial institution is experiencing constrained liquidity risk can adversely impact the institution. Circumstances in which the Group could find its liquidity further impaired include the following:

- Increased difficulty in selling the Group's assets, particularly if other participants in distressed situations are seeking to sell similar assets or because the market value of assets, including financial instruments underlying derivative transactions, has become difficult to ascertain, which has occurred in the past and may occur again.
- Financial institutions with which the Group interacts may exercise set-off rights or the right to require additional collateral.
- Customers with whom the Group has outstanding but undrawn lending commitments may draw down an amount on these credit lines that is higher than the Group is anticipating.
- In a stress scenario, the Group's liquidity position may rely on its ability to raise funds on open market operations with the ECB. If the ECB were to suspend or materially change the terms under which it provides such funding, and if no similar source of financing were to exist in the market, this could severely impede the Group's ability to manage a period of liquidity stress. For further details, see the risk factor entitled "*The Group utilises on the ECB for access to funding, which is subject to certain conditions and risks*".
- An increase in interest rates and/or credit spreads, including as a result of concerns relating to the Group, such as the need to raise additional capital, as well as any restriction on the availability of funding, including, but not limited to, inter-bank funding, could impact the Group's ability to borrow on a secured or unsecured basis, which may have a material adverse effect on the Group's liquidity and results of operations.

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

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

As at 31 March 2023, the liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR") stood at 526 per cent. and 165 per cent., respectively (500 per cent. and 168 per cent. as at 31 December 2022 and 477 per cent. and 150 per cent. as at 31 December 2021, respectively). There is no assurance that the Issuer will always be able to comply with these requirements, particularly in relation to the regulatory liquidity ratios LCR and NSFR, or any other requirements that may be introduced in the future.

#### **The Group is exposed to concentration risk, including concentration risk in its credit exposure**

The Group is exposed to the credit risk of its customers, including risks arising from the high concentration of individual or economic group exposures in its loan portfolio. The 10 largest loan exposures of the Group as at 31 March 2023 represented 4.5 per cent. of the total loan portfolio (4.8 per cent. as at 31 December 2022 and 5.1 per cent. as at December 2021) and the top 50 largest loan exposures as at 31 March 2023 represented 10.3 per cent. of the total loan portfolio (10.8 per cent. as at 31 December 2022 and 11.4 per cent. as at 31 December 2021).

The Group also has high sectoral concentration in its loan book. As at 31 March 2023, the composition of the portfolio of guarantees received to cover loans and advances to customers continued to show a reliance on real estate and financial collateral, which represented approximately 73.8 per cent. of the volume of credit. Other collateral represented 8.0 per cent. and non-collateralised loans represented 18.2 per cent.

Concentration is common for most of the main Portuguese banks, given the small size of the Portuguese market, and has been noted by the rating agencies as a fundamental challenge facing the Portuguese banking system and it is not possible to guarantee that the exposure to these groups will not be increased or that exposure will fall in the future. If exposure increases in the future, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Real estate risk consists of loss derived from an unfavourable variation of the price of real estate assets stated in the balance sheet, in particular relative to properties acquired as repayment of own credit. Real estate risk represents a intrinsic risk of credit risk. The Group is exposed to fluctuations in the value of Portuguese real estate, both directly through assets related to its operations or obtained in lieu of payment, or indirectly, through real estate that secures loans or by financing real estate projects. A decrease in the value of Portuguese real estate market prices will decrease the value of the real estate assets held by the Issuer, directly or indirectly, as well as of the collateral provided with respect to such loans, thus adversely affecting the financial condition and results of the operations of the Group.

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

As at 31 December 2022, the Group's gross exposure to real estate was of 1.6 per cent. of its gross assets (net exposure 1.1 per cent. of its total net assets) and, as at 31 March 2023, such exposure was of 1.6 per cent. (net exposure 1.1 per cent. of total net assets). Furthermore, as at 31 March 2023, 29.3 per cent. of the Group's loans and advances to customers consisted of mortgage loans (29.3 per cent. as at 31 December 2022 and as 31 December 2021). While the Group has experienced a relatively low level of defaults in these types of loans (with a NPL ratio of 2.2 per cent. in the "households of which loans collateralised by residential immovable property" segment) as at March 2023 and of 2.1 per cent. as at 31 December 2022, a decrease in house prices could negatively affect the recovery value of the loans and/or increase the Group's impairment charges or capital requirements, as they depend, among others, on the loan to value ratio.

The risk of a significant devaluation of Portuguese real estate prices has increased as a result of the economic crisis resulting from the COVID-19 pandemic, including, without limitation, through decrease in occupancy rates that were reported at the time in the tourism sector, and more recently with the Russia-Ukraine conflict and the significant increase in interest rates and inflation rates which may significantly reduce demand and thus apply pressure on or cause volatility in house prices. Tighter financing conditions and lower real income growth (given high inflation) could translate into lower demand for housing, from residents and non-residents. A fall in tourism activity, given a slowdown or contraction in global and European economic activity, could exacerbate this movement in demand. A decrease in the value of Portuguese real estate market prices will reduce the value of the real estate assets held by the Issuer, directly or indirectly, as well as of the collateral provided with respect to such loans, thus adversely affecting the financial condition and results of the operations of the Group.

In February 2023, the Portuguese Government presented a programme aimed at increasing the supply of affordable housing in Portugal and at mitigating households' burdens with mortgage payments and with rents.

Certain measures included in the programme and have a temporary and extraordinary nature and result in the grant of rent support, subsidies and mortgage payments. These have been approved by Decree-Law number 20-B/2023, of 22 March with retroactive effects to 1 January 2023 and reinforce the measures imposed by Decree-Law number 80-A/2023, of 25 November, imposing

procedures for credit granting institutions to monitor, evaluate and, subject to certain conditions, present proposals to customers for the mitigation of the significant increase of the debt service to income ratio.

The remaining measures related to the increase of supply of affordable houses which caused more controversy on the political arena and the market in general were approved by the Portuguese Government on 30 March 2023, discussed in Parliament on 19 May 2023, and are subject to the approval of a law.

Uncertainty and delays in the approval of this second set of measures may have negative impacts on private sector investment in the housing sector, particularly from non-residents. Activity in the local accommodation sector could also be negatively affected. This could put further downward pressure on house prices. Changes in government policies are out of the Group's control and given its exposure to the fluctuations of the real estate market this uncertainty could have an adverse effect on the Group's operational results.

### **The Issuer may not manage risks associated with the replacement of benchmark indices effectively**

The Financial Stability Board has observed that the decline in interbank short-term unsecured funding poses structural risks for interest rate benchmarks that reference these markets. In response, regulators and central banks in various jurisdictions have convened national working groups to identify alternative replacement 'risk-free' rates ("**RFRs**") for these interbank offered rates ("**IBORs**") and, where appropriate, to make recommendations that would facilitate an orderly transition to these RFRs.

The expected discontinuation of certain key IBORs such as LIBOR, the adoption of RFRs by the market, and the development of RFR products by the Issuer, introduce a number of risks for the Issuer, its clients, and the financial services industry more widely. These include, but are not limited to:

- regulatory compliance, legal and conduct risk, arising from both the continued sale of products referencing IBORs, sales of products referencing RFRs and the transition of legacy contracts to alternative rates. There is a risk that the Issuer is unable to meet regulatory milestones associated with the discontinuance of sale of certain IBOR products, which may result in regulatory investigations or reviews being conducted into the Issuer's preparation and readiness for the replacement of IBORs with alternative reference rates. Additionally, if the Issuer's sales processes are not appropriately adapted to account for the additional complexity of new products, or new RFR market conventions, additional conduct risks and regulatory actions may result and there may be a heightened risk of disputes;
- legal risks associated with the enforceability of fall-back provisions in IBOR contracts. There is a risk that some contracts will not be transitioned before the relevant IBOR is discontinued and the parties will need to rely on the "fall-back" provisions of those contracts. As these fall-back provisions do not always contemplate the permanent cessation of the relevant IBOR, there is a risk that the provisions may not work from a contractual, practical or financial perspective, potentially resulting in unintended outcomes for clients. This may lead to complaints, litigation and/or regulatory action. While legislative solutions have been proposed in the UK, U.S. and EU, market participants will need to consider the impact of any proposals ultimately adopted; and
- financial risks resulting from the discontinuation of IBORs and the development of RFR market liquidity will affect the Issuer throughout transition. The differences in IBOR and RFR interest rate levels will create a basis risk that the Issuer will need to actively manage through appropriate financial hedging. Basis risk in the trading book and in the banking book may arise out of the asymmetric adoption of RFRs across assets and liabilities and across currencies and products. In addition, this may limit the ability to hedge effectively.

If any of these risks materialise, it could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and customers.

### **The Group utilises the ECB for access to funding, which is subject to certain conditions and risks**

In addition to deposits, the Group has made use of funding from the ECB. The ECB, which currently makes funding available to European banks that satisfy certain conditions, including pledging eligible collateral. The Group had €0 million as at 31 March 2023, €28 million as at 31 December 2022 and €3,053 million as at 31 December 2021 net exposure with the ECB.

The assets of the Group that are eligible as collateral for rediscount (liquidity facilities) with the ECB could be materially reduced in the future as a result of price devaluations or changes in ECB rules relating to collateral, including increases in haircuts following credit downgrades or the loss of eligibility of certain assets. Downgrades of the credit rating of Portugal or other European sovereigns or of Portuguese companies could result in an increase in haircuts applied to any eligible collateral or in the non-eligibility of such assets, thereby decreasing the total amount of the Group's eligible portfolio. The continuing eligibility of Portuguese, as well as any other eurozone sovereign, public debt as an eligible asset depends on the maintenance of an "investment grade" rating by at least one rating agency recognised by the ECB. A reduction of the pool of eligible assets and the increased difficulty in managing eligible assets to compensate for such loss of eligibility could have a negative impact on liquidity and the Issuer's ability to comply with liquidity regulatory ratios, requiring the Group to find alternative funding sources, which may have a negative impact on the Group's business, financial condition or results of operations. In addition, if the value of the Group's assets eligible as collateral for the ECB declines, the amount of funding the Group can obtain from the ECB will be correspondingly reduced.

Although the monetary policy followed by the ECB in past years has contributed to improving the liquidity conditions of European banks (including, in response to the COVID-19 outbreak, the ECB has further improved financing conditions by reducing the interest rate on the TLTRO III and announced a package of collateral easing measures). The ECB is starting to remove the monetary stimulus given the rise in inflation. The end of the TLTRO III without any replacement measure and/or significant changes to the eligibility criteria of the ECB for collateral assets could have a material effect on the financial markets and the valuation of the Issuer's assets, including public debt portfolio. At 31 March 2023, the Group's portfolio of assets eligible as collateral for rediscounting operations with the ECB (net of haircut) totalled €7,228 million (€7,141 million at 31 December 2022 and €7,846 million at 31 December 2021).

Any such changes in the conditions of funding from the ECB (or from the Bank of Portugal, as National Central Bank) or the value of the collateral pledged for such funding could ultimately have a materially adverse effect on the Group's business, financial condition or results of operations.

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

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

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

- (i) they are automatically and mandatorily replaced with a tax credit, in the event that the institution reports a loss when its annual financial statements are formally approved, or in the event of its liquidation or insolvency;
- (ii) the abovementioned tax credit may, under national tax law, be offset against any tax liability of the institution or any other undertaking included in the same consolidation as the institution for tax purposes under tax law or any other undertaking subject to supervision on a consolidated basis; and

- (iii) where the amount of tax credits referred to in point b) above exceeds the tax liabilities referred to in that same point, any such excess is replaced with a direct claim on the central government of the member state in which the institution is incorporated.

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

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

Law No. 61/2014 foresees that any DTAs arising from loan impairment losses and from post employment and long term employment benefits into tax credits. These DTAs accounted in taxable periods starting on or after 1 January 2015, or registered in the taxpayer's accounts in the last taxable period prior to that date, can be converted into tax credits when the taxpayer: (i) reports an annual accounting loss when the institution's annual financial statements are formally approved; or (ii) enters into a liquidation procedure, as a result of voluntary dissolution, court-ordered insolvency or, if applicable, cancellation of authorisation by the regulator or supervisory body.

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

The Issuer has not adhered to the special regime applicable to DTAs approved by Law No. 61/2014 (neither any of the entities of the Group), which applies to DTAs related to the non-deduction, for corporate income tax purposes, of costs and negative equity changes recorded up to 31 December 2015 for impairment losses on loans and advances to customers and with employee post-employment or long-term benefits.

As at 31 December 2022, the Group held €80.2 million of Deferred tax assets in its accounts of which €8.3 million related to tax losses carried forward and €71.9 million related to temporary differences. None of these are protected under the Special Regime of Deferred Tax Assets approved by Law No. 61/2014. If DTAs are not recovered, this could have an adverse impact on the profitability and equity of the Issuer and the Group.

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

Law No. 24-D/2022, of December 30 (2023 State Budget) introduces changes in tax losses carry forward. Tax losses assessed in tax years starting on or after 1 January 2023 can be deducted against taxable profit generated in future taxable years for an unlimited time period. The new rule also applies to tax losses assessed in tax years prior to 1 January 2023, for which the carry forward period has not yet elapsed as of that date.

The deduction of tax losses is capped at 65 per cent. of the taxable profit. Tax losses exceeding this threshold can be deducted, under the same conditions, in the following fiscal years.

The elimination of the expiry period of tax losses does not apply to those generated in tax years prior to 1 January 2023 in which one of the situations provided for in paragraph 1 of article 6 of the Special Regime applicable to Assets by Deferred Taxes (REAIT), approved as an annex to Law No. 61/2014, of August 26 (conversion of deferred tax assets into tax credits) occurred, in which case the expiry period in force on December 31, 2022 will continue to apply.

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

**Changes to accounting standards may materially adversely affect the Group's statutory financial results.**

The Group's consolidated financial statements are prepared in accordance with IFRS, as adopted by the EU. Changes to IFRS, as applicable to the Group, have been proposed and/or approved for adoption and further changes may be proposed in the future.

IFRS 17 Insurance Contracts was approved for adoption by the Portuguese Insurance and Pension Funds Supervisory Authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões* ("ASF")) with an effective date on 1 January 2023. IFRS 17 has replaced IFRS 4 as the standard for insurance contracts, and it is expected to significantly change the presentation and measurement of the Group's insurance contracts, investment contracts with discretionary participation features and associated reinsurance contracts. These changes will impact the pattern in which profit emerges when compared to IFRS 4 as IFRS 17 introduces a model of profit being recognised in the income statement as insurance service is provided and where contracts are loss-making the losses are recognised immediately.

IFRS 17 requires the standard to be applied retrospectively as of 1 January 2023, nevertheless for the preparation of the unaudited interim consolidated financial statements of the Group for the three-month period ended 31 March 2023 a fully retrospective approach was assessed and was considered impractical. The management of the Group's subsidiary insurance companies (Crédito Agrícola Vida ("CA Vida") and Crédito Agrícola Seguros ("CA Seguros")) have not yet concluded the quantification of the impacts of the adoption of IFRS 17 requirements on the statutory financial statements of those entities as of 1 January 2023. As a result of this, the unaudited interim consolidated financial statements for the three-month period ended 31 March 2023 are misstated with a non-estimated impact of the change in the IFRS standard in the line items "Other provisions", "Other comprehensive income" and "Retained earnings" among others. For further information on the significance of the equity of the Group's subsidiary insurance companies (CA Vida and CA Seguros) within the total own funds of the Group, see page 85 of this Prospectus (and also see "Documents Incorporated by Reference"). Consequently, the Executive Board of Directors of the Issuer prepared the Group's unaudited interim consolidated financial statements for the three-month period ended 31 March 2023 in accordance with IFRS 4 (which is consistent with the accounting principles applied in the preparation of the audited annual consolidated financial statements of the Group for the year end 31 December 2022), rather than IFRS 17.

The auditors of the Group have therefore issued a qualified conclusion in respect of such financial statements and were unable to obtain sufficient appropriate audit evidence to enable them to accurately quantify the monetary misstatement of these balances (including the comparative figures for 31 March 2022 and 31 December 2022) set out therein (and also see "General Information – Auditors" below).

The Group anticipates disclosing the impact of the introduction of IFRS 17 within its December 2023 results. At present, a reliable estimate of the financial impacts of the changes required to the Group's accounting policies is not yet available.

Apart from IFRS 17, other changes to applicable accounting standards may also result in a change to how the Group's IFRS results are determined and/or may require retrospective adjustment of previously reported results to ensure consistency.

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

The Group has entered into a Collective Labour Agreement (the "ACT") for the Issuer, entitling its employees and families to pensions due to retirement, disability, early retirement, pre-retirement, and survival. However, as the Issuer's employees are concurrently enrolled in social

security, the Group's liabilities related to employee pensions chiefly consist of payments of supplementary pensions in accordance with the ACT. The plan also foresees the payment of contributions for medical and social support after retirement.

Hence, the benefits of the plan entails certain risks, notably, the risk of dependency on the benefits provided by the public Social Security schemes, the risk of mortality during the period of formation of the benefit and risk of longevity during the retirement period, the risk of disability of the participants as well as risks relative to early retirement.

An actuarial evaluation is calculated annually (with a reference date of 31 December) for the calculation of liabilities to be financed by the Group pursuant to the terms of the ACT. The Group's expected return on the assets in its pension fund is based on certain assumptions. Similarly, demographic factors, such as an increase in life expectancy among active employees and pensioners, can result in changes in mortality tables used by insurance companies and thus negatively affect the Group's defined-benefit obligations, generating actuarial losses that require recognition and contribution to the Group's ACT in order to guarantee that its liabilities are fully funded, as required by regulation.

In addition to such losses requiring contribution to the Group's ACT, these actuarial losses may have the effect of reducing the Issuer's CET1, undermining the Issuer's capital ratios and negatively impacting the Issuer's shareholders' equity. Until 1 January 2018, the Issuer was required to deduct from its CET1 the portion of actuarial losses exceeding 10 per cent. of its pension liabilities or the value of its pension assets, adjusted by a phase-in factor (20 per cent. per year). After 1 January 2018, actuarial losses are deducted from CET1 in full. The provisions for pensions and other post-employment defined benefit liabilities of the Group as at 31 December 2022 was €0 million.

**The Issuer is subject to compliance risk, which may lead to claims of non compliance with regulations and lawsuits by public agencies, regulatory agencies and other parties.**

As the Issuer operates in a highly regulated industry, it may be subject to claims of non-compliance with regulations and lawsuits by public agencies, regulatory agencies and other parties. The Issuer's regulators frequently conduct inspections and request information in respect of the Issuer or its clients' activities and transactions. Any inspections or other proceedings that are unfavourable to the Issuer may result in sanctions, limitations on its business opportunities, or a reduction of its growth potential, and may have an adverse effect on the Issuer's ability to comply with certain contractual obligations or retain certain commercial relationships.

Among other's the Issuer is subject:

- to provisioning requirements, minimum cash level, credit qualification, record keeping, privacy, liquidity, permitted investments, contingency, and other prudential and behavioural requirements which have associated costs; any increase or change in the criteria of these requirements could have an impact on the Issuer's operations and results;
- to rules and regulations related to the prevention of money laundering, bribery and terrorism financing. Compliance with anti-money laundering, anti-bribery and counter terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences and consequences in the Issuer's relationship with its clients, partners, service providers and other third parties. Although the Issuer believes that its current anti money laundering, anti-bribery and counter terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, the Issuer cannot guarantee that it has in the past or will comply, at all times, with all applicable rules or that its regulations for fighting money laundering, bribery and terrorism financing as extended to the whole Group are applied by its employees under all circumstances;
- to competition regulations. In particular, the Issuer is subject to laws prohibiting the abuse of a dominant market position and prohibiting agreements and/or concerted practices between business entities that aim to prevent, restrict or distort competition, or have the effect of preventing, restricting or distorting competition. In cases where the Issuer is found to have infringed the relevant rules of Portuguese and/or European Union



competition law, the Issuer is subject to the risk of fines of up to 10 per cent. of its consolidated annual turnover in addition to a public announcement of any sanctions issued; and

- in addition to penalties imposed by the European Commission and/or the competent competition authorities, the Issuer may be ordered by these entities or by national courts, as applicable, to discontinue certain practices, comply with behavioural or structural remedies, or pay damages to third parties that demonstrate that they have been harmed by the Issuer's infringement of the competition rules, whether based on an earlier infringement decision by the relevant authority or independent of any such decision. The Issuer may also be subject to similar consequences in other jurisdictions where it is active, as imposed by competition authorities or national courts of such jurisdictions. This can lead to material adverse effects on the Issuer's business, financial condition, results of operations and prospects.

### **The Group is exposed to market risks**

Market risk also reflects any losses derived from an adverse change in the market value of a financial instrument because of variations in interest rates, exchange rates, share prices, commodity prices, credit spreads or other equivalent variables. The Group engages in various activities for its own account, including entering into interest rate, credit, equity and exchange rate derivative transactions, as well as taking positions in fixed income and equity in the domestic and international markets and trading in the primary and secondary securities markets, including for government securities. The Group also offers these types of products and services to its customers.

As at 31 March 2023, the Group's securities portfolio amounted to €10,143.6 million, of which 79.9 per cent. were public debt instruments, 18.0 per cent. were classified as bonds and 2.1 per cent. were shares and other variable income securities (80.2 per cent., 17.6 per cent. and 2.2 per cent. respectively as at 31 December 2022).

Additionally, as at 31 March 2023, 99.3 per cent. of such assets were classified as Level 1 (those that are quoted on a recognised market as of such date), 0.0 per cent. as Level 2 (those for which valuation methods with prices and standards that are observable in the markets are used) and 0.74 per cent. as Level 3 (those for which valuation methods with prices and standards that are not observable in the markets are used).

As at 31 December 2022, the Group's securities portfolio amounted to €9,984.2 million, of which 80.2 per cent. were public debt instruments, 17.6 per cent. were classified as bonds and 2.2 per cent. were shares and other variable income securities. Additionally, 99.3 per cent. of such assets were classified as Level 1, 0.0 per cent. as Level 2 and 0.74 per cent. as Level 3.

As at 31 March 2023, the Group had a value at risk ("**VaR**") of €4.4 million in its trading positions in respect of equities, interest rates, volatility and credit spread, total commodities position and total foreign exchange position and liquidity management portfolios, compared to € 3.8 million as at 31 December 2022. The Group's VaR is calculated using the "Monte Carlo" simulation method, with a 99 per cent. confidence level and a holding period of twenty two days (a month).

The Issuer has, in its securities portfolio, investments in restructuring funds in an amount of €15 million as at 31 March 2023. These funds are Level 3 assets according to the fair value hierarchy of IFRS13 (quotations provided by third parties whose inputs used are unobservable in the market, as mentioned above).

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

### **The Group is exposed to the risk of public debt securities within the investment portfolio**

The Group is exposed to public debt securities of euro area countries. As at 31 December 2022, the Group's exposure to sovereign debt represented 85.4 per cent. of the Group's consolidated bond portfolio (84.8 per cent. as of 31 March 2023).

In extreme situations of economic, political and social crises, governments may be reluctant or may not have access to funding in order to refinance or repay capital or pay interest on their debt securities. In a default scenario, security holders' recourse to legal mechanisms may be limited. In addition, there could be an increase in default risk in a scenario in which an EU member state enters into default thereby exacerbating the negative sentiment toward other euro area members through a contagion effect.

Following a prolonged period when public debt yields have remained low and market conditions favourable, mainly due to the favourable monetary policies, the extreme volatility felt in 2022 and the rise in inflation and interest rates, has led to a considerable increase in public debt yields. As uncertainty remains high, the conditions for public debt can significantly deteriorate, including, but not limited, to the possibility of faster interest rate rise scenarios.

Depreciations in the public debt portfolio can have the effect of reducing the Issuer's CET1 used to determine its capital ratios and could adversely affect its results of operations. Any decrease of the Issuer's solvency ratios could hinder its ability to operate its business in accordance with its strategy.

### **The Group faces significant competition**

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

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

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

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

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding, including the availability of certain funding instruments. Rating agencies regularly evaluate the Issuer, and its long-term credit ratings are based on a number of factors, including its financial strength, the credit rating of Portugal and the conditions affecting the financial services industry generally and the Portuguese banking system in particular. As at the date of this Prospectus, the Issuer has been assigned a rating of Baa3 BCA (Baseline Credit Assessment) and deposits ratings of Baa2 (Stable Outlook/Prime-2), Counterparty Risk Rating (CRR) of Baa1 / Prime-2 and Long Term Senior Unsecured Debt of Ba1 by Moody's. The last rating action occurred on 26 May 2023. There can be no assurance that the rating agencies will maintain the current ratings or outlooks.

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

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

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

#### **The Group's business is subject to operational risks**

The Group is subject to certain operational risks, including interruption of service, errors, negligence or fraud by third parties (including large-scale organised fraud, as a result of the Group's financial operations), fraud by the Group's own employees or management, breach or delays in the provision of services, breach of confidentiality obligations with regards to customer information and compliance with risk management requirements.

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

#### **The Issuer's risk management and internal control policies and procedures may not be effective in completely managing and avoiding all of its risks**

As the Issuer's business continues to develop, the Issuer's risk management and internal control policies may not be able to effectively reduce and mitigate all types of risks, including unexpected risks and those of which the Issuer is unaware of. In addition, the Issuer's risk management methods are based on a combination of human and technical controls and supervision, which are subject to errors and defects and the Issuer's risk management capabilities are limited by the information, tools and technologies available to the Issuer. These methods might not adequately predict future losses, in particular when related to relevant market fluctuations, which could be considerably higher than those observed in other periods. These methods might also be ineffective in protecting against losses caused by technical errors, if the implemented testing and control systems are not effective in the prevention of software and hardware technical defects. If the Issuer is unable to effectively implement the enhanced risk management and internal control policies and procedures, or if the intended results of such policies and procedures are not achieved in a timely manner, its asset quality, business, financial condition and results of operations may be adversely affected, which in turn may negatively affect the Issuer's ability to service the Notes and to satisfy its other obligations under the Notes.

#### **The Issuer's activity is subject to reputational risks**

The Issuer is exposed to reputational risks understood as the probability of negative impacts for the Issuer resulting from an unfavourable perception of its public image, whether proven or not, among customers, suppliers, analysts, employees, investors, media and any other bodies with which the Issuer may be related, or even public opinion in general. The Issuer's reputation may also be adversely affected by the conduct of third parties over whom it has no control, including entities to which it has advanced financing. For example, if one of the Issuer's borrowers becomes associated with financial scandals or widely publicised improper behaviour, the Issuer's own reputation may be affected.

The Group is also exposed to adverse publicity relating to the financial services industry as a whole. Financial scandals unrelated to the Group or questionable ethical conduct by a competitor may taint the reputation of the industry and affect the perception of investors, public opinion and the attitude of regulators. In addition, there is a risk of employees, brokers or suppliers conducting activities that violate the Group's values, breach its code of conduct, fail to properly address potential conflicts of interest, could be perceived as unethical, treat customers unfairly involve corruption or breach legal and regulatory requirements (including money laundering and anti-terrorism financing requirements). There is also a risk that employees or brokers will commit such violations in their interactions with colleagues, customers and other actors. Such shortcomings in ethical standards and/or regulatory compliance could result in financial losses, sanctions from

supervisory authorities and tarnished reputation. The realisation of such risks could adversely affect the Group's results and financial position.

Any damage to the Group's reputation could cause existing customers to withdraw their business and lead potential customers to be reluctant to do business with the Group which could have a material adverse effect on the Group.

### **The Group is exposed to IT and cybercrime risks**

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

### **Any future occurrence of natural disasters, outbreaks of contagious diseases, terrorist attacks or national security threats in Portugal may have a material adverse effect on banks', and thus the Issuer's, business, financial condition and results of operations.**

Any occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, Severe Acute Respiratory Syndrome ("SARS"), Ebola virus disease ("Ebola"), Middle East Respiratory Syndrome corona virus ("MERS"), H5N1 influenza, H1N1 influenza, H7N9 influenza or COVID-19, may adversely affect the Issuer's business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Issuer's business, financial condition and results of operations. In particular, the on-going COVID-19 pandemic has resulted in many countries, including China, India, Japan, the United States, members of the European Union and the United Kingdom, declaring a state of emergency and imposing extensive business and travel restrictions with a view to containing the pandemic. Moreover, Portugal has experienced natural disasters such as forest fires, earthquakes and floods in the past few years. Any future occurrence of severe natural disasters in Portugal may adversely affect its economy and in turn the Issuer's business, financial condition and results of operations.

In addition, threats of terrorist attacks, national security threats, military initiatives, such as the invasion of Ukraine, and political unrest in, inter alia, various countries and regions including Ukraine, Syria, Iraq, Afghanistan and the Middle East, have had and may continue to have a material adverse effect on general economic, market and political conditions, increasing many of the risks relating to the business of non-life insurance companies. The Issuer cannot predict the effects of terrorist attacks, threats to national security, military initiatives and political unrest on its business, results of operations and financial condition.

There is no guarantee that any future occurrence of natural disasters, terrorist attacks or outbreak of avian influenza, Ebola, SARS, MERS, H5N1 influenza, H1N1 influenza, H7N9 influenza, COVID-19 or other epidemics, or the measures taken by the Portuguese government or other countries in response to a future outbreak of these epidemics, will not seriously interrupt the Issuer's

and the Group's operations or those of the Issuer's customers, which may have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

## C. Legal and regulatory risks

### Risks relating to legal proceedings

As regulated entities, the Issuer and the Group are, from time to time, the subject of supervisory and administrative inquiries, inspections and investigations by regulators in the jurisdictions in which they operate. So far as the Issuer is aware, and except as disclosed below, none of the Issuer or other Group entities is, as at the date of this Prospectus, subject to any such inquiries, inspections or investigations that may have a significant effect on the Group's financial position or profitability. See also the risk factor entitled "*Risks relating to the Issuer – Legal and regulatory risks – Risks relating to regulatory requirements*" below. Furthermore, as a large financial institution, the Group is the subject of actual and threatened litigation and other proceedings in the ordinary course of its banking and financial intermediary business. Should any or all of such proceedings be successful, the resulting costs and/or damages could materially and adversely affect the Group's financial position, results of operations and reputation. Ultimately, if a court were to declare the relevant financial pledge agreement invalid, it could have a material adverse financial effect on the Issuer and the Group or cause significant reputational harm, which, in turn, could have a material adverse effect on the financial condition of the Group. It is not possible to determine when the relevant courts will issue final awards regarding any of the proceedings mentioned in this risk factor or any future legal proceedings, or to determine or make a full assessment of the impact or likely outcomes of any such legal proceedings or of future legal proceedings or the consequences arising therefrom for the Issuer or the Notes.

Holders of Notes should be aware that the legal proceedings and consequences arising therefrom may adversely affect the incorporation, financial condition and/or the capacity of the Issuer to carry out its obligations under the Notes.

### Risks relating to regulatory requirements

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

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

Based on the 2022 SREP, in force from July 2022, the Group is required to have a minimum CET1 ratio of 9.16 per cent. (4.50 per cent. Pillar 1, 1.41 per cent. Pillar 2 requirement, 2.50 per cent. Combined Buffer Requirement ("**CBR**") and 0.75 per cent. Pillar 2 Guidance), a Tier 1 ratio of 11.13 per cent. (6.00 per cent. Pillar 1, 1.88 per cent. Pillar 2 requirement, 2.50 per cent. CBR and 0.75 per cent. Pillar 2 Guidance) and a total capital ratio of 13.75 per cent. (8.00 per cent. Pillar 1, 2.50 per cent. Pillar 2 requirement, 2.50 per cent. CBR and 0.75 per cent. Pillar 2 Guidance). As of December 2022, and excluding results from the period, the Group reported a 18.41 per cent.

ratio for CET1, Tier 1 and total capital. As of December 2022, including results from the period, the Group reported a 19.90 per cent. ratio for CET1, Tier 1 and total capital. There can be no assurance that the SREP review to be conducted in the following years will not increase the minimum own funds requirement.

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

Additionally, national and international regulators, including the IMF, the ECB and the EBA have been conducting stress tests on the banking sector. The disclosure of the results of these stress tests may also result in a reduction in confidence in a particular bank or the banking system as a whole. The Issuer cannot exclude the need for additional provisions for impairments. Consequently, new stress tests could adversely affect the cost of funding for the Issuer and have a materially adverse impact on its business, financial condition, results of operations and prospects.

On 14 May 2019, the European Council announced that it had adopted the Reforms, with most of the new rules applying in mid-2021, such as CRR II which applied from 28 June 2021. The implementation of BRRD II and CRD V into Portuguese law took place at the end of 2022 through Law no. 23-A/2022, of 9<sup>n</sup> December. The Reforms include the following key measures:

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

In addition, on 7 December 2017, the Basel Committee and the Group of Central Bank Governors and Heads of Supervision presented reforms to the Basel III regulatory framework also known as "Basel IV". The final Basel III reforms include several policy and supervisory measures that aim to enhance the reliability and comparability of risk-weighted capital ratios and to reduce the potential for undue variation in capital requirements for banks across the globe. The measures comprise revisions to the standardised approach for credit risk, internal ratings-based approaches for credit risk, the credit valuation adjustment ("CVA") risk framework, the operational risk framework, the leverage ratio framework and a revised output floor. The proposals contained in the Basel III reforms were intended to apply from 2023 with a transitional period for the output

floor until 2027, although these timelines remain unclear until such rules are implemented into European and Portuguese legislation and therefore become applicable to and effective upon the Issuer.

On 27 October 2021, the European Commission (EC) publishes the banking package comprising the Capital Requirements Regulation ("**CRR III**"), the Capital Requirements Directive ("**CRD VI**") and a separate legislative proposal to amend the CRR in the area of resolution.

The European Council (Council) reached its position on said Package on 8 November 2022, and the European Parliament's (EP) Economics and Monetary Affairs Committee adopted the proposed CRD VI and CRR III on 24 January 2023. Discussion with the Council and the Commission have started in March 2023.

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

### **Risks relating to the Bank Recovery and Resolution Directive and other future bank crisis management and deposit insurance regulation or framework**

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 (the BRRD). The aim of the BRRD is to equip national authorities with harmonised tools and powers to tackle crises at banks and certain investment firms at the earliest possible moment and to minimise costs for taxpayers. For further details see the section "*Description of the Issuer and of the Group – Recent Developments in Banking Regulation*".

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

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

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

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

Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 (regarding the ranking of unsecured debt instruments in insolvency hierarchy), which amended the BRRD, was implemented in Portugal through Law No. 23/2019, of 13 March 2019, creating a new asset class of "non-preferred" senior debt that ranks in insolvency above own-funds instruments and subordinated liabilities that do not qualify as own funds, but below other senior liabilities. Further, it confers a preferential claim to generally all deposits vis-à-vis senior debt.

Holders of the Notes will have an unsecured claim over the Issuer, thus being subject to bail-in. In addition, the determination of which securities issued by the Issuer will be subject to write-down, conversion or bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. There may be many factors, including factors not directly related to the Issuer, which could result in such a determination. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of a bail-in power may occur which would result in a principal write off or conversion to other securities, including equity. Moreover, as the criteria that the relevant resolution authority will be obliged to consider in exercising any bail-in power provide it with considerable discretion, holders of the securities issued by the Issuer may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Issuer and the securities issued by the Issuer. Potential investors in the securities issued by the Issuer should consider the risk that its holders may lose all of their investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

Other powers contained in Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) 1093/2010 (as amended, notably by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019, the "**SRM Regulation**") (which is directly applicable in the Portuguese legal order) and in the RGICSF and required by the BRRD may affect the value of an investment in the Notes. The exercise of these powers may impact how the Issuer is managed as well as, in certain circumstances, the rights of creditors. There can be no assurance that actions taken under the SRM Regulation and the RGICSF will not adversely affect the holders of the Notes.

On 18 April 2023, the European Commission adopted a proposal to adjust and further strengthen the EU's existing bank crisis management and deposit insurance ("**CMDI**") framework, with a focus on medium-sized and smaller banks. The package implies the review of the BRRD and SRM Regulation frameworks as well as a separate legislative proposal to amend the EU Deposit Guarantee Scheme Directive, all of which aim at further preserving financial stability, protecting taxpayers and depositors, and supporting the real economy and its competitiveness. The proposals include, but are not limited to, the introduction of a general depositor preference within the EU and changes to further enable the use of Deposit Guarantee Schemes ("**DGS**") funds and where needed resolution funds in measures other than the payout of covered deposits in case of insolvency or resolution of a failing bank. The changes to the creditor hierarchy could potentially negatively impact the relative ranking of the Notes and the credit ratings assigned thereto. Moreover, an expanded use of DGS and resolution funds could potentially result in an increase of contribution requirements for banks. However, there is a high degree of uncertainty with regard to the proposed adjustments to the CMDI framework and when they will be finally implemented in the EU. Therefore, the exact impact of these adjustments and the potential effects on the Issuer cannot yet be assessed.

#### **The Group may become subject to regimes governing the recovery, resolution or restructuring of insurance companies**

The Group may become subject to regimes governing the recovery, resolution or restructuring of insurance companies and, as the scope and implications of these regimes are still evolving, it is unclear how in future this might affect the Group.

As part of the global regulatory response to the risk that systemically important financial institutions could fail, banks, and more recently insurance companies, have been the focus of new recovery and resolution planning requirements developed by regulators and policy makers nationally and internationally. Recovery and resolution reforms for banks in the EEA now provide



regulators with the power, as part of wider resolution tools, to write down indebtedness or to convert that indebtedness to capital (known as "**bail-in**"), as well as other resolution powers. Similar regimes may be introduced in the EEA for insurance groups.

On 22 September 2021, the European Commission published its proposed directive on the recovery and resolution of insurance undertakings (proposal for a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012 ("**IRR**D"). If adopted in its current form, the proposed IRRD would provide for (i) a variety of preventive measures to reduce the likelihood of insurance undertakings requiring public financial support and (ii) the commencement of resolution procedures when insurance or reinsurance undertakings are failing or likely to fail, where there is no prospect that private sector alternatives or supervisory measures would prevent such failure. The proposed IRRD provides, in case of resolution, for the application of a number of resolution tools, such as write-down and conversion, which would allow resolution authorities to write down or convert capital instruments, debt instruments and other eligible liabilities of insurance undertakings, generally in inverse order of their ranking in liquidation, so that the tool would apply first to equity instruments, then tier 1 instruments, then tier 2 instruments and then to other instruments with a higher ranking in liquidation. If the resolution tools, including the bail-in tool, within the proposed IRRD are adopted in their current form, Noteholders could be affected and lose all or part of their investment in the Notes if the entities within the Group that are in scope of such tools were to experience financial difficulty and be failing or likely to fail. In addition, if the financial condition of such entities deteriorates, or is perceived to deteriorate, the existence of these powers could cause the market value and/or the liquidity of the Notes to decline more rapidly than would be the case in the absence of such powers.

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

Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD ("**BRRD II**") was implemented in the EU together with the formal adoption of Regulation (EU) 2019/876 of the European Parliament and of the Council, which entered into force on 27 June 2019. Under BRRD II, banks, such as the Issuer, shall be subject to an entity specific MREL regime, under which they will be required to issue a sufficient number of eligible instruments to absorb expected losses in resolution and to recapitalize the institution or the surviving part thereof. Together with CRD V, the implementation of BRRD II into Portuguese law has been completed through Law No. 23-A/2022, of 9 December, which amended the RGICSF and Law No. 63-A/2008, of 24 November, which establishes measures to reinforce the financial soundness of credit institutions to reinforce financial stability and the availability of liquidity in the financial markets.

The Issuer was notified on 5 August 2022 by the Bank of Portugal of the SRB's decision on the determination of the MREL requirements to be met by the Issuer, on a consolidated basis, in terms of the total risk exposure amount ("**TREA**") and the leverage ratio exposure ("**LRE**") as follows:

	Requirement in terms of TREA		Requirement in terms of LRE	
	2022	2024	2022	2024
MREL Total	19.09%	24.68%	5.91%	5.92%
MREL Total + CBR	19.09%	24.93%	5.91%	5.92%
MREL Subordinated	N/A	N/A	N/A	N/A

According to the SRB's decision, the Issuer should comply with MREL on a consolidated basis at the level of 19.09 per cent. of TREA to be reached by 1 January 2022, 21.76 per cent. of TREA from 1 January 2023 and 24.68 per cent. of TREA from 1 January 2024 onwards, which shall be met at all times. With regard to resolution planning (BRRD), the binding requirements in force since 1 January 2022 were met with a positive gap of 3.88 per cent. for MRELTREA+CBR and 2.87 per cent. for MRELLRE. With reference to the indicative requirement of 1 January 2023 of 21.76 per cent., as at 31 December 2022, the Group complied with the minimum requirement level with an excess financial slack of 1.35 per cent. (considering the Net Income generated).

The decision on the MREL requirement is based on the current legislation and is subject to review by the Supervisor over time. Accordingly, in March 2023, under the 2022 cycle of the Resolution Planning, the Resolution Authority disclosed the new Minimum Requirement for Own Funds and Eligible Liabilities (MREL) of the Group to be enforced from 1 January 2024. The Group shall be required to hold a value of own funds and eligible liabilities equivalent to 25.28 per cent. of the amount of risk-weighted assets (TREA) (including a combined buffer requirement (CBR) of own funds reserve of 0.25 per cent.) and 5.92 per cent. of the total exposure measurement (LRE).

	Requirement in terms of TREA		Requirement in terms of LRE	
	2022	2024	2022	2024
MREL Total + CBR	19.09%	25.28%	5.91%	5.92%
MREL Subordinated	N/A	N/A	N/A	N/A

The Issuer intends to meet the final deadline of 1 January 2024. However, these MREL requirements, the resolution strategy and the current lack of a subordinated MREL requirement may change over time.

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

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

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

**The Group is required to make contributions to the Resolution Fund**

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

Since 2016, the Resolution Fund has been funded through: (i) contributions paid by the entities that fall outside the scope of the SRM; (ii) additional contributions required to fulfil its obligations regarding the financing of the resolution measures applied by the Bank of Portugal before December 2014 and paid by all participating institutions, including credit institutions established in Portugal, which can either take the form of periodic contributions or special contributions (Article 14(5) of Law No. 23-A/2015, of 26 March 2015, as amended); and (iii) other sources, including proceeds of the bank levy, also due by credit institutions established in Portugal, pursuant to Law No. 55-A/2010, of 31 December 2010, as amended (*contribuição sobre o setor bancário*). The periodic contributions to the Resolution Fund are determined by the application of a contributory rate to the end of month outstanding balance of liabilities, deducted by own funds and deposits already included in the deposit guarantee scheme. Pursuant to Bank of Portugal's Instruction (*Instrução*) 22/2021 for 2022, the rate has been set at 0.057 per cent.

The Group's contribution will vary from time to time depending on the liabilities and own funds of the Issuer and applicable members of the Group. Contributions to the Single Resolution Fund (the "SRF") are also adjusted to the risk profile and systemic relevance of each participating institution, in consideration of its solvency profile. For the year ended 31 December 2022, the

Group paid €3.3 million in contributions to the Resolution Fund and €6.2 million in contributions to the Single Resolution Fund (compared to €2.7 million and €3.9 million, respectively, for the year ended 31 December 2021).

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

### **The impact on the Group of the resolution measures generally applied in Portugal cannot be anticipated**

Under its responsibility as the supervisory and resolution authority of the Portuguese financial sector, Banco de Portugal, on 3 August 2014, decided to apply a resolution measure to Banco Espírito Santo, S.A. ("**BES**"), under then number 5 of article 145-G of the RGICSF, which consisted of the transfer of most of its assets to a transition bank, named Novo Banco, S.A. ("**Novo Banco**"), created especially for the purpose.

The Resolution Fund provided €4,900 million for the payment of the share capital of Novo Banco, of which €377 million corresponded to its own financial resources. A loan of €700 million was also granted by a banking syndicate to the Resolution Fund, with the participation of each credit institution having weighted according to various factors, including its size. The remaining amount (€3,823 million) came from a repayable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of the assets and liabilities associated with the activity of Banif – Banco Internacional do Funchal, S.A. ("**Banif**") to Banco Santander Totta, S.A. ("**Santander Totta**"), for €150 million, also in the context of the application of a resolution measure. This operation involved an estimated public support of €2,255 million, aimed at covering future contingencies, with €489 million financed by the Resolution Fund and €1,766 million directly by the Portuguese State. In the context of this resolution measure, the assets of Banif which were identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the issue of bonds representing the debt of this vehicle, of the value of €746 million, backed by the Resolution Fund and counter-backed by the Portuguese State.

The resolution measures applied in 2014 to BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif generated uncertainties related to the risk of litigation involving the Resolution Fund, which is significant, as well as the risk of a possible insufficiency of resources to ensure compliance with the liabilities, in particular the repayment in the short-term of the contracted loans.

It was in this scenario that, in the second semester of 2016, the Portuguese Government reached an agreement with the European Commission to change the conditions of the loans granted by the Portuguese State and banks participating in the Resolution Fund, so as to preserve financial stability via the promotion of conditions conferring predictability and stability to the effort of contributing to the Resolution Fund. To this end, a formal amendment was made to the financing contracts of the Resolution Fund which introduced a series of alterations to the repayment plans, remuneration rates and other terms and conditions associated with these loans so that they should be adjusted to the Resolution Fund's capacity to fully comply with its obligations based on its own

regular revenue. This means, without requiring that the banks participating in the Resolution Fund should be charged special contributions or any other type of exceptional contribution.

According to the press release of the Resolution Fund dated 21 March 2017, the review of the conditions of the loans granted by the Portuguese State and participant banks sought to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the Resolution Fund's liabilities is assured, as well as the respective remuneration, without requiring special contributions or any other type of exceptional contributions by the banking sector. For further information see "Risks relating to the Issuer – Legal and regulatory risks – The Group is required to make contributions to the Resolution Fund".

On 31 March 2017, Banco de Portugal also disclosed that the Lone Star Fund had been selected to purchase Novo Banco. This purchase was completed on 17 October 2017, with the new shareholder having injected €750 million, followed by a new capital injection of €250 million, paid up in December 2017. The Lone Star Fund now holds 75 per cent. of the share capital of Novo Banco, the remaining 25 per cent. being split between the Resolution Fund and the Portuguese Treasury and Finance Department. Moreover, the approved conditions include a contingent capitalisation mechanism, under the terms of which the Resolution Fund, as shareholder, can be called upon to inject capital in the event of certain cumulative conditions materialising, related to: (i) the performance of a restrictive set of assets of Novo Banco, and (ii) the evolution of the bank's capitalisation levels. Any capital injections that may be made pursuant to this contingent mechanism are subject to an absolute maximum limit.

On 31 May 2021, banks granted a loan to the Resolution Fund, in the form of a simple credit facility, up to a maximum amount of €4,275,000, exclusively to provide the Resolution Fund with the financial resources necessary to comply with obligations arising from the "Contingent Capitalisation Agreement" in relation to Novo Banco in the years 2021 and 2022. As of 31 December 2022, the Issuer has granted an amount of €3,861,113.66.

Notwithstanding the possibility provided for in applicable legislation of levying special contributions, given the renegotiation of the terms of the loans granted to the Resolution Fund by the Portuguese State and a banking syndicate, in which the Issuer is included, and the public announcements made by the Resolution Fund and the Office of the Finance Minister stating that this possibility will not be used, the Issuer's expectation is that no special contributions or any other type of extraordinary contributions will be required from the Group (SICAM) to finance the Resolution Fund. Any significant changes regarding this matter may have relevant implications on the financial statements of the Group.

Under Article 153-O of the RGICSF, the Resolution Fund may be required to finance the implementation of the resolution measures applied by Banco de Portugal and the resulting general and administrative expenses. At the present date, there is no reliable estimate of the potential losses to be incurred by the Resolution Fund, notably those that have been publicly mentioned as potentially applicable arising from (i) the sale of Novo Banco (including, without limitation, the contingent capitalisation mechanism), (ii) the litigation relating to the BES resolution process including in respect of the so-called "*lesados do BES*" proceedings and the attempts to find a solution for such proceedings, (iii) the resolution process of BANIF and related expenses, and (iv) the amount and timing of the Issuer's contributions to the Resolution Fund, however, in the last disclosed accounts related to year 2021, the Resolution Fund's own funds had a negative balance of 7,207.6 million euros. Thus, the impact of the BES and BANIF resolution processes on the Issuer and the Group could depend on external factors not controlled by the Issuer or the Group, including the proceeds from the Resolution Fund assets, the future funding needs and contingent liabilities of the Resolution Fund including, without limitation, those related to the sale of Novo Banco to Lone Star.

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

On 2 July 2014, Directive 2014/49/EU, as amended, providing for the establishment of deposit guarantee schemes (the "**Recast DGSD**") entered into force. The recast DGSD introduces harmonised funding requirements (including risk-based levies), protection for certain types of temporary high balances, a reduction in pay-out deadlines, harmonisation of eligibility categories

(including an extension of scope to cover deposits by most companies regardless of size) and new disclosure requirements. The Recast DGSD was implemented in Portugal by Law 23A/2015, of 26 March 2015, as amended, which amended the RGICSF.

Furthermore, a proposal for a regulation of the European Parliament and of the Council, amending Regulation (EU) 806/2014 to establish a European Deposit Insurance Scheme, is currently under discussion at an EU level.

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

### **Risks relating to data protection and privacy**

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

The Issuer remains potentially exposed to the risk that the procedures implemented and the measures adopted with respect to the storage and processing of personal data relating to data subjects may prove to be inadequate and/or not in compliance with the laws and regulations in force from time to time and/or may not be promptly or properly implemented by employees and associates. Thus, the data could be subject to damage, loss, theft, disclosure or processing for purposes other than those authorised by the data subjects, or even use by unauthorised parties (whether third parties or employees of the Group). If any of these circumstances occur, there could be a material adverse effect on the Group's business, reputation, financial condition, results of operation or prospects.

### **Risks associated with the disposal of non-performing assets**

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

Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No. 575/2013) establishes a requirement for credit institutions to build their loan loss reserve up to common minimum levels to cover the incurred and expected losses on newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds. The new rules should not be applied in relation to exposures originated prior to 26 April 2019. A proposal for a directive on credit servicers, credit purchasers and recovery of collateral was also included in the comprehensive package of measures to be tackled by the European Commission. For further details see the section "*Description of the Issuer and of the Group – Recent Developments in Banking Regulation – Prevention, mitigation and monitoring of asset quality*".

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

Furthermore, an increase in the entry levels of new NPLs may hinder the Issuer's ability to reduce its NPL stock.

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

#### **The use of standardised contracts and forms carries certain risks**

The Group maintains contractual relationships with a large number of clients. In all of the Group's business areas and departments, the management of such a large number of legal relationships involves the use of general terms and conditions and standard templates for contracts and forms. This standardisation implies that for subjects that need clarification, contain drafting errors or require individual terms and conditions, the use of standard contracts and forms may pose a significant risk due to the large number of contracts entered into under these conditions. In light of amendments to the applicable legal frameworks as a result of new laws or judicial decisions, it is possible that not all standard contracts and forms used by the Issuer comply with every applicable legal requirement at all times.

If there are drafting errors, interpretive issues, or if the individual contractual terms or the contracts are invalid in their entirety or in part, a large number of client relationships may be affected negatively. Any resulting claims for compensation or other legal consequences may have an adverse effect on the financial condition and operating results of the Issuer.

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

The Issuer might be adversely affected by recent and future changes in the tax legislation and other regulations applicable in Portugal, the EU and other countries in which it operates, as well as by changes of interpretation by the competent tax authorities of legislation and regulation. These changes include those introduced in the State Budget Law for 2023 (Law No 24-D/2022, of 30 December 2022). The tax implications of these changes for the Issuer, including any potential liabilities for the 2023 financial year and subsequent years, are currently under analysis.

In addition, the Issuer might be adversely affected by difficulties in the interpretation of or compliance with new tax laws and regulations. The materialisation of these risks may have a material adverse effect on the Issuer's strategy, financial condition, results of operations and prospects.

## **2. RISKS RELATING TO THE NOTES**

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

Holders are subject to the provisions of the BRRD relating to, *inter alia*, the bail-in of liabilities. As such, Holders of the Notes will have an unsecured claim over the Issuer, thus being subject to bail-in. See "*Risks relating to the Issuer – Legal and regulatory risks – Risks relating to the Bank Recovery and Resolution Directive*" for a further description.

#### **The remedies available to Holders under the Notes are limited**

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

The sole remedy in the event of any non-payment of principal or interest under the Notes, subject to certain conditions as described in Condition 7 (*Default*), is that a Holder may, subject to applicable laws, institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any Winding-Up or other insolvency proceedings in respect of such non-payment.

The remedies under the Notes are more limited than those typically available to the Issuer's senior (non-MREL) creditors. For further details regarding the limited remedies of the Holder, see Condition 7 (*Default*).

#### **Limitation on gross-up obligation under the Notes**

The obligation under Condition 8 (*Taxation*) to pay Additional Amounts in the event of any withholding or deduction in respect of taxes on any payments under the terms of the Notes applies only to payments of interest and not to payments of principal or any such other amount. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal or any such other amount. Accordingly, if any such withholding or deduction were to apply to any payments of principal or any such other amount under the Notes, Holders may receive less than the full amount of principal or any such other such amount due under the Notes upon redemption, and the market value of such Notes may be adversely affected.

Further, the obligation under Condition 8 (*Taxation*) to pay Additional Amounts in the event of any withholding or deduction in respect of taxes on any interest payments is subject to certain exceptions, including where a Holder fails to comply with certain documentary and/or information obligations as foreseen under the STRIDS (as defined in the section "*Taxation*") regime, in which case the Issuer would not be required to pay any Additional Amounts and the Holders would potentially receive less than the full amount of interest due under the Notes. Holders are advised to consult their own tax advisers and to closely monitor any applicable documentary and information requirements.

#### **Risks relating to withholding tax**

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

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

It should also be noted that, if interest and other income derived from the Notes is paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g. typically "jumbo" accounts) such income will be subject to withholding tax in Portugal at a rate of 35 per cent. unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 35 per cent. and the Issuer will not be required to gross up payments in respect of any withheld accounts in accordance with Condition 8 (*Taxation*).

Further, interest and other types of investment income obtained by non-resident holders (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable that are domiciled in a country, territory or region included in the "tax havens" list approved by Ministerial order 150/2004, of 13 February 2004 (as amended from time to time) is subject to withholding tax at 35 per cent., which is the final tax on that income, unless Decree-law 193/2005 applies and the beneficial owners are central banks and government agencies, international organisations recognised by the Portuguese State, residents in a country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force.

The Issuer will not be required to gross up payments in respect of any such non-resident holders, in accordance with Condition 8 (*Taxation*).

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

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

If a Tax Event or a Loss Absorption Disqualification Event occurs and is continuing or in order to ensure the effectiveness and enforceability of Condition 14(d) (*Acknowledgement of Statutory Loss Absorption Powers*), the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Loss Absorption Compliant Notes, without the consent of the Holders.

Loss Absorption Compliant Notes must have terms which are not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or financial adviser of international standing, save where the governing law of Condition 14(d) (*Acknowledgement of Statutory Loss Absorption Powers*) is changed in order to ensure the effectiveness or enforceability of Condition 14(d) (*Acknowledgement of Statutory Loss Absorption Powers*). However, there can be no assurance that, due to the particular circumstances of a Holder, such Loss Absorption Compliant Notes will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Loss Absorption Compliant Notes are not materially less favourable to Holders than the terms of the Notes.

**Credit Risk**

An investment in the Notes is subject to credit risk, which means that the Issuer may fail to meet its obligations arising from the Notes duly and in a timely manner. The Issuer's ability to meet its obligations arising from the Notes and the ability of the holders of the Notes to receive payments arising from the Notes depends on the financial position and the results of operations of the Group, which are subject to other risks described in this Prospectus.

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

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

**Investors will have to rely on Interbolsa procedures**

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

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

**Holdes may not require the redemption of the Notes prior to their maturity**

Unless previously redeemed or purchased and cancelled, the Notes will mature on the Interest Payment Date falling on, or nearest to, 4 July 2027 (the "**Maturity Date**"). The Issuer is under no obligation to redeem the Notes at any time prior thereto and the Holders have no right to require the Issuer to redeem or purchase any Notes at any time. Prior to the Maturity Date, any redemption of the Notes and the purchase of any Notes by the Issuer will be subject to receiving Regulatory



Permission (as defined in the Conditions) and the Holders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

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

The Issuer may, at its option, subject to the conditions set out in Condition 5(b) (*Conditions to Redemption, Substitution or Variation, and Purchase*) redeem all, but not some only, of the Notes on the Reset Date or if at any time after the Issue Date 75 per cent. or more of the aggregate principal amount of the Notes has been purchased and cancelled, in each case, at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. In addition, upon the occurrence of a Tax Event or a Loss Absorption Disqualification Event, the Issuer may, at its option, subject to the conditions set out in Condition 5(b) (*Conditions to Redemption, Substitution or Variation, and Purchase*), redeem all, but not some only, of the Notes at any time at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

Condition 5(b) (*Conditions to Redemption, Substitution or Variation, and Purchase*) provides that any redemption of the Notes in accordance with Conditions 5(c) (*Issuer's Call Options*), 5(d) (*Redemption Due to Tax Event*) and 5(e) (*Redemption Due to Loss Absorption Disqualification Event*) is subject to the Issuer obtaining prior Regulatory Permission therefor. As such redemption may be subject to the Issuer obtaining Regulatory Permission, the outcome may not necessarily reflect the commercial intention of the Issuer or the commercial expectations of Holders and this may have an adverse impact on the market value of the Notes.

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

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

The events referred to above may occur and lead to circumstances in which the Issuer may elect to redeem the Notes, but even then, the Issuer may not satisfy the conditions or may not elect to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes on the Reset Date if the Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so redeemed the Holders may not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

**The interest rate on the Notes will be reset on the Reset Date, which may affect the market value of the Notes**

The Notes will initially accrue interest at a fixed rate of interest to, but excluding, the Reset Date. From, and including, the Reset Date, however, the interest rate will be the Floating Interest Rate (as described in Condition 4(d) (*Floating Interest Rate*)). The Floating Interest Rate could be less than the Initial Fixed Interest Rate (as defined in Condition 4(c) (*Initial Fixed Interest Rate*)), which would affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes.

In addition, the Floating Interest Rate derives in part from the EURIBOR benchmark. In the UK, the publication of 24 LIBOR settings has ceased and certain other LIBOR settings (including, but not limited to, 1-month, 3-month and 6-month sterling LIBOR) are no longer representative of the

underlying market and economic reality that such settings are intended to measure. Immediately after 30 June 2023, the publication of the overnight and 12-month USD dollar LIBOR settings will cease and 1-month, 3-month and 6-month USD LIBOR settings will no longer be representative. The UK Financial Conduct Authority (the "FCA") has strongly urged market participants to transition to alternative rates, as has the Commodity Futures Trading Commission and other regulators in the US. Other interbank offered rates (such as EURIBOR) may be discontinued or be subject to changes in their administration.

Changes to the administration of EURIBOR, or the emergence of alternatives to EURIBOR, may cause EURIBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of EURIBOR or changes to its administration could require changes to the way in which the Floating Interest Rate is calculated. The development of alternatives to EURIBOR may result in the Notes performing differently than would otherwise have been the case if the alternatives to EURIBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, the Notes after the Reset Date.

If a Benchmark Event occurs, in accordance with Condition 4(i) (*Benchmark Discontinuation*), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or an Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Floating Interest Rate is likely to result in the Notes performing differently (which may include payment of a lower Interest Rate) than they would do if the Original Reference Rate were to continue to be referenced. In addition, the market (if any) for Notes linked to any such Successor Rate or Alternative Rate may be less liquid than the market for Notes linked to the Original Reference Rate.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate will apply without an Adjustment Spread.

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

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or an Alternative Rate, the Floating Interest Rate applicable to the next succeeding Interest Period shall be equal to the Floating Interest Rate last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date after the Reset Date, the Floating Interest Rate shall be determined using the Original Reference Rate last displayed on Reuters Page EURIBOR01 plus the Margin. The application of these provisions may result in the determination of an Interest Rate after the Reset Date that is effectively a fixed rate.

The Conditions also confirm that no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) prejudice the qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations or (ii) result in the Relevant Regulator treating the next Interest Payment Date or the Reset Date, as the case may be, as the effective maturity of the Notes, rather than the maturity date of the Notes for the purposes of qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations. The application of these provisions may also result in the determination of an Interest Rate after the Reset Date that is effectively a fixed rate.

#### **Meetings of Holders and modification**

The Conditions of the Notes and the Instrument will contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined

majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The quorum requirements for such meetings does not require all Holders to vote or be present. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain Conditions (including, *inter alia*, the provisions regarding ranking referred to in Condition 3 (*Ranking*), the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes, or the Interest Rate or varying the method of calculating the Interest Rate) the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding.

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

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

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

#### **Change of law**

The Conditions of the Notes will be governed by the laws of England save that the provisions of (i) Condition 1 (*Form, Denomination, Title and Transfer*) relating to the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes; (ii) the provisions of Condition 2 (*Status*) relating to the status of the Notes, (iii) the provisions of Condition 3 (*Ranking*) relating to the ranking of the Notes and (iv) Condition 14(d) (*Acknowledgement of Statutory Loss Absorption Powers*) are, in each case, governed by, and shall be construed in accordance with, the laws of Portugal. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Portugal or administrative practice after the date of this Prospectus. As set out above, any security interests (rights *in rem*) granted by the Holders thereof over the Notes will need to comply with the mandatory requirements of Portuguese law, including relating to perfection.

#### **Legality of purchase**

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. Prospective investors should inform themselves about the lawfulness of their acquisition of the Notes under any applicable laws.

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

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum

commissions or pro-rata commissions depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

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

**Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in those Notes**

The Notes have been rated by Moody's Investors Service España, S.A. (*Sociedad Unipersonal*). The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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

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

Similarly, UK regulated investors are restricted under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the FCA on its website in accordance with the UK CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated FCA list.

Moody's Investors Service España, S.A. (*Sociedad Unipersonal*) is established in the EU and registered in accordance with the EU CRA Regulation, and appears on the latest update of the list of registered credit rating agencies on the ESMA website at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>. Moody's Investors Service España, S.A. (*Sociedad Unipersonal*) is not established in the UK but the credit ratings assigned by it have been endorsed by Moody's Investors Service Limited, in accordance with the UK CRA Regulation and have not been withdrawn. As such, credit ratings assigned by Moody's Investors Service España, S.A. (*Sociedad Unipersonal*) may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

**The Notes are 'Social Notes' issued with a specific use of proceeds; the use of proceeds and the Notes may not correspond to investor ESG criteria**

The Prospectus provides that it is the Issuer's intention to apply an amount equal to the net proceeds from the offer of the Notes specifically for Eligible Social Assets (as defined in "*Use of Proceeds*" below) that promote social purposes and that the Notes issued hereunder are to be referred to as "**Social Notes**". For the avoidance of doubt, neither the proceeds of the Notes nor any amount equal to such net proceeds will be segregated by the Issuer from its capital and other assets and there will be no direct or contractual link between the Notes and any Eligible Social Assets.

Prospective investors should have regard to the information in this Prospectus regarding such use of an amount equal to such net proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Joint Lead Managers that the use of an amount equal to such net proceeds for any Eligible Social Assets will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect social impact of any projects or uses, the subject of or related to, the relevant Eligible Social Assets). Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "social" or "sustainable" or an equivalently-labelled loan or as to what precise attributes are required for a particular loan to be defined as "green" or "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. A basis for the determination of such a definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**"). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated legislation containing technical screening criteria for economic activities that make a substantial contribution to climate change mitigation or adaptation. Accordingly, until all the technical screening criteria for the objectives of the EU Sustainable Finance Taxonomy have been finalised, no assurance is or can be given by the Issuer or the Joint Lead Managers that the eligibility criteria for any projects related to the Eligible Social Assets will satisfy any requisite criteria determined under the Taxonomy Regulation or the EU Sustainable Finance Taxonomy at any time. Specifically, for the banking sector, the EBA was given several mandates to assess how environmental, social and governance risks can be incorporated into the three pillars of prudential supervision. Based on this, the EBA published an Action Plan on sustainable finance and a Discussion Paper on the integration of environmental, social and governance risks into the regulatory and supervisory framework. ESMA has recently stated that external reviewers conducting assessments of the European Union Green Bond Standards should be subject to EU-wide registration and supervision and that the European Union Green Bond Standards should be aligned with the Taxonomy Regulation. However, there is no assurance that the two will in fact be aligned. Accordingly, no assurance is or can be given to investors that any loans or uses the subject of, or related to, any Eligible Social Assets will meet any or all investor expectations regarding such "social" or other equivalently-labelled performance objectives (including under the Taxonomy Regulation or the Taxonomy Regulation as it forms part of domestic law by virtue of the EUWA) or that any adverse social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Social Assets. The Issuer has published a framework relating to an investment in Eligible Social Assets which is available on the Issuer's website (<https://www.creditoagricola.pt/investor-relations-en/debt-issuances/green-social-and-sustainable-framework>) and which may be amended or updated from time to time (the "**Green, Social and Sustainability Framework**"). The Group's Green, Social and Sustainability Framework is available on the Issuer's website and each prospective investor should have regard to the factors described in the Green, Social and Sustainability Framework and seek advice from their independent financial adviser or other professional adviser the relevance of the information contained in this Prospectus regarding the use of proceeds and its purchase of the Notes before deciding to invest. ISS ESG (an independent provider of research-based evaluations

of green financing frameworks to determine their environmental robustness) has evaluated the Group's Green, Social and Sustainability Framework and issued a second party opinion (the "**Second Party Opinion**") on the Group's Green, Social and Sustainability Framework verifying its credibility, impact and alignment with the International Capital Market Association's Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines (2021). The Second Party Opinion is available on the Issuer's website at <https://www.creditoagricola.pt/investor-relations-en/debt-issuances/second-party-opinion>. Neither the Group's Green, Social and Sustainability Framework nor the Second Party Opinion are incorporated by reference into this Prospectus.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of the Green, Social and Sustainability Framework, the Second Party Opinion or any other opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of the Notes and in particular with any Eligible Social Assets to fulfil any environmental, sustainability, social and/or other criteria. The Second Party Opinion and the Green, Social and Sustainability Framework may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. Neither the Second Party Opinion nor the Green, Social and Sustainability Framework is a recommendation by the Issuer, the Joint Lead Managers or any other person to buy, sell or hold securities and the Second Party Opinion is only current as of the date that it was initially issued.

Prospective investors must determine for themselves the relevance of the Second Party Opinion and/or the information contained therein and/or the provider of the Second Party Opinion for the purpose of any investment in the Notes. Currently, the providers of such opinions and certifications are not subject to any specific oversight or regulatory or other regime. The withdrawal of the Second Party Opinion, or any opinion or certification attesting that the Issuer or the Group is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of the Notes, and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

#### **There may be insufficient assets for ESG investment proceeds**

It is the intention of the Issuer to apply an amount equal to the net proceeds of the Notes in, or substantially in, the manner described in the Group's Green, Social and Sustainability Framework and this Prospectus. However, whilst (in line with the Green, Social and Sustainability Framework) the Issuer aims to ensure timely allocation of an amount equal to the net proceeds of the Notes to Eligible Social Assets there can be no assurance that the relevant loan(s) or use(s) which are the subject of, or related to, any Eligible Social Assets will be capable of being implemented in a similar manner and/or in accordance with any timing schedule and that accordingly the amount equal to such net proceeds will be totally disbursed for Eligible Social Assets. Nor can there be any assurance that such Eligible Social Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the social aspect) as originally expected or anticipated by the Issuer.

Any such event or failure to apply an amount equal to the net proceeds of the issue of the Notes for any Eligible Social Assets, as aforesaid, or to obtain and publish any such reports, assessments, opinions and certifications, or the fact that the maturity of a Eligible Social Asset may not match the minimum duration of the Notes, or the failure by the Issuer to meet any other environmental, social or sustainability targets, will not (i) constitute an event of default under the Notes; (ii) give rise to any claim by a Holder against the Issuer; (iii) create an obligation for the Issuer to redeem the Notes or be a relevant factor for the Issuer in determining whether or not exercise any optional redemption rights in respect of the Notes; (iv) give Holders an option to redeem the Notes or accelerate any scheduled payments under the Notes; (v) constitute an incentive to redeem; or (vi) prejudice the Notes' qualification as eligible liabilities.

#### **The Notes are first and foremost bail-in notes and then only Social Notes**

The Notes are intended to qualify as eligible liabilities for the purposes of, and in accordance with the eligibility criteria and requirements of the CRR II and BRRD. Therefore, the Notes may also

be subject, as applicable, to any of the other risks highlighted in the "*Risks relating to the Notes*", including any bail-in and resolution measures available under BRRD, notably as described in the risk factors entitled "*The obligations of the Issuer in respect of the Notes are subject to resolution measures, including the general bail-in tool*" above, as well as in the risk factors entitled "*Risks relating to the Issuer – Legal and regulatory risks – Risks relating to the Bank Recovery and Resolution Directive*" and "*Risks relating to the Issuer – Legal and regulatory risks – Minimum requirement for own funds and eligible liabilities could have a material effect on the Issuer*" above. Further, the Notes will be fully subject to the bail-in tool and to write down and conversion powers, as the case may be, and in general to the powers that may be exercised by the Relevant Resolution Authority, to the same extent and with the same ranking as any other equivalent instruments of the Issuer which are not labelled "green", "social" or "sustainable", pursuant to the application of CRR II eligibility criteria and BRRD requirements. As such, the net proceeds from the Notes will be fully available to cover any and all losses arising in the balance sheet of the Issuer regardless of their "social" label. Additionally, such labelling as Social Notes will not (i) affect the regulatory treatment of the Notes as eligible liabilities or (ii) have any impact on their status as indicated in Condition 3 (*Ranking*).

The payments of principal and interest (as the case may be) on the Notes shall not depend on the performance of the relevant Eligible Social Assets or any other environmental, social or sustainability targets of the Issuer, nor will any investors in the same have any preferred right or priority against such assets nor benefit from any arrangements to enhance the performance of the Notes.

Investors should refer to the Issuer's website and the Group's Green, Social and Sustainability Framework (as further described in "*Use of Proceeds*" below) for further information.

### 3. **RISKS RELATING TO THE MARKET GENERALLY**

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

#### **There is no existing secondary trading market for the Notes and one may not develop**

The Notes represent a new security for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

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

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

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

Moreover, although the Issuer and any subsidiary of the Issuer can (subject to receiving Regulatory Permission (if required)) purchase Notes at any time, they have no obligation to do so. Purchases

made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

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

Although applications have been made for the Notes to be admitted to trading on Euronext Dublin, there is no assurance that such application will be accepted or that an active trading market will develop.

#### **Exchange rate risks and exchange controls**

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

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

#### **Interest rate risks**

An investment in the Notes, which bear interest at a fixed rate (reset after four years), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will be reset after four years, and as such the reset rate is not pre-defined at the date of issue of the Notes; it may be different from the initial rate of interest and may adversely affect the yield of the Notes.



## IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purpose of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

Certain information in this Prospectus has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless expressly incorporated by reference into this Prospectus, any website address included in this Prospectus is for information purposes only and is not part of this Prospectus.

Unless otherwise agreed with the Issuer, no person is or has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

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

The Joint Lead Managers (as defined in "*Subscription and Sale*") have not verified the information contained in this Prospectus. The Joint Lead Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained (or incorporated by reference) in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. The Joint Lead Managers do not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each potential purchaser should make its own independent investigation of the financial condition and affairs of and its own approval of the creditworthiness of the Issuer. Each potential purchaser of Notes should determine for itself the relevance of information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Notes of any information coming to their attention.

Neither the Issuer or the Joint Lead Managers nor any of their respective affiliates make any representation as to the suitability of the Notes to fulfil social criteria required by any prospective investors. Neither the Joint Lead Managers nor any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the Eligible Social Assets (as defined in the "*Use of Proceeds*" section of this Prospectus), any verification of whether the Eligible Social Assets meet any eligibility criteria set out in the Group's Green, Social and Sustainability Framework (as defined in the "*Risk Factors – The Notes are 'Social Notes' issued with a specific use of proceeds; the use of proceeds and the Notes may not correspond to investor ESG criteria*" section of this Prospectus) or the monitoring of the use of proceeds (or amounts equal thereto) or the allocation of the proceeds to particular Eligible Social Assets. ISS ESG has been appointed by the Issuer to provide the Second Party Opinion (as defined in the "*Risk Factors – The Notes are 'Social Notes' issued with a specific use of proceeds; the use of proceeds and the Notes may not correspond to investor ESG criteria*" section of this Prospectus). Investors should refer to the Group's Green, Social and Sustainability Framework, the Second Party Opinion and any public reporting by or on behalf of the Issuer in respect of the application of proceeds (each of which are available on the Issuer's website at [www.creditoagricola.pt](http://www.creditoagricola.pt) and which, for the avoidance of doubt, are not incorporated by reference into this Prospectus) for information, however, any information on, or accessible through, the website and the information in the Second Party Opinion or the Group's Green, Social and Sustainability Framework should not be relied upon in connection with making any investment decision with respect to the Notes. Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates make any representation as to the suitability or content of such materials for any purpose whatsoever of any such materials in connection with the offering of the Notes.

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

In the ordinary course of business, the Joint Lead Managers have engaged and may in the future engage in normal banking or investment banking transactions with the Issuer and its affiliates or any of them.

Neither the delivery of this Prospectus nor the offering, placing, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement; (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

#### OFFER RESTRICTIONS

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are not being offered or sold except to non-U.S. persons in offshore transactions in reliance on Regulation S thereunder. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PRIIPs Regulation / Prohibition of sales to EEA retail investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and it does not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA, Portugal, Italy, the UK and Singapore.

**Singapore SFA Product Classification** – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as amended and modified from time to time (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## STABILISATION

**IN CONNECTION WITH THE ISSUE OF THE NOTES, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK AS STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES 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 NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## GENERAL

Amounts payable under the Notes may be calculated by reference to the euro interbank offered rate ("EURIBOR"), which is provided by the European Money Markets Institute ("EMMI") (as administrator

of EURIBOR). As at the date of this Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011.

## FORWARD-LOOKING STATEMENTS

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

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

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

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

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Historical Financial Information

The historical financial information incorporated by reference in this Prospectus has been prepared in accordance with the International Financial Reporting Standards (the "IFRS"), as adopted by the European Union and issued by the International Accounting Standards Board. The historical financial information presented in this Prospectus consists of audited consolidated financial information of the Group for the financial periods ended 31 December 2021 and 31 December 2022 and the unaudited interim consolidated financial statements of the Group for the three month periods ended 31 March 2023 (the "**Q1 2023 Interim Financial Statements**") (which includes for comparison purposes, the consolidated income statement for the three month period ended 31 March 2022) (together, the "**Historical Financial Information**").

A disclosure for the impact of IFRS 17 (Insurance Contracts) can be found in the risk factors section of this Prospectus (See: "*Risk Factors - Changes to accounting standards may materially adversely affect the Group's statutory financial results*").

### Alternative Performance Measures

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

The Group believes that the inclusion of APMs, when considered in conjunction with measures reported under IFRS, is useful to investors because it provides a basis for measuring the Group's performance in the periods presented and enhances investors' overall understanding of the Group's financial performance. APMs should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS.

As used in this Prospectus, the following terms have the following meanings and references to certain line items shall be as to as presented in the Historical Financial Information. If the following terms do not refer to a line item, the respective note has been indicated:

<b>Designation</b>	<b>Definition</b>
<b>Income Statement</b>	
<b>Net interest income</b>	Comprises "Interest income" less "(Interest expenses)".
<b>Net fees and commissions</b>	Comprises "Fee and commission income" less "(Fee and commission expenses)".
<b>Net trading income</b>	Corresponds to the sum of "Dividend income", "Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net", "Gains or (-) losses on financial assets and liabilities held for trading, net", "Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net", "Gains or (-) losses on financial assets and liabilities stated at fair value through profit or loss, net" ("Gains or (-) losses on financial assets and liabilities stated at fair value through profit or loss, net", as in 2021), "Gains or (-) losses from hedge accounting, net", "Foreign Exchange differences [gain or (-) loss], net" ("Exchange differences [gain or (-) loss], net", as in 2021) and "Gains or (-) losses on derecognition of non- financial assets, net value" ("Gains or (-) losses on derecognition of non financial assets other than held for sale, net" as in 2021).
<b>Other net operating income</b>	Corresponds to the sum of "Other operating income", plus "(Other operating expenses)" and plus "(Cash contributions to resolution funds and deposit guarantee schemes)".

<b>Designation</b>	<b>Definition</b>
<b>Operating income</b>	Corresponds to the sum of "Total operating income, net" deducted from "Cash contributions to resolution funds and deposit guarantee schemes".
<b>Operating costs</b>	Comprises "(Staff expenses)", "(Other administrative expenses)" and "(Depreciation/Amortisation)".
<b>Impairment and provisions for the period</b>	Comprises "(Provisions or (-) reversal of provisions)", "(Impairments or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)" and "(Impairment or (-) reversal of impairment on non-financial assets)".
<b>Gain and losses in other assets</b>	Corresponds to the sum of: "Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method" ("Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associated accounted for using the equity method" as in 2021) plus "Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations".
<b>Net income</b>	Corresponds to "Profit or (-) Loss for the year attributable to owners of the parent".
<b>Balance sheet</b>	
<b>Total Loans and advances portfolio (gross) to customers</b>	Corresponds to the sum of "Total Credit Portfolio", excluding the "Accumulated impairment – Total Credit Portfolio", as mentioned in Note 10.2 of 2022's annual report and March 2023's report ("Financial assets at amortised cost" - "Loans and Advances"), respectively, plus the total of "Certified", as mentioned in Note 10.1 of 2022's annual report and March 2023's report ("Financial assets at amortized cost – "Debt Securities"). Corresponds to "loan portfolio".
<b>Customer deposits</b>	Corresponds to the sum of total of "Deposits", excluding "Loans – Banco de Portugal", "Loans to Other credit institutions", "Interest – Banco de Portugal", and "Interest–payable - of which Other credit institutions", as mentioned in Note 18 "Financial liabilities measured at amortised cost" of 2021's and 2022's annual report and March 2023's report. Corresponds to "Customer funds on the balance sheet".
<b>Loans and advances to customers (net)</b>	Corresponds to the sum of "Total Credit Portfolio", as mentioned in Note 10.2 ("Financial assets at amortised cost" - "Loans and Advances") of 2021's and 2022's annual report and March 2023's report, respectively, plus the sum of total "Certified" and "Accumulated impairment – Certified", as mentioned in Notes 10.2 ("Financial assets at amortised cost" - "Debt Securities") of 2021's and 2022's annual report and March 2023's report.
<b>Securities portfolio</b>	Corresponds to the sum of "Financial assets held for trading – Debt securities", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost – Debt Securities" excluding "Accumulated impairment – Debt instruments" and the total "Certified" with "Accumulated impairment – Certified", as mentioned in Note 10.1 ("Financial assets at amortised cost" - Debt Securities") of 2021's and 2022's annual report and March 2023's report.
<b>Accumulated impairment and provisions</b>	Corresponds to the sum of "Accumulated impairment – Debt instruments" (Note 10.1 "Financial assets at amortised cost – Debt Securities" of 2021's and 2022's annual report and March 2023's report), "Accumulated impairment – certified" (Note 10.1 "Financial assets at amortised cost – Debt Securities" of 2021's and 2022's annual report and March 2023's report), "Accumulated impairment – Total Credit portfolio" (Note 10.2 "Financial assets at amortised cost – "Loans and Advances" of 2021's and 2022's annual report and March 2023's report), "Impairment – Other assets" (Note 16 "Other assets" of 2021's and 2022's annual

<b>Designation</b>	<b>Definition</b>
	report and March 2023's report), "Impairment – Impairment of real estate properties", "Impairment – Impairment of equipment and other assets" (Note 17 "Non-current assets and disposal groups classified as held for sale" of 2021's and 2022's annual report and March 2023's report) and "Investment impairments" (Note 10.2 "Financial assets at amortised cost – Loans and Advances" of 2021's and 2022's annual report and March 2023's report).
<b>Accumulated impairment and provisions of which: Accumulated impairment of credit</b>	Corresponds to the sum of "Accumulated impairment – "Total Credit Portfolio" (Note 10.2 "Financial assets at amortised cost" - "Loans and Advances" of 2021's and 2022's annual report and March 2023's report) and sum of total "Accumulated impairment – certified" (Note 10.1 "Financial assets at amortised cost" - "Debt Securities" of 2021's and 2022's annual report and March 2023's report).
<b>Off balance sheet customers funds</b>	Off balance sheet funds corresponds to assets under management and value of mathematical provisions and financial liabilities of insurance contracts considered for accounting purposes as insurance contracts subscribed by customers.
<b>Customer funds</b>	Customer funds on and off balance sheet.
<i>Asset Quality</i>	
<b>NPL</b>	Non-performing loans definition, under the Article 178 of Regulation (EU) No 575/2013, includes: Credit past due more than 90 days with materiality criteria as specified in the relevant EBA RTS 2016/06; All transactions with clients who have shown at least 3 evidences/ indicators of unlikeliness to pay; Insolvent clients/ expected to become insolvent; Forborne exposures that have second or more amendments to the contracts; Forborne exposures with amounts more than 30 days past due during the probation period; Urgent restructuring; Quarantine period of 12 months for the credits that are in default by forborne exposures criteria (the existence of contract terms that extend the repayment period, such as grace period for the principal, are added to the quarantine period in default); Quarantine period of 3 months for the remaining loans; and all exposures to a debtor (on-balance and off-balance) with on-balance past due by more than 90 days that account for more than 20 per cent. of the on-balance total.
<b>NPL ratio</b>	Non-performing loans divided by loans and advances portfolio to customers excluding central banks (gross).
<b>Overlay</b>	In 2022, a provision of 9.4 million euros was created at the consolidated level to accommodate expected impacts of decree-law 80-A/2022 (mortgages) and risk deterioration on exposures more sensitive to macroeconomic adverse conditions (loans to non-financial corporations).
<b>NPL coverage by loan loss reserves</b>	Loan loss reserves divided by non-performing loans.
<b>NPL coverage by NPL impairments</b>	Non-performing impairment divided by non-performing loans.
<b>NPL coverage by NPL impairments and collaterals</b>	Total of non-performing impairment and associated collaterals divided by non-performing loans.
<b>NPL coverage by NPL impairments and collaterals (FINREP)</b>	Non-performing impairment and associated collaterals, applying haircuts and recovery costs to the collateral, limited by the exposure of each contract, divided by non-performing loans.
<b>Texas ratio</b>	Non-performing loans divided by the sum of common equity tier 1 and the impairment stock.



<b>Designation</b>	<b>Definition</b>
<b>Cost of risk</b>	Impairments of Assets at amortised cost related to loans and certified/commercial paper (excluding impairment from interest income of stage 3 contracts), ("Top-ups" plus "Write-backs & annulments", divided by Total Loans and advances portfolio (gross) to customers in the period.
<i>Capital and liquidity</i>	
<b>CET 1 Capital Ratio</b>	CET1 capital expressed as a percentage of the total risk exposure amount.
<b>Total capital ratio</b>	Total own funds expressed as a percentage of the total risk exposure amount.
<b>Leverage ratio</b>	Tier 1 capital expressed as a percentage of the total exposure measure.
<b>Loan to deposit ratio</b>	Loans and advances to customers (net) divided by customer deposits.
<b>Liquidity Coverage Ratio (LCR)</b>	Liquidity buffer divided by the net liquidity outflows over a 30 calendar day stress period.
<b>Net Stable Funding Ratio (NSFR)</b>	The available stable funding amount to the required stable funding over a one-year horizon. The net stable funding ratio requirement is the ratio of an institution's amount of available stable funding to its amount of required stable funding over a one-year horizon. The amount of available stable funding should be calculated by multiplying the institution's liabilities and own funds by appropriate factors that reflect their degree of reliability over the one-year horizon. The amount of required stable funding should be calculated by multiplying the institution's assets and off-balance-sheet exposures by appropriate factors that reflect their liquidity characteristics and residual maturities over the same one-year horizon. The NSFR should be expressed as a percentage and set at a minimum level of 100 per cent., which indicates that an institution holds sufficient stable funding to meet its funding needs over that one-year horizon under both normal and stressed conditions.
<b>Solvency ratios, excluding net income</b>	Own funds, excluding net income, expressed as a percentage of the total risk exposure amount.
<b>Leverage ratio, excluding net income</b>	Own funds, excluding net income, expressed as a percentage of the total exposure.
<b>Solvency capital requirement (SCR) ratio</b>	Insurance company own funds divided by solvency capital requirement coverage level.
<i>Efficiency and Profitability</i>	
<b>Cost-to-income</b>	Cost-to-income corresponds to Operating costs divided by Operating Income.
<b>ROA</b>	"Profit or (-) Loss for the year" multiplied by 12 months and divided by number of months of the period divided by the average of "Total assets" (average between the amount in the beginning and in end of the period).
<b>ROE</b>	"Profit or (-) Loss for the year" multiplied by 12 months and divided by number of months of the period divided by the average of "Total equity" (average between the amount in the beginning and in end of the period).

### *Currency Presentation*

Unless otherwise indicated, all references in this Prospectus to "€" or "euro" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. The Issuer prepares its financial statements in euro.

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in euro.

### **Roundings**

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

### **Definitions**

The Issuer, the 71 mutual agricultural credit banks (*Caixas de Crédito Agrícola Mútuo*) with a local scope of activity that are permanently affiliated to the Issuer, and that hold the entirety of its share capital, in accordance with Portuguese law (the "**Associated Caixas**") and the companies (irrespective of their corporate legal form) that are directly or indirectly controlled by the Issuer and its Associated Caixas (which engage in activities that are supplementary or ancillary to theirs, notably insurance activities in the life business and non-life business, asset management, investment in venture capital, holding and management of the Group's assets, provision of information technology and other shared services, amongst others) as listed in the section "*Group Companies*" below, including the FACAM (Crédito Agrícola Mútuo Assistance Fund) (the "**Affiliated Companies**") are together referred to in this Prospectus as the "**Group**".

## DOCUMENTS INCORPORATED BY REFERENCE

The following information which has previously been published and has been submitted to and filed with the Central Bank shall be incorporated in, and form part of, this Prospectus:

- (1) the audited annual consolidated financial statements of the Group and related audit report for the financial year ended 31 December 2022, which can be found on pages 145 – 353 and pages 354 – 366 of the Group's 2022 Annual Report (which can be viewed online at <https://www.creditoagricola.pt/-/media/460727af51324bc48f3a7328b057da5c.pdf>);
- (2) the audited annual consolidated financial statements of the Group and related audit report for the financial year ended 31 December 2021, which can be found on pages 120– 330 and pages 331 – 343 of the Group's 2021 Annual Report (which can be viewed online at <https://www.creditoagricola.pt/-/media/210250d8967343098e40638acd33f674.pdf>); and
- (3) the unaudited interim consolidated financial statements of the Group for the three months ended 31 March 2023 (which can be viewed online at <https://www.creditoagricola.pt/-/media/6978228591b6416aaf6c9df552d5e306.pdf>) and the related audit report and notes thereon for the three months ended 31 March 2023 (which can be viewed online at <https://www.creditoagricola.pt/-/media/8204e528772941219dea5eeea6a4f729.pdf>).

Copies of documents incorporated by reference in this Prospectus can be obtained, upon request and free of charge, from the registered office of the Issuer. Other than the documents referred to above, none of the contents of the Issuer's website, any websites referred to in this Prospectus nor any website directly or indirectly linked to these websites form part of this Prospectus.

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

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes.*

The issue of the €200,000,000 8.375 per cent. Fixed/Floating Rate Callable Senior Preferred Notes due 2027 (the "**Notes**") of Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L. (the "**Issuer**") was authorised by a resolution of the General Assembly of the Issuer dated 20 May 2023, by a resolution of the General and Supervisory Board of the Issuer dated 2 May 2023, and by three resolutions of the Executive Board of Directors of the Issuer dated 20 April 2023, 4 May 2023 and 15 June 2023, respectively. The Notes are governed by these terms and conditions (the "**Conditions**") and a deed poll given by the Issuer in favour of the Holders dated 4 July 2023 (the "**Instrument**"). The Notes also have the benefit of an agency agreement dated 4 July 2023 (such agency agreement as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") entered into in relation to the Notes between the Issuer, Deutsche Bank AG, London Branch, with its specified office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, as initial principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor thereto) and initial agent bank (the "**Agent Bank**") and Deutsche Bank Aktiengesellschaft – Sucursal em Portugal, with its specified office at Rua Castilho, 20, 1250-069 Lisbon, Portugal, as paying agent (the "**Portuguese Paying Agent**", which expression shall include any successor thereto, and together with the Principal Paying Agent and any other paying agent as may be nominated under the Paying Agency Agreement from time to time, the "**Paying Agents**", each a "**Paying Agent**"). The Holders are entitled to the benefits of, bound by, and are deemed to have notice of, all the provisions of the Instrument and the Agency Agreement applicable to them. Copies of the Instrument and the Agency Agreement are available for inspection by Holders during normal business hours at the registered office of the Issuer. For the avoidance of doubt, there is no negative pledge provision in these Conditions.

Words and expressions defined in the Instrument or the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Agency Agreement and the Instrument, the Instrument will prevail and that in the event of any inconsistency between the Agency Agreement or the Instrument and the Conditions, the Conditions will prevail.

### 1. Form, Denomination, Title and Transfer

The Notes are issued in denominations of €100,000. The Notes are issued in dematerialised book-entry form (*forma escritural*) and are registered (*nominativas*) and constituted by registration in individual securities accounts ("**Securities Accounts**"). The Notes are registered with the Central de Valores Mobiliários (the "**CVM**"), a Portuguese Securities Centralised System managed and operated by *Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* ("**Interbolsa**"). Each person shown in the individual Securities Accounts held with an Affiliate Member of Interbolsa as having an interest in the Notes shall be considered the Holder of the principal amount of Notes recorded therein. Title to the Notes passes upon registration in the relevant individual Securities Accounts held with an Affiliate Member of Interbolsa. Any Holder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in respect of it) and no person will be liable for so treating the Holder.

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

### 2. Status

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

### 3. Ranking

#### (a) Winding-Up

The Issuer and, by virtue of its holding of any Note or any beneficial interest therein, each Holder acknowledge and agree that if a Winding-Up occurs, the rights and claims of the

Holders against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon, Additional Amounts and any damages awarded for breach of any obligations in respect of such Note, provided however that such rights and claims shall rank:

- (i) *pari passu* among themselves and with any other Senior Higher Priority Liabilities; and
- (ii) senior to (i) Senior Non Preferred Liabilities and (ii) all present and future subordinated obligations and all classes of share capital of the Issuer.

(b) Set-Off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Instrument and each Holder shall, by virtue of their holding of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up, the liquidator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

4. Interest Payments

(a) Interest Rate

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

During the Initial Fixed Rate Interest Period, interest shall be payable on the Notes annually in arrear on each Interest Payment Date and, in respect of each full Interest Period up to the Reset Date, shall amount to €8,375 per Calculation Amount, and thereafter interest shall be payable on the Notes quarterly in arrear on each Interest Payment Date, in each case as provided in this Condition 4.

Where it is necessary to compute an amount of interest in respect of any Note during the Initial Fixed Rate Interest Period for a period which is less than a year, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

Interest shall accrue on the Notes in respect of all Interest Periods (and any other period in respect of which interest may fall to be calculated) commencing on or after the Reset Date on the basis of a day-count fraction equal to the actual number of days elapsed in the relevant period divided by 360.

(b) Interest Accrual

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 5(a), (c), (d) or (e) or the date of substitution thereof pursuant to Condition 5(f), as the case may be, unless payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount

shall, save as provided in Condition 4(a) in relation to payments of Interest for each Interest Period up to the Reset Date, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 4(a) for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(c) Initial Fixed Interest Rate

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 8.375 per cent. per annum (the "**Initial Fixed Interest Rate**").

(d) Floating Interest Rate

From and including the Reset Date, the Notes will bear interest at the applicable Floating Interest Rate. The Floating Interest Rate in respect of each Interest Period commencing on or after the Reset Date will be determined by the Agent Bank on the basis of the following provisions:

- (i) On each Interest Determination Date, the Agent Bank will determine the offered rate (expressed as a rate per annum) for 3-month deposits in euro as at 11 a.m. (Central European time) on such Interest Determination Date, as displayed on Reuters Page EURIBOR01. The Floating Interest Rate for the relevant Interest Period shall be such offered rate as determined by the Agent Bank plus the Margin.
- (ii) If such offered rate does not so appear, or if Reuters Page EURIBOR01 is unavailable, the Agent Bank will, on such date, request the principal Eurozone office of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks in the Eurozone interbank market for 3-month deposits in euro at approximately 11 a.m. (Central European time) on the Interest Determination Date in question in an amount that is representative for a single transaction in the market at that time. If at least two of the Reference Banks provide the Agent Bank with such offered quotations, the Floating Interest Rate for the relevant Interest Period shall be the rate determined by the Agent Bank to be the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of such offered quotations plus the Margin.
- (iii) If on any Interest Determination Date to which the provisions of paragraph (ii) above apply, one only or none of the Reference Banks provides the Agent Bank with such a quotation, the Floating Interest Rate for the relevant Interest Period shall be the rate which the Agent Bank determines to be the aggregate of the Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the euro lending rates which leading banks in the Eurozone selected by the Agent Bank are quoting, at approximately 11 a.m. (Central European time) on the relevant Interest Determination Date, to leading banks in the Eurozone for a period of 3 months in an amount that is representative for a single transaction in the market at that time, provided that if the applicable Floating Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the relevant Floating Interest Rate shall be determined by the Agent Bank as the rate applicable at the last preceding Interest Determination Date or if there has not been a first Interest Payment Date after the Reset Date, the Floating Interest Rate shall be determined using the rate last displayed on Reuters Page EURIBOR01 plus the Margin.

(e) Floating Interest Rate and Calculation of Floating Interest Amounts

The Agent Bank will, as soon as practicable after 11 a.m. (Central European time) on each Interest Determination Date, determine the Floating Interest Rate in respect of the relevant Interest Period and calculate the amount of interest which is payable in respect of a Calculation Amount on the Interest Payment Date for that Interest Period (the "**Floating**

**Interest Amounts**"). The determination of the applicable Floating Interest Rate and the amount of interest which is payable per Calculation Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) Publication of Floating Interest Rate and Floating Interest Amounts

The Agent Bank shall cause notice of the Floating Interest Rate determined in accordance with this Condition 4 in respect of each relevant Interest Period, the Floating Interest Amounts per Calculation Amount and the relevant date scheduled for payment to be given to the Issuer, the Principal Paying Agent (if a different entity to the Agent Bank) and the Portuguese Paying Agent, if required by the rules of any stock exchange or other relevant authority on or by which the Notes are listed or admitted to trading from time to time, such stock exchange or other authority without undue delay and, in accordance with Condition 11, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth T2 Business Day thereafter.

The Floating Interest Amounts and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions. If the Notes become due and payable pursuant to Condition 7(a), the accrued interest per Calculation Amount and the Floating Interest Rate payable, as applicable, in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4 but no publication of the Floating Interest Rate or the amount of interest payable per Calculation Amount so calculated need be made.

(g) Agent Bank and Reference Banks

Whenever a function expressed in these Conditions to be performed by the Agent Bank and Reference Banks falls to be performed, the Issuer will maintain an Agent Bank and (if required) the number of Reference Banks provided below where the Floating Interest Rate is to be calculated by reference to them.

The Issuer may from time to time replace the Agent Bank or any Reference Bank with another leading investment, merchant or commercial bank or financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Floating Interest Rate in respect of any Interest Period as provided in Condition 4(d) or calculate the Floating Interest Amounts, the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution in the Eurozone to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid. A Reference Bank may not be the Issuer or any of its affiliates.

(h) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Paying Agents and all Holders and (in the absence of wilful default or negligence) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) Benchmark Discontinuation

(i) Independent Adviser

Notwithstanding the foregoing, if a Benchmark Event occurs in relation to the Original Reference Rate when any Floating Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall notify the Agent Bank and the Paying Agents of the occurrence of such Benchmark Event and use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor

Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(iv)), provided that such appointment need not be made earlier than 30 days prior to the first date on which the Original Reference Rate is to be used to determine any Floating Interest Rate (or any component part thereof). In making such determination, the Independent Adviser appointed pursuant to this Condition 4(i) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent Bank, any Paying Agent, or the Holders for any determination made by it, pursuant to this Condition 4(i).

If (a) the Issuer is unable to appoint an Independent Adviser; or (b) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(i)(i) prior to the date which is 10 T2 Business Days prior to the relevant Interest Determination Date, the Floating Interest Rate applicable to the next succeeding Interest Period shall be equal to the Floating Interest Rate last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date after the Reset Date, the Floating Interest Rate shall be determined using the Original Reference Rate last displayed on Reuters Page EURIBOR01 plus the Margin. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(i)(i).

Notwithstanding any other provision of this Condition 4(i), if in the Agent Bank's or the Paying Agents' (as applicable) opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4, the Agent Bank or the Paying Agent (as applicable) shall promptly notify the Issuer thereof and the Issuer shall direct the Agent Bank or the Paying Agent (as applicable) in writing as to which alternative course of action to adopt. If the Agent Bank or the Paying Agent (as applicable) is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Agent Bank or the Paying Agent (as applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

For the avoidance of doubt, for the period that the Agent Bank remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest (or any component part thereof), the Original Reference Rate and the fallback provisions provided for in Condition 4 will continue to apply.

(ii) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

- (A) there is a Successor Rate, then such Successor Rate and any applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Floating Interest Rate (or the relevant component part thereof), subject to the subsequent operation of this Condition 4(i); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and any applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Floating Interest Rate (or the relevant component part thereof), subject to the subsequent operation of this Condition 4(i).



(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be), subject to the subsequent operation of this Condition 4(i). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

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

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

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) prejudice the qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations or (ii) result in the Relevant Regulator treating the next Interest Payment Date or the Reset Date, as the case may be, as the effective maturity of the Notes, rather than the maturity date of the Notes for the purposes of qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations.

Notwithstanding any other provision of this Condition 4(i), none of the Agent Bank, the Principal Paying Agents or the Portuguese Paying Agent shall be obliged to concur with the Issuer in respect of any Benchmark Amendments which, in the sole opinion of the Agent Bank, the Principal Paying Agents or the Portuguese Paying Agent (as applicable), would have the effect of increasing the obligations or duties, or decreasing the rights or protections, of the Agent Bank, the Principal Paying Agent or the Portuguese Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

None of the Principal Paying Agent, the Portuguese Paying Agent or the Agent Bank shall be responsible or liable for any action or inaction of the Independent Adviser or in respect of the determination of any Successor Rate or Alternative Rate, or any Adjustment Spread or Benchmark Amendments.

(v) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified at least 10 T2 Business Days prior to the relevant Interest Determination Date by the Issuer to the Agent Bank and the Paying Agents. In accordance with Condition 11, notice shall be provided to the Holders promptly thereafter. Such

notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

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

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

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

- (vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(i)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(d) will continue to apply unless and until a Benchmark Event has occurred.

## 5. Redemption, Substitution, Variation and Purchase

- (a) Final Redemption

Unless previously redeemed or purchased and cancelled or (pursuant to Condition 5(f)) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on the Interest Payment Date falling on, or nearest to, 4 July 2027. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

- (b) Conditions to Redemption, Substitution or Variation, and Purchase

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

- (i) the Issuer obtaining prior Regulatory Permission therefor;
- (ii) in the case of any substitution or variation, such substitution or variation being permitted by, and conducted in accordance with, any other applicable requirement of the Relevant Regulator or under the Loss Absorption Regulations at such time; and
- (iii) such redemption, substitution, variation or purchase complying with Applicable Banking Regulations or Loss Absorption Regulations, as applicable.

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

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Loss Absorption Regulations permit the redemption, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 5(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 5 (other than a redemption pursuant to Condition 5(c)), the Issuer shall deliver to the Principal Paying Agent (with a copy to the Portuguese Paying Agent) to make available at its registered office to the Holders a copy of a certificate signed by two members of the Executive Board of Directors of the Issuer stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Loss Absorption Compliant Notes comply with the definition thereof in Condition 16 and, in the case of a redemption pursuant to Condition 5(d) only, an opinion from a nationally recognised law firm or other nationally recognised tax adviser in Portugal, to the effect that the relevant requirement or circumstance referred to in any of paragraphs (a) to (c) (inclusive) of the definition of "Tax Event" applies.

(c) Issuer's Call Options

- (i) *Optional Redemption Option*: Subject to Condition 5(b), the Issuer may, by giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 11 and the Paying Agents (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem all, but not some only, of the Notes on the Reset Date at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.
- (ii) *Clean-Up Call*: Subject to Condition 5(b), if at any time after the Issue Date 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 12 will be deemed to have been originally issued) has been purchased and cancelled, then the Issuer may, at its option, and having given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 11 and the Paying Agents (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the remaining Notes in whole, but not in part, at any time at an amount equal to their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

(d) Redemption Due to Tax Event

If, prior to the giving of the notice referred to in this Condition 5(d), a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 5(b) and having given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 11 and the Paying Agents (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

(e) Redemption Due to Loss Absorption Disqualification Event

If, prior to the giving of the notice referred to in this Condition 5(e), a Loss Absorption Disqualification Event has occurred and is continuing, then the Issuer may, subject to Condition 5(b) and having given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 11 and the Paying Agents (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount,

together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

(f) Substitution or Variation

If a Tax Event or a Loss Absorption Disqualification Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 14(d), then the Issuer may, subject to Condition 5(b) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 11 and the Paying Agents (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the Reset Date) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes and may make any consequential amendments to the Instrument and the Agency Agreement. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 5(f), as the case may be and make any consequential amendments to the Instrument and the Agency Agreement.

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

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

(g) Purchases

The Issuer may, subject to Condition 5(b), purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders.

(h) Cancellation

All Notes redeemed or substituted by the Issuer pursuant to this Condition 5 will forthwith be cancelled in accordance with the applicable regulations of Interbolsa. All Notes purchased by or on behalf of the Issuer may, subject to obtaining any Regulatory Permission therefor (if applicable), be held, reissued, resold or, at the option of the Issuer, cancelled in accordance with the applicable regulations of Interbolsa.

6. Payments

(a) Method of Payment

Payments in respect of the Notes will be made by transfer to the accounts of the relevant Affiliate Member(s) of Interbolsa in which the Notes are registered, details of which appear in the records of the relevant Affiliate Member of Interbolsa at close of business on the T2 Business Day before the due date for payment of principal and/or interest.

If the due date for payment of any amount in respect of any Note is not a T2 Business Day, the Holder shall not be entitled to payment of the amount due until the next succeeding T2 Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

(b) Payments Subject to Laws

Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged by the Issuer to the Holders in respect of such payments.

7. Default

(a) Default

(i) If the Issuer does not make payment in respect of the Notes for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Instrument and the Notes and a Holder may notwithstanding the provisions of Condition 7(b), institute proceedings for the winding-up of the Issuer.

(ii) In the event of a Winding-Up of the Issuer (whether or not instituted by a Holder pursuant to the foregoing), a Holder may prove and/or claim in such Winding-Up of the Issuer, such claim being as contemplated in Condition 3(a). If a Winding-Up occurs, then any Holder may give notice to the Issuer and to the Paying Agents at their respective registered offices, effective upon the date of receipt thereof by the Issuer, that the Notes held by such Holder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable together with accrued and unpaid interest.

(b) Enforcement

Without prejudice and subject to Condition 7(a), and in accordance with and to the extent permitted by then applicable law, a Holder may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Instrument or the Notes (other than any payment obligation of the Issuer under or arising from the Instrument or the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions or the Instrument. Nothing in this Condition 7(b) shall, however, prevent a Holder from instituting proceedings for the winding-up of the Issuer (in accordance with and to the extent permitted by applicable law at the relevant time) and/or proving and/or claiming in any Winding-Up of the Issuer in respect of any payment obligations of the Issuer arising from the Notes and the Instrument (including any damages awarded for breach of any obligations) in the circumstances provided in Conditions 3(a) and 7(a).

(c) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 7, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Instrument, the Notes or in respect of the Agency Agreement or any breach by the Issuer of any of its other obligations under or in respect of the Instrument, the Notes or under the Agency Agreement.

8. Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied,

collected, withheld or assessed by the Relevant Jurisdiction or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (a) held by a recipient which is not the ultimate beneficial owner of the income arising from such Note or presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment; or
- (b) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of their having some connection with the Relevant Jurisdiction other than a mere holding of such Note; or
- (c) held by, or by a third party on behalf of, a Holder who could lawfully prevent (but has not so prevented) such deduction or withholding by complying or procuring that any third party complied with any statutory requirements or by making or procuring that any third party made a declaration of non-residence or other similar claim for exemption to any applicable tax authority; or
- (d) held by, or by a third party on behalf of, an entity resident for income tax purposes in a country, territory or region subject to a clearly more favourable tax regime, as listed in the Ministerial Order no. 150/2004, of 13 February 2004, issued by the Portuguese Minister of Finance and Public Administration (as amended), or legislation replacing it, unless a Double Tax Convention or a Tax Information Exchange Agreement entered into between such country, territory or region and Portugal is in force at the time the interest becomes due and payable; or
- (e) presented for payment by or on behalf of, a Holder in respect of whom the information and documentation (which may include certificates) required in order to comply with the special regime approved by Decree-Law No. 193/2005, of 7 November 2005 as amended from time to time, and any implementing legislation, is not received; or
- (f) to, or to a third party on behalf of, a Holder in respect of whom the documentation required to certify the tax residence, pursuant to the conditions set forth in Decree-Law No. 193/2005, of 7 November 2005, as amended, and accessory regulations, or legislation replacing it, is not provided within 30 days after the Relevant Date.

References in these Conditions to interest shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 8.

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

9. Prescription

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

10. Meetings of Holders, Modification and Waiver

(a) Meetings of Holders

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

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, inter alia, the provisions regarding ranking referred to in Condition 3, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or the Interest Rate or varying the method of calculating the Interest Rate) the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding.

The agreement or approval of the Holders shall not be required (i) in the case of any substitution or variation of the Notes required to be made in the circumstances described in Condition 5(f) in connection with the substitution of the Notes for, or variation of the terms of the Notes so that they remain, or as appropriate become, Loss Absorption Compliant Notes or (ii) in the case of any variation of these Conditions, the Instrument or the Agency Agreement required to be made in the circumstances described in Condition 4(i).

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

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

(b) Modification of the Notes

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

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

(c) Notices

Any such modification shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 11 as soon as practicable thereafter.

11. Notices

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

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The Issuer shall also comply with the requirements of Interbolsa and of Portuguese law generally in respect of notices relating to the Notes.

As at the Issue Date, notices are required to be (i) published on the website of Euronext Dublin and (ii) delivered to Interbolsa for communication to its Affiliate Members.

12. Further Issues

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

13. Agents

The names of the Principal Paying Agent, the Agent Bank and the Portuguese Paying Agent and their specified offices are set out in the preamble to these Conditions. Any Principal Paying Agent, Agent Bank or Portuguese Paying Agent does not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Agent Bank or the Portuguese Paying Agent and to appoint replacement agents, provided that it will:

- (a) at all times maintain a Principal Paying Agent;
- (b) at all times maintain a Portuguese Paying Agent in Portugal capable of making payment in respect of the Notes as contemplated by these terms and conditions of the Notes, the Agency Agreement and applicable Portuguese laws and regulations; and
- (c) whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the registered offices of the Principal Paying Agent, Agent Bank or Portuguese Paying Agent will be given to the Holders in accordance with Condition 11. If any of the Principal Paying Agent, the Agent Bank or the Portuguese Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions, the Issuer shall appoint an independent financial institution to act as such in its place. All calculations and determinations made by the Principal Paying Agent, the Agent Bank or the Portuguese Paying Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Principal Paying Agent, the Agent Bank, the Portuguese Paying Agent and the Holders.

14. Governing Law and Jurisdiction

(a) Governing Law

The Instrument, the Agency Agreement, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, save that (i) the provisions of Condition 1 relating



to the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, (ii) the provisions of Condition 2 relating to the status of the Notes, (iii) the provisions of Condition 3 relating to the ranking of the Notes and (iv) Condition 14(d) are, in each case, governed by, and shall be construed in accordance with, the laws of Portugal.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Instrument, the Agency Agreement or the Notes (other than the provisions of (i) Condition 1 relating to the form and transfer of the Notes, creation of security over the Notes, and the Interbolsa procedures for the exercise of rights under the Notes, (ii) the provisions of Condition 2 relating to the status of the Notes, (iii) the provisions of Condition 3 relating to the ranking of the Notes and (iv) Condition 14(d) (together the "**Excluded Matters**"), in respect of which the courts of Portugal shall have jurisdiction) and accordingly any legal action or proceedings arising out of or in connection with the Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer has in the Instrument irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (other than in respect of Excluded Matters) and to the jurisdiction of the courts of Portugal in respect of any Proceedings relating to Excluded Matters.

(c) Service of Process

The Issuer has in the Instrument irrevocably appointed TMF Global Services (UK) Limited of 8th Floor, 20 Farringdon Street, London EC4A 4AB, United Kingdom as agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(d) Acknowledgement of Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 14(d), includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

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

- (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
- (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes, in which case the Holder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;
- (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; or
- (D) the amendment or alteration of the maturity date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

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

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

None of the events referred above with respect to the Notes will be an event of default.

Upon the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Holders in accordance with Condition 11 as soon as practicable regarding such exercise of the Statutory Loss Absorption Powers but any failure to provide such notice shall not affect the validity or enforceability of such exercise of the Statutory Loss Absorption Powers nor its effects on the Notes.

15. Contracts (Rights of Third Parties) Act 1999

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

16. Definitions

In these Conditions:

**"Additional Amounts"** has the meaning given to it in Condition 8;

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

- (a) in the case of a Successor Rate, formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (b) as determined by the Independent Adviser, customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied)
- (c) as determined by the Independent Adviser, recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

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

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

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

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(i)(ii), and which is notified to the Agent Bank and the Paying Agent, that is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in euro.

**"Applicable Banking Regulations"** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Portugal and applicable to the Issuer, including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Regulator or Relevant Resolution Authority and/or any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union.

**"Article 8-A"** means Article 8-A of Decree-Law 199/2006 of 25 October 2006, as amended or superseded (including by Law 23/2019 of 13 March 2019, which implemented Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017, and by Law 23-A/2022, of 9 December 2022, which implemented Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019);

**"Benchmark Amendments"** has the meaning given to it in Condition 4(i)(iv);

**"Benchmark Event"** means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 T2 Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (e) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (f) it has become unlawful for any Paying Agent, the Agent Bank, the Issuer or any other party to calculate any payments due to be made to any Holder using the Original Reference Rate,

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

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Paying Agents and the Agent Bank. For the avoidance of doubt, none of the Paying Agents or the Agent Bank shall have any responsibility for making such determination;

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

**"Calculation Amount"** means €100,000 in principal amount;

**"Conditions"** means these terms and conditions of the Notes, as amended from time to time;

**"EEA Regulated Market"** means a market as defined by Article 4.1 (14) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments;

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

**"Euronext Dublin"** means the Irish Stock Exchange plc trading as Euronext Dublin;

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

**"Floating Interest Amounts"** has the meaning given to it in Condition 4(e);

**"Floating Interest Rate"** has the meaning given to it in Condition 4(d);

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

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

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

**"Initial Fixed Interest Rate"** has the meaning given to it in Condition 4(c);

**"Initial Fixed Rate Interest Period"** means the period from (and including) the Issue Date to (but excluding) the Reset Date;

**"Interest Determination Date"** means, in relation to each Interest Period from and including the Interest Period beginning on the Reset Date, the second T2 Business Day prior to the commencement of the relevant Interest Period;

**"Interest Payment Date"** means (i) in respect of the period from the Issue Date to (and including) the Reset Date, 4 July in each year, starting on (and including) 4 July 2024 and (ii) after the Reset Date, 4 October, 4 January, 4 April and 4 July in each year, starting on (and including) 4 October 2026, provided that if any Interest Payment Date after the Reset Date would otherwise fall on a day which is not a T2 Business Day, it shall be postponed to the next day which is a T2 Business Day;

**"Interest Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

**"Interest Rate"** means the Initial Fixed Interest Rate and/or the Floating Interest Rate, as the case may be;

**"Issue Date"** means 4 July 2023, being the date of the initial issue of the Notes;

**"Issuer"** means Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L.;

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

- (a) have terms which are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer)) prior to the issue of the relevant securities or, as appropriate, variation of the Notes, and, subject thereto, which (1) contain terms which comply with the then current Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer's and/or the Group's minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity instruments; (2) provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes; (3) rank *pari passu* with the ranking of the Notes; (4) preserve the obligations (including the obligations arising from

the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (6) shall not preclude the inclusion of any provision analogous to Condition 14(d)); and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (7) shall not preclude the inclusion of any provision analogous to Condition 14(d));

- (b) are (i) listed on the Official List and admitted to trading on the Regulated Market or (ii) listed on such other internationally recognised stock exchange as selected by the Issuer; and
- (c) where the Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation and such rating was solicited by or on behalf of the Issuer, each such Rating Agency has ascribed, or announced its intention to ascribe, a published rating to the relevant Loss Absorption Compliant Notes equal to or higher than (i) the solicited published rating of the Notes from the Rating Agency immediately prior to their substitution or variation or (ii) where the solicited published rating of the Notes was, as a result of Condition 14(d) becoming ineffective and/or unenforceable, amended prior to such substitution or variation, the solicited published rating of the Notes from the Rating Agency immediately prior to such amendment, save that this proviso shall not prevent any changes being made to the governing law of Condition 14(d) where such changes are needed to ensure the effectiveness or enforceability of Condition 14(d).

Any change to the governing law of Condition 14(d) in order to ensure the effectiveness or enforceability of Condition 14(d) shall, of itself, be deemed for the purposes of (a) above not to be materially less favourable to an investor.

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

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

**"Margin"** means 4.974 per cent.;

**"Regulated Market"** means Euronext Dublin's EEA Regulated Market;

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

**"Official List"** means the official list of Euronext Dublin;

**"Original Reference Rate"** means the originally-specified benchmark or screen rate (as applicable) used to determine the Floating Interest Rate (or any component part thereof) on the Notes or, if applicable, any other successor or alternative rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of Condition 4(i);

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

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

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

**"Rating Agency"** means Moody's Investors Service España, S.A. (Sociedad Unipersonal) or its successor;

**"Reference Banks"** means five leading banks in the principal interbank market relating to euro selected by the Issuer acting reasonably;

**"Reference Date"** means the later of (i) the Issue Date and (ii) the latest date (if any) on which any further Notes have been issued pursuant to Condition 12;

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

**"Relevant Amounts"** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority;

**"Relevant Date"** means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that such payment will be made, provided that payment is in fact made, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the Winding-Up;

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

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

- (a) the European Commission, the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the European Commission, the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

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

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

**"Reset Date"** means 4 July 2026;

**"Reuters Page EURIBOR01"** means the display page or screen so designated on Reuters (or such other page or screen as may replace that page on that service, or such other service as may be nominated as the information vendor);

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

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

**"Statutory Loss Absorption Powers"** means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (i) the implementation of the BRRD (including but not limited to the General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of December 1992, as amended or superseded (including by any banking activity code that may enter into force)) into Portuguese law and Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) 1093/2010 (as amended, notably by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019) and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

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

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

**"T2"** means the Trans-European Automated Real-time Gross Settlement Express Transfer System operated by the Eurosystem, or any successor or replacement for that system;

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

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

- (a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or
- (b) the Issuer is no longer entitled to claim a deduction in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is materially reduced; or

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

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

**"Tax Law Change"** means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application or official interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment becomes public or becomes effective on or after the Reference Date and was not reasonably foreseeable at the Reference Date; and

**"Winding-Up"** means:

- (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions); or
- (b) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the General Framework for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), established by Decree-Law No. 298/92 of December 1992, as amended or superseded (including by any banking activity code that may enter into force).



## FORM OF THE NOTES

### General

The Notes will be registered through the CVM, managed by Interbolsa, and will be held through a centralised system ('*sistema centralizado*') composed of interconnected Securities Accounts, through which such securities (and inherent rights) are created, held and transferred, and which allows Interbolsa to control at all times the amount of securities so created, held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The CVM will comprise, *inter alia*, (i) the issue account, opened by the Issuer in the CVM and which reflects the full amount of the Notes outstanding from time to time; and (ii) the control accounts opened by each of the Affiliate Members (as defined below) of Interbolsa, and which reflect at all times the aggregate nominal amount of the Notes held by such Affiliate Member by or on behalf of the Holders in individual Securities Accounts. Where used in this Prospectus, the expression "**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with the CVM and includes any banks or financial intermediaries appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding individual Securities Accounts on behalf of Euroclear and Clearstream, Luxembourg.

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

### Form of the Notes

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

Each person shown in the Securities Accounts established in an Affiliate Member of Interbolsa as having title to the Notes shall be treated as the Holder of the principal amount of the Notes recorded therein.

### Payment of principal and interest in respect of Notes

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

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

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

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

On the date on which any payment in respect of the Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa in the T2 current accounts held by the Portuguese Paying Agent and by the relevant Affiliate Members of Interbolsa.

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

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

### **Transfer of the Notes**

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

Each purchaser of Notes and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;
- (ii) it understands that the Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Regulation S, in each case in accordance with any applicable securities laws of any State of the United States; and
- (iii) the Issuer and the Joint Lead Managers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

## USE OF PROCEEDS

An amount equal to the net proceeds from the issue of the Notes will be applied or allocated by the Issuer to finance or re-finance, in whole or in part, loans and investments originated by the Issuer that promote social benefits and that fall within the eligible social asset category set out in the Group's Green, Social and Sustainability Framework ("**Eligible Social Assets**"), as determined by the Issuer in accordance with its Green, Social and Sustainability Framework, which is available on the Group's website (<https://www.creditoagricola.pt/investor-relations-en/debt-issuances/green-social-and-sustainable-framework>) and in effect at the time of issuance of the Notes.

ISS ESG has issued a Second Party Opinion on the Green, Social and Sustainability Framework verifying its credibility, impact and alignment with the International Capital Market Association's Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines (2021). The Second-Party Opinion is available on the Issuer's website at <https://www.creditoagricola.pt/investor-relations-en/debt-issuances/second-party-opinion>.

The Issuer strives to monitor the development of the social bond markets to continually advance its Green, Social and Sustainability Framework. Accordingly, the Group's Green, Social and Sustainability Framework may be updated from time to time to reflect current market practices and an updated or new Second Party Opinion may be obtained within the Issuer's discretion. Holders would not be entitled to vote on such cases. Any amendments to the Group's Green, Social and Sustainability Framework and any new Second-Party Opinion on the Group's Green, Social and Sustainability Framework will be published and will be available on the Issuer's website at the address above.

The Social Bond Allocation and Impact report for the 2022 issue is available on the Issuer's website at [www.creditoagricola.pt/investor-relations-en/debt-issuances/allocation-and-impact-reports](http://www.creditoagricola.pt/investor-relations-en/debt-issuances/allocation-and-impact-reports). The limited assurance engagement issued by Deloitte states that *"Based on the procedures we have performed, nothing has come to our attention that causes us to believe that the "Information" has not been prepared, in all material respects, in accordance with the requirements of sections 2.1. and 2.4. of the Framework"*.

None of the Group's Green, Social and Sustainability Framework, the Second Party Opinion, the Social Bond Allocation and Impact report or any public reporting by or on behalf of the Issuer in respect of the application of proceeds are incorporated by reference into this Prospectus.

## SELECTED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following tables set forth selected historical consolidated financial information derived from the Financial Statements and are presented in Euros and included elsewhere in this Prospectus. See "Presentation of Financial and Other Information".

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in the Financial Statements and the related notes thereto.

### Consolidated Income Statement

	For the three months ended		For the year ended	
	31-Mar- 2022	31-Mar- 2023	31-Dec-2021	31-Dec-2022
	(Amounts in euros)			
	<i>(unaudited and not reviewed)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<b>110 761</b>	<b>178 969</b>	<b>441 028 904</b>	<b>562 459 056</b>
<b>Interest income</b> .....	<b>414</b>	<b>006</b>		
Financial assets held for trading.....	97 817	473 771	416 092	686 854
Financial assets designated at fair value through profit or loss.....	22 973	29 470	130 661	100 244
Financial assets at fair value through other comprehensive income.....	3 675 208	3 912 416	17 617 075	58 676 218
	98 885 595	152 258	380 912 260	438 963 212
Financial assets at amortised cost.....		115		
Derivatives - Hedge accounting, interest rate risk.....	119 928	17 004 825	942 059	10 509 532
Other assets.....	382 917	5 290 409	2 241 903	33 999 843
Interest income on liabilities.....	7 576 975	0	38 768 855	19 523 153
<b>(Interest expenses)</b> .....	<b>35 416 731</b>	<b>25 535 719</b>	<b>128 075 107</b>	<b>194 035 148</b>
(Financial liabilities held for trading).....	20 370	370 240	56 795	303 922
(Financial liabilities measured at amortised cost).....	3 443 717	4 189 731	8 989 626	14 058 857
(Derivatives - Hedge accounting, interest rate risk).....	9 294 142	1 740 346	36 203 734	26 924 910
(Other liabilities).....	3 442 608	4 866 919	16 780 872	36 159 177
(Interest expenses on assets).....	19 215 893	14 368 483	66 044 079	116 588 282
<b>Dividend income</b> .....	<b>50 994</b>	<b>89 461</b>	<b>420 590</b>	<b>725 734</b>
Non-trading financial assets mandatorily at fair value through profit or loss ...	50 994	89 461	420 590	725 734
<b>Fee and commission income</b> .....	<b>39 694 227</b>	<b>45 761 185</b>	<b>149 140 585</b>	<b>174 739 835</b>
<b>(Fee and commission expenses)</b> .....	<b>6 450 089</b>	<b>6 965 923</b>	<b>25 752 812</b>	<b>28 515 669</b>
<b>Gains or (-) losses on financial assets &amp; liabilities not measured at fair value through profit or loss, net</b> .....	<b>-5 043 675</b>	<b>- 716 151</b>	<b>58 695 471</b>	<b>-3 904 082</b>
Financial assets at fair value through other comprehensive income.....	-5 060 323	-748 881	9 179 628	-3 984 371
Financial assets at amortised cost.....	16 648	32 730	49 515 843	80 289
<b>Gains or (-) losses on financial assets and liabilities held for trading, net</b> .....	<b>-4 571 747</b>	<b>2 443 301</b>	<b>2 101 750</b>	<b>-399 976</b>
<b>Gains or (-) losses on non-trading financial assets mandatorily stated at fair value through profit or loss, net</b> .....	<b>997 631</b>	<b>389 149</b>	<b>1 795 665</b>	<b>-3 080 458</b>
<b>Gains or (-) losses on financial assets and liabilities stated at fair value through profit or loss, net (1)</b> .....	<b>-153 984</b>	<b>-27 353</b>	<b>223 223</b>	<b>-20 529</b>
<b>Gains or (-) losses from hedge accounting, net</b> .....	<b>1 982 388</b>	<b>3 630 971</b>	<b>-2 304 005</b>	<b>-697 347</b>
<b>Foreign exchange differences [gain or (-) loss], net (2)</b> .....	<b>450 288</b>	<b>415 665</b>	<b>1 989 474</b>	<b>2 296 958</b>
<b>Gains or (-) losses on derecognition of non financial assets, net value (3)</b> .....	<b>506 956</b>	<b>226 834</b>	<b>51 485</b>	<b>1 817 999</b>
<b>Technical margin of insurance activity</b> .....	<b>25 882 729</b>	<b>22 268 935</b>	<b>66 251 879</b>	<b>144 533 969</b>
<b>Other operating income</b> .....	<b>11 468 704</b>	<b>14 837 645</b>	<b>45 974 000</b>	<b>44 023 157</b>
<b>(Other operating expenses)</b> .....	<b>7 413 577</b>	<b>8 807 970</b>	<b>35 091 506</b>	<b>38 243 724</b>
	<b>132 745</b>	<b>226 979</b>		
<b>TOTAL OPERATING INCOME, NET</b> .....	<b>528</b>	<b>035</b>	<b>576 449 596</b>	<b>661 699 775</b>
<b>(Administrative expenses)</b> .....	<b>82 223 276</b>	<b>92 789 035</b>	<b>339 003 182</b>	<b>366 090 954</b>
(Staff expenses).....	54 351 541	62 681 732	223 271 404	236 439 970
(Other administrative expenses).....	27 871 735	30 107 303	115 731 777	129 650 984
<b>(Cash contributions to resolution funds and deposit guarantee schemes)</b> .....	<b>502 891</b>	<b>1 274 898</b>	<b>6 587 856</b>	<b>9 675 111</b>
<b>(Depreciation/Amortisation)</b> .....	<b>8 508 242</b>	<b>8 779 177</b>	<b>33 713 412</b>	<b>34 821 459</b>
(Other tangible assets) (4).....	4 846 074	4 975 810	19 946 572	20 006 668
(Other intangible assets).....	3 662 168	3 803 367	13 766 840	14 814 791
<b>Modification gains or (-) losses of modification, net</b> .....	<b>123 429</b>	<b>589 734</b>	<b>-1 146 860</b>	<b>5 855 318</b>
Financial assets at amortised cost.....	123 429	589 734	-1 146 860	5 855 318
<b>(Provisions or (-) reversal of provisions)</b> .....	<b>320 399</b>	<b>-8 601 879</b>	<b>-5 091 546</b>	<b>10 095 079</b>
(Commitments and guarantees given) (5).....	-244 004	527 153	-4 207 385	321 570
(Other provisions).....	564 404	-9 129 032	-884 160	9 773 509
<b>(Impairments or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)</b> .....	<b>-3 214 754</b>	<b>11 360 071</b>	<b>1 510 027</b>	<b>47 321 374</b>
(Financial assets at fair value through other comprehensive income).....	-44 458	6 051	-241 887	9 579
(Total financial assets at amortised cost) (6).....	-3 170 296	11 354 020	1 751 914	47 311 795
<b>(Impairment or (-) reversal of impairment on non-financial assets)</b> .....	<b>292 005</b>	<b>69 283</b>	<b>1 429 901</b>	<b>-40 409</b>
(Other tangible assets)(4).....	-68 841	102 912	82 016	199 280
(Other intangible assets).....	0	0	0	0
(Other).....	360 846	-33 629	1 347 885	-239 689
<b>Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method (7)</b> .....	<b>244 893</b>	<b>198 834</b>	<b>645 607</b>	<b>569 318</b>

	For the three months ended		For the year ended	
	31-Mar-2022	31-Mar-2023	31-Dec-2021	31-Dec-2022
	<i>(unaudited and not reviewed)</i>		<i>(Amounts in euros)</i>	
				<i>(audited)</i>
<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations .....</b>	<b>767 938</b>	<b>669 308</b>	<b>629 130</b>	<b>3 195 663</b>
<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS .....</b>	<b>45 49 729</b>	<b>122 766 326</b>	<b>199 424 641</b>	<b>203 356 506</b>
<b>(Tax expense or (-) income related to profit or loss from continuing operations).....</b>	<b>9 458 905</b>	<b>26 848 609</b>	<b>40 489 455</b>	<b>58 756 637</b>
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS .....</b>	<b>35 790 824</b>	<b>95 917 717</b>	<b>158 935 186</b>	<b>144 599 869</b>
<b>PROFIT OR (-) LOSS FOR THE YEAR .....</b>	<b>35 790 824</b>	<b>95 917 717</b>	<b>158 935 186</b>	<b>144 599 869</b>
Attributable to non-controlling interests .....	86 051	82 920	158 880	304 367
<b>Attributable to owners of the parent.....</b>	<b>35 704 773</b>	<b>95 834 797</b>	<b>158 776 306</b>	<b>144 295 502</b>

<sup>(1)</sup> In 2021 corresponds to "Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net".

<sup>(2)</sup> In 2021 corresponds to "Exchange differences [gain or (-) loss], net".

<sup>(3)</sup> In 2021 corresponds to "Gains or (-) losses on derecognition of non-financial assets other than held for sale, net".

<sup>(4)</sup> In 2021 corresponds to "Property, plant and equipment".

<sup>(5)</sup> In 2021 corresponds to "Commitments and guarantees granted".

<sup>(6)</sup> In 2021 corresponds to "Financial assets at amortised cost".

<sup>(7)</sup> In 2021 corresponds to "Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associated accounted for using the equity method"

## Consolidated Balance Sheet

	As at	As at	
	<u>31-March-2023</u>	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
		<i>(Amounts in euros)</i>	
	<i>(unaudited)</i>	<i>(audited)</i>	
<b>ASSETS</b>			
<b>Cash, cash balances at central banks and other demand deposits</b> .....	<b>822 614 318</b>	<b>1 356 382 565</b>	<b>3 971 092 106</b>
Cash on hand.....	121 743 039	129 441 976	128 466 492
Cash balances at central banks.....	641 197 055	1 162 303 844	3 794 031 969
Other demand deposits.....	59 674 224	64 636 745	48 593 645
<b>Financial assets held for trading</b> .....	<b>137 474 906</b>	<b>179 444 567</b>	<b>18 965 307</b>
Derivatives.....	6 025 961	5 706 993	713 337
Debt securities.....	131 448 945	173 737 574	18 251 970
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b> .....	<b>132 480 594</b>	<b>49 231 427</b>	<b>49 713 812</b>
Equity instruments.....	74 903 476	49 231 427	49 713 812
Debt securities.....	57 577 119	0	0
<b>Financial assets designated at fair value through profit or loss</b> .....	<b>0</b>	<b>3 754 905</b>	<b>10 111 344</b>
Equity instruments.....	0	117 645	7 373
Debt securities.....	0	3 637 260	10 103 971
<b>Financial assets at fair value through other comprehensive income</b> .....	<b>738 621 193</b>	<b>781 719 881</b>	<b>1 805 121 207</b>
Equity instruments.....	0	28 867 511	20 785 993
Debt securities.....	738 621 193	752 852 370	1 784 335 214
<b>Financial assets at amortised cost</b> .....	<b>20 703 037 434</b>	<b>20 631 057 636</b>	<b>18 946 839 231</b>
Debt securities.....	9 507 819 368	9 389 753 097	7 934 499 337
Loans and advances - Central Banks and Credit Institutions.....	29 293 661	29 089 984	22 826 897
Loans and advances - Customers.....	11 165 924 405	11 212 214 555	10 989 512 997
<b>Derivatives - Hedge accounting</b> .....	<b>837 635 681</b>	<b>885 429 290</b>	<b>73 485 867</b>
<b>Investments in subsidiaries, joint ventures and associates</b> .....	<b>3 028 461</b>	<b>2 829 626</b>	<b>2 494 639</b>
<b>Tangible assets</b> .....	<b>248 002 742</b>	<b>247 439 143</b>	<b>271 492 639</b>
Property, plant and equipment.....	248 002 742	247 439 143	248 937 439
Investment property.....	0	0	22 555 200
<b>Intangible assets</b> .....	<b>108 648 214</b>	<b>109 229 383</b>	<b>105 460 376</b>
Other intangible assets.....	108 648 214	109 229 383	105 460 376
<b>Tax assets</b> .....	<b>78 827 609</b>	<b>83 847 598</b>	<b>67 178 572</b>
Current tax assets.....	3 325 216	3 658 295	1 748 039
Deferred tax assets.....	75 502 392	80 189 303	65 430 534
<b>Other assets</b> .....	<b>322 040 763</b>	<b>304 309 174</b>	<b>368 736 024</b>
<b>Non-current assets and disposal groups classified as held for sale</b> .....	<b>249 122 339</b>	<b>260 079 062</b>	<b>310 829 682</b>
<b>TOTAL ASSETS</b> .....	<b>24 381 534 253</b>	<b>24 894 754 257</b>	<b>26 001 520 190</b>
<b>LIABILITIES</b>			
<b>Financial liabilities held for trading</b> .....	<b>5 375 197</b>	<b>5 215 793</b>	<b>387 206</b>
Derivatives.....	5 375 197	5 215 793	387 206
<b>Financial liabilities measured at amortised cost</b> .....	<b>20 096 795 920</b>	<b>20 804 719 787</b>	<b>22 760 335 050</b>
Deposits.....	19 763 342 441	20 467 449 216	22 320 392 567
Debt securities issued.....	303 020 548	301 171 233	301 171 233
Other financial liabilities.....	30 432 931	36 099 338	138 771 250
<b>Derivatives - Hedge accounting</b> .....	<b>32 867 519</b>	<b>27 415 374</b>	<b>126 448 063</b>
<b>Provisions</b> .....	<b>867 016 114</b>	<b>823 463 033</b>	<b>745 721 444</b>
Pensions and other post employment defined benefit liabilities.....	0	0	0
Commitments and guarantees given.....	12 019 159	11 492 006	11 170 437
Other provisions.....	854 996 955	811 971 027	734 551 008
<b>Tax liabilities</b> .....	<b>15 507 786</b>	<b>14 811 910</b>	<b>16 721 948</b>
Current tax liabilities.....	14 662 162	12 913 415	14 002 385
Deferred tax liabilities.....	845 625	1 898 495	2 719 563
<b>Share capital repayable on demand</b> .....	<b>407 260</b>	<b>430 305</b>	<b>485 985</b>
<b>Other liabilities</b> .....	<b>1 212 251 569</b>	<b>1 177 033 648</b>	<b>332 868 204</b>
<b>TOTAL LIABILITIES</b> .....	<b>22 230 221 365</b>	<b>22 853 089 851</b>	<b>23 982 967 901</b>
<b>EQUITY</b>			
<b>Capital</b> .....	<b>1 494 130 102</b>	<b>1 443 426 537</b>	<b>1 401 032 187</b>
Paid up capital.....	1 494 130 102	1 443 426 537	1 401 032 187
Called up on unpaid capital (1).....	0	0	0
<b>Other accumulated comprehensive income(2)</b> .....	<b>-133 450 423</b>	<b>-145 558 384</b>	<b>-31 796 279</b>
<b>Items that will not be reclassified to profit or loss</b> .....	<b>-27 233 679</b>	<b>-25 452 975</b>	<b>-29 649 971</b>
Actuarial gains or losses (-) on defined benefit pension plans (3).....	-27 233 679	-27 233 679	-30 653 395
Fair value changes of equity instruments measured at fair value through other comprehensive income (4).....	0	1 780 704	1 003 425
<b>Items that can be reclassified to profit or loss</b> .....	<b>-106 216 744</b>	<b>-120 105 409</b>	<b>-2 146 308</b>
Fair value changes of debt instruments measured at fair value through other comprehensive income.....	-106 216 744	-120 105 409	-2 146 308
<b>Retained earnings</b> .....	<b>35 353 046</b>	<b>-27 294 053</b>	<b>-62 773 437</b>
<b>Revaluation reserves</b> .....	<b>-163 203</b>	<b>-162 032</b>	<b>1 712 294</b>
<b>Other reserves</b> .....	<b>658 010 062</b>	<b>625 455 534</b>	<b>549 730 658</b>
Other.....	658 010 062	625 455 534	549 730 658
<b>Profit or loss attributable to Owners of the parent</b> .....	<b>95 834 797</b>	<b>144 295 502</b>	<b>158 776 306</b>
<b>Non-controlling interests</b> .....	<b>1 598 507</b>	<b>1 501 302</b>	<b>1 870 560</b>

	<b>As at</b>	<b>As at</b>	
	<b>31-March-2023</b>	<b>31-Dec-2022</b>	<b>31-Dec-2021</b>
		<i>(Amounts in euros)</i>	
	<i>(unaudited)</i>	<i>(audited)</i>	
Other items .....	1 598 507	1 501 302	1 870 560
<b>TOTAL EQUITY .....</b>	<b>2 151 312 888</b>	<b>2 041 664 407</b>	<b>2 018 552 289</b>
<b>TOTAL EQUITY AND TOTAL LIABILITIES .....</b>	<b>24 381 534 253</b>	<b>24 894 754 257</b>	<b>26 001 520 190</b>

<sup>(1)</sup> In 2021 corresponds to "Unpaid capital which has been called up".

<sup>(2)</sup> In 2021 corresponds to "Accumulated other comprehensive income".

<sup>(3)</sup> In 2021 corresponds to "Actuarial gains or loss on defined benefit pension plans".

<sup>(4)</sup> In 2021 corresponds to "Fair value changes of debt instruments measured at fair value through other comprehensive income".

## APPENDIX

### Local Banks and Companies of the Group

	<b>31 March 2023</b>					
<i>In euros, except for %</i>	<b>Equity</b>	<b>Net Assets</b>	<b>Profit/(Loss) for the year</b>	<b>Direct holding</b>	<b>Effective holding</b>	<b>Consolidation method</b>
<b>Banks</b>						
Caixas de Crédito Agrícola Mútuo <sup>(1)</sup> .....	1 876 820 481	21 366 290 122	60 726 928	100,00%	100,00%	Full
Caixa Central de Crédito Agrícola Mútuo ....	547 654 374	12 135 937 419	24 984 657	100,00%	100,00%	Full
<b>Asset management and brokerage</b>						
Crédito Agrícola Gest- SGOIC, S.A. de Investimento Mobiliário S.A. ....	1 721 638	3 245 819	150 478	100,00%	100,00%	Full
Crédito Agrícola Imóveis, Unipessoal, Lda. .	1 942 158	11 766 975	(624 553)	100,00%	100,00%	Full
<b>Provision of Services</b>						
FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL	7 606 185	11 555 627	535 459	99,98%	99,98%	Full
Crédito Agrícola Informática-Serviços de Informática S.A. ....	8 783 543	12 844 532	157 264	99,45%	99,45%	Full
<b>Venture Capital</b>						
CA Capital - Sociedade de Capital de Risco, S.A. ....	636 152	2 657 960	(56 505)	100,00%	100,00%	Full
<b>Investment Funds</b>						
FEIIA CA Imobiliário .....	111 615 749	116 155 908	(1 201 162)	99,91%	99,92%	Full
FEIIF ImoValorCA .....	16 887 604	17 037 870	(31 882)	100,00%	100,00%	Full
FIM Alternativo de Obrigações Fechado CA Institucionais .....	18 484 862	19 297 265	319 984	100,00%	98,79%	Full
<b>Insurance</b>						
Crédito Agrícola Seguros .....	47 067 294	269 895 028	2 955 312	97,40%	97,38%	Full
Crédito Agrícola Vida .....	93 123 012	846 631 877	973 192	99,95%	99,93%	Full
<b>Other</b>						
Associação - Fundo de Assistência do Crédito Agrícola Mútuo .....	135 482 364	135 678 203	248 925	100,00%	100,00%	Full
CA Serviços - Serviços Informáticos e de Gestão - ACE .....	91 078	110 188 960	91 078	92,87%	99,89%	Full
Crédito Agrícola SGPS S.A. ....	57 263 864	156 487 911	(883 569)	100,00%	100,00%	Full
Crédito Agrícola Seguros & Pensões SGPS S.A. ....	136 141 569	153 194 394	(78 161)	99,98%	99,98%	Full
CCCAM Gestão de Investimentos e Consultoria, Unipessoal Lda .....	1 239 911	6 220 203	(23 493)	100,00%	100,00%	Full
RNA - Rede Nacional de Assistência, S.A. .	15 549 621	21 636 800	1 020 915	20,00%	19,48%	Eq. Method

**Note: Values as at 31 March 2023 (accounting balances before consolidation adjustments).**

(1) Values correspond to the algebraic sum of Associated Caixas balance sheets.

	<b>2022</b>					
<b>Caixas de Crédito Agrícola Mútuo (in euros, except for %)</b>	<b>Equity</b>	<b>Net Assets</b>	<b>Profit / Loss for the year</b>	<b>Direct holding</b>	<b>Effective holding</b>	<b>Consolidation method</b>
	55 727 012	573 348	2 911 970	100%	100%	Full
AÇORES C.R.L. ....		319				
	21 966 739	266 924	1 259 834	100%	100%	Full
ALBUFEIRA C.R.L. ....		366				
	4 918 097	192 033	184 352	100%	100%	Full
ALCÁCER-SAL E MONTEMOR-NOVO C.R.L. .		122				
ALCOBAÇA, CARTAXO, NZ, R. MAIOR E SANTARÉM C.R.L. ....	38 060 751	524 048	1 486 601	100%	100%	Full
		974				
ALENQUER C.R.L. ....	23 191 192	154 714	492 830	100%	100%	Full
		954				
ALENTEJO CENTRAL C.R.L. ....	33 327 766	394 811	3 026 289	100%	100%	Full
		773				
ALENTEJO SUL C.R.L. ....	34 036 998	298 547	1 721 851	100%	100%	Full
		213				
ALGARVE C.R.L. ....	30 761 681	853 422	1 071 591	100%	100%	Full
		592				
ALJUSTREL E ALMODÓVAR C.R.L. ....	13 994 823	171 070	887 359	100%	100%	Full
		717				
ALTO CÁVADO E BASTO C.R.L. ....	47 910 479	406 975	2 499 432	100%	100%	Full
		849				
ALTO DOURO C.R.L. ....	80 013 508	684 211	2 770 245	100%	100%	Full
		703				
ÁREA METROPOLITANA DO PORTO C.R.L. .	13 953 588	197 167	359 376	100%	100%	Full
		806				
ARRUDA DOS VINHOS C.R.L. ....	11 425 660	93 936 803	308 432	100%	100%	Full
	8 115 882	112 468	333 146	100%	100%	Full
AZAMBUJA C.R.L. ....		860				

## 2022

Caixas de Crédito Agrícola Mútuo (in euros, except for %)	Equity	Net Assets	Profit / Loss for the year	Direct holding	Effective holding	Consolidation method
BAIRRADA E AGUIEIRA C.R.L. ....	8 470 442	283 993	810 100	100%	100%	Full
		178				
BAIXO MONDEGO C.R.L. ....	35 227 278	287 904	822 676	100%	100%	Full
		719				
BAIXO VOUGA C.R.L. ....	15 081 713	295 283	123 613	100%	100%	Full
		289				
BATALHA C.R.L. ....	61 090 609	335 312	2 342 021	100%	100%	Full
		213				
BEIRA BAIXA (SUL) C.R.L. ....	18 833 656	252 992	1 892 611	100%	100%	Full
		437				
BEIRA CENTRO C.R.L. ....	10 704 811	160 260	668 293	100%	100%	Full
		929				
BEIRA DOURO E LAFÕES C.R.L. ....	39 583 376	392 749	2 121 586	100%	100%	Full
		095				
C. RAINHA, ÓBIDOS E PENICHE C.R.L. ....	36 670 632	446 002	1 679 138	100%	100%	Full
		845				
CADAVAL C.R.L. ....	22 752 369	113 079	714 250	100%	100%	Full
		462				
CANTANHEDE E MIRA C.R.L. ....	24 942 745	332 389	1 071 473	100%	100%	Full
		173				
COIMBRA C.R.L. ....	13 217 592	214 439	1 003 770	100%	100%	Full
		518				
CORUCHE C.R.L. ....	8 000 546	92 187 976	91 043	100%	100%	Full
	83 821 520	863 337	5,804,217	100%	100%	Full
		416				
COSTA AZUL C.R.L. ....	-1 354 773	234 666	556 473	100%	100%	Full
		734				
COSTA VERDE C.R.L. ....	23 063 483	160 649	664 394	100%	100%	Full
		189				
DOURO E CÔA C.R.L. ....	19 209 071	174 855	135 739	100%	100%	Full
		197				
DOURO E SABOR C.R.L. ....	14 709 280	141 715	-385 547	100%	100%	Full
		592				
ELVAS E CAMPO MAIOR C.R.L. ....	-488 862	363 803	38 676	100%	100%	Full
		965				
ENTRE TEJO E SADO C.R.L. ....	17 612 815	141 821	815 176	100%	100%	Full
ESTREMOZ, MONFORTE E ARRONCHES C.R.L. ....	17 729 994	376 019	1 519 760	100%	100%	Full
		956				
GUADIANA INTERIOR C.R.L. ....	12 493 059	356 646	-2 318 852	100%	100%	Full
		533				
LOURES, SINTRA E LITORAL C.R.L. ....	29 132 400	339 751	1 122 503	100%	100%	Full
		084				
LOURINHÃ C.R.L. ....	16 217 738	314 352	339 399	100%	100%	Full
		640				
MÉDIO AVE C.R.L. ....	2 987 929	106 338	249 383	100%	100%	Full
		796				
MORAVIS C.R.L. ....	11 692 916	135 376	373 153	100%	100%	Full
		162				
NORDESTE ALENTEJANO C.R.L. ....	60 087 829	903 562	3 428 840	100%	100%	Full
		710				
NOROESTE C.R.L. ....	10 073 353	141 331	525 549	100%	100%	Full
		876				
NORTE ALENTEJANO C.R.L. ....	10 564 757	167 019	-104 363	100%	100%	Full
OLIVEIRA DE AZEMEIS E ESTARREJA C.R.L. ....	16 462 720	198 258	318 198	100%	100%	Full
		770				
OLIVEIRA DO BAIRRO C.R.L. ....	9 571 537	113 378	469 423	100%	100%	Full
		840				
OLIVEIRA DO HOSPITAL C.R.L. ....	35 330 281	652 584	1 107 166	100%	100%	Full
		865				
P. VARZIM, V. CONDE, ESPOSENDE C.R.L. ...	16 476 370	159 369	555 376	100%	100%	Full
		760				
PAREDES C.R.L. ....	18 755 239	119 387	823 832	100%	100%	Full
		608				
PERNES E ALCANHÕES C.R.L. ....	95 921 731	885 747	5 695 228	100%	100%	Full
		789				
POMBAL C.R.L. ....	11 291 533	201 711	532 966	100%	100%	Full
		833				
PORTO DE MÓS C.R.L. ....	23 789 660	319 638	1 300 707	100%	100%	Full
		346				
REGIÃO DO FUNDÃO E SABUGAL C.R.L. ....	16 822 046	264 213	883 989	100%	100%	Full
		597				
RIBATEJO NORTE E TRAMAGAL C.R.L. ....	10 106 878	150 328	305 528	100%	100%	Full
		466				
RIBATEJO SUL C.R.L. ....	22 328 110	238 793	875 300	100%	100%	Full
		576				
SALVATERRA DE MAGOS C.R.L. ....	39 105 275	340 717	2 485 976	100%	100%	Full
		070				
SÃO TEOTÓNIO C.R.L. ....	44 075 211	389 658	2 381 460	100%	100%	Full
		751				
SERRA DA ESTRELA C.R.L. ....	6 964 775	78 900 338	176 132	100%	100%	Full
SERRAS DE ANSIÃO C.R.L. ....	8 730 904	69 680 461	1 399	100%	100%	Full
SOBRAL DE MONTE AGRADO C.R.L. ....	21 332 156	432 623	3 097 128	100%	100%	Full
		694				
SOTAVENTO ALGARVIO C.R.L. ....	36 011 070	414 926	1 699 026	100%	100%	Full
		858				
TERRAS DO ARADE C.R.L. ....	20 316 849	186 113	909 536	100%	100%	Full
		689				
TERRA QUENTE C.R.L. ....	25 484 763	291 951	1 646 881	100%	100%	Full
		666				
TERRAS DE VIRIATO C.R.L. ....	38 875 519	309 662	1 792 852	100%	100%	Full
		811				
TERRAS DO SOUSA, AVE, BASTO E TÂMEGA C.R.L. ....	30 279 241	452 696	103 054	100%	100%	Full
		241				
TRÁS-OS-MONTES E ALTO DOURO C.R.L. ....	10 506 200	184 672	-17 849	100%	100%	Full
		365				
VAGOS C.R.L. ....						



Caixas de Crédito Agrícola Mútuo (in euros, except for %)	2022					
	Equity	Net Assets	Profit / Loss for the year	Direct holding	Effective holding	Consolidation method
	17 192 452	216 989	249 561	100%	100%	Full
VALE DE CAMBRA C.R.L. ....		392				
VALE DO DÃO E ALTO VOUGA C.R.L.....	23 941 643	260 489	488 565	100%	100%	Full
		741				
VALE DO SOUSA E BAIXO TÂMEGA C.R.L..	74 850 511	816 246	6 995 701	100%	100%	Full
		891				
VALE DO TÁVORA E DOURO C.R.L.....	43 029 964	404 853	3 199 510	100%	100%	Full
		402				
VILA FRANCA DE XIRA C.R.L. ....	10 122 698	129 073	275 432	100%	100%	Full
		004				
VILA VERDE E TERRAS DE BOURO C.R.L.....	19 163 718	243 178	1 428 539	100%	100%	Full
		086				
ZONA DO PINHAL C.R.L. ....	28 618 079	325 361	1 321 176	100%	100%	Full
		808				

Note: Values as at 31 December 2022.

## DESCRIPTION OF THE ISSUER AND OF THE GROUP

### OVERVIEW

The Issuer, a limited liability cooperative ("*cooperativa de responsabilidade limitada*") operating under the commercial name Caixa Central, was incorporated on 20 June 1984 (and registered in the Lisbon Commercial Office on 10 September of the same year) and forms part of the Group. The Group is a cooperative financial group composed of the Issuer, its Associated Caixas (71 associated Caixas de Crédito Agrícola Mútuo, each a local cooperative credit institution operating in a designated geographic area set according to applicable law), as well as its Affiliated Companies (certain life insurance, non-life insurance and asset management companies and ancillary service companies of the Group).

The Group is governed both by the provisions in the Legal Framework of Credit Institutions and Financial Companies enacted by Decree-Law no. 298/92, of 31 December, as amended (the "**RGICSF**") and the provisions in its own legal regime, the Legal Regime for Mutual Agricultural Credit and Agricultural Credit Cooperatives, enacted by Decree-Law no. 24/91, of 11 January, as amended (the "**RJCAM**"), as well as the Portuguese Cooperative Code, enacted by Law 119/2015, of 31 August, as amended (the "**Cooperative Code**"). See "*Legislation regulating the activity of the Group*" below for further details. Under the terms of the RJCAM, the combination of the Issuer and its Associated Caixas is referred to, under the terms of the RJCAM, as the Integrated System of Crédito Agrícola Mútuo (the "**SICAM**"), with the Issuer acting as the central body that, among other aspects, is empowered to guide, monitor, oversee and supervise its associates.

As an integral part of the Group, the SICAM is the lynchpin, being recognised in the market through the registered trademark "*Crédito Agrícola*", under which the products and services it provides are advertised and marketed, and through which the Issuer and the Associated Caixas are known to their depositors and customers.

The current 71 Associated Caixas hold the entirety of the share capital of the Issuer and indirectly hold the Affiliated Companies that are part of the Group.

The Affiliated Companies are engaged in activities that are supplementary or ancillary to those of the Issuer and its Associated Caixas, notably insurance activities in the life business and non-life business, asset management, investment in venture capital, holding and management of the Group's assets, provision of information technology and other shared services, amongst others (please see "*Description of the Issuer and of the Group – Group Companies*").

Overall, the Group is a financial group with cooperative roots in the local banks (Associated Caixas). By virtue of having nation-wide coverage and being fully owned by national capital, the Group has more than 418,000 members (associates of the Associated Caixas), more than 1.5 million customers and 617 branches distributed throughout the national territory (comprising the largest banking branch network in Portugal). The legal framework for "Caixas de Crédito Agrícola Mútuo" was first established in 1911, with an initial focus on supporting the financing of farmers in Portugal and, over the years, has expanded its scope to support other economic sectors and extended its activities.

The Group is focused on the retail market with a universal offer providing a full range of financial products and services. These include solutions for the day-to-day management of customers through digital channels, financing products for the different needs of individual and corporate customers, as well as savings or investment products such as deposits, mutual funds and capitalisation insurance or insurance to protect customers and their assets.

The Group's strategic intent is to promote long-term sustainable development within local communities and enhance its cooperative values. To fulfil its mission and to enhance sustainable growth, the Group defined its six strategic priorities, namely to: (i) become a benchmark for sustainability, resilience and Portugality; (ii) enhance the focus on the customers and their needs; (iii) evolve in personal and digital proximity to the customers; (iv) drive efficiency and productivity accelerating digital transformation; (v) promote a culture of talent attraction, promotion and retention; and (vi) maintain the Group capitalised and financially sustainable.

The Group has committed to promoting the sustainable development of the communities in which it operates with the formalisation of its Sustainability Policy, which reflects its social and environmental concerns and presents a set of commitments on sustainable finance. In 2020, the Group formalised its Sustainability Policy based on five primary Sustainable Development Goals (the "SDGs"), namely: (i) decent work and economic growth; (ii) reduce inequalities; (iii) sustainable cities and communities; (iv) responsible consumption and production; and (v) climate action.

On 31 March 2023, the Group's total assets reached €24 382 million, making it the sixth largest company among its competitors (*Source: Earnings press releases of banks operating in Portugal 1H 2021*). Its total loans and advances portfolio (gross) to customers amounted to €11 900 million, representing a market share of 5.6 per cent., based on the latest available data from the Bank of Portugal. On 31 March 2023, customer deposits totalled €19 732 million, which represents a market share of 8.0 per cent., based on the latest available data from the Bank of Portugal.

According to CRD IV/CRR rules, as of March 2023, the Group's common equity tier 1 ("CET1") and total capital ratio were 19.4 per cent. (excluding net income for the period), the leverage ratio was 8.3 per cent. and the liquidity coverage level ("LCR") was 526.3 per cent., all above the recommended minimum thresholds.

The Issuer is registered with the Commercial Registry Office under the sole commercial registration and tax identification number 501 464 301, and its registered offices are located at Rua Castilho, no. 233 – 233A, 1099-004 Lisbon, Portugal, with telephone number +351 213 809 900 and website [www.creditoagricola.pt](http://www.creditoagricola.pt). The information on the website does not form part of this Prospectus unless that information is expressly incorporated by reference into this Prospectus. The Legal Entity Identifier (LEI) code of the Issuer is 529900H2MBEC07BLTB26.

The Group operates notably under the Portuguese Companies Code enacted by Decree-Law 262/86, of 2 September, as amended (the "Portuguese Companies Code"), the RGICSF, the RJCAM, as well as the Cooperative Code. See "Legislation regulating the activity of the Group" below for further details.

#### MAIN CONSOLIDATED INDICATORS OF THE GROUP

Consolidated indicators of the Group	As at and for the year or three months ended			Δ Abs. Mar-23/Mar-22	Δ% Mar-23/Mar-22
	31 December 2022	31 March 2022	31 March 2023		
	(audited)	(unaudited and not reviewed)	(unaudited )	(unaudited and not reviewed)	
<i>Amounts in million euros, except for percentages</i>					
<b>Balance sheet</b>					
Total Assets .....	24 895	26 713	24 382	-2 332	-8.7%
Total Loans and advances portfolio (gross) to customers .....	11 982	11 749	11 900	150	1.3%
of which: Loans to companies and public administration (gross) .....	7 524	7 404	7 582	179	2.4%
Loans and advances to customers (net) .....	11 632	11 422	11 538	116	1.0%
Total customer' funds .....	22 416	21 280	21 758	478	2.2%
Customer funds on the balance sheet .....	20 398	19 363	19 732	369	1.9%
Off-balance sheet funds .....	2 018	1 917	2 025	108	5.7%
Accumulated impairment and provisions .....	501	496	510	14	2.8%
of which: Accumulated impairment of credit .....	350	328	362	34	10.3%
Technical provisions of insurance activity .....	782	807	835	29	3.5%
Total Equity .....	2 042	2 012	2 151	140	6.9%
<b>Profit and loss</b>					
Net interest income .....	368	75	153	78	103.6%
Net fees and commissions .....	146	33	39	6	16.7%
Other income .....	137	24	33	9	41.5%
Technical margin of insurance activity .....	145	26	22	-4	-14.0%
Net trading income .....	-3	-6	6	12	-211.6%
Other net operating income .....	-4	4	5	1	33.9%
Operating income .....	652	132	226	93	70.7%
Operating costs .....	-401	-91	-102	11	11.9%
Impairment and provisions for the period .....	-57	3	-3	5	n.a.
Consolidated net income .....	144	36	96	60	168.4%

	As at and for the year or three months ended			Δ Abs. Mar-23/Mar-22	Δ% Mar-23/Mar-22
	31 December 2022	31 March 2022	31 March 2023		
<b>Consolidated indicators of the Group</b>					
<i>Amounts in million euros, except for percentages</i>	<i>(audited)</i>	<i>(unaudited and not reviewed)</i>	<i>(unaudited)</i>	<i>(unaudited and not reviewed)</i>	
<b>Profitability ratios</b>					
Cost-to-income .....	61.5%	68.6%	45.0%	-23.6 p.p.	
Return on assets (ROA) .....	0.6%	0.5%	1.5%	1.0 p.p.	
Return on equity (ROE) .....	7.1%	7.1%	18.4%	11.3 p.p.	
<b>Capital and liquidity ratios</b>					
RWA density .....	36.1%	43.8%	42.5%	-1.3 p.p.	
CET 1 capital ratio <sup>1</sup> .....	19.9%	18.8%	19.4%	0.6 p.p.	
Total capital ratio <sup>1</sup> .....	19.9%	18.8%	19.4%	0.6 p.p.	
Leverage ratio <sup>1</sup> .....	7.6%	8.2%	8.3%	0.0 p.p.	
Loan to deposit ratio <sup>2</sup> .....	57.0%	59.0%	58.5%	-0.5 p.p.	
Liquidity coverage ratio (LCR).....	500.0%	429.0%	526.3%	97.4 p.p.	
<b>Quality of assets ratios</b>					
NPL stock .....	586	760	580	180	23.7%
NPL ratio <sup>3</sup> .....	5.1%	6.7%	5.0%	-1.7 p.p.	
<b>NPL coverage by loan loss reserves</b>	59.7%	43.1%	62.2%	19.1 p.p.	
NPL coverage by NPL impairments .....	41.2%	34.7%	40.8%	6.2 p.p.	
NPL coverage by NPL impairments and collaterals .....	151.3%	137.2%	142.4%	5.2 p.p.	
NPL coverage by NPL impairments and collaterals (FINREP) <sup>4</sup> .....	91.9%	88.9%	89.7%	0.8 p.p.	
Texas ratio <sup>5</sup> .....	27.3%	34.3%	25.0%	-9.3 p.p.	
Cost of risk <sup>6</sup> .....	0.45%	-0.03%	0.10%	0.1 p.p.	
<b>Other Indicators</b>					
# of employees.....	4 110	4 072	4 117	45	1.1%
# of bank branches.....	617	620	617	-3	-0.5%

(1) The ratio does not incorporate the net income for the period. Except for December 2022.

(2) Ratio calculated pursuant to the Bank of Portugal Instruction No. 23/2012. Determined by the ratio between net credit to customers and customers deposits.

(3) Ratio calculated pursuant to the Bank of Portugal Instruction No. 20/2019.

(4) Applying haircuts and recovery costs, limited by the exposure of the contract.

(5) Determined by the ratio: NPL/(Tangible common equity + Stock of impairments).

(6) In 2022, the numerator of this ratio considered the overlay provision, which makes part of the impairments of assets at amortised cost related to loans and certified / commercial paper.

Note: Information based on reported values.

## RATINGS

The Issuer's current baseline credit assessment rating ("BCA") is baa3, reflecting Moody's view on the creditworthiness of the Group and its cooperative model enshrined in law. The BCA rating is complemented by deposits ratings of Baa2 Stable Outlook/ Prime-2, Counterparty Risk Rating (CRR) of Baa1/Prime-2 and Long Term Senior Unsecured of Ba1.

Moody's	26 May 2023 (last rating action)
<i>Intrinsic</i>	
Baseline Credit Assessment (BCA).....	baa3
Adjusted Baseline Credit Assessment .....	baa3
<i>Long term/Short term</i>	
Counterparty Risk Rating .....	Baa1/Prime-2
Counterparty Risk Assessment.....	Baa1(cr)/Prime-2(cr)
Long Term Deposit Rating .....	Baa2
Long Term Senior Unsecured.....	Ba1
Outlook .....	Stable
Short Term Deposit Rating.....	Prime-2

## COOPERATIVE MODEL OF THE GROUP AND SICAM

The cooperative and mutualist nature of the relationship between the SICAM and the Group is based on a mechanism of reciprocal solidarity.

As provided for in Article 78 of the RJCAM, the Issuer fully guarantees the obligations assumed by the Associated Caixas (even if such obligations derive from facts which occurred before such entities became associates of the Issuer), under the terms of which the guarantor ("*fiador*") guarantees the bondsman's obligations ("*afiançado*"), and, notably, without the benefit of prior execution ("*benefício da excusão*") (i.e., the Issuer may not oppose foreclosure of its assets for payment of guaranteed obligations, even if the assets of the relevant Associated Caixa have not yet been fully foreclosed).

In turn, under Article 80 of the RJCAM, the Issuer has the right to demand from its Associated Caixas an increase of the Issuer's share capital up to an amount corresponding to the Issuer's then-current share capital if it is in a situation of "*financial imbalance, translated, notably, in the reduction of own funds to a level below the legal minimum or in non-compliance with the ratios and prudential limits that apply to it*".

For further details on the cooperative model of the Group and the reciprocal solidarity mechanism, see the risk factor entitled "*Risks relating to the Issuer's business – Risks related to the cooperative nature of the Group*" in the "*Risk Factors*" section of this Prospectus.

Notwithstanding the SICAM's solidarity system, the Group also has separate autonomous assets under the Crédito Agrícola Mútuo Assistance Fund (the "**FACAM**"), which provides financial assistance to the Associated Caixas and ensures the SICAM's robustness and sustainability at all times. FACAM is an association, membership of which is strictly limited to the Issuer and its Associated Caixas. FACAM's assets, mainly cash, are to be used exclusively for the purposes of providing financial aid to any of its members that may require it in order to restore its liquidity and/or solvency, essentially by means of loans. Should the FACAM be dissolved and its assets liquidated, such assets shall revert to its members.

The FACAM arose from the transformation into an association governed by private law of the former Crédito Agrícola Mútuo Guarantee Fund (the "**FGCAM**"), a legal person under public law, endowed with administrative and financial autonomy that, operating together with the Bank of Portugal, provided a deposit guarantee to all of the SICAM's depositor customers and, likewise, in relation to the financial assistance of the credit institutions included therein. This transformation was determined by Decree-Law 106/2019 of 12 August, which entered into force on 1 January 2020, and was executed on 8 January 2021.

With the enforcement of the legislation mentioned above and the transformation of the FGCAM into the current FACAM, the deposit guarantee of the SICAM was henceforth provided by the DGF, of which the Issuer and its Associated Caixas henceforth became stakeholders under the same circumstances as the entities in the rest of the banking system.

In turn, the range of assistance of the credit institutions included in the SICAM was henceforth provided by the FACAM, which is governed by its own Articles of Association and Internal Regulations.

The Articles of Association and Internal Regulations of the FACAM establish, in terms of its governance, the existence of (i) a General Meeting composed of all the members (all the Credit Institutions that are part of SICAM (the Associated Caixas)), (ii) the corresponding Board of the General Meeting, composed of three members (which elect natural persons as representatives), (iii) a Steering Board ("*Conselho Diretivo*"), also composed of three independent members with adequate qualifications, and (iv) an Audit Board ("*Comissão de Fiscalização*") composed of three members, the majority of which must be independent, and one of which must have adequate qualifications and knowledge in accounting and/or auditing. All of the FACAM's governing and statutory bodies are supported by the structures and services of the Issuer, where its registered office is located.

## GROUP COMPANIES

The following entities, all of which are Affiliated Companies, are also part of the Group:

- Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL ("**FENACAM**"), whose corporate object consists of the representation and development of the Associated Caixas, strengthening the spirit of solidarity and cooperation between the associates, as well as the promotion, coordination and conduct of activities of common interest to them, and especially: (i)

representation of the Associated Caixas and regional unions of their associates before any national, foreign or international entities in the exercise and defence of the rights and interests of the associates; and (ii) promotion of cooperativism within the Group;

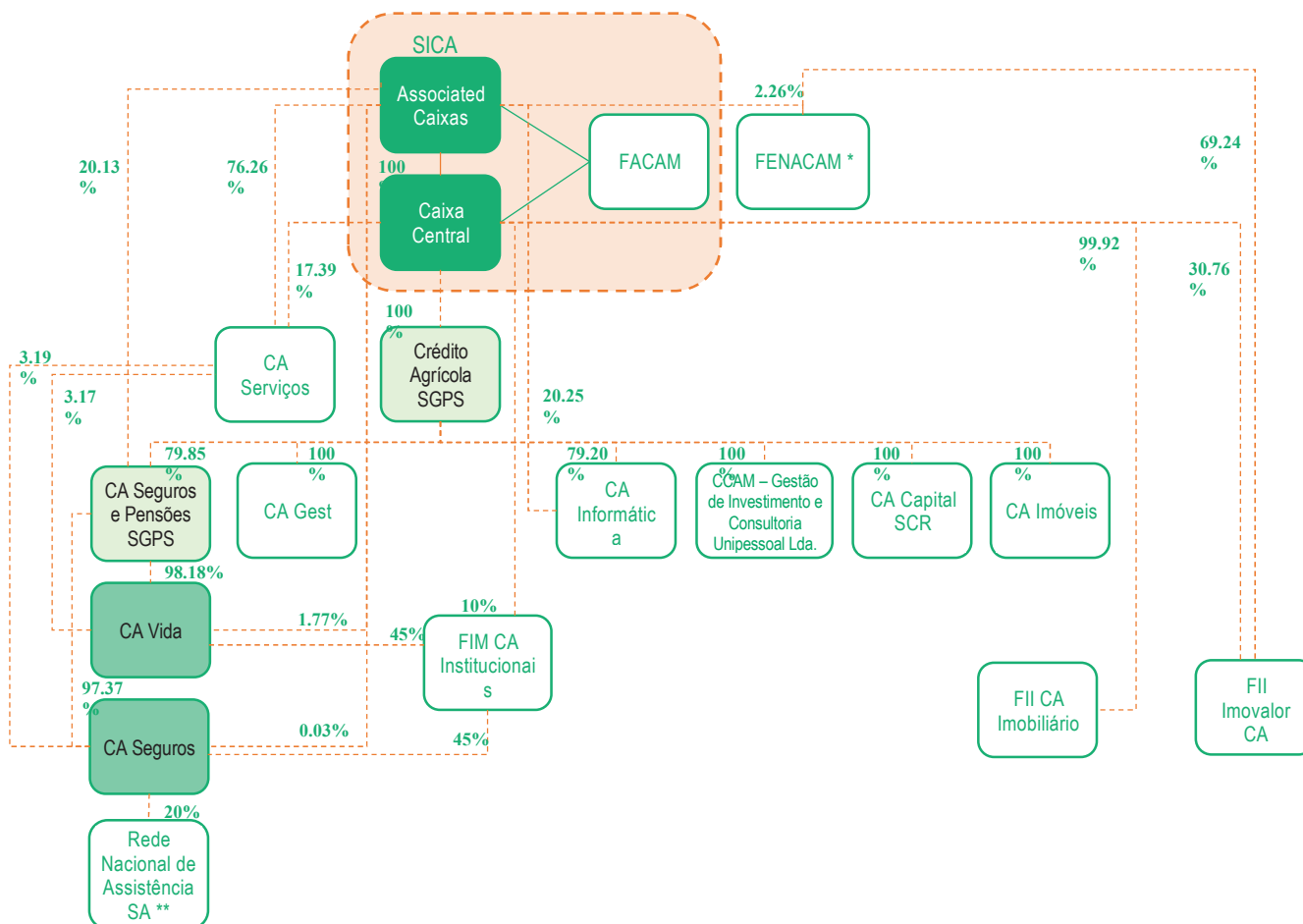
- Crédito Agrícola S.G.P.S., S.A. and Crédito Agrícola Seguros e Pensões S.G.P.S., whose object is the management of equity holdings in other Group companies;
- The insurance companies CA Seguros and CA Vida, dedicated to insurance activity in all non-life technical segments (except for the air, credit and surety segments) and in the life segment, respectively;
- Crédito Agrícola Serviços – Serviços Informáticos e de Gestão – ACE, whose object is the provision of information technology, operational, technical and management services in a manner complementing the individual and group activities of its Group members;
- Crédito Agrícola Informática – Serviços de Informática, S.A., essentially dedicated to the provision of information technology services, including consulting on matters such as selection of software and hardware, developing and supporting the development of applications, data processing, staff training and provision of consulting services in organisation and management, as well as the marketing and management of information technology equipment and products;
- Crédito Agrícola GEST - SGOIC, S.A. ("**CA Gest**"), whose main activity is the management of collective investment undertakings. It also carries out the activity of discretionary and individualised management of portfolios on behalf of others and consultancy for investments in securities. In 2019, it took up the management of Real Estate Investment Funds;
- Crédito Agrícola Imóveis Unipessoal, Lda., whose object is the holding, management and administration of real estate properties and the purchase of real estate properties for resale;
- CCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda., which, in general, provides economic and financial or specialised strategic advisory services, as well as accounting or consulting services for corporate direction or management and the preparation of economic and financial studies; and
- CA Capital – Sociedade de Capital de Risco S.A., which, as a venture capital firm, has the core object of carrying out investments in venture capital reflected in the acquisition of equity instruments, in companies showing high potential development in activities considered strategic for the Group, notably ventures in fintech, insurtech, regtech, agriculture and cleantech, among others.

The Group also includes the real estate investment funds "FEIIF Imovalor CA" and "FEIIA CA Imobiliário" and the bond investment fund "FIMF CA Institucional".

## **ORGANISATIONAL STRUCTURE**

### **The Group**

The following diagram summarises the organisational structure of the principal subsidiaries of the Group as at 31 December 2022 and as at 31 March 2023:



(\*) FENACAM holds 97.74% of its share capital.

(\*\*) Consolidation through the equity method.

### General information

So far as the Group is aware, there are no arrangements in place, the operation of which may result in a change of control of the Group.

The Group has made no material investments since the date of the last published financial statements and the Group has not made relevant firm commitments on future investments.

There have been no recent events particular to the Group which are, to a material extent, relevant to the evaluation of the Group's solvency.

The Issuer is not aware of any contracts that are not entered into in the ordinary course of its business which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders of the Notes.

The current 71 Associated Caixas hold the entirety of the share capital of the Issuer and indirectly hold the Affiliated Companies that are part of the Group. The Group, where the Issuer acts as the central body, is not dependent upon Affiliated Companies; however, activities developed by the Affiliated Companies have an impact on the Group.

### Legislation regulating the activity of the Group

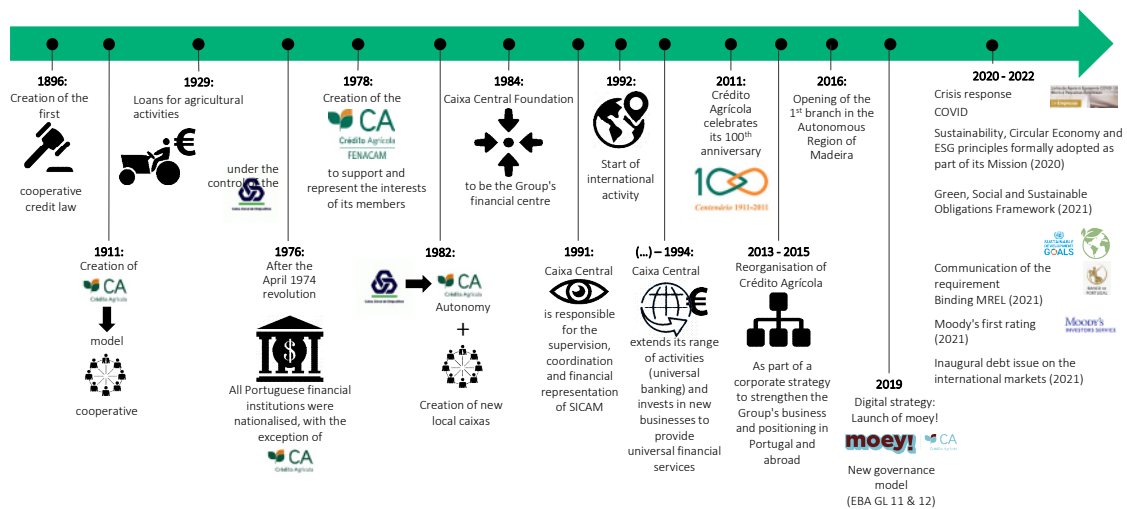
The Group is governed by European Union rules, banking and commercial Portuguese laws on limited liability companies (*sociedades anónimas*) – notably by the Portuguese Companies Code – and, in particular, by the RGICSF, the RJCAM and the Cooperative Code, by the Portuguese Securities Code (*Código dos Valores Mobiliários*) and other complementary legislation.

In general terms, the activity of credit institutions within the Group is subject to the supervision of Bank of Portugal. Group entities are subject to the supervision of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) as financial intermediaries and, if applicable, as issuers. The members of the SICAM are also subject to the supervision of the Portuguese Insurance and Pension Funds Supervisory Authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF)*), where acting as insurance agents for the insurance companies within the Group.

## STRATEGY

### Historic milestones

In Portugal, cooperative banking is represented by the Group with its secular history of contributing to society and the national economy. The Group continuously strives to achieve its mission, fostering the development of local communities and the Portuguese diaspora.



### Mission, vision and values of the Group

The Group's core values include:

- community development;
- cooperative values;
- customer centricity;
- innovation and sustainability; and
- simplicity, trust, proximity and soundness.

The Group's mission is to be the driver for the economic and social development of local communities, through purposeful, proximity and sustainable banking, promoting long-term relationships with customers and contributing to the fulfilment of their financial and protection needs and expectations.

The Group's vision is to be recognised as a benchmark in inclusion, sustainability and innovation in the Portuguese financial market among members, customers, regulatory bodies, partners, employees and other stakeholders. The Group has further updated its vision to include the aim of being recognised as the benchmark financial group in sustainability issues in the domestic market.

In an environment of constant change and increasing exposure to risks, fragilities and social and environmental challenges, the Group has reinvented itself and mobilised to strengthen its role in society as a driver of economic growth and employment and as a source of technology and innovation.



## Strategic pillars for 2023-2025

In order to realise the ambition and purpose of the Group in matters of sustainability, the strategic pillars for the three-year period 2023-2025 were revisited. This resulted in a list of six strategic pillars that are mobilising, differentiating, forward-looking and in line with the Group's vision and mission:

- to become a benchmark for sustainability and resilience in Portugal;
- enhance the focus on the customers and their needs;
- evolve in personal and digital proximity to customers;
- drive efficiency and productivity accelerating digital transformation;
- promote a culture of talent attraction, promotion and retention; and
- maintain the Group capitalised and financially sustainable.

## Strategic goals

Sustainability	2019	2020	2021	2022	Mid-Long Term Target
% Green and social loans in total customers loans (gross)	n.a.	n.a.	18,1%	21,4%	> 30%
Women representation in leadership roles (%)	n.a.	25,9%	25,7%	26,7%	> 1/3
<b>Business Growth</b>					
Loans Market Share (%)	5,4%	5,5%	5,6%	5,6%	> 6%
Loyal Customers <sup>1</sup> (%)	50,9%	52,8%	53,3%	52,1%	> 54%
Digital Customers %	37,1%	40,9%	42,7%	45,2%	> 50%
<b>Profitability &amp; Soundness</b>					
ROE	8,2%	4,9%	8,1%	7,1%	> 7.5%
Cost-to-Income	67,0%	64,1%	65,4%	61,5%	< 60%
CET1 <sup>2</sup>	16,1%	18,6%	19,2%	19,9%	> 15%
NPL Ratio	9,2%	8,1%	7,2%	5,1%	< 4.9%
# Local Banks	79	75	75	71	< 60

(1) Loyal customers refer to individuals (customers) who own, at least, 4 of these 8 product groups families: current accounts; saving accounts, life insurances; non-life insurances; mortgages; mutual funds; consumer loans; other loans to individuals.

(2) Incorporates net income for the period.

## Sustainable finance

The Group is committed to promoting the sustainable development of the communities in which it operates, with the formalisation of its Sustainability Policy reflecting its social and environmental concerns and presenting a set of commitments on sustainable finance.

### *Sustainability*

In 2020, the Group formalised its Sustainability Policy, recognising that "*Sustainability for the Group means promoting the sustainable development of local communities, through a set of financial products that support Clients to reduce their negative environmental and social impacts, as well as to identify new business opportunities that are greener, more circular and more respectful of human dignity*".

This policy was created on the basis of the five SDGs which were identified as priorities for the Group, and so all the commitments made, and activities undertaken are designed to make a positive contribution to these five SDGs:

- decent work and economic growth;
- reduced inequalities;

- sustainable cities and communities;
- responsible consumption and production; and
- climate action.

The policy reinforces the ambition that the Group be recognised as the benchmark in sustainability in the domestic market. To this end, a set of commitments were adopted that guide the Group's current and future performance as a financial entity and that should be incorporated into its corporate culture. Some of these commitments are:

- to integrate the issue of sustainability as part of the Group's fiduciary duties;
- to integrate environmental, social and governance criteria in financing and investment analyses;
- to create financial products that contribute to lower environmental impact and foster the green and circular economy;
- to support customers with information and knowledge so that they can adopt consumption practices with lower environmental impacts;
- to be an active voice in the promotion of sustainability practices together with civil society, the business sector, the State and supranational organisations;
- to raise awareness of sustainability issues among employees, customers and civil society;
- to terminate relationships with customers and partners that do not comply with the spirit of the Group's Sustainability Policy;
- to define a list of sectors and activities for which the Group will not provide financial services; and
- to implement these commitments, working groups have been set up to incorporate sustainability across the board in the Group:
  - Taxonomy Group;
  - Sustainable Financial Products Group;
  - Carbon Neutrality Group;
  - Sustainable Agencies Group;
  - Technology and Information Group;
  - Human Capital Group; and
  - Repositioning and Image Group.

On the basis of the Sustainability Policy and the five priority SDGs, the Group has established a Sustainability Action Plan with well-defined activities (such as the establishment and publication of the Green, Social and Sustainability Framework) and timelines to achieve the following: improve green financial products available to clients; increase knowledge about environmental and climate risks and opportunities amongst employees and commercial areas; reduce the Group's carbon footprint; incorporate the EU Taxonomy in the processes; information technology and culture of the Group; adapt internal policies in accordance with the Sustainability Policy; and anticipate future regulations by following the international agenda.

In addition, the Group endorsed the Lisbon Green Capital Commitment, which highlights its contribution to the ambition of attaining a 60 per cent. reduction in CO<sub>2</sub> emissions by 2030, achieving carbon neutrality by 2050, and cooperating towards resilience in relation to climate change.

In 2020, the Group joined the "Act4nature" initiative, whose main objective is to mobilise and encourage companies to protect, promote and restore biodiversity and ecosystem services. In addition to endorsing 10 common commitments, a further set of individual commitments was proposed in order to contribute to enhancing the ambition to preserve biodiversity.

### ***Social***

The Group's investment in communities continued to be significant during 2020/2021 marked by strong constraints due to the COVID-19 pandemic. In this context, the Group remained available to its customers and the community, providing them with daily banking services, with the necessary health and safety precautions. The branches operated behind closed doors, with clear signs and health and safety equipment so that attendance was as safe as possible.

Among the main social support initiatives was the joint action "SOS Coronavirus", together with the Portuguese Business Association and the Portuguese Medical Association, for the supply of hospital equipment. The campaign "My Gesture, for Our Portugal" was also carried out with FENACAM, CONFAGRI and CARITAS, with the aim of supplying basic necessities to those most in need.

Approximately €1.8 million were invested in local communities by the Group in 2020. In 2020, investment in social responsibility was down compared with recent years, due to the consequences of the COVID-19 pandemic and restrictions on cultural events, sporting events and trade fairs. Nevertheless, 1,217 institutions were supported, of which 33 per cent. were non-professional sports-related institutions and 23 per cent. linked to social cohesion. Donations of equipment were also made, with the vast majority being distributed to hospitals (52 per cent.).

### ***Environmental***

Within the Group, the environmental component of ESG has had two main areas of focus:

- the quantification of the Group's CO<sub>2</sub> emissions, to enable it to set out its ambition for carbon neutrality; and
- the identification of criteria enabling the Group to understand how its customers are aligned with European environmental objectives, which are beginning to be incorporated into regulations directed at the financial sector. The Taxonomy Regulation was published on 22 June 2020 and came into force on 12 July 2020, producing effects regarding the use of criteria applicable to environmentally sustainable economic activities and transparency duties regarding the disclosure of information in non-financial statements, with the Group working in advance on the next step of the regulation, which comes into force in January 2022 and concerns objectives related to climate change mitigation and adaptation. This topic was followed up on by the Taxonomy and Sustainable Financial Products working groups.

In terms of the Group's emissions and impact, some examples of implemented measures include replacement of conventional lamps with LED lamps, motion detectors in offices and meeting rooms, installed timed water flow taps, eradication of paper invoices and documents, charging stations for electric vehicles, bicycle parking racks and a Zero Plastic internal campaign including replacing all plastic consumables with recycled or recyclable ones.

The Group supported the largest sustainability event in Portugal, the Planetiers World Gathering, where the challenges that society and the environment face in the long term were presented and debated. The Group strengthened its support for this event by holding two debates on "Innovation for a more sustainable future" and on "Sustainable banking and young people's expectations".

New contents linked to sustainability and decarbonisation were introduced in the seminar "Minute of Economics", with the aim of raising financial and environmental literacy amongst the Portuguese population.

## RECENT DEVELOPMENTS IN 2023

### Performance of the Group in the first quarter of 2023

CONSOLIDATED INCOME STATEMENT – Selected Financial Information	For the three months until		Δ Abs.	Δ%
	March 2022 (unaudited and not reviewed)	March 2023 (unaudited) In million euros		
Net Interest Income .....	75.3	153.4	78	103.6%
Technical margin of insurance activity .....	25.9	22.3	-4	-14.0%
Net fees and commissions .....	33.2	38.8	6	16.7%
Net trading income .....	-5.8	6.5	12	n.a.
Other net operating income .....	3.6	4.8	1	33.9%
Operating income .....	132.2	225.7	93	70.7%
Operating costs .....	-90.7	-101.6	11	11.9%
Impairment and provisions for the period .....	-2.6	-2.8	5	n.a.
Profit or (-) Loss for the year attributable to owners of the parent .....	35.7	95.8	60	168.4%

On 31 March 2023, the return on equity of 18.4 per cent., achieved by the Group, reflects the results achieved by the different components of the Group (CCAM, the Issuer, life and non-life insurance companies, management of assets and investment funds), including the positive contributions of the insurance business (€1.0 million from CA Vida and €3.0 million from CA Seguros).

The evolution of operating income as at 31 March 2023, which entailed an increase of €93 million compared with 31 March 2022, resulted from the growth of net interest income in the amount of €78 million (103.6 per cent.), and from the net trading income which registered an increase of €12 million, as well as an increase of €6 million in net fees and commissions.

Technical margin of insurance activity decreased by €4 million to €22.3 million as at 31 March 2023 and other net operating income increased by €1 million (33.9 per cent.) to a total of €4.8 million.

The increase in operating costs of €11 million compared with 31 March 2022 and the increase in operating income determined an improvement of 236 b.p. in the cost-to-income ratio that, with reference to March 2023, stood at 45.0 per cent.

Impairment and provisions for the period in the first quarter of 2023 amounted to €2.8 million, showing an increase of €5 million when compared with the same period of 2022, translating into a cost of credit risk of 0.10 per cent.

The results recorded in the real estate divestment segment (notably via investment units devaluation and CA Imóveis net result) in March 2023 had a negative impact on consolidated income by deducting €1.9 million, with a favourable reduction of €1.7 million when compared with €3.5 million in the same period of 2022.

### Balance sheet of the Group

Balance sheet – Selected Financial Information	As at December 2022 (audited)	As at March 2022 (unaudited and not reviewed)	As at March 2023 (unaudited)	Δ Abs. Dec22/March2 3	Δ% Dec22/March2 3
	In million euros				
Total assets .....	24 895	26 713	24 382	-513	-2.1%
Total Loans and advances portfolio (gross) to customers .....	11 982	11 749	11 900	-83	-0.7%
of which: Loans to companies and public administration (gross) .....	7 525	7 320	7 491	-34	-0.4%
Loans and advances to customers (net) .....	11 632	11 422	11 538	-94	-0.8%

<b>Balance sheet – Selected Financial Information</b>	<b>As at December 2022</b>	<b>As at March 2022</b>	<b>As at March 2023</b>	<b>Δ Abs. Dec22/March23</b>	<b>Δ% Dec22/March23</b>
	<i>(audited)</i>	<i>(unaudited and not reviewed)</i>	<i>(unaudited)</i>		
	<i>In million euros</i>				
Total customer' funds .....	22 416	21 280	21 758	-658	-2.9%
Customer funds on the balance sheet .....	20 398	19 363	19 732	-666	-3.3%
Off-balance sheet customer funds .....	2 018	1 917	2 025	7	0.4%
Accumulated impairment and provisions ..	501	496	510	9	1.7%
of which: Accumulated impairment of credit .....	350	328	362	12	3.4%
Technical provisions of insurance activity	782	807	835	53	6.8%
Total Equity .....	2 042	2 012	2 151	110	5.4%

On 31 March 2023, the total loans and advances portfolio (gross) to customers of the Group amounted to €11 900 million, a decrease of 0.7 per cent. in the last six months.

On 31 March 2023, customer deposits totalled €19 732 million, showing a decline of 3.3 per cent. compared with December 2022 corresponding to a decrease of €666 million. This decrease in resources, higher than the decrease in loans and advances to customers (net), contributed to the increase in the loan to deposit ratio, which at the end of the period amounted to 58.5 per cent.

#### *Quality of the Group's loan portfolio*

In terms of the quality of the loan portfolio of the Group, the gross ratio of Non-Performing Loans ("**NPL**"), according to Instruction 2022/2021, in March 2023 stood at 5.0 per cent. compared with the 5.1 per cent. registered at the end of 2022.

The accumulated Non-Performing Loans impairments with reference to the end of March 2023 amounted to €237 million, a value that gives a level of NPL coverage by NPL impairments of 40.8 per cent. and an NPL coverage by NPL impairments and collateral ("**FINREP**") of 89.7 per cent. (or a ratio of 142.4 per cent. not taking into consideration haircuts, costs and the exposure limit per contract). The Texas ratio, determined by the ratio between the NPL stock and the sum of the tangible common equity with the stock of impairments (loss reserves), reached 25.0 per cent.

#### *Group solvency, leverage and liquidity*

According to CRD IV/CRR rules, the Group, as at March 2023, has a comfortable level of solvency, embodied by the common equity tier 1 ("**CET1**") and total capital ratios of 19.4 per cent. (excluding net income for the period), a leverage ratio of 8.3 per cent. and an LCR of 526.3 per cent., all of which are above the recommended minimum thresholds.

#### *External recognition*

The Issuer has a Baseline Credit Assessment (BCA) rating of baa3 from Moody's. The BCA rating is complemented by the Baa2 Stable Outlook / Prime-2 deposit rating, Counterparty Risk Rating (CRR) of Baa1 / Prime-2, Counterparty Risk Assessment of Baa1(cr)/P-2(cr), all investment grade.

The Issuer was elected by "Escolha do Consumidor 2022" (Consumer Choice 2022) as the best bank, in the Category of Small and Medium-Sized Banks ranking in the first place in 8 of the 10 categories under assessment. In early 2023, The Issuer was once again distinguished by "Escolha do Consumidor 2023" in the Category of Small and Medium-Sized Banks, maintaining its first place in 8 of the 10 categories under assessment.

According to the Behavioural Supervision Report, issued by Banco de Portugal, relative to the year of 2022, the Issuer stood out in the ranking of national banks with the fewest complaints. Indeed, it was the institution with the second fewest complaints concerning current accounts (0.14 complaints per 1000 current accounts, compared to the banking system average of 0.35), the third institution with fewest complaints in consumer credit (0.23 complaints per 1000 consumer credit contracts, compared to the banking system average of 0.48), and was ranked in second place for mortgage loans (0.83 complaints per 1000 contracts, compared to the banking system average of 1.17).

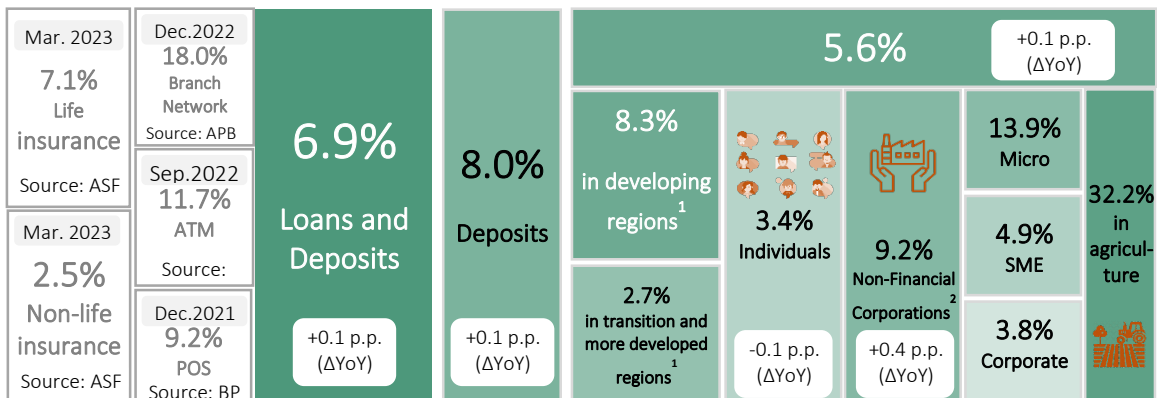
CA Seguros was indicated as the second insurer with the fewest Motor Insurance claims in 2021, in the Report on Regulation and Supervision of Market Conduct published by ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões (Portuguese Insurance and Pension Funds Supervision Authority), with 0.177 complaints per 1000 insured vehicles, compared to an average of 0.309 for the market as a whole.

## BUSINESS OVERVIEW

### Business model

The Group provides its customers with a universal offer, embodied in a comprehensive range of financial products and services, including solutions for day-to day management, loans for corporate and individual customers, saving and investment products, and capitalisation and protection insurance for customers and their assets.

### Crédito Agrícola's market shares (March 2023)



(1) Criteria used by Eurostat: Less developed regions [NUT II: Norte. Centro. Alentejo. Azores.] | Transition regions [NUT II: Algarve. Madeira.] | More developed [NUT II: Lisbon Metropolitan Area.]

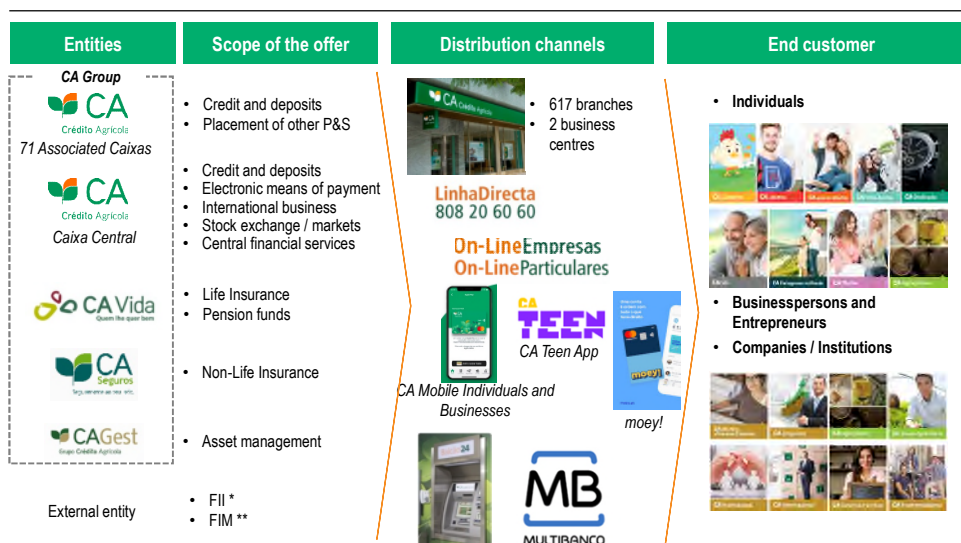
(2) Excludes Financial Institutions and Public Sector | Source: Bank of Portugal. BP Stat

In the context of its business model, seeking to adjust its offer to the specific profile and needs of each segment, the Issuer serves its customers, whether individual or corporate, in a segmented form.

The Group's business model is underpinned by the sustainability and solidarity of the 71 Caixas de Crédito Agrícola Mútuo, which differentiates the Issuer from all other financial institutions at a national level, particularly due to the fact that one of its primary objectives is contributing to the development of local and regional communities, with the Issuer being the only Portuguese financial institution in which:

- the profit generated by each Associated Caixa is distributed or reinvested in the same region;
- the deposits are applied in financing projects in the region of the depositors;
- the majority of the employees are recruited locally;
- albeit with a central framework, as a rule, decision-making is decentralised or arises from an interactive process between Caixa Central and the Associated Caixas de Crédito Agrícola Mútuo.

## Business model of the Crédito Agrícola Group



(\*) managed by Square Asset Management (\*\*) managed by IM Gestão de Ativos, SGFI, SA

One of the intrinsic features of the Issuer is the close relationship with its customers, entailing an ongoing effort to simplify the subscription processes of the most relevant products, aimed at providing a superior experience. The Issuer's comprehensive range of financial products and services is provided through its presence in the field at a national level, via the most extensive branch network among the banks operating in Portugal, a network of automated teller machines (ATM) at approximately 1,600 sites, the permanent telephone helplines, and the digital banking channels which continued to show notable growth in 2022.

### ***Business development of the Group***

The Group's planning and commercial dynamics are interactive processes between the Issuer and the Associated Caixas, without losing the autonomy that characterises the latter.

This model seeks greater alignment between the competitive positioning sought by the Group and its value propositions with the formulation of commercial policies and marketing strategy, where business goals are set and incentives are allocated, according to priority segments, taking into account the profitability generated per product and the importance to the Group's strategy as guidance.

Additionally, complying with GDPR requirements, the Group leverages sound analytical methodologies and processes in order to align customers' perceived needs and/or expectations with the Group's offering or services.

### ***Digital banking***

Despite the leadership in terms of physical presence in Portugal, the Group's proximity to its customers, both individual and corporate, is also underpinned by its digital, non-face-to-face, channels, enabling permanent access to the Issuer's products and services. By providing this digital focus on the transactional needs of the customers, the commercial network can be released to concentrate on activities with a higher degree of personalisation and value added, such as appropriate financial counselling, establishing a relationship of greater quality and relevance with the customers.

During 2022, the digital channels maintained a growth trend very similar to that observed in 2021, demonstrating that the customers' behaviour, influenced by the technological evolution and dissemination, concerning how they access their panoply of financial services, are entirely structural, despite having been fast-tracked by the circumstances of the pandemic period. This continuous growth is observed not only in terms of the number of users of the CA Online and CA Mobile platforms, but also in the intensity of their use, with a progressively higher number of transactions and a growing predominance of the mobile channel. It should also be highlighted that, via the accelerated and irreversible digital transformation that has covered almost all sectors of the economy, the growth of the use of digital channels online by the corporate segment has outperformed the growth of the individual customer segment, while the opposite trend continues to be observed in the mobile channel.

### *Digital banking solution, mobile-only ("moey!")*

The app moey!, a 100 per cent. digital banking solution of the Group, was launched in the summer of 2019, with the following strategic objectives: i) rejuvenation of the Group's customer base; ii) increased market share in the main urban centres; and, iii) digital transformation of the Group.

Throughout 2022, the third full year of the activity of moey!, the implemented strategy led to the continuation of the increased volume of accounts opened (+16 per cent.), the maintenance of the strong alignment with the defined target group, which had already been achieved in 2021, as well as the continuation of a strong evolution in the transaction level, with 2022 showing the double of the number of transactions occurred in 2021.

A new image was given to the moey! Brand and application in 2022. In order to improve the user's experience, the app was endowed with a new version, launched in February, enabling access to all the functionalities in a more immediate and intuitive manner, with just 1 or 2 clicks. Sustainable products were also launched focused on profitability, like moey!, Green (a tool that enables customers to monitor their estimated carbon footprint based on their expenses and costs), Travel Insurance and Personal Credit.

### *International presence*

The Group's presence outside Portugal, through the Representation Offices located in Geneva, Luxembourg and Paris, have continued to be crucial in supporting both the Portuguese community and the local community, especially at the corporate segment level, and the business community, and in promoting the business ventures of customers of the Group.

Special mention is also made of the institutional representation abroad, performed by our Representation Offices, in Embassies, Consulates, Chambers of Commerce, Business Associations and Associative Movements representing local communities.

## **Activity of the Group**

### ***Banking activity***

#### *Evolution of the customers and members base*

The Group's customer portfolio continued its previous growth trend in 2022, with the total number of customers as primary holders of a demand deposit account surpassing 1.5 million. Growth in relation to 2021 was 6.5 per cent. and accumulated growth in the last three years was 12.7 per cent.

In the Individuals macro-segment, the number of customers increased approximately 7.0 per cent. compared to 2021, and in the last three years the accumulated growth was approximately 13.5 per cent., reaching approximately 1.4 million customers by the end of 2022.

The number of customers in the Companies and Sole Proprietorships macro-segment also grew to close to 158,000. The growth in 2022 compared to the previous year was about 3.3 per cent., and the accumulated increase in the last three years is about 6.0 per cent.

The Members macro-segment recorded a decrease of about 1.5 per cent. in 2022 compared to 2021. The Group had more than 418,000 members at the end of 2022.

#### *Evolution of the loan portfolio*

In 2022, the SICAM's total loans and advances portfolio (gross) to customers increased by 2.2 per cent. in relation to the previous year, rising from 11,813 in 2021 to 12,077 in 2022, due to a growth of 2.7 per cent. in loans to companies and 1.4 per cent. in loans to individuals. In March 2023, the SICAM's loan portfolio decreased 0.7 per cent. when compared with December 2022, mainly influenced by a 1.1 per cent decrease observed in loans to individuals and a 0.5 per cent. decrease observed in loans to companies.

As at 31 December 2022, Group's non-performing loans totalled €586 million, corresponding to a ratio of 5.1 per cent. to total exposure, which compares with 7.2 per cent. as at 31 December 2021 (measured on the basis of Instruction 22/2021 of Bank of Portugal). In March 2023, the SICAM's non-performing loans ratio decreased by 0.1 percentage points, resulting in a ratio of 5.0 per cent.



LOANS TO CUSTOMERS	2021	2022	March 2023	Δ % 22/March 23
	<i>(Unaudited and not reviewed)</i>			
	<i>Million euros, except %</i>			
Individuals	4 396	4 457	4 408	-1.1%
Mortgage loans .....	3 368	3 510	3 482	-0.8%
Consumer loans .....	506	509	509	0.0%
Other loans .....	523	438	417	-4.8%
Companies .....	7 416	7 619	7 582	-0.5%
Investment loans .....	3 341	3 596	3 628	0.9%
Current accounts and working capital loans .	1 026	1 100	1 122	2.0%
Other loans	3049	2923	2 833	-3.1%
Total Loans and advances portfolio (gross) to customer	11 813	12 077	11 991	-0.7%
Intragroup loans	86	95	91	-3.7%
Total Loans and advances portfolio (gross) to customer (Group consolidated)	11 726	11 982	11 900	-0.7%
Market share .....	5.6%	5.6%	5.6%	0.01 p.p.

\* Ratio calculated according to the Bank of Portugal Instruction No. 22/2021.

\*\* Includes off-balance sheet credit lines, off-balance sheet underwriting agreements and off-balance sheet authorised overdrafts.

\*\*\* Includes guarantees and sureties provided and import documentary credit, and excludes assets given as guarantee, namely credit and securities, in the Eurosystem.

The main contributors to the growth of total loans and advances portfolio (gross) to customers recorded in 2022 were investment loans, which increased by €254 million (corresponding to growth of 7.6 per cent.), mortgage loans, which increased by €142 million, or 4.2 per cent., and current accounts and working capital credit facilities, which increased by €74 million (corresponding to growth of 7.2 per cent.). In March 2023, the loan portfolio decreased by €-83 million in relation to December 2022 (corresponding to a decline of -0.7 per cent.), reflecting the decrease of €-49 million in mortgage loans (corresponding to a decrease of -1.1 per cent.) and the decrease €-91 million in other corporate loans. On the other hand, investment loans registered an increase of € 32 million (corresponding to growth of 0.9 per cent.), and current accounts and working capital credit facilities increased € 22 million (corresponding to growth of 2.0 per cent.).

### Companies

In the corporate segment, as noted above, there was growth of €203 million (2.7 per cent.) in 2022, resulting mainly from the increase of €254 million (7.6 per cent.) in investment loans. The 2023 first quarter decreased by €37 million (-0.5 per cent.) in relation to December 2022.

Loans granted by SICAM in March 2023 particularly increased in both the real estate activities and construction, with increases of 3.8 per cent. and 4.4 per cent., respectively. Loans granted decline is mainly related with the public administration, energy and trade sectors decrease of -15.5 per cent. (-€112 million), -21.0 per cent. (-€18 million) and -2.2 per cent. (-€22 million), respectively.

Economic activity	Total Credit CA	Var. YoY CA	Weight % CA
	Real Estate Activities .....	1 047	3.8%
Agriculture and Fisheries..	1 002	-0.1%	13.2%
Trade .....	1 006	-2.2%	13.3%
Manufacturing Industries..	865	-1.1%	11.4%
of which: Agro-industry	358	2.0%	4.7%
Accommodation and Restaurants.....	631	-2.9%	8.3%
Public administration.....	610	-15.5%	8.0%
Construction .....	484	4.4%	6.4%
Health and Social Support	360	-2.5%	4.7%
Transport and Storage.....	148	-3.2%	1.9%
Water and Sanitation .....	127	-6.5%	1.7%
Energy .....	69	-21.0%	0.9%
Mining Industries .....	23	3.6%	0.3%

<b>Economic activity</b>	<b>Total Credit CA</b>	<b>Var. YoY CA</b>	<b>Weight % CA</b>
Other .....	854	9.3%	11.3%
of which: Financial institutions	314	-38.9%	4.1%
<b>Total .....</b>	<b>7 582</b>	<b>-0.5%</b>	<b>100.0%</b>
Total excluding financial institutions and public sector	7 009	1.1%	n.a.

Concerning credit concentration, the sectors of agriculture and fisheries, real estate activities, trade and manufacturing industries account for approximately 51.7 per cent. of the total loans granted to companies. The agricultural sector is particularly relevant to the Group, whose market share in this segment reached 32.2 per cent. in March 2023. In contrast, the exposure of the Group to companies in the construction sector is, in relative terms, lower than that observed in the market (4.4 per cent. versus 8.5 per cent.), reflecting a market share of 7.6 per cent. (Source: Internal calculation based on BPStat figures).

### Individuals

In 2022, loans to individuals recorded an increase of 1.4 per cent., compared with an increase of 3.3 per cent. in the national banking sector (Source: BPStat – Bank of Portugal). The evolution of the loans granted to this segment is justified by the growth of €142 million in mortgage loans (4.2 per cent.), which offset the reduction recorded in other products. In March 2023 compared with December 2022, loans to individuals observed a decline of €61 million (-1.1 per cent.), mainly resulting from the contribution of mortgage loans (€-28 million, corresponding to a decrease of -0.8 per cent.) and other loans to individuals (€-21 million, corresponding to a decrease of -4.8 per cent.).

<b>INDIVIDUALS AND SOLE PROPRIETORSHIPS</b>	<b>2021</b>	<b>2022</b>	<b>March 2023</b>	<b>Abs. Δ 21/22</b>	<b>Δ % 21/22</b>	<b>Abs. Δ 22/Mar23</b>	<b>Δ % 22/Mar23</b>
	<i>(Unaudited and not reviewed)</i>						
	<i>Million euros, except %</i>						
Mortgage Loans .....	3 368	3 510	3 482	142	4.2%	-28	-0.8%
Consumer Loans.....	506	509	509	4	0.7%	0	0.0%
Other Credit.....	523	438	417	-84	-16.1%	-21	-4.8%
Loans to Individuals....	4 396	4 457	4 408	61	1.4%	-49	-1.1%

### Evolution of deposits and other funds

The Group maintain its position as a trusted savings bank, continuing the steady growth in its market share with a -3.3 per cent. decrease of customer deposits, compared with the -3.6 per cent. recorded by the total national banking system (Source: Internal calculations with BPStat figures (historical series)). In March 2023, SICAM's customer deposits, reached €19 732 million.

As regards distribution, in 2022 demand deposits increased by €1,030 million (10.9 per cent.), while term deposits grew by €86 million (0.9 per cent.) in 2022 when compared with 2021.

<b>CUSTOMER DEPOSITS</b>	<b>2021</b>	<b>2022</b>	<b>March 2023</b>	<b>Abs. Δ 21/22</b>	<b>Δ% 21/22</b>	<b>Abs. Δ 22/Mar23</b>	<b>Δ % 22/Mar23</b>
	<i>(Unaudited and not reviewed)</i>						
	<i>Million euros, except %</i>						
Demand Deposits .....	9 309	10 380	10 079	1 071	11.5%	-386	-3.7%
Term Deposits and Savings .....	9 927	10 018	9 742	91	0.9%	-279	-2.8%
<b>TOTAL.....</b>	<b>19 236</b>	<b>20 398</b>	<b>19 821</b>	<b>1 162</b>	<b>6.0%</b>	<b>-666</b>	<b>-3.3%</b>

Concerning off-balance sheet funds, the Group recorded an increase of 9.4 per cent. to stand at €2,018 million in 2022, caused by the 14.6 per cent. increase recorded in real estate funds and 24.3 per cent. increase in capitalization insurance. In March 2023, the off-balance sheet funds of the Group increased by €7 million (0.4 per cent. in relation to 2022 year-end), standing at €2 025 million.

Regarding the distribution of investment funds in 2022, special reference is made to the growth of €133 million (14.2 per cent. in relation to 2021) in retail real estate investment funds, with mutual funds (securities) having decreased by €83 million (-20.6 per cent. in relation to 2021). In March 2023, real estate investment funds increased by €40 million (3.6 per cent. in relation to 2022, year-end), while mutual funds decreased by €-48 million (-3.4 per cent. in relation to 2022, year-end).

OFF-BALANCE SHEET FUNDS OF CRÉDITO AGRÍCOLA	2021	2022	March 2023	Abs. Δ 21/22	Δ % 21/22	Abs. Δ 22/Mar23	Δ % 22/Mar23
	<i>(Unaudited and not reviewed)</i>						
<i>Million euros, except %</i>							
Investment Funds .....	1 361	1 417	1 369	56	4.1%	-48	-3.4%
Securities (FIM and FEL) ....	403	320	232	-83	-20.6%	-87	-27.3%
Real estate.....	958	1 097	1 137	139	14.6%	40	3.6%
of which: retail .....	934	1 067	1 121	133	14.2%	55	5.1%
of which: institutional.....	24	31	32	7	27.6%	1	2.7%
Capitalisation insurance <sup>2</sup> .....	483	601	656	118	24.3%	55	9.2%
<b>TOTAL</b> .....	<b>1 844</b>	<b>2 018</b>	<b>2 025</b>	<b>174</b>	<b>9.4%</b>	<b>7</b>	<b>0.4%</b>

1 Collective Investment Undertakings in Securities.

2 Includes value of mathematical provisions and financial liabilities of insurance contracts considered for accounting purposes as insurance contracts, relative to the Associated Caixas of the SICAM.

The structure of customer funds naturally continued to show the dominant weight of deposits, which accounted for 91.0 per cent. of the total funds entrusted to the Group at the end of 2022, a weight lower than that of the previous year. In March 2023, there was a slight decrease in the deposits weight, reaching 90.7 per cent.

CUSTOMER FUNDS UNDER MANAGEMENT OF CRÉDITO AGRÍCOLA	2021	2022	March 2023	2021	2022	March 2023
	<i>(Unaudited and not reviewed)</i>			<i>Structure (% total)</i>		
<i>Million euros</i>						
Demand Deposits.....	9 309	10 380	9 993	44.2%	46.3%	45.9%
Term Deposits and Savings .....	9 927	10 018	9 739	47.1%	44.7%	44.8%
<b>Total Deposits</b> .....	<b>19 236</b>	<b>20 398</b>	<b>19 732</b>	<b>91.3%</b>	<b>91.0%</b>	<b>90.7%</b>
Capitalisation Insurance.....	483	601	656	2.3%	2.7%	3.0%
Investment Funds.....	1 361	1 417	1 369	6.5%	6.3%	6.3%
<b>Total Off-balance Sheet Funds</b> .....	<b>1 844</b>	<b>2 018</b>	<b>2 025</b>	<b>8.7%</b>	<b>9.0%</b>	<b>9.3%</b>
<b>TOTAL:</b> .....	<b>21 080</b>	<b>22 416</b>	<b>21 757</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

In view of the positive evolution, in particular in traditional deposits, the total value of customer funds managed by the Group recorded an increase in relation to the same period of the previous year of 6.1 per cent., having reached €22,416 million in December 2022. In March 2023, customer funds decreased to €21,757 million, in line with market behaviour.

## Insurance activity

### Non-life insurance

In 2022, CA Seguros increased the number of customers with policies in force from around 419,000 to around 440,000.

The ratio of costs related to claims / written premia showed a 5.2 per cent. reduction in 2022, to 48.4 per cent., despite an increase in the level of claims over the last four months of the year due to the occurrence of intense rainfall and adverse climatic events. Concerning claims management; the Issuer highlights the fact that CA Seguros recorded yet another year with zero non-compliance in terms of time limits and deadlines imposed by the law, in the management of motor insurance claims.

CA Seguros complied with all the requirements of the Solvency II regime, in terms of processes, capital quantification models, governance systems and reporting requirements, and presents a highly robust situation in terms of its solvency ratio, which stands above the threshold of 140 per cent., defined in risk appetite. As at December 2022, the solvency capital requirement ("SCR") ratio stood at 166 per cent.

In addition, CA Seguros has recorded yet another year with zero non-compliance in terms of time limits and deadlines imposed by the law, in the management of Motor insurance claims (Source: Relatório de Incumprimentos na Regularização de Sinistros Automóvel, ASF and Relatório de Incumprimentos na Regularização de Sinistros Automóvel, ASF).

In 2022, gross premia issued reached €154 million, representing an increase of 6.2 per cent., year-on-year. In March 2023, the gross premia issued reached €43 million.

Non-life insurance activity- KEY INDICATORS	2021	2021 restated*	2022	March 2022	March 2023	Abs. Δ 21/22	Δ % 21/22	Abs. A Mar23 /Mar23	% A Mar 22	Abs. A 22/ Mar23	% A 22/ Mar 23
									ar 22		Mar 23
<i>(Unaudited and not reviewed)</i>											
<i>Thousand euros, except %</i>											
Gross											
Premiums Issued.....	145,063	145,063	154,006	39,911	42,890	8,943	6.2%	2,979	7.5%	n.a	n.a
Financial Investments...	220,177	222,498	209,523	183,510	197,691	-10,654	-4.8%	14,181	7.7%	-11,832	-5.6%
Total Assets.....	265,418	267,739	266,411	259,133	269,895	993	0.4%	10,762	4.2%	3,484	1.3%
Total Equity.....	56,360	58,681	43,805	49,856	47,067	-12,556	-22.3%	-2,788	5.6%	3,263	7.4%
Profit or (-) Loss for the year.....	5,847	6,510	10,966	3,385	2,955	5,119	87.6%	-430	12.7%	n.a	n.a

\*Restatement due to changes on the accounting policies regarding financial participation on Rede Nacional de Assistência, S.A.

In 2022, Profit or (-) Loss for the year amounted to €11.0 million, reflecting the increased technical margin, which more than offset the increased operating costs. In March 2023, the Profit or (-) Loss for the year amounted to €2,955 thousand, 12.7 per cent. below the same period from the previous year.

The equity of CA Seguros decreased by EUR 12.6 million, mainly related with the impact of the interest rates' raise on the market value of the investment portfolio which resulted in a reduction of 22.8 million in the accumulated other comprehensive income on the investment portfolio (net of taxes).

CA Seguros maintained a prudent policy in terms of the provisioning level, just as in previous years. Overall, the technical provisions amounted to the value of €178 million as at 31 December 2022, having increased by 3.6 per cent. in relation to the previous year.

#### *Life insurance*

The contribution of the life insurance activity to the Group, in terms of Profit or (-) Loss for the year, amounted to €47.7 million in 2022. Life insurance financial assets managed within the Group stood at €766.4 million. In March 2023, the Profit or (-) Loss amounted to €973 thousand, -63.6 per cent. below the same period from the previous year.

Life insurance growth was recorded in the production of new life insurance of approximately 61.4 per cent. during 2022. The product category driving this growth was capitalisation, with a variation of 121.7 per cent. in relation to 2021. Although less expressive, risk products also recorded a positive variation, of 0.5 per cent. The exception to the observed growth were the pension funds, which showed a decline of approximately 24.2 per cent. in relation to the previous year. Despite the worldwide circumstances experienced during 2022, the figures shown above point to the recovery and consolidation of the levels of growth of market share that CA Vida had been recording in the past, having closed the year with a 4.2 per cent. share in the life business.

At the end of 2022, CA Vida held 279 thousand life insurance policies in force, corresponding to year-on-year growth of 6.9 per cent. and 32 thousand pension fund contracts, representing an increase of 8.9 per

cent. in relation to the end of 2021. The gross premia issued of life insurance and deliveries in investment contracts reached a value of around 248 million euros, representing a year-on-year growth of 75.4 per cent.

Life insurance activity- KEY INDICATORS	2021	2022	March 2022	March 2023	Abs. Δ 21/22	Δ % 21/22	Abs. A	% A	Abs.	%
							Mar22 /Mar23	Mar22 /Mar23	A 22/ Mar23	A 22/ Mar23
<i>(Unaudited and not reviewed)</i>										
<i>Thousand euros, except %</i>										
Gross premiums issued and amounts paid in investment contracts .....	141,105	247,502	136,398	86,305	106,397	75.4%	-50,592	-37.0%	n.a.	n.a.
Pension fund contributions...	41,053	30,322	5,666	4,479	-10,731	-26.1%	-1,187	-20.9%	n.a.	n.a.
Total Assets .....	771,483	788,262	833,298	846,632	16,778	2.2%	13,334	1.6%	58,370	7.4%
Financial assets...	762,436	766,438	814,290	825,899	4,002	0.5%	11,610	1.4%	59,462	7.8%
Total Equity .....	117,503	83,165	90,072	93,123	-34,338	-29.2%	3,051	3.4%	9,958	12.0%
Profit or (-) Loss for the year .....	6,067	47,733	2,671	973	41,667	686.8%	-1,698	-63.6%	n.a.	n.a.
Number of Employees at end of period...	51	55	50	56	4	7.8%	6	12.0%	1	1.8%

Regarding capital requirements in 2022, the Issuer has maintained its objective of maintaining a policy of robust solvency ratios, with indicators of a stable financial situation, despite the 29 per cent. decline in equity, largely due to the devaluation of investment securities registered at other comprehensive income, caused by the increase in market interest rates, partially offset by the increase in net income.

## DEVELOPMENTS IN BANKING REGULATION

### Regulatory requirements

#### *Capital requirements:*

On 12 September 2010, the Basel Committee on Banking Supervision announced a new capital agreement on banking supervision known as Basel III, which revises most of the capital and liquidity minimum requirements. The Basel III framework sets out enhanced standards to strengthen financial institutions' capital base, improve risk management and governance, and increase transparency for market participants. It builds on the Basel II three-pillar architecture, according to which: (i) Pillar 1 (minimum prudential requirements) sets the binding minimum level of capital banks and investment firms need to face major risks; (ii) Pillar 2 (supervisory review) allows supervisors to evaluate institution-specific risks and impose additional capital charges to face them; (iii) Pillar 3 (market discipline) aims to increase transparency in banks' financial reporting allowing marketplace participants to better reward well-managed banks.

CRD IV empowers the EBA to draw up regulatory technical standards that specify some of the aspects covered by the amended diplomas. Upon the respective adoption by the European Commission these norms are directly applicable under Portuguese law. Guidelines are subject to their adoption by the competent authority.

Under the guidance of the SSM, the conclusions of the supervisory review take the form of prudential requirements (Pillar 2) being set to be held in excess of the minimum capital requirements (Pillar 1). Banks are required to maintain a total capital requirement that includes CET1 instruments and other capital instruments and are also subject to the overall capital requirement that also includes the combined own funds buffer requirement.

The supervision of internal models is based on current applicable EU and national law, including Regulation 575/2013/EU of the European Parliament and of the Council of 26 June 2013, as amended, on prudential requirements ("CRR"), the relevant regulatory technical standards of the EBA and EBA guidelines with which the ECB has announced its intention to comply. The internal risk models that the Group has implemented are supervised and monitored continuously by the supervisory authorities, with whom the Group maintains a regular dialogue on the matter. Adjustments to those models, with a view to their better calibration in light of possible context changes, requested by the supervisory authorities or as a result of the Group's initiative, or related to new regulation implementation may have an impact on the amount of risk weighted assets ("RWA"), and, consequently, affect the capital ratios of the Group. The revised regulatory

framework of Basel III was implemented in the EU through the adoption of the CRR and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as amended, on access to the activity of credit institutions on prudential requirements ("**CRD IV**"). The CRD IV package is comprised of a directive (CRD IV) governing the access to banking activity, and the CRR, establishing how to calculate the amount of capital that banks and investment firms must set aside; it also lays down requirements on reporting and liquidity.

The CRR is directly applicable to Member States since January 2014 and includes the following provisions in addition to the minimum capital requirement for CET1 capital of 4.5 per cent. of RWA, of 6 per cent. for Tier 1 capital ratio and the total capital ratio of 8.0 per cent.:

- (i) an additional capital conservation ratio requirement of 2.5 per cent. over common equity;
- (ii) a countercyclical capital buffer, which will be between 0.0 per cent. and 2.5 per cent. of RWA with the ability to absorb losses as a function of the credit cycle subject to its application by national supervisory authorities. In Portugal, at its most recent revision, pursuant to the decision of the Bank of Portugal of 27 September 2022, the countercyclical buffer rate is at 0.00 per cent. of the total risk exposure amount, with effect from 1 October 2022 for the fourth quarter of 2022;
- (iii) a systemic risk buffer and a buffer for other systemically important institutions; and
- (iv) the leverage ratio of 3.0 per cent.

On 23 November 2014, Decree-Law No. 157/2014, of 24 October 2014, entered into force, amending the Legal Framework of Credit Institutions and Financial Companies, and implementing CRD IV and CRR at domestic level.

On 1 January 2018, Regulation (EU) 2017/2395 of the European Parliament and of the Council, of 12 December 2017, entered into force, amending the CRR as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State.

The banking package approved by the Council in May 2019 implements further material elements of the Basel III framework (Basel IV), which was finalised on December 2017, by the way of amendments to the CRR ("**CRR II**") and CRD IV ("**CRD V**"), the BRRD ("**BRRD II**") and Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**").

This legislative package includes revised rules on calculating capital requirements for market risk, ("Fundamental review of the trading book"), introduction of a binding leverage ratio and a binding net stability funding ratio ("**NSFR**") and streamlining Pillar 2 capital requirements. This legislative package also adjusts the MREL. The above Regulations and Directives entered into force on 27 June 2019. The amendments to the CRR are to be applied for the first time two years after entry into force (subject to certain earlier applications and exemptions, such as those relating to the transitional arrangements for IFRS 9 and the characteristics of new regulatory capital instruments), while the new CRD V rules are to be applied 18 months after entry into force, with application immediately thereafter. Member States shall adopt and publish the measures necessary to comply with the Directives.

Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020, which contains amendments to the CRR in response to the COVID-19 pandemic, brought forward the application dates for certain reforms introduced by the CRR, such as the exemption of certain software assets from capital deductions, specific treatment envisaged for certain loans backed by pensions or salaries, as well as small and medium-sized enterprises and infrastructure supporting factors.

On 7 December 2017, the Basel Committee on Banking Supervision reached an agreement on the remaining Basel III reforms ("**Basel IV**"). Basel IV, which paves the way for CRR III and CRD VI as they are to be transposed to European law, aims at reducing excessive variability of RWA. The agreed reforms address the following topics:

- improvement of the standardised approaches for credit risk;

- constraints to the use of internal models: banks may, for example, for their exposures to large and mid-sized corporates no longer use own estimates for two parameters (the loss-given-default and exposure at default) but rather use fixed values instead. Moreover, after the reform, internal ratings-based approaches will no longer be allowed for exposures to equities;
- improvement of the operational risk framework: current approaches are replaced with a single risk-sensitive standardised approach to be used by all banks; internal models will no longer be allowed to address losses that stem from misconduct, inadequate systems and controls, etc.;
- introduction of a different output floor set at 72.5 per cent. introducing a limit to the regulatory capital benefits that a bank using internal models can derive compared to the standardised approaches; and
- revised procedure for calculating CVA in derivatives.

In January 2019, the Basel Committee on Banking Supervision published the revised standards for minimum capital requirements for Market Risk (Fundamental Review of the Trading Book) introducing deep changes to the framework and calibration of internal models and standardized models used for the calculation of own funds requirements for this type of risk.

Following the COVID-19 pandemic, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision, has endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the coronavirus.

These measures comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- (i) the implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor have also been extended by one year to 1 January 2028;
- (ii) the implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023; and
- (iii) the implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

The implementation dates of these measures remain unclear until such rules are implemented into European and Portuguese legislation and therefore become applicable to and effective upon the Issuer.

*Capital buffers:* The criteria for maintenance by credit institutions and certain investment companies of additional own funds' buffers include:

- (i) a capital conservation buffer;
- (ii) the institution's specific countercyclical capital buffer;
- (iii) the systemic risk buffer, also referred to as SII buffer; and
- (iv) an O-SII buffer (for other systemically important institutions at a national level).

The combined buffer requirement with which each institution is required to comply corresponds to the sum of the capital conservation buffer, the institution-specific countercyclical capital buffer, and the higher of the O-SII buffer and the systemic risk buffer (except where the latter only applies to risk exposures in the Member State which activated the measure, in which case it is additive).

These measures have the objective of safeguarding financial stability, by strengthening the resilience of the financial sector and preventing systemic risk. The set of instruments and intermediate objectives will be revised and adjusted by the competent authorities where necessary to better safeguard financial stability. In addition, other macroprudential policy instruments may be activated if deemed necessary. Failure to comply

with these buffers implies restrictions on distributions relating to CET1 own funds as well as an obligation to submit to the competent authorities a capital conservation plan within 5 business days of the breach.

*Capital conservation buffer:* The capital conservation buffer requirement aims to accommodate losses from a potential adverse scenario. The Group has a requirement (at an individual and consolidated level) to maintain a minimum CET1 capital buffer of 2.5 per cent., as provided in Article 138-D of RGICSF.

*Countercyclical buffer:* The countercyclical capital buffer is one of the main macroprudential instruments introduced by the new regulatory framework, aiming to improve the banking system's resilience to periods of excessive credit growth. The establishment of variable capital requirements over the cycle is expected to contribute to mitigating the pro-cyclicality of banks' credit policies. The following apply to this buffer, as provided in Article 138-G of RGICSF:

- (i) the rate will be set between 0 per cent. and 2.5 per cent. of the total risk exposure amount;
- (ii) the rate is calibrated in steps of 0.25 percentage points or multiples of 0.25 percentage points; and
- (iii) in exceptional cases, the rate may be set at a level above 2.5 per cent.

The buffer rate for each institution, known as the "institution-specific countercyclical buffer rate", is a weighted average of the countercyclical buffer rates that apply in the countries where the credit exposures of that institution are located. This requirement is met with CET1 capital. Under the SSM, the ECB can propose higher minimum capital requirements than the ones defined by the national authorities. This capital buffer will apply to all credit risk exposures, with credit exposures to the domestic private non-financial sector, of credit institutions and investment firms subject to the supervision of Bank of Portugal or the ECB, as applicable.

The countercyclical buffer rate for credit exposures to the domestic counterparties (Portugal) will remain at zero per cent. of the total risk exposure amount in effect since 1 April 2021. As at 8 April 2021 the weighted average of the countercyclical buffer rates that apply in the countries where the Group is located was also zero per cent. This decision is reviewed on a quarterly basis by Bank of Portugal and, on 27 September 2022, the Bank of Portugal announced, for the fourth quarter of 2022, that the countercyclical buffer rate to be applied as of 1 October 2022 will remain at 0 per cent. of the total risk exposure amount.

### ***Evolution of the Solvency Ratio in 2022 and 1Q2023***

In 2022, the Group presented liquidity coverage and leverage ratios of 500.0 per cent. and 7.6 per cent., respectively, showing a comfortable buffer in relation to prudential requirements.

The own funds of the Group, calculated in conformity with the prudential requirements under Regulation (EU) 575/ 2013 of 26 June 2013, and including net profit of the year, amounted to €1950 million as at 31 December 2022. Considering the deductions established in the regulations in force, CET1 stood at €1950 million, having grown by €13 million in relation to December 2021.

In December 2022, total own fund requirements decreased to €9,798 million (-2.9 per cent.) compared to the €10,095 million of total own fund requirements recorded in 2021. In relation to the previous year, own fund requirements for credit risk recorded a decrease of €361 million (-3.9 per cent.). Own fund requirements for operational risk stood at €979 million, requirements for market risk reached €4 million and requirements for CVA stood at €28 million at the end of 2022. In March 2023, the total own fund requirements increased to €10,082 million (+2.9 per cent. versus December 2022).

At the end of 2022, the total capital ratio and Group's CET 1 capital ratio stood at 19.9 per cent. and comfortably complying with the prudential requirements, in conformity with number 1 of article 92 of Regulation (EU) 575/ 2013 and including net profit of the year. Solvency ratios, excluding net income, as of March 2023 increased 1.1 per cent. comparing with December 2022 (from 18.4 per cent. to 19.4 per cent.).



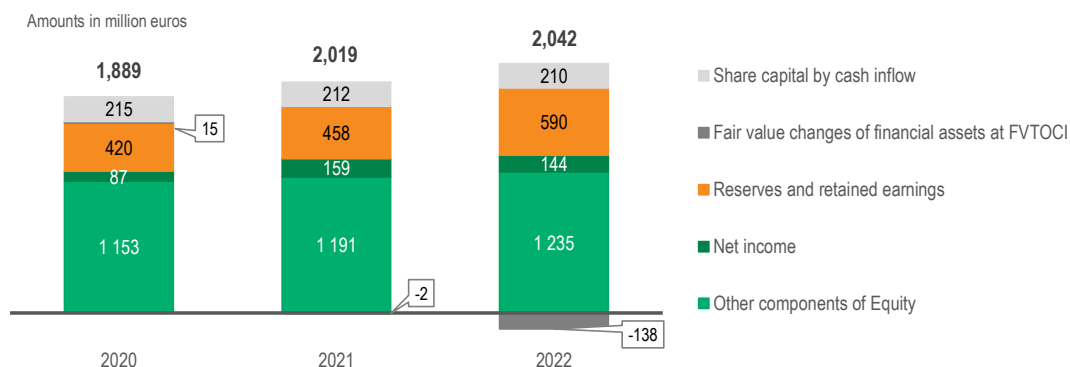
<b>SOLVENCY - GRUPO CRÉDITO AGRÍCOLA</b>	<b>2021</b>	<b>2022</b>	<b>March/ 23</b>	<b>Δ 21/22</b>
	<i>Million euros, except %</i>			
<b>Total Own Funds</b> <sup>(a)</sup> .....	<b>1 937</b>	<b>1 950</b>	<b>1 960</b>	<b>0.7%</b>
Common equity tier 1 <sup>(a)</sup> .....	1 937	1 950	1 960	0.7%
Level 1 Own Funds (Tier 1) <sup>(a)</sup> .....	1 937	1 950	1 960	0.7%
Level 2 Own Funds (Tier 2) <sup>(a)</sup> .....	0	0	0	0.7%
<b>Exposure value</b> <sup>(b)</sup> .....	<b>26 131</b>	<b>24 464</b>	<b>24 064</b>	<b>-6.4%</b>
<b>Risk weighted exposure amounts</b> .....	<b>10 095</b>	<b>9 798</b>	<b>10 082</b>	<b>-2.9%</b>
Credit.....	9 148	8 787	9 065	-3.9%
Market.....	0	4	10	n.a.
Operational.....	928	979	979	5.6%
Credit valuation adjustment (CVA).....	19	28	28	43.7%
<b>Solvency ratios</b> <sup>(a) (c)</sup>				
<i>Common equity tier 1</i> .....	19.2%	19.9%	19.4%	0.71 p.p.
<i>Tier 1</i> .....	19.2%	19.9%	19.4%	0.71 p.p.
<i>Total</i> .....	19.2%	19.9%	19.4%	0.71 p.p.
<b>Leverage ratio</b> <sup>(a)</sup> .....	<b>8.7%</b>	<b>7.6%</b>	<b>8.3%</b>	<b>-0.4%</b>
<b>Liquidity coverage ratio (LCR)</b> .....	<b>477.2%</b>	<b>500.0%</b>	<b>526.3%</b>	<b>22.8 p.p.</b>

(a) Incorporates net income for the period, except for March 2023.

(b) Includes on-balance sheet, off-balance sheet and derivative positions, net of impairment.

(c) The ratios are calculated in accordance with the rules of Directive 2013/36/EU (CRD IV - Capital Requirements Directive) and Regulation (EU) 575/2013 (CRR – Capital Requirements Regulation). Solvency ratios including net income as of March 2023 increased 0.46 p.p. comparing with December 2022.

The Total Equity of the Group reached the value of €2,042 million at the end of 2022, representing growth of 1.1 per cent., or €23 million. This variation is primarily explained by the Profit or (-) Loss for the year attributable to owners of the parent, with the aforesaid favourable evolution of €144 million, and by the other reserves and retained earnings which increased by €132 million in relation to the value recorded in December 2021. In the opposite direction, there was the negative effect of €118 million related to the devaluation of public debt securities recorded at fair value, in particular of the life insurance portfolio, as a result of increased market interest rates.



### Leverage ratio

The Group's leverage ratio, including net income, stood at 7.6 per cent. in 2022, compared to 8.7 per cent. reported in 2021. In March 2023, the leverage ratio, excluding net income, reached 8.3 per cent. The liquidity coverage ratio ("LCR") increased from 500.0 per cent. in 2022 to 526.3 per cent. in March 2023.

The leverage ratio is a (non-risk-sensitive) measure of a bank's ability to meet its long-term financial obligations, calculated by dividing the Group's Tier 1 capital by its average total consolidated assets and expressed as a percentage.

CRD V introduces a binding leverage ratio minimum requirement of 3.0 per cent. Under the new CRD V rules, additional leverage ratio requirements can be imposed to address the institution-specific risk of excessive leverage.

### *Liquidity requirements*

Basel III and CRD and CRR, provide for the setting of short- and long-term liquidity ratios and funding ratios, namely the LCR and the NSFR. The NSFR, currently a mere reporting obligation will become binding following CRD V.

The Group's LCR calculated in accordance with the Commission Delegated Regulation (EU) 2015/61, of 10 October 2014, was 500.0 per cent., as at 31 December 2022, higher than the reference value of 100 per cent. (fully implemented).

The LCR requires that banks have sufficient high-quality liquid assets ("**HQLA**") in their liquidity buffer to cover the difference between the expected cash outflows and the expected capped cash inflows over a 30-day stressed period. The value of the ratio is to be no lower than 100 per cent. (the stock of HQLAs should at least equal total net cash outflows). In relation to the LCR, the EBA:

- (i) defined assets as "extremely high" and of "high" quality;
- (ii) put in place operational requirements for the holdings of liquid assets;
- (iii) recommended that all types of bonds issued or guaranteed by Member States' central governments and central banks in local currency as well as those issued or guaranteed by supranational institutions should be considered transferrable extremely high-quality assets;
- (iv) stated that the credit quality standards and eligibility of covered bonds, bonds, residential mortgage-backed securities and bonds issued by local government entities should be considered highly liquid and credit quality assets; and
- (v) recommended that common equity shares should be considered high quality liquid assets.

The NSFR, is defined as the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100 per cent. on an on-going basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The ratio aims at ensuring that the funding of illiquid assets is made through stable sources, both in normal as well as adverse conditions.

The Group's NSFR, estimated in accordance with Basel III methodology that supported the ECB's Short-Term Exercise report was 167.7 per cent, as at 31 December 2022, higher than the reference value of 100 per cent. (fully implemented).

### *Sustainable Finance*

The European Union is strongly supporting the transition to a low-carbon, more resource-efficient and sustainable economy and it has been at the forefront of efforts to build a financial system that supports sustainable growth. On 11 December 2019, the European Commission presented the European Green Deal, a growth strategy aiming to make Europe the first climate neutral continent by 2050. To this end, the European Commission has developed a comprehensive policy agenda on sustainable finance since 2018, comprising the action plan on financing sustainable growth and the development of a renewed sustainable finance strategy in the framework of the European Green Deal. On 18 June 2020, a sustainable taxonomy for the EU was put forward through the Taxonomy Regulation. It establishes a classification scheme for economic activities based on their environmental sustainability which is primarily aimed at supporting mandatory disclosures. On 21 April 2021, the European Commission approved in principle the first delegated act aimed to support sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives. Specifically, for the banking sector, the EBA was given several mandates to assess how ESG risks can be incorporated into the three pillars of prudential supervision. Based on this, the EBA published an Action Plan on sustainable finance and a Discussion Paper on the integration of ESG risks into the regulatory and supervisory framework.

### *Banking Union*

In an effort to harmonise the regulation and supervision of banking activities across the European Union and especially in the Eurozone, the European Commission established a new common regulation (Single Rule Book) and a common supervisory architecture (European Supervisor Authorities together with

National Competent Authorities). The key-elements of the Banking Union are the SSM, the SRM and the European Deposits Insurance Scheme ("**EDIS**"):

- the SSM, which assigns the role of direct banking sector supervisor to the ECB in order to ensure that the largest banks in Europe are independently supervised under common rules (operating since 4 November 2014);
- the SRM, which is responsible for planning for the worst-case scenario, namely the failure of a bank, to ensure that the situation can be resolved in an orderly manner; and
- on 24 November 2015, the European Commission presented a legislative proposal that aims to add another element to the Banking Union, the EDIS, which is to be built on the basis of existing national Deposit Guarantee Schemes ("**DGS**"), but yet to be implemented.

Furthermore, the underlying resolution rules were changed through the provisions of the BRRD, according to which resolutions shall mainly be financed by banks' shareholders and creditors. Where necessary, financing can also be provided, on a complementary basis, by the newly established SRF, which is financed by the European banking industry. The SRF is only expected to reach its target funding level in 2023. Members of the Eurozone are automatically part of the Banking Union, while other Member States may opt in.

#### *The Single Supervisory Mechanism*

The Banking Union assigns specific tasks to the ECB concerning policies relating to the prudential supervision of credit institutions. According to the regulation, the Single Supervisory Mechanism ("**SSM**") is intended to ensure that the European Union policy relating to the prudential supervision of credit institutions is implemented in a coherent and effective manner, that the single rulebook for financial services is applied in the same manner to credit institutions in all Member States concerned and that those credit institutions are subject to supervision of the highest quality, unfettered by other non-prudential considerations.

The ECB indirectly supervises the Group as a "less significant institution". The ECB's supervision of banks that are not considered significant ("less significant institutions") is exercised in conjunction with national authorities. The SSM Regulation and Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (the "**SSM Framework Regulation**") provide the legal basis for the operational arrangements of the SSM.

The SSM is also responsible for regularly assessing and measuring the risks for each bank and, consequently, the capital and liquidity adequacy of credit institutions through the global evaluation of own funds adequacy, by means of the SREP:

- (i) during the SREP, the supervisor not only defines banks' capital requirements, (e.g. Pillar 2 capital requirements – ("**P2R**") and Pillar 2 capital guidance ("**P2G**")), but may also decide to impose additional measures on banks, including liquidity and qualitative measures;
- (ii) the prudential requirements require banks to maintain a total SREP capital requirement ("**TSCR**") that includes CET1 instruments and other capital instruments;
- (iii) banks are also subject to the overall capital requirement ("**OCR**") that includes, in addition to the TSCR, additional capital buffers, namely "the combined buffer", comprised of the countercyclical capital buffer, capital conservation buffer and systemic buffer, as described above; and
- (iv) the P2G is to be made up entirely of CET1 capital and should be held over and above the OCR. Failure to comply with the P2G is not itself a breach of own funds requirements, but it may be subject to additional measures adjusted to the individual situation of the bank. The P2G is not relevant for purposes of the Minimum Distributable Amount ("**MDA**"). The MDA is the maximum amount a bank is allowed to pay out, for example for bonuses or dividends. A bank whose capital ratio falls below the MDA trigger point faces restrictions on the amount of distributable profits.

CRD V clarifies the conditions for imposing Pillar 2 additional requirements, i.e., the institution-specific nature of Pillar 2 add-ons makes them unsuitable for macro-prudential purposes, for which other specific

tools are set out. It also clarifies the interaction between the Pillar 2 add-ons, the Pillar 1 requirements, the own funds and eligible liabilities requirement, the MREL and the combined buffers (the 'stacking order') while clarifying the distinction between Pillar 2 requirements imposed by supervisors to address institution-specific actual risks and (non-binding) P2G, which refers to the possibility for competent authorities to indicate to banks the level of capital in excess of Pillar 1, Pillar 2 and combined buffers requirements that they expect them to hold to face forward-looking and remote stresses.

The EBA issues guidelines on common procedures and methodologies for the SREP. These guidelines introduce consistent methodologies for the assessment of risks to capital and risks to liquidity, and for the assessment of the Group's capital and liquidity adequacy. Changes to guidelines, after being endorsed by the competent authorities may also have implications on the Group's compliance of supervisory requirements.

Based on the 2022 SREP, in force from July 2022, the Group is required to have a minimum CET1 ratio of 9.16 per cent. (4.50 per cent. Pillar 1, 1.41 per cent. Pillar 2 requirement, 2.50 per cent. CBR and 0.75 per cent. Pillar 2 Guidance), a Tier 1 ratio of 11.13 per cent. (6.00 per cent. Pillar 1, 1.88 per cent. Pillar 2 requirement, 2.50 per cent. CBR and 0.75 per cent. Pillar 2 Guidance) and a total capital ratio of 13.75 per cent. (8.00 per cent. Pillar 1, 2.50 per cent. Pillar 2 requirement, 2.50 per cent. CBR and 0.75 per cent. Pillar 2 Guidance). As of December 2022, and excluding results from the period, the Group reported a 18.41 per cent. ratio for CET1, Tier 1 and total capital. As of December 2022, including results from the period, the Group reported a 19.90 per cent. ratio for CET1, Tier 1 and total capital.

#### *The Single Resolution Mechanism*

A new recovery and resolution regime introduced tools and powers aimed at addressing banking crisis in advance through Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, as amended, established a framework for recovery and resolution ("**BRRD**"). Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014 (as amended, notably by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019, the "**SRM Regulation**"), which is directly applicable, establishes uniform rules and procedures for the resolution of credit institutions regarding the loss-absorbing and recapitalisation capacity.

The BRRD was transposed to the Portuguese legal order through Law No. 23-A/2015, of 26 March 2015, as amended (which amended the RGICSF).

In the event of a bank's critical financial condition ("fail or likely to fail"), the Banking Union's framework was designed to minimise the impact of any particular bank's financial difficulties on the financial system and on taxpayers. Under the envisaged SRM, shareholders of the institution would be the first to bear losses, before that institution's lenders in accordance with the applicable creditor hierarchy set out under applicable legislation. To that end, resolution authorities were given the power to allocate losses to shareholders and creditors (including holders of any Notes) (the "bail in" tool, as per Article 43 of the BRRD), in line with the valuation of the failing business and according to the sequence of write down and conversion provided in Article 48 of the BRRD. Shareholders and creditors must therefore absorb losses for at least 8 per cent. of their total liabilities, including own funds, before any use of the resolution fund.

Guaranteed deposits are expected to be safeguarded and creditors should not bear losses greater than those that they would have suffered had the institution been liquidated under ordinary insolvency proceedings. The BRRD contemplates that liabilities such as the Notes may be subject to loss absorption in case of application of resolution measures, in addition to the application of the general bail-in tool (which may apply to any of the Notes).

As such, the Banking Union and, in particular, the use of resolution tools and powers provided for by the Banking Union may disrupt the rights of shareholders and creditors. In particular, the power of the authorities to transfer the shares or all or part of the assets of an institution to a private purchaser without the consent of shareholders affects the property rights of shareholders. In addition, the power to decide which liabilities to transfer out of a failing institution based upon the objectives of ensuring the continuity of services and avoiding adverse effects on financial stability may affect the equal treatment of creditors.

To avoid institutions structuring their liabilities in a manner that impedes the effectiveness of the bail-in tool, the BRRD requires that institutions meet at all times a MREL expressed as a percentage of the total liabilities and own funds of the institution. When determining MREL in accordance with the BRRD and in

applying the bail-in tool, the resolution authority should ensure that the institution is capable of absorbing an adequate amount of losses and that the post-resolution entity is recapitalised by an amount sufficient to meet ongoing capital prudential requirements after resolution, while sustaining sufficient market confidence. The resolution authority should also take into account the assessments made by the competent authority on the business model, funding model, and risk profile of the institution in order to set prudential requirements.

By delivering a comprehensive framework that ensures that shareholders and creditors bear the cost of bank failure, the BRRD aims at:

- safeguarding the continuity of essential banking operations;
- protecting the depositors, the client's assets and the public funds;
- risks to financial stability; and
- avoiding the unnecessary destruction of value.

Accordingly, resolution powers include, among others:

- the power to reduce, including to reduce to zero, the principal amount of or outstanding amount due in respect of eligible liabilities, of an institution under resolution;
- the power to convert eligible liabilities of an institution under resolution into ordinary shares or other instruments of ownership of that institution;
- the power to cancel debt instruments issued by an institution under resolution except for secured liabilities subject to Article 44(2) of the BRRD; and
- the power to reduce, including to reduce to zero, the nominal amount of shares or other instruments of ownership of an institution under resolution and to cancel such shares or other instruments of ownership.

These powers conferred to resolution authorities are such as to ensure that capital instruments (including Additional Tier 1 and Tier 2 instruments) absorb losses at the point of non-viability of the issuing institution. Accordingly, the BRRD contemplates that resolution authorities may require the write down of such capital instruments in full or on a permanent basis, or their conversion in full into CET1 instruments, to the extent required and up to their capacity, at the point of non-viability immediately before the application of any other resolution action, if any.

The BRRD provides, *inter alia*, that resolution authorities shall exercise the write down power of reducing or converting at the point of non-viability of the issuing institution, according to an order of priority of credits in normal insolvency procedures, in a way that results in:

- (i) CET1 instruments being written down in proportion to the relevant losses; and
- (ii) the principal amount of other capital instruments being written down and/or converted into CET1 (Tier 1 and Tier 2 instruments).

Resolution authorities may also apply the bail-in tool to meet the resolution objectives, for any of the following purposes:

- (i) to recapitalise an institution that meets the conditions for resolution to the extent sufficient to restore its ability to comply with the conditions for authorisation and to continue to carry out the activities for which it is authorised and to sustain sufficient market confidence in the institution or entity; or
- (ii) to convert to equity or reduce the principal amount of claims or debt instruments that are transferred:
  - (a) to a bridge institution with a view to providing capital for that bridge institution; or
  - (b) under the sale of business tool or the asset separation tool.

When applying the bail-in tool, resolution authorities exercise the write-down and conversion powers meeting the following sequence:

- (i) CET1;
- (ii) Additional Tier 1 instruments;
- (iii) Tier 2 instruments;
- (iv) other subordinated debt, in accordance with the normal insolvency hierarchy; and
- (v) other eligible liabilities, in accordance with the normal insolvency hierarchy.

On 23 November 2016, the European Commission published proposals for certain amendments to the BRRD (BRRD II), which include certain proposals in relation to the quality and quantity of MREL required by European banks. BRRD II, which entered into force in 27 June 2019, will be applied after being transposed into national law, without prejudice of the current direct applicability of the SRM Regulation.

On 27 December 2017, Directive (EU) 2017/2399 of the European Parliament and of the Council, of 12 December 2017, amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the EU. The Directive entered into force on 28 December 2017 and was transposed to Portuguese legal framework by Law No. 23/2019, of 13 March, in addition to the governing of the position of the unsecured debt instruments in the insolvency hierarchy, providing greater legal certainty to the issuance of non-preferred debt, also confers a preferential claim to all deposits *vis-à-vis* senior debt.

On 19 March 2020, the European Commission adopted a Temporary Framework to enable Member States to further support the economy in the COVID-19 outbreak. It establishes that if due to the COVID-19 outbreak, banks would need direct support in the form of liquidity recapitalisation or impaired asset measure, the bank receiving such direct support would not automatically be deemed to be failing-or-likely-to-fail, as established by the BRRD. To the extent such measures address problems linked to the COVID-19 outbreak, they would be an exception to the requirement of burden-sharing by shareholders and subordinated creditors.

The SRM and SRF are regulated by the SRM Regulation, which also established the framework for recovery and resolution of credit institutions and the calculation method of the annual contributions for the funding of the resolution mechanism.

The main decision-making body of the SRM is the Single Resolution Board ("**SRB**"). The SRB will work in close cooperation with, and will give instructions to, the national authorities of Member States, including the Bank of Portugal, which is the national resolution authority in Portugal. The national authorities of participating Member States (including the Portuguese Republic) are responsible for planning and adopting resolution plans in respect of those banks for which the SRB is not directly responsible.

The SRF is financed through ex-ante contributions paid annually at individual level by all credit institutions within the Banking Union. Contributions to the SRF:

- take into account the annual target level of the SRF set by the SRB as well as the size and the risk profile of institutions;
- are collected by national resolution authorities and transferred to the SRF by 30 June of every year (in accordance with Article 67(4) of the SRM Regulation and in accordance with the intergovernmental agreement on the transfer and mutualisation of contributions to the SRF);
- are calculated by the methodology as set out in the Commission Delegated Regulation (EU) 2015/63, of 21 October 2014, as amended, and the SRM Regulation; and
- are calculated on the basis of the amount of liabilities deducted from the liability elements that belong to Tier 1 and additional own funds and the deposits covered by the Deposit Guarantee Scheme and subject to an adjustment in accordance with the risk profile of the participating institution, considering its solvability situation.

In accordance to the SRM Regulation, the use of the SRF was contingent upon an agreement among the participating Member States on transferring the funds raised at national level towards the SRF (which has already been entered into on May 2014), as well as on a progressive merger of the different funds raised at national level to be allocated to national compartments of the SRF. This Regulation is applicable since 1 January 2016.

- The decision on the MREL requirement is based on the current legislation and is subject to review by the Supervisor over time. Accordingly, on 10 March 2023, under the 2022 cycle of the Resolution Planning, the Resolution Authority disclosed the new Minimum Requirement for Own Funds and Eligible Liabilities (MREL) of the Group to be enforced from 1 January 2024. The Group shall be required to hold a value of own funds and eligible liabilities equivalent to 25.28 per cent. of the amount of risk-weighted assets (TREA) (including a combined buffer requirement (CBR) of own funds reserve of 0.25 per cent.) and 5.92 per cent. of the total exposure measurement (LRE). The resolution strategy is the Single Point of Entry, considering the Issuer as the resolution entity;
- The resolution measure for the Group is the bail-in.

The entry into effect of the new banking regulations (in particular of the BRRD II and the SRM Regulation) plus the COVID-19 pandemic resulted in the need to comply with MREL requirements on 1 January 2024. The Bank of Portugal, as the Portuguese supervisory authority, also established interim targets for 1 January 2022 (binding) and 1 January 2023 (indicative). The MREL requirements applicable to the Issuer may be subject to changes, notably in result of the yearly review conducted by the Bank of Portugal, and flexibilization measures may be adopted by the Bank of Portugal.

In October 2022, the EBA published its report titled "*EBA Report on the Monitoring of TLAC-/MREL-eligible Liabilities Instruments of EU Institution*", in which the EBA set out its updated views on certain issues including that clean-up calls are permitted, and also including confirmations of the EBA's expectations on exercise of substitution and variation provisions and waivers of set-off/netting. The Group is cognisant of the points raised in the EBA report.

The binding regulatory requirements, in force since 1 January 2022, were complied with in 2022, with a financial slack of 3.88 per cent. with respect to the MREL TREA + CBR and 2.87 per cent. with respect to MREL LRE. With reference to the indicative requirement of 1 January 2023 of 21.76 per cent., as at 31 December 2022, the Group complied with the minimum requirement level with a financial slack of 1.35 per cent. (considering the Net Income generated).

MREL* requirements	1.Jan.2022	1.Jan.2023	1.Jan.2024
MREL TREA + CBR (% TREA) requirement	19.09%	21.76%	24.93%
MREL LRE (%)	5.91%	5.91%	5.91%

(\*) MREL TREA + CBR requirement disclosed by the Resolution Authority in communication CEX/2022/1000082694 of 5 August 2022, added, as from 1 June 2023, to the O-SII (CBR) requirement of 0.25% disclosed by Banco de Portugal in communication CEX/2022/1000103374

*The decision on the MREL requirement is based on the current legislation and is subject to review by the Supervisor over time. Accordingly, in March 2023, under the 2022 cycle of the Resolution Planning, the Resolution Authority disclosed the new Minimum Requirement for Own Funds and Eligible Liabilities (MREL) of the Group to be enforced from 1 January 2024. The Group shall be required to hold a value of own funds and eligible liabilities equivalent to 25.28 per cent. of the amount of risk-weighted assets (TREA) (including a combined buffer requirement (CBR) of own funds reserve of 0.25 per cent.) and 5.92 per cent. of the total exposure measurement (LRE).*

### **The European Deposit Guarantee System**

On 16 April 2014, the European Parliament and the Council adopted Directive 2014/49/EU on DGS ("**DGS Directive**"). The Directive encompasses the harmonisation of the funding mechanisms of DGS, the introduction of risk-based contributions and the harmonisation of the scope of products and depositors covered. In accordance with the DGS Directive, each credit institution should be part of a DGS recognised under this Directive, thereby ensuring a high level of consumer protection and a level playing field between credit institutions, while also preventing regulatory arbitrage. The DGS Directive sets the harmonised coverage level at €100,000 and retains the principle of a harmonised limit per depositor rather than per

deposit (such limit to be applied, in principle, to each identifiable depositor, except for collective investment undertakings subject to special protection rules). Each institution's contribution to DGS will be based on the amount of covered deposits and the degree of risk incurred by the respective member. The DGS Directive was transposed into the Portuguese law by Law No. 23-A/2015, of 26 March.

According to the DGS Directive, and the RGICSF (with the amendments introduced by Law No. 23-A/2015, of 26 March), banks must ensure that by 3 July 2024 the financial resources available to a DGS amount to a target-level of 0.8 per cent. of the amount of DGF-covered deposits.

If, after this target level is reached for the first time, the available financial resources are reduced to less than two thirds of the target level, the *ex-ante* contributions are set by Bank of Portugal at a level that allows the target level to be reached within six years. If the available financial resources are not sufficient to reimburse the depositors, in the event of unavailability of deposits, DGS members must pay *ex-post* contributions not exceeding 0.5 per cent. of the DGF-covered deposits for the exercise period of the DGF. In exceptional circumstances, the DGS can request a higher amount of contribution with the approval of Bank of Portugal.

The exemption from the immediate payment of *ex-ante* contributions shall not exceed 30 per cent. of the total amount of contributions raised. This possibility depends on the credit institutions undertaking irrevocable payment commitments, to pay part of or the whole amount of the contribution which has not been paid in cash to the DGF, that are fully backed by collateral composed of low-risk assets unencumbered by any third-party rights and partly or wholly pledged in favour of the DGF at DGF's request.

The additional indirect costs of the deposit guarantee systems may be significant and can consist of costs associated with the provision of detailed information to clients about products, costs of compliance with specific regulations on advertising for deposits or other products similar to deposits.

#### ***Other financial service laws and regulations***

The Group is still subject to other Directives and Regulations, among which:

- Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, as amended, transposed into the national legal framework by Law No. 35/2018, of 20 July, and Regulation (EU) No. 600/2014 of the European Parliament and of the Council, of 15 May 2014, as amended, relating to markets in financial instruments, known as the Markets in Financial Instruments Directive II ("**MiFID II**") and Markets in Financial Instruments Regulation ("**MiFIR**"), respectively;
- Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, as amended, on key information documents for packaged retail and insurance-based investment products, supplemented by Delegated Regulation (EU) No. 653/2017 of the Commission, of 8 March 2017 ("**PRIIPs**"), as amended, applicable since 1 January 2018. On 4 January 2018, the CMVM issued a "Circular" regarding PRIIPs subject to the CMVM's supervision, outlining further applicable requirements and Law no. 35/2018, of 20 July introduced the legal framework for PRIIPs in Portugal;
- the European Market Infrastructure Regulation, Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, as amended, that sets out procedures regarding OTC markets and derivatives, namely on clearing;
- rules and regulations related to the prevention of money laundering, bribery and terrorism financing – Bank of Portugal is responsible for the preventive supervision of money laundering and terrorist financing ("**ML/TF**") in the financial sector. Within the applicable legal framework, the following are paramount: (i) Law No. 83/2017, of 18 August, as amended, which transposes Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of ML/TF (as amended), and sets forth preventive and repressive measures to combat ML/TF; (ii) Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015, as amended, on the information on payers and payees, accompanying transfers of funds, in any currency, for the purposes of preventing, detecting and investigating ML/TF; (iii) Law No. 97/2017, of 23 August, which governs the application and execution of the restrictive measures approved by the United Nations or by the European Union and sets forth the sanctions applicable to breaches of such measures and (iv) the regulatory notice



("Aviso") of Bank of Portugal No. 2/2018, of 26 September 2018, which governs enforcement conditions, procedures, instruments, mechanisms, enforcement measures, reporting obligations and other aspects necessary for ensuring compliance with obligations for the prevention of ML/TF; and

- rules and regulations related to internal control systems, notably those established in regulatory notice ("Aviso") of Bank of Portugal No. 3/2020 of 15 July 2020, which regulates organizational culture, internal governance, internal control system and remuneration policies and practices, and which led to the revision of most of the Group's policies on organizational culture and governance, including the Code of Ethics and of Conduct of the Group, the Policy of Prevention, Communication and Remediating of Conflicts of Interest and of Transactions with Related Parties, the Policy on Whistleblowing, the Policy for Selecting and Appointing a Chartered Accountant (ROC/SROC) and for Hiring Non-Banned Distinct Auditing Services, the Policies for Selecting and Assessing the Suitability of Members of the Management and Supervisory Bodies, the Remuneration Policies, among others.

### ***Prevention, mitigation and monitoring of asset quality***

In 2013, the EBA issued a recommendation to Competent Authorities ("CAs") to perform asset quality reviews for banks, based on newly harmonised definitions of NPLs (complemented by EBA Report on the dynamics and drivers of non-performing exposures in the European Union banking sector dated 22 July 2016). In 2014, CAs carried out comprehensive assessment and a stress test. EBA's Implementing Technical Standards on Supervisory Reporting (Forbearance and non-performing exposures ("NPEs")), issued under Commission Implementing Regulation (EU) 2015/227, of 9 January 2015 (then in force), aim at implementing uniform definitions and reporting requirements for forbearance and NPEs. The ECB has issued in March 2017 Guidance on SSM bank's on NPLs supplemented a year later by an addendum specifying ECB's expectations for prudent levels of provisions for new NPLs.

In July 2017, the European Council concluded an Action Plan to achieve a sustainable reduction of NPEs in credit institutions' balance sheets. On 31 October 2018, the EBA published the final guidance on management of non-performing and forborne exposures. These guidelines specify sound risk management practices for credit institutions in their management of NPEs and forborne exposures, including requirements on NPE reduction strategies, governance and operations of NPE workout framework, internal control framework and monitoring.

The regulation amending the CRR to introduce common minimum coverage levels for potential losses stemming from newly originated loans that become nonperforming has been published in Official Journal on 17 April 2019 (Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) no 575/2013). This regulation establishes a requirement for credit institutions to build their loan loss reserve up to common minimum levels to cover the incurred and expected losses on newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds (CET1). The new rules should not be applied in relation to exposures originated prior to 26 April 2019. A proposal for a directive on credit servicers, credit purchasers and recovery of collateral was also included in the comprehensive package of measures to be tackled by the European Commission. The proposal strengthens the ability of secured creditors to recover value from secured loans to corporates and entrepreneurs. The review by the Parliament and Council's Working Party is ongoing.

All in all, the legal and regulatory framework regarding NPLs and NPEs creates an assortment of obligations for credit institutions and sets forth protection measures for bank customers, including, procedures for gathering information, contacting customers, monitoring the execution of loan agreements and managing default risk situations; the duty to assess the financial capacity of bank customers and present default correction proposals adapted to the debtor's situation; and drawing up a plan for restructuring debts emerging from home loans or replacing mortgage foreclosures that in some cases of extra-judicial procedures may restrict the Group's options to (i) terminate the relevant agreements; (ii) initiate judicial proceedings against the debtor; (iii) assign its credits over the client; or (iv) transfer its contractual position to a third party.

Furthermore, as the macroprudential authority for Portugal, Bank of Portugal has approved a recommendation introducing limits to some of the criteria used in the assessment of customers' creditworthiness, covering the granting of new credit relating to residential immovable property, credit

secured by a mortgage or equivalent guarantee, and consumer credit agreements, to be applied to agreements concluded as of 1 July 2018. In September 2017, the regulatory notice ("*Aviso*") No. 4/2017 of Bank of Portugal, which entered into force on 1 January 2018, established procedures and criteria for banks for assessing customers' financial capacity before granting mortgage loans.

On 31 January 2020, Bank of Portugal announced the amendment to the macroprudential recommendation on new credit agreements for consumers: (i) the maximum maturity of new personal credit operations decreases from 10 to 7 years, with some exceptions (ii) up to 10 per cent. of the total amount of new credit granted by each institution may have a DSTI (debt service-to-income) of up to 60 per cent., continuing to allow institutions to consider other important aspects for assessing the borrowers' creditworthiness that are risk mitigating factors. The 5 per cent. exception to the DSTI ratio limits will be maintained.

Following the COVID-19 pandemic, Bank of Portugal has relaxed some of the macroprudential measures for consumer credit. Bank of Portugal has decided that personal credit with maturities of up to two years and duly identified as intended to mitigate households' temporary liquidity shortage situations will no longer have to comply with a DSTI ratio limit and is also exempted from observing the recommendation of regular principal and interest payments. This measure applies to new personal credit granted from 1 April 2020 until September 2020, date on which Bank of Portugal will reassess the adequacy of this change.

### ***Relief measures regarding asset quality deterioration and non-performing loans***

Under the Decree-Law No. 10-J/2020, of 26 March, as amended, the Portuguese government approved a moratorium on bank loan repayments for households and companies affected by the COVID-19 outbreak. The Portuguese Government also launched state-guaranteed credit lines for medium, small and micro enterprises in affected sectors which will be operated through the banking system. This regime has been subject to successive amendments, which included extensions of the period of validity of the public moratorium under certain circumstances.

In this context, the ECB decided to temporarily exercise flexibility in the classification requirements and expectations on loss provisioning for NPL that are covered by public guarantees and COVID-19 related public moratoria.

In particular, and on a temporary basis, supervisors will exercise flexibility regarding: (i) the classification of debtors as "unlikely to pay" when banks call on public guarantees granted in the context of coronavirus and (ii) loans under COVID-19 related public moratoria. Furthermore, loans which become non-performing and are under public guarantees will benefit from preferential prudential treatment in terms of supervisory expectations about loss provisioning. Lastly, when discussing with banks the implementation of NPL reduction strategies, the extraordinary nature of current market conditions will be taken into account.

In addition, excessive volatility of loan loss provisioning should be addressed to avoid excessive procyclicality of regulatory capital and published financial statements. Within its prudential remit, the ECB recommends that all banks avoid procyclical assumptions in their models to determine provisions and for banks to opt for the IFRS 9 transitional rules.

On 2 April 2020, the EBA issued guidelines (EBA/GL/2020/02) on public and private payment moratoria on loan repayments applied before 30 June 2020, aiming to clarify the following points in the context of the COVID-19 pandemic: (i) the criteria that payment moratoria have to fulfil not to trigger forbearance classification, (ii) the application of the prudential requirements in the context of these moratoria and (iii) ensuring the consistent treatment of such measures in the calculation of own funds requirements.

In this context, these guidelines clarify that payment moratoria do not trigger classification as forbearance or distressed restructuring if the measures taken are based on the applicable national law or on an industry or sector-wide private initiative agreed and applied broadly by the relevant credit institutions. In addition, the guidelines recall that institutions must continue to adequately identify those situations where borrowers may face longer-term financial difficulties and classify exposures in accordance with the existing regulation. The requirements for identification of forborne exposures and defaulted obligors remain in place.

On 21 September 2020, the EBA announced it will phase out its guidelines on legislative and non-legislative payment moratoria in accordance with its end of September deadline. The regulatory treatment set out in

the guidelines will continue to apply to all payment holidays granted under eligible payment moratoria prior to 30 September 2020.

On 2 December 2020, the EBA reactivated its guidelines on legislative and non-legislative moratoria and decided to introduce a new deadline for the application of moratoria of 31 March 2021, replacing the previous date of 30 September 2020.

On 30 July 2021, Law No. 50/2021 was published, introducing new amendments to Decree-Law No. 10-J/2020, of 26 March, which establishes the new rules applicable to the public moratorium regime. The new amendment extends the period of validity of the public moratorium until 31 December 2021, in respect, exclusively, of principal amounts (i.e., excluding interest amounts) to certain entities (which must have benefited from the public moratorium until 30 September 2021, under prior extensions of the legal regime, and which must be counterparties in (i) mortgage credit for individuals and leasing of real estate for residential purposes, (ii) consumer credit with the purpose of education for individuals or (iii) credits contracted by entities whose main activity is covered by a certain economic activity classification codes (CAE) (cultural sector, restaurants, transport, accommodation, etc.). Eligible entities may request to benefit from this new extension, which is, however, subject to the reactivation of the legal framework established by EBA's guidelines (EBA/GL/2020/02), with the Portuguese Government being responsible to implement any measures required to adapt the national legislative framework with further EBA guidelines and their prudential treatment of the moratoria. Following the approval of the aforementioned law, EBA has delivered its opinion, dated 24 June 2021, to the Portuguese Parliament, on whether it would support such envisaged extension of loan moratoria, and it refused backing up any such extension on the grounds that its risks would outweigh any potential benefits for corporates and families. The effectiveness of the aforementioned law is thus largely hindered.

### ***Insurance business***

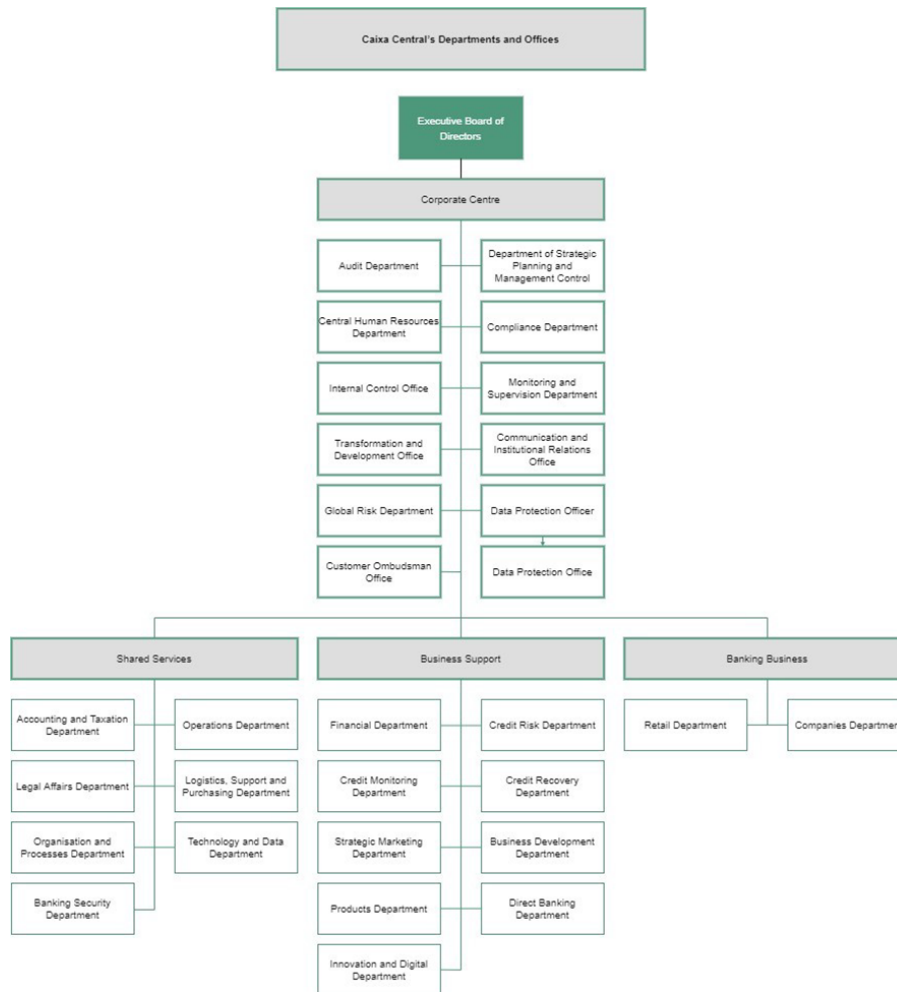
The Insurance Distribution Directive regulates the way insurance products are designed and sold both by insurance intermediaries and directly by insurance undertakings, namely in the cases of insurance products that have an investment element such as unit-linked life insurance contracts. The Insurance Distribution Directive was transposed into national law by Law No. 7/2019, of 16 January, and entered into force in October 2018. Similar in nature provisions are also embedded in the PRIIPs Regulation (Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014, as amended) and implementing national provisions which entered into force in 2018. At a different level, the Solvency II in force (as amended) and IFRS 17, introduce additional requirements for insurance companies in terms of minimum capital requirements, supervisory review of firms' assessment of risk and enhanced disclosure requirements. All these may affect the insurance business and associated earnings. Further regulatory developments are expected in the forthcoming years, such as the review of capital requirements, long term guarantees and macroprudential tools.

## **THE ISSUER AND GOVERNANCE OF THE GROUP**

*The Issuer, as the central body, coordinates and represents the Group, being responsible for the planning of the Group's activity, the integrated management of liquidity, overall risk monitoring and control, the centralised management of human resources, reporting to the supervisory entities, the definition and implementation of the Group's communication plans, and the definition and monitoring of the Group's main policies and regulations, such as, for example and among others, the Code of Ethics and Conduct of the Group, the Privacy and Data Security Policy of the Group, and the Overall Risk Policy of the Group.*

Pursuant to these functions, and in view of the provisions in regulatory notice ("*Aviso*") of Bank of Portugal No. 3/2020 of 15 July, the Issuer's responsibilities extend to the definition of the Group's organisational culture, including internal governance, internal control system and remunerative practices. Under the terms of the applicable law and its Articles of Association, the Issuer is responsible for issuing to the other members of the Group and, specifically, to its Associated Caixas, the guidelines, rules and policies required for the consistent and harmonised application of the applicable legislation and regulations, of which the Code of Ethics and Conduct of the Group referred to above are examples.

The Issuer, as the central body, has the following organisational model:



In its governance, the Issuer adopts the model commonly known as the "German Model", provided for in Article 278, paragraph 1, item c) of the Portuguese Companies Code, taking into account the provisions of paragraph 1 of Article 55 of the RJCAM. As such, the governance of the Issuer is conducted by its governing bodies: the General Meeting, the Executive Board of Directors, the General and Supervisory Board, the Superior Council and the Statutory Auditor; and by its statutory bodies: the Board of the General Meeting and the Assessment Committee.

In addition to the governing and statutory bodies, the Issuer's structure is also composed of the Departments and Offices shown in the organisational chart above, and the Boards, Commissions and Committees appointed by the General and Supervisory Board and by the Executive Board of Directors, to support the performance of their respective functions.

The mandate of the governing bodies is of three years, taking into account the provisions of paragraph 1 of Article 24 of the RJCAM applicable *ex vi* of Article 51 also of RJCAM, a legal rule that is enshrined in the Articles of Association. The current mandate is of 2022-2024.

Pursuant to the applicable law and the Articles of Association of the Issuer, it is mandatory for the General and Supervisory Board to have three committees: the Commission for Financial Matters, the Remuneration Committee and the Risk Committee, composed of at least three members of the General and Supervisory Board.

The Executive Board of Directors has instituted Boards and Committees to support its functions, composed of members of the actual Executive Board of Directors, heads of Departments and Offices, representatives of the Associated Caixas and representatives of Affiliated Companies. These Boards and Committees include, for example, the Asset, Liability and Capital Committee ("**ALCCO**"), the Programme Management Board, the Credit Board, the Credit Recovery Board, the Executive Committees for Monitoring and Supervision, among others.

The Executive Board of Directors, the General and Supervisory Board and their Boards, Committees and Commissions, as well as the Superior Council, are assisted by the Board Secretary who ensures their effective functioning.

### ***The Executive Board of Directors***

The responsibilities of the Executive Board of Directors are as follows:

- manage the Issuer in a healthy and prudent manner, observing banking standards and good practices, taking into account financial interests and solvency;
- define and approve essential policies for the activity of the Issuer, SICAM and the Group within the applicable legal and regulatory framework;
- define and approve the Issuer's global strategies, namely the commercial strategy and the risk strategy;
- define and approve the cultures in force at the Issuer, namely a risk culture and a corporate culture;
- cooperate closely with the other bodies of the Issuer, namely with the General and Supervisory Board, requesting their consent and/or the respective opinions provided for in the law and/or the Articles of Association and with the Superior Council, in consultation with and hearing it in all matters resolved or to be resolved as deemed necessary and/or convenient;
- represent the Issuer in and out of court, actively and passively, being able to contract obligations, propose and follow lawsuits, give up or settle processes, commit to arbitrators, sign liability terms and, in general, resolve on all matters that do not fall within the competence of other bodies;
- constitute representatives for the practice of certain acts or categories of acts, defining the extension of the respective mandates;
- hire Issuer workers, establishing the respective contractual conditions, and exercise the corresponding directive and disciplinary power in relation to them;
- acquire, dispose of or encumber any assets or rights;
- decide on the issuance of bonds, acquisition, sale and encumbrance of properties, which form part of the Issuer's permanent fixed assets and holdings referred to in paragraph 2 of Article 3 of the Articles of Association;
- represent SICAM and the Group;
- prepare business plans and budget proposals for the Issuer, SICAM and the Group for the following year;
- carry out the selection and evaluation of the holders of essential offices, under the terms of the Internal Policy for the Selection and Evaluation of Essential Office Holders approved at the General Meeting;
- admit and dismiss associates of the Issuer, after hearing the Superior Council;
- exercise the competences referred to in Sections II and III of Chapter VI of the Articles of Association, in terms of guidance and supervision of its associates;
- issue an opinion on the special registration at Bank of Portugal of members of the management and supervisory bodies of the associates;
- propose the application of the sanctions referred to in Section IV of Chapter VI of the Articles of Association, as well as the suspension referred to in Article 11;
- decide on any and all types of intervention in the management of associates;

- define and approve the application of mechanisms that ensure that the composition and succession plan of the Executive Board of Directors are adequate; and
- approve its operating regulations.

The Executive Board of Directors, elected at the General Meeting, is composed of five members - one Chairman and four Members - with the Chairman having the casting vote in the deliberations of the body.

In view of the cooperative nature of the Issuer, the selection and appointment of members of the Executive Board of Directors is provided for in its Articles of Association and in the Electoral Regulations in force, and this selection and appointment may be made:

- by the majority of members in office of the Superior Council.
- or by five per cent. of Associated Caixas in full enjoyment of their rights, with a minimum of four.

The selection and appointment of the members of the Executive Board of Directors is carried out through the composition of a candidate list for election to the Social and Statutory Bodies, a list that necessarily includes candidates to all the Social and Statutory Bodies to be elected: General Meeting Board, Superior Council, General and Supervisory Board and Executive Board of Directors.

Having made the selection and nomination in the terms expressed in the previous point, it is the responsibility of the Issuer (Assessment Committee) to carry out, under the joint rules established in the Electoral Regulation and the Internal Policy on the Selection and Assessment of the Adequacy of Members of the Management and Supervisory Bodies ("PISAAMOAF"), the assessment of the prior or initial suitability of candidates for members of the Issuer.

The Electoral Regulation establishes the rules governing the entire electoral process of the Governing Bodies and PISAAMOAF defines the selection criteria and the adequacy assessment requirements, as well as the procedures to be adopted by the Assessment Committee to achieve this aim.

The Executive Board of Directors approved its Internal Regulation on 2 July 2020, which was revised on 14 January 2021 in line with the provisions of regulatory notice ("*Aviso*") of Bank of Portugal No. 3/2020, of 15 July, and on 9 June 2022 in line with the Executive Board of Directors' new composition resulting from the elections for the 2022-2024 mandate.

The following table indicates the current members of the Executive Board of Directors for the 2022-2024 mandate, their positions as well as the principal activities outside of the Issuer:

Name	Position	Principal activities outside the Issuer
Licínio Manuel Prata Pina	Chairman	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of Crédito Agrícola Seguros e Pensões, SGPS, S.A. since 2015;</li> <li>• Chairman of the Board of Directors of Crédito Agrícola, SGPS, S.A., since 2013;</li> <li>• Chairman of the Board of Directors of Crédito Agrícola Serviços – Centro de Serviços Partilhados, A.C.E., since 2022;</li> <li>• Chairman of the Board of Directors of Crédito Agrícola Informática – Sistemas de Informação, S.A., since 2022;</li> <li>• Member of the National Council for the Social Economy, since 2014.</li> </ul>

		<ul style="list-style-type: none"> <li>Chairman of the Board of the General Meeting of Agricultural Cooperative of Farmers of the Municipality of Seia, since 2017.</li> <li>Member of the Board of the Portuguese Banking Association, since 2018.</li> </ul>
Ana Paula Raposo Ramos Freitas	Member	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Crédito Agrícola, SGPS, SA, since 2013;</li> <li>Director of CCCAM, Gestão de Investimentos e Consultoria, Unipessoal, Lda. , since 2016;</li> <li>Member of the Board of Directors of Crédito Agrícola, Seguros e Pensões, SGPS, S.A., since 2019;</li> <li>Director of Crédito Agrícola Imóveis, Unipessoal, Lda, since 2022.</li> </ul>
Sérgio Manuel Raposo Frade	Member	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of CA Capital, SCR, S.A., since 2013;</li> <li>Member of the Board of Directors of Crédito Agrícola, SGPS, S.A., since 2013;</li> <li>Member of the Board of Directors of Crédito Agrícola, Seguros e Pensões, SGPS, S.A., since 2022;</li> <li>Member of the Board of Directors of Crédito Agrícola Serviços – Centro de Serviços Partilhados, A.C.E., since 2022;</li> <li>Member of the Board of Directors of Crédito Agrícola Informática – Sistemas de Informação, S.A., since 2022.</li> </ul>
Isabel da Conceição Alves	Member	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Crédito Agrícola, SGPS, S.A., since 2022.</li> </ul>
Luís Manuel Bravo Seabra	Member	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Crédito Agrícola, SGPS, S.A., since 2022.</li> </ul>

To the best of the Issuer's knowledge, none of the abovementioned members of the Executive Board of Directors of the Issuer has any external activity relevant for the Issuer other than the ones listed above.

For all the purposes resulting from the functions of the members of the Executive Board of Directors, their professional domicile is at Rua Castilho, no. 233 – 233A, 1099-004 Lisbon, Portugal.

### **Executive and Advisory Boards, Commissions, Committees and Forums of the Executive Board of Directors:**

The Executive Board of Directors has, in terms of executive and/or consultative support, Councils, Commissions, Committees and Forums that meet, periodically and in accordance with the previously and normatively defined, without prejudice to being able to meet extraordinarily under the terms defined in its Internal Regulations.

During the fiscal year of 2022, the Executive Board of Directors had thirteen Committees and Boards of an executive nature and one of a purely consultative nature, with the powers, periodicity of meetings and compositions that are detailed below.

In October 2022, stabilisation of the pandemic crisis in Portugal meant that the Operational Crisis Management Committee was dissolved, after having held twelve meetings during 2022, attended by all members of the Executive Board of Directors, those responsible for the Risk Management Function, Compliance and the Business Continuity Coordinator, in addition to those responsible for the aspects of active work at every moment.

In February 2022, the Executive Board of Directors established a new Executive Committee – the Sustainability Committee.

#### *Executive Boards and Committees:*

(i) Asset, Liability and Capital Committee ("ALCCO")

The ALCCO meets monthly, being responsible for the integrated support to the management of the set of risks affecting the consolidated balance sheet of the Group and the individual balance sheet of the Issuer, having the general responsibility to propose and guarantee, within the established limits, the implementation of the Asset, Liability and Capital Management policy that maximises the value of equity in accordance with the guidelines issued by the Board of Directors, in which the members of the Executive Board of Directors participate, on an ordinary and regular basis, a representative of the Board of Directors of Crédito Agrícola Gest, SGOIC, SA, a representative of the Board of Directors of Crédito Agrícola Vida, Companhia de Seguros, SA and the Directors of the Strategic Planning and Management Control Department, the Global Risk Department, the Monitoring and Supervision Department and the Financial Department, which is responsible for acting as secretary of the meetings.

(ii) Programme Management Committee (PMO)

The Programme Management Committee (commonly referred to as PMO) meets monthly, with the mission of monitoring the CA Group Transformation Programme and each of the initiatives designed in this context (grouped into *streams* - a set of revised initiatives which aim to respond to a challenge), as well as the most relevant initiatives in the Annual Activity Plan, in particular objectives, project plan(s), budget and its execution, with the participation of members of the Executive Board of Directors, member of the Executive Board of Directors of Crédito Agrícola Serviços, Shared Services Unit, ACE and those responsible, designated by the Executive Board of Directors, for each of the streams implementing the transformation programme of the Group and, on an optional basis, the head of the Global Risk Department, with all meetings being organised by the Strategic Planning and Management Control Department.

(iii) Information Systems Committee

The Information Systems Council meets monthly, with the mission of monitoring the management and structural decision-making of the Information Systems and Information Technology function of the Group, permanently participating in it members of the Executive Board of Directors, a member of the Executive Board of Directors of Crédito Agrícola Serviços, Shared Services Unit, ACE and those in charge of the Technology and Data Department, which organises the meetings for the Strategic Planning and Management Control Department, Office of Planning and Control of Agricultural Credit Services, Shared Services Unit, ACE, and, according to the topics on the agenda, other participants may be called.

(iv) Credit Boards



The Credit Boards (hereinafter "CC") and the Extended Credit Board (hereinafter "CCA") are collegiate and participatory bodies, with delegated powers, giving them responsibility for credit and recovery decisions, with the mission of ensuring the quality of the credit portfolio of the Issuer, including syndicated operations, structured by the Issuer and invested by SICAM entities. They may sit on any of the Credit Boards, in addition to the members of the Executive Board of Directors - at least two members in the CC and three members in the CCA -, those responsible for Business Areas, Credit Recovery Department, Department of Legal Affairs and Credit Risk Department, which secretariats the meetings, presenting the proposals and providing technical support for decision-making, and may be called upon, when relevant and applicable, those responsible for other structures that create risk credit.

(v) Credit Recovery Board

The Credit Recovery Board meets generally weekly, having held throughout 2022, thirty-two meetings, with the mission of contributing to the profitability of the Issuer, by taking a position on the credit recovery management measures to be put in place and ensuring the minimisation of the negative effects arising from situations of default observed. Three members of the Executive Board of Directors sit on this Board, the person in charge of the Credit Recovery Department, who secretaries the meeting and presents the proposals, and the person in charge of the Credit Risk Department, who provides technical support to decision making.

(vi) Executive Monitoring and Supervision Committee

The Executive Monitoring and Supervision Committee usually meets weekly, having held twenty-seven meetings throughout 2022, assuming the mission of assessing and deciding on matters related to the monitoring and supervision of the Associated Caixas included in the scope of the Monitoring and Supervision Department, where three ordinary members of the Executive Board of Directors take part in it, the person in charge of the Monitoring and Supervision Department who secretaries the meetings and, with observer status, the person in charge of the Transformation and Development Office.

(vii) Shared Services Catalogue Pricing Board

The Shared Services Catalogue Pricing Board meets when and whenever one of the permanent members calls it, with the mission of monitoring the evolution of the services priced for the Group, with a perspective of continuous management, contributing to the improvement of the service price determination process, cost control and transparency of communication and billing to Associated Caixas. The members of the Executive Board of Directors, the members of the Executive Board of Directors of Crédito Agrícola Serviços, Shared Services Unit, ACE, the heads of the Strategic Planning and Management Control Department, the Accounting and Taxation Department, Planning and Control Office for Agricultural Credit Services, Shared Services Unit, ACE and Administrative and Financial Office for Crédito Agrícola Serviços, Shared Services Unit, ACE are part of this Board. Those responsible for the Human Resources Department, the Organisation and Processes Department, the Legal Affairs Department and the Logistics, Support and Purchasing Department may also participate.

(viii) Internal Control Committee

The Internal Control Committee will meet weekly, with the mission of coordinating and monitoring the implementation of all issues related to the SICAM Internal Control System in order to ensure its adequacy and effectiveness, also ensuring coordination between the Issuer, the Associated Caixas and companies of the Group, with three members of the Executive Board of Directors taking part in the Control functions and the Internal Control Office, the heads of the Internal Control Office, who secretariat the meetings, the Audit Department, the Global Risk Department, the Compliance Department, the Follow-up Department and Supervision, the Transformation and Development Office, the Organisation and Processes Department and the Technology and Data Department, where other participants may be called according to the specific meeting agenda.

(ix) Executive Committee for Transformation and Development

The Executive Committee for Transformation and Development will meet weekly and will be tasked with assessing and deciding on matters underlying the initiatives to stimulate and recover the Associated Caixas under intervention, under Articles 77 and 77-A of RJCAM or that are under financial assistance or that show less than expected financial, commercial or operational performance, in which three members of the

Executive Board of Directors and those responsible for the Transformation and Development Office, which secretariats the meeting, and the Monitoring and Supervision Department participate.

(x) Risk Board

The Risk Board meets monthly and its mission is to define, monitor and promote risk management policies for the whole Group, in order to guarantee the adequacy of the risk strategy and the compliance with the risk exposure defined by the Issuer, with the participation of the Executive Board of Directors and those responsible for the Global Risk Department, which is responsible for the meetings, for the Monitoring and Supervision Department, Credit Risk Department, Credit Monitoring Department, Credit Recovery Department and the Compliance Department.

(xi) Board for the Prevention of Money Laundering and Financing of Terrorism, Compliance and Sanctions

The Board for the Prevention of Money Laundering and the Financing of Terrorism meets generally quarterly, having met three times during 2022, with the mission of coordinating and monitoring the implementation of all topics related with the prevention of money laundering and the financing of terrorism that may affect SICAM. It is attended by members of the Executive Board of Directors responsible for the Compliance Department and the Business Areas, an independent member of the General and Supervisory Board and those responsible for the Compliance Department, which secretariats the meetings, of the Monitoring and Supervision Department, Audit Department, Retail Department and Companies Department, and representatives of other areas of the Issuer or the Associated Caixas, according to the needs and impacts evidenced by the topic under discussion.

(xii) Sustainability Council

The Sustainability Council was created on 10 February 2022, and generally meets quarterly, having held two meetings in 2022. Its mission is to strengthen the Group's positive impact, through research and development of socially conscious and environmentally responsible financial products, taking an active role in the promotion of sustainable financial practices in several of the Issuer's activity areas, as well as in the internal transformation that may be required for the Group to become an organisation that leads by example, through guiding its operations by ESG and inclusion principles. The Sustainability Council's Internal Regulation was approved on 10 February 2022 and amended on 28 September 2022, in order to update its composition. It is attended by the members of the Executive Board of Directors responsible for the Financial Sustainability and Risk Areas, as well as by those responsible for the Sustainability Office (as secretary), the Communication and Institutional Relations Office, the Strategic Planning and Management Control Department, the Financial Department, the Credit Risk Department, the Global Risk Department, the Strategic Marketing Department and the Products Department. Those responsible for the Central Human Resources Department, the Logistics, Support and Purchasing Department, the Innovation and Digital Department, and Crédito Agrícola Serviços, Centro de Serviços Partilhados, ACE may also attend. The chair is the Executive Board Member responsible for the Sustainability Department.

*Advisory Boards and Committees:*

(i) Business Continuity Management Board

The Business Continuity Management Board meets every six months, having met twice during 2022, with the mission of ensuring the approval and dissemination of the policy and guidelines within the scope of Management of Business Continuity for the entire Group, playing a strategic role that enhances integration with other relevant topics such as risk management, in accordance with the recommendations issued by the supervisory entities of the national financial sector, participating in it one member of the Executive Board of Directors, a representative of five Associated Caixas, a representative of the Management Body of Crédito Agrícola Seguros - Companhia de Seguros de Ramos Reais, S.A., from Crédito Agrícola Vida – Companhia de Seguros S.A, from –CA Gest. and from Crédito Agrícola Serviços, Shared Services Unit, ACE and those in charge of the Organisation and Processes Department, which secretariats the meetings, of the Global Risk Department and the Audit Department.

### ***General and Supervisory Board***

The General and Supervisory Board is the Issuer's supervisory body. Without prejudice to the other provisions of the Law and the Articles of Association, it is incumbent upon the General and Supervisory Board to:

- (i) approve its operating regulations;
- (ii) supervise and monitor actions and decision-making in management matters, namely, to monitor and analyse the individual and collective performance of the Executive Board of Directors, as well as its decisions;
- (iii) monitor and follow the implementation of the Issuer's risk culture and policy;
- (iv) monitor the execution of the internal audit plan, after previous involvement of the Risk Committee and the Commission for Financial Matters;
- (v) supervise the integrity of financial information and reporting, as well as the control system, including a framework for sound and effective risk management;
- (vi) provide an opinion on the credit risk policies to be followed by the Executive Board of Directors and supervise and monitor their execution;
- (vii) supervise the application of the Code of Conduct and the Conflict of Interest Prevention Policy;
- (viii) give an opinion on the proposals for activity plans and budgets of the Issuer, SICAM and the Group for the following year;
- (ix) give prior consent on the acquisition, sale and encumbrance of properties, which form part of the Issuer's permanent fixed assets and holdings referred to in paragraph 2 of Article 3 of the Articles of Association;
- (x) provide prior consent on the issuance of bonds and other negotiable debt securities;
- (xi) give an opinion on the measures necessary to guarantee the solvency and liquidity of SICAM and its Associated Caixas and of the Group, proposed by the Executive Board of Directors and to supervise and monitor their execution;
- (xii) give an opinion on the measures necessary to satisfy the rights of SICAM's creditors, under the terms of Section VIII of Chapter VI of the Articles of Association, proposed by the Executive Board of Directors and to supervise their execution;
- (xiii) provide an opinion on the general guidelines for the management of the Issuer's liquidity from the surpluses deposited there by the associates and supervise and monitor its execution;
- (xiv) give an opinion on the guidelines and general rules provided for in Section II of Chapter VI of the Articles of Association and to supervise their execution;
- (xv) give an opinion on the inspection measures and on the intervention in the management of the associates, proposed by the Executive Board of Directors;
- (xvi) give an opinion on the special registration at Bank of Portugal of members of the management and supervisory bodies of the associates, under the provisions of Article 10 of the RJCAM;
- (xvii) suspend associates from exercising their rights;
- (xviii) apply to associates the sanctions provided for in the Articles of Association in case of non-compliance with the rules, guidelines, or binding recommendations, on the proposal of the Executive Board of Directors;
- (xix) perform the duties assigned to it within the scope of the Policy on Whistleblowing;
- (xx) ensure that those responsible for internal control functions are able to act independently;

- (xxi) designate and reappoint members to be a part of the Superior Council; and
- (xxii) create the Commission and the Committees referred to in Article 28 of the Articles of Association, designate their members as well as create mechanisms to guarantee their internal functioning, discriminating the role, composition and tasks of each one of them, as well as the flow of adequate information, approving their respective operating regulations.

The General and Supervisory Board is composed of nine members, the majority of whom, including its Chairman and Deputy Chairman, must be independent and qualified natural persons, under the terms defined in the applicable regulations and guidelines and in the law that at each moment is in force, and neither of them can represent and/or be appointed by the Associated Caixas.

The other members of the General and Supervisory Board may be the Associated Caixas in full enjoyment of their rights, who may be elected to the position on a rotating basis by designating a natural person to exercise the position individually.

The Chairman or whoever replaces him is given the casting vote in the deliberations of the General and Supervisory Board, as expressed in paragraph 5 of Article 27 of the Articles of Association.

The General and Supervisory Board's Internal Regulation was approved on 17 February 2020. At the end of 2020, the process for reviewing the Authority's internal regulations was initiated in line with the provisions of regulatory notice ("*Aviso*") of Bank of Portugal No. 3/2020 and a revised internal regulation of the General Supervisory Board entered into force on 15 February 2021.

The following table indicates the current members of the General and Supervisory Board for the mandate 2022-2024, their positions as well as the principal activities outside of the Issuer:

Name	Position	Principal activities outside the Issuer
Ricardo Filipe de Frias Pinheiro	Chairman	<ul style="list-style-type: none"> <li>• Managing partner (<i>sócio gerente</i>) of Companhia Agrícola da Assencada, Lda, since 2017;</li> <li>• Member of the Finance Management Board (<i>Conselho de Gestão Financeira</i>) of Universidade Católica Portuguesa, since 2020;</li> <li>• Member of the Audit Committee of ECS - Sociedade Gestora de Fundos de Investimento Imobiliário, SA, since 2019;</li> <li>• Member of the Audit Committee of El Corte Inglés – Grandes Armazéns, SA, since 2022.</li> </ul>
Vítor Fernando da Conceição Gonçalves	Deputy Chairman	<ul style="list-style-type: none"> <li>• Professor (<i>Professor Catedrático</i>) of Management at ISEG – Instituto Superior de Economia e Gestão, Universidade de Lisboa, since 1994, being Chairman of ADVANCE – Centro de Investigação Avançada em Gestão, since 2018;</li> <li>• Chairman of the Audit Committee of Fundação EDP, since 2008;</li> <li>• Chairman of the management (<i>Presidente da Direcção</i>) of GAPTEC – Gabinete de Apoio da Universidade de Lisboa, since 2007;</li> </ul>

		<ul style="list-style-type: none"> <li>Member of the Audit Committee of EDP Ventures – Sociedade de Capital de Risco, S.A., since 2016;</li> <li>Manager of Vigongeste, Lda., since 2001.</li> </ul>
João Luís Correia Duque	Independent Member	<ul style="list-style-type: none"> <li>President of the Instituto Superior de Economia da Universidade Técnica de Lisboa (ISEG), and, <i>ex officio</i>, of the ISEG Management Board, since 2022;</li> <li>Member of the Steering Committee of PSI20 integrated in Euronext Lisbon, since 2009;</li> <li>Director of CJRD, Lda, since 2015;</li> <li>Member of the Remuneration Committee of REN – Redes Energéticas Nacionais, since 2018;</li> <li>Member of the Audit Committee of Novabase – Sociedade Gestora de Participações Sociais, SA, since 2021.</li> </ul>
Maria Helena Maio Ferreira de Vasconcelos	Independent Member	<ul style="list-style-type: none"> <li>Advisor to the Board of Directors of Portugal Capital Ventures – Sociedade de Capital de Risco, S.A., since 2013;</li> <li>Chairman of the Audit Committee of Imprensa Nacional - Casa da Moeda, since 2017.</li> </ul>
Ana Cristina Louro Ribeiro Doutor Simões	Independent Member	<ul style="list-style-type: none"> <li>Member of the Audit Committee of LMcapital Wealth Management – Sociedade Gestora de Patrimónios, SA, since 2021;</li> <li>Member of the Audit Committee of Teixeira Duarte, SA, since 2019;</li> <li>Chairwoman of the Audit Committee of Glintt – Global Intelligent Technologies, SA, since 2020;</li> <li>Chairwoman of the Audit Committee of Novartis Farma – Produtos Farmacêuticos, SA, since 2021;</li> <li>Alternate Member of the Audit Committee of SLR – Sociedade de Leilões e Remarketing, SA.</li> </ul>
Lícina do Carmo de Oliveira Bugalho	Non-Independent Member	<ul style="list-style-type: none"> <li>Chairwoman of the Board of Directors of Caixa de Crédito Agrícola Mútuo da Área Metropolitana do Porto, CRL, since 2016.</li> </ul>
João Alexandre Moreira Laranjeira	Non-Independent Member	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, CRL, since 2020.</li> </ul>

Orlando José Matos Felicissimo	Non-Independent Member	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo de Aljustrel e Almodôvar, CRL, since 2019.</li> </ul>
Armandino José Barbosa da Silva	Non-Independent Member	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo de Vale do Sousa e Baixo Tâmega, since 2019.</li> </ul>

To the best of the Issuer's knowledge, none of the abovementioned members of the General and Supervisory Board the Issuer has any external activity relevant for the Issuer other than the ones listed above.

For all the purposes resulting from the functions of the members of the General and Supervisory Board, their professional domicile is at Rua Castilho, no. 233 – 233A, 1099-004 Lisbon, Portugal.

### ***Commission and Committees of the General and Supervisory Board***

The General and Supervisory Board has within it the following Commission and Committees, which operate with the powers set out in the Law and in the EBA/GL/2017/11 Guidelines on Internal Governance:

- (i) the Commission for Financial Matters which, pursuant to Article 441, paragraph 1, items f) to o), ex-vi Article 444, paragraph 2, of the Portuguese Companies Code, has the following legal competences:
  - (a) verify, when deemed convenient and in the manner deemed appropriate, the regularity of the books, accounting records and documents that support them, as well as the status of any assets or values owned by the institution in any capacity;
  - (b) check if the accounting policies and valuation criteria adopted by the institution lead to a correct assessment of assets and profit or loss;
  - (c) provide an opinion on the management report and accounts for the financial year;
  - (d) oversee the effectiveness of the risk management system, the internal control system and the internal audit system, if any;
  - (e) receive reports of irregularities presented by shareholders, employees of the institution or others;
  - (f) supervise the process of preparing and disclosing financial information;
  - (g) propose to the General Meeting the appointment of the Statutory Auditor;
  - (h) oversee the auditing of the institution's accountability documents; and
  - (i) supervise the independence of the Statutory Auditor, namely with regard to the provision of additional services,
- (ii) the Remuneration Committee with the powers referred to in Article 115-H of the RGICSF, namely:
  - (a) prepare proposals and recommendations on the setting of remuneration of Supervisory Body members, as well as of the employees of the Issuer with the highest total remuneration of the Institution, including decisions with implications in terms of risks and risk management of the Issuer;
  - (b) provide all necessary support and make recommendations for the purpose of approving the general remuneration policy of the Issuer;
  - (c) use, in all matters within its competence, internal consultancy services as well as external consultancy services, in an appropriate and proportional manner to the size and complexity of the Issuer;

- (d) review the conclusions of any consultancy services it has resorted to under the terms of the previous paragraph; and
  - (e) ensure that, using external consultancy services, no natural or legal person is contracted who provides or has provided services to the Issuer, in the previous three years, in relation to matters directly under the responsibility of the Executive Board of Directors or that have contractual or corporate relations with entities that provide consultancy services to the Issuer, a rule that must also be respected as regards natural or legal persons who are related to the external consultant through employment or service provision contracts,
- (iii) the Risk Committee with the powers referred to in Article 115-L of the RGICSF, namely:
- (a) advise the Executive Board of Directors on the risk appetite and general risk, current and future, of the credit institution;
  - (b) assist the Executive Board of Directors in supervising the execution of the credit institution's risk strategy by top management;
  - (c) analyse whether the conditions of the products and services offered to clients take into account the business model and risk strategy of the credit institution and submit a correction plan to the Executive Board of Directors, when that analysis results in the said conditions not adequately reflecting the risks; and
  - (d) examine whether the incentives established in the credit institution's remuneration policy take into account risk, capital, liquidity and expectations regarding profit or loss, including income dates,

In addition to the aforementioned Commission and Committees, that are required by law, the General and Supervisory Board also had established a Committee for Cooperative Affairs, serving as a forum for debate, analysis and preparation of topics related to the cooperative organisation of the credit institutions that are part of SICAM and as a privileged observatory for matters of a cooperative nature, in close connection with the entities that in the Group or in the national panorama, deal with specific matters related to the deepening of cooperativism. This Committee was in existence until the end of the 2019-2021 mandate, and was dissolved on 3 April 2022.

### ***The Superior Council***

Without prejudice to the provisions of the Articles of Association, the Superior Council is responsible for:

- (i) designating and replacing its Chairman;
- (ii) approving its operating regulations and relations with the other Governing Bodies of the Issuer;
- (iii) presenting, on its own initiative, to the Executive Board of Directors and/or the General and Supervisory Board, recommendations and suggestions within the scope and tasks of the Issuer, namely on:
  - (a) proposed amendments to the Legal Framework for the Issuer, to be presented by the Issuer;
  - (b) proposed amendments to the Articles of Association;
  - (c) the Issuer's guidelines on the Articles of Association of its associates;
  - (d) the proposal for the Issuer's business plan and budget, business plan and budget for SICAM and the Group;
  - (e) proposals for admission, suspension and/or exclusion of the Issuer's associates;
  - (f) the proposal for the application of sanctions to associates, pursuant to Section IV of Chapter VI of the Issuer's Articles of Association;
  - (g) the exercise by the Issuer of the powers provided for in paragraph 3 of Article 70 of the Issuer's Articles of Association; and

- (h) communicate, through recommendations, suggestions or advice, on any other matters submitted by the Executive Board of Directors and/or the General and Supervisory Board of the Issuer.

Pursuant to Article 35 of the Issuer's Articles of Association, the Superior Council is composed of a number of members not exceeding fifteen, with nine of its members being elected by the General Meeting, from the Associated Caixas not represented on the General and Supervisory Board, on the General Meeting Board and on the Assessment Committee, each being responsible for designating a natural person to exercise the position in their own name.

The Superior Council, elected for the 2022-2024 triennium at the Extraordinary General Meeting held on 5 February 2022 is constituted by the following members:

#### **Chairman**

Afonso de Sousa Marto, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo da Batalha, C.R.L.

#### **Deputy Chairman**

Hélio José de Lemos Rosa, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo de Alenquer, C.R.L.

#### **Members**

António Manuel Melo Gomes de Sousa, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo dos Açores, C.R.L.

José Lopes Gonçalves Barbosa, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo do Alto Cávado e Basto, C.R.L.

José Luís Tirapicos Nunes, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo do Alentejo Central, C.R.L.

José Gonçalves Correia da Silva, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo do Noroeste, C.R.L.

João Gante Gonçalves, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo de Pombal, C.R.L.

Artur Teixeira de Faria, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo de Terras do Sousa, Ave, Basto e Tâmega, C.R.L.

Magda Cristina Batista Antunes Santolini, appointed by the elected Associated Caixa Caixa de Crédito Agrícola Mútuo da Zona do Pinhal, C.R.L.

For all the purposes resulting from the functions of the members of the Superior Council, their professional domicile is at Rua Castilho, no. 233 – 233A, 1099-004 Lisbon, Portugal.

#### ***Statutory Auditor***

The current Statutory Auditor of the Group, PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda., were elected at the General Meeting of Shareholders held on 28 May 2022, for the three-year term of office 2022-2024, by unanimity of the votes cast.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. were elected for the first time on at the General Meeting of 30 May 2015, for 2015 and reappointed for the three-year terms of office of 2016-2018, 2019-2021, and 2022-2024. Therefore, it performs functions consecutively for 10 years (2015, 2016-2018, 2019-2021, and 2022-2024).

As for the Partners representing the Statutory Auditor, they were first elected for the 2022-2024 mandate, in accordance with rotation policies adopted in compliance with applicable law.



There are no potential conflicts of interest between the duties to the Group of the persons listed above and their private interest or duties.

### ***The Board of the General Meeting***

In order to direct the work of the General Meeting, it is endowed, under the terms of Article 19 of the Articles of Association, with a statutory body, the General Meeting Board, which includes a Chairman, a Deputy Chairman and a Secretary, which are elected from among the associates of the Issuer in full enjoyment of their rights, and each of the candidate associates is responsible for presenting, from the outset and to the election, the natural person who, individually, will exercise the office.

The Board of the General Meeting of the Issuer, elected for the three-year mandate of 2022-2024 at the Extraordinary General Meeting held on 5 February 2022, is, as of the date of this Prospectus, composed of the following members:

- **Chairman:** Nuno Carlos Ferreira Carrilho, appointed by Caixa de Crédito Agrícola Mútuo de Terras de Viriato, CRL.
- **Deputy Chairman:** José Feio dos Santos Soares, appointed by Caixa de Crédito Agrícola Mútuo de Vila Verde e Terras de Bouro, CRL.
- **Secretary:** Joaquim Miguel Cruz Mendes, appointed by Caixa de Crédito Agrícola Mútuo de Elvas, Campo Maior e Borba, CRL.

### ***The Assessment Committee***

In compliance with the changes instituted to the RGICSF by Decree-Law no. 157/2014, of 24 October, especially in accordance with the provisions of its Article 30-A, the General Meeting of 30 May 2015, on the proposal of the Executive Board of Directors, approved the Internal Policy for the Selection and Assessment of the Adequacy of the Members of the Management and Supervisory Bodies of the Issuer (PISAAMOAF), which defined:

- (i) those responsible for the Assessment of Adequacy, appointing an Evaluation Committee for that purpose;
- (ii) the composition and functioning of the Evaluation Committee;
- (iii) the Assessment Policy;
- (iv) the Initial Assessment procedures;
- (v) the Revaluation procedures;
- (vi) the specific prevention of conflicts of interest;
- (vii) the accumulation of positions;
- (viii) gender diversity; and
- (ix) professional training.

PISAAMOAF establishes that the Assessment Committee is made up of three Associated Caixas who do not hold any social position in it. The following Associated Caixas were appointed by the General and Supervisory Board to be part of that Committee for the 2021-2023 period:

- (i) Caixa de Crédito Agrícola Mútuo de Caldas da Rainha, Óbidos e Peniche, C.R.L.
- (ii) Caixa de Crédito Agrícola Mútuo da Costa Azul, C.R.L.
- (iii) Caixa de Crédito Agrícola Mútuo de Alcácer do Sal e Montemor-o-Novo, C.R.L.

Each of these associates appointed a representative to exercise the position in their own name, with the members of the Assessment Committee being currently as follows:

**Chairwoman:**

Cristiana Lopes Lage da Costa Lourenço, appointed by the Associate Caixa de Crédito Agrícola Mútuo de Caldas da Rainha, Óbidos e Peniche, C.R.L.

**Members:**

Ana Maria Nogueira Garcia Rodrigues, appointed by the Associate Caixa de Crédito Agrícola Mútuo da Costa Azul, C.R.L.

Manuel Francisco Fura Jorge Nunes, appointed by the Associate Caixa de Crédito Agrícola Mútuo de Alcácer do Sal e Montemor-o-Novo, C.R.L.

For all the purposes resulting from the functions of the members of the Assessment Committee, their professional domicile is at Rua Castilho, no. 233 – 233A, 1099-004 Lisbon, Portugal.

***Conflict of Interests***

To the best of the Issuer's knowledge and in its understanding, based on legal requirements and internal governance for such cases, there are no potential conflicts of interests between the duties of any member of the management and supervision bodies identified above towards the Issuer or towards any other Group company and his/her personal interests and duties, that have not been identified and adequately disclosed and settled.

**Internal control functions of the Group**

Caixa Central, as SICAM's Central Body, ensures, through its internal control functions, that the activity of each of its Associated Caixas de Crédito Agrícola Mútuo are carried out in a sound and prudent manner, without compromising the responsibilities of the respective management and supervisory bodies.

Using the power provided for in Article 50(3) of Banco de Portugal Notice 3/2020 (Notice 3/2020), pursuant to which institutions belonging to a financial group may establish shared services for the development of the responsibilities assigned to the risk management, compliance and/or internal audit functions, on 11 November 2021 Caixa Central defined and approved policy on Shared Services of the Issuer, which aims to regulate, from its entry into force and starting date in 2022, the provision of the shared services of the Internal Audit Function and the Risk Management Function by the complementary group of companies (Crédito Agrícola Serviços - Centro de Serviços Partilhados, ACE) to Caixas Agrícolas that are part of SICAM, under the guidance, monitoring and supervision powers of Caixa Central. Under the terms defined in the aforementioned policy on Shared Services of Crédito Agrícola, the shared services of the Internal Audit Function and the shared services of the Risk Management Function follow the provisions set out in Notice 3/2020 in matters related to the function in question and are based on the provisions of the respective policies defined by Caixa Central for SICAM.

The compliance function is ensured by each of the Caixas Agrícolas, through its Compliance Monitor, with the guidance, as well as monitoring and supervision of Caixa Central, through its Compliance Department.

The process started in January 2022 with the formalisation of the letters of contract for the shared services of the Internal Audit Function and the letters of contract for the Risk Management Function, with each of the participating Caixas Agrícolas. Without prejudice to the specific powers of each of these functions, with regard to the Associated Caixas Agrícolas of Caixa Central, the Monitoring and Supervision Department and the Transformation and Development Office perform supplementary control functions, contributing to the adequacy and effectiveness of the Internal Control System.

Finally, the mission of the Internal Control Office of Caixa Central is to manage and monitor the adequacy and effectiveness of the Internal Control System, namely the identification, management and promotion of the resolution of deficiencies and opportunities for improvement in the internal control system of the Group.

The other institutions belonging to the Group have their respective control functions in accordance with the legislation and regulations governing their respective sectors of activity, namely the insurance sector, asset management and collective investment and venture capital bodies.

### ***Compliance Function***

The Compliance Function is allocated to the Compliance Department of the Issuer, which undertakes the functional coordination of the Compliance Function at SICAM, ensuring appropriate compliance with the applicable regulations and the prevention of money laundering and terrorist financing, and internal and external fraud. With a view to accomplishing its mission, the Compliance Department is specifically responsible for monitoring legislative and/or regulatory changes, analysing their impact on the business and disclosing them so as to ensure their compliance; developing, implementing and carrying out procedures that enable preventing money laundering and terrorist financing within SICAM; developing, implementing and monitoring control mechanisms that prevent, ensure the timely detection and trigger appropriate responses to situations of internal and external fraud directed against the Group or its customers, ensuring articulation with the judicial authority.

The Compliance Function is responsible for ensuring, together with all the other internal control functions, the adequacy, the strengthening, and the efficient and harmonious operation of SICAM's internal control system. Its purpose is to mitigate risks according to the complexity of its business and disseminate the risk and control culture so as to assure compliance with the existing laws and regulations, with a view to minimising the risk of incurring legal or regulatory, financial or reputation penalties.

In view of the defined organisational model, the Compliance Department of the Issuer articulates the tasks that are entrusted to it with the Compliance Monitors of the Associated Caixas and Affiliated Companies, which are crucial links in the consolidation of the compliance culture and improvement of the internal control system. This coordination and organisation enable the adoption of standard practices with regard to the identification, interpretation and implementation of legal and regulatory requirements and appropriate follow-up and monitoring of the identified risks.

During 2020, the internal control unit that existed in the Compliance Department was detached from this Department, with an Internal Control Office having been created, entrusted with the mission of the identification, management and promotion of the resolution of all flaws of the Group's internal control system, in order to ensure its adequacy and efficacy.

### ***Risk Management Function***

The Risk Management Function is allocated to the Global Risk Department of the Issuer, which carries out the functional coordination of the Risk Management Function at SICAM and the Group. Its mission is to develop and support, in an overall and integrated manner, the definition of the risk strategy and the risk appetite framework of SICAM and the Group, as well as the definition of the policies and processes associated with the risk management system.

In light of the defined organisational model, in articulation with the heads of the Risk Management Functions (Risk Officers) of the Associated Caixas, the Global Risk Department of the Issuer conducts an integrated risk management strategy defined by the Executive Board of Directors of the Issuer, maintaining an aggregate and holistic vision of all the risks inherent to the activity of SICAM and the Group.

The activities developed in this sphere by the Global Risk Department seek to promote an integrated risk management culture at SICAM and the Group, where all the Group's employees are bound to perform their duties in conformity with the risk tolerance levels defined for the set of indicators comprising the specific appetite framework of the Issuer, the Associated Caixas and Affiliated Companies.

### ***Internal Audit Function***

The Internal Audit Function is allocated to the Audit Department of the Issuer, which carries out the functional coordination of the Internal Control Function. Its mission is to contribute to the sound and prudent management of the Group and promote an organisational culture based on highly exacting ethical standards, through a monitoring process composed of all the autonomous, specific, regular or exceptional control actions and assessments that are effective and comprehensive, directed at risk, with a view to assessing the adequacy and efficacy of the organisational culture and of the governance and internal control systems of SICAM, as well as the respective individually considered components, including governing bodies and their supporting committees, namely through the detection of flaws in the design of the controls, including those related to the inexistence of controls, and in their implementation.

During 2020, the Internal Audit Function performed the following at SICAM:

- monitoring of the activity of the internal auditors of the Associated Caixas, responsible for pursuing the internal audit function, reporting functionally to the Audit Department of the Issuer, acting in articulation and under a common methodology of SICAM; and
- pursuit of the internal audit activities pursuant to the activities plan at the Issuer and through the hiring of shared audit services arranged by the Audit Department.

#### ***Function of Monitoring, Guidance, Supervision and Overseeing of the Associated Caixas***

In view of the guidance and overseeing functions of the Associated Caixas that task the Issuer under the terms of the provisions in Articles 75 and 76 of the RJCAM and also considering the powers vested in the Issuer by Article 69 of the RJCAM and by Articles 3(3)(e) and 43(1)(f) and 2 of the Issuer's Articles of Association, the Issuer, through the Monitoring and Supervision Department, seeks to ensure, from a prudential perspective, the adequacy of the internal governance system and the economic and financial sustainability of the Associated Caixas, anticipating scenarios of possible imbalances and ensuring compliance with the guidelines defined by the Issuer, in line with best supervision practices and the applicable legislation and regulations.

Accordingly, the Monitoring and Supervision Department is specifically responsible for supervising and monitoring the activity of the Associated Caixas, through a series of controls and monitoring indicators, aimed at the preventive detection of imbalances in governance or equity and at ensuring compliance with the legal provisions of prudential nature and the guidelines of the supervision authorities and the Issuer.

#### ***Function of the Transformation and Development Office***

The Transformation and Development Office also plays a supplementary role to that of the Issuer's other control functions (Compliance Department, Global Risk Department and Audit Department) in monitoring the situation of the Associated Caixas with levels of financial, commercial or operating performance deviating from the guidelines established by the Issuer or supervisors, and in assisting in the definition of concrete measures for their mitigation, contributing to the adequacy and efficiency of the internal control system of the Associated Caixas.

The mission of the Transformation and Development Office is to promote the dynamism and quick and effective recovery of Associated Caixas that show financial, commercial, operational performance below expectations and/or other deviating aspects, in order to ensure their alignment with the Issuer guidelines and to defend SICAM sustainability.

#### ***Function of the Internal Control Office***

The mission of the Internal Control Office is to manage and monitor the adequacy and effectiveness of the Internal Control System, namely the identification, management and promotion of the resolution of all deficiencies of the Group.

In order to ensure the effectiveness of the Internal Control System, and despite the performance of the control functions and the Monitoring and Supervision Department, the Internal Control Office is also responsible for monitoring the identified weaknesses, analysing their pertinence, ensuring the existence of resolution plans and supervising their implementation under the terms set out in the Weaknesses Management Policy.

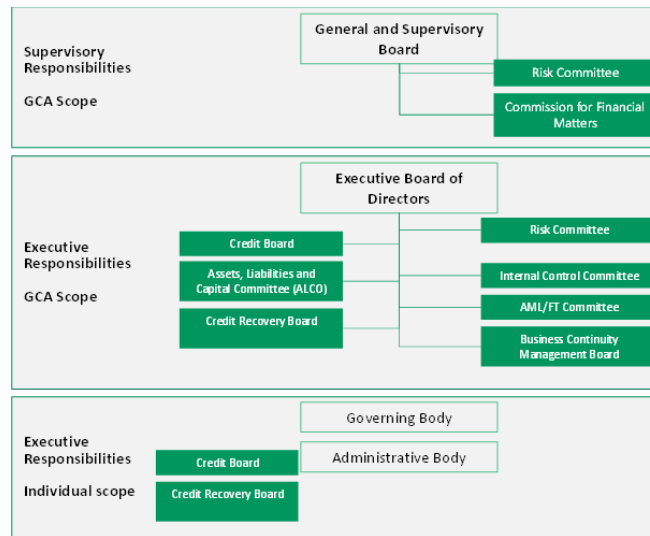
## **RISK MANAGEMENT**

### **Governance of risk management**

Pursuant to the established provisions in terms of internal risk policies, the appropriate management of risks derived from the activity a priority for the Group, which recognises its decisive impact on the creation of value and its fundamental role in the construction of a cohesive and solid internal control system.

The risk management system is underpinned by a governance model, an organisational structure and processes of support and control of risk that assure, at all times, the complete separation between the risk origination, management and control functions. In this context, the Risk Management Function provides support to the management body and plays an important role in the defence of the Group's financial solidity,

ensuring the consistency, integration and consolidation of the risks in a portfolio vision and ensuring that the organisation as a whole manages the risks within the established limits and rules.



Caixa Central has a series of collegiate bodies, instituted by the Executive Board of Directors, that intervene in matters of risk management, in particular the following:

**Risk Commission:** responsible for the ongoing monitoring and control of the definition and implementation of the risk management strategy and the global risk management policy (and all the specific policies on management of material risks), including the respective methodologies and relevant processes, as well as the Group's risk appetite, checking that they are compatible with a sustainable strategy in the medium and long-term.

**Asset, Liability and Capital Committee (ALCCO):** responsible for the integrated support to the management of the set of risks that affect the consolidated balance sheet of the Group and the individual balance sheet of Caixa Central, being generally entrusted with proposing and guaranteeing, within the established limits, the implementation of the Asset, Liability and Capital Management policy so as to maximise the value of the equity pursuant to the guidelines issued by the Executive Board of Directors.

In 2022, particular reference is made to the start-up of the Risk Committee, a body directly under the Executive Board of Directors, which has held monthly meetings since July.

### Organisational Model

The organisation of the Group's risk management system follows the principle of separation of functions, ensuring functional separation between the powers and duties of risk origination (or risk-taking) and responsibilities dedicated to its strategic management and control.

The principle referred to above is operationalised through the endorsement of the model of 3 lines of defence at the consolidated level and at each Associated Caixa Agrícola.

The following figure portrays this model:



The first line of defence is constituted by the business units, with risk-taking being inherent to their activity, in which they are particularly responsible for the management of these risks and where this risk-taking is constrained by the established limits in force, applicable to each type of risk. It should be stressed that these structures (which include the commercial departments of Caixa Central, the Retail Department (DR) and the Companies Department (DE), also constitute a line of defence of the risk management system, in this case, the first line of defence.

The second line of defence consists of the risk management function and the compliance function (Compliance Department or DC). The risk management function is carried out, at the level of Caixa Central, by the Global Risk Department (DRG), with its activity supplemented by the duties assigned to the Credit Monitoring Department (DAC), in particular with respect to the management of single name credit risk.

The Global Risk Department has a comprehensive scope of action, including all the risks to which the Group may be exposed to, currently or in the future. The main responsibilities and roles of the Global Risk Department as the second line of defence involve:

- Identification, assessment, follow-up/monitoring and control of all the risks to which the Institution is currently exposed or may be exposed to in the future, in order to ensure that they remain at the level defined previously by the management body;
- Provision of advice to the management bodies (in their management (Executive Board of Directors or CAE) and supervisory (General Supervisory Board or CGS) functions) on the management of these risks, providing complete and accurate information on each of them.

The Global Risk Department performs its activity in an independent manner, and with full organisational and functional separation in relation to the structural units (departments and bureaus), the activity of which it monitors and controls.

In January 2022, the Group implemented the shared service model for the risk management function of the Associated Caixas, under a specific provision of Banco de Portugal Notice 3/2020. Thus, the risk management function of the Associated Caixas shifted to being carried out by the Shared Services Unit integrated in the Global Risk Department: of Caixa Central.

The third line of defence is provided by the Internal Audit Function (FAI), assigned with the assessment of the efficacy and effectiveness of the internal control system of the Group and, in particular, of the risk management system. The Internal Audit Function's activity is carried out through risk-oriented internal audit work, which naturally prioritises the risk management system. The Internal Audit Function represents the last internal line of defence, where its scope of action includes assessment of the way that the first and second lines of defence (in particular the Global Risk Department) perform their duties as defence lines. Due to the nature of its duties, the Internal Audit Function provides crucially important support to the management and supervisory bodies (Executive Board of Directors and General Supervisory Board), informing them of the risks covered in their work, and in particular, the detected flaws and opportunities for improvement.

The Internal Audit Function is carried out by the Audit Department where, as is the case of the Risk Management Function (FGR), the shared service model has also been adopted, meaning that the Audit Department is the internal audit function of each one of the Associated Caixas Agrícolas.

In 2022, the independence of the Internal Audit Function – the cornerstone of this department and its work – was strengthened through its hierarchical reporting line (the Audit Department began to report to the collective of Executive Directors who are members of the Executive Board of Directors), having maintained its functional reporting to the collegiate bodies, the Executive Board of Directors and the General and Supervisory Board.

### **Risk Appetite Framework (RAF)**

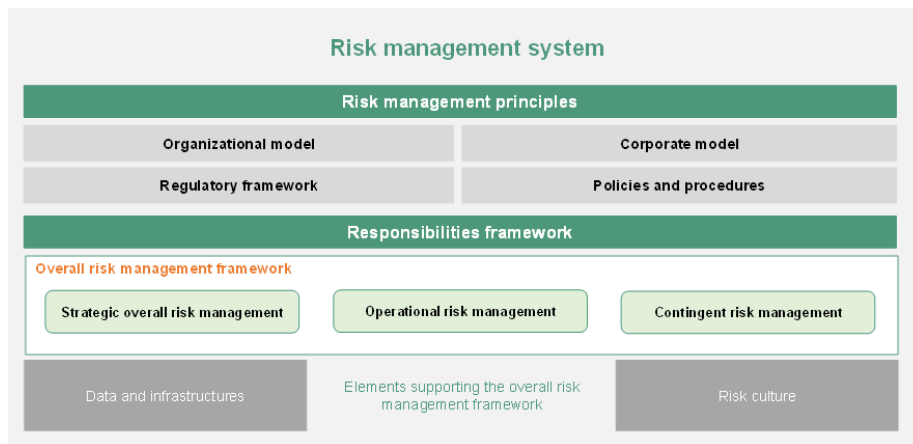
The risk appetite framework (RAF) and its components – the risk appetite statement (RAS) and the risk limit management system – constitute the bedrock of the Group's risk management system.

Caixa Central's risk appetite framework was structurally reviewed in 2022, and is now more comprehensive as a result of the inclusion of new risks and additional indicators for their measurement. Alongside this, the limit management system has become more dynamic.

Indeed, the risk appetite framework (RAF) constitutes a core component of the risk management system, and may be described as follows:

- Risk appetite statement (RAS): consists of the definition of the risk levels which the General and Supervisory Board is willing to tolerate in order to achieve its strategic goals. In practice, it represents the operationalisation of the institution’s risk profile for the entire set of identified material risks. The risk appetite statement is subject to ongoing monitoring by the Global Risk Department, being submitted on a monthly basis to the Risk Committee;
- The risk appetite statement includes the goals, indicators and tolerance levels for each type of risk, and is used to establish limits to risk-taking in the development of the Group’s activity. The Global Risk Department is responsible for monitoring the real values observed in relation to the established goals and tolerance levels (limits), reporting the results to the management bodies;
- The risk limit system ensures the consistency between the business management (risk-taking by the first line of defence) and the risk management of the Group. This system of limits also ensures the involvement of the business units in the risk management processes, informing them of the goals and limits that constrain the development of their business activities;
- The ongoing monitoring of the risk appetite framework is aimed at maintaining the risk levels undertaken in the development of the activity in line with the limits in force (risk appetite statement);
- In the event that the limits in force are surpassed (referred to as limit breaches), the Global Risk Department is responsible for reporting this occurrence, and for urging the first lines of defence involved to define measures to be placed in practice, in order to promote realignment with the limits in question (risk appetite statement);
- Limit breaches are reported by the Global Risk Department to the management bodies (management and supervisory functions) as well as to the supervision entity.

The diagram below aims to illustrate, in a summarised form, the different components of the risk management system of the Group:



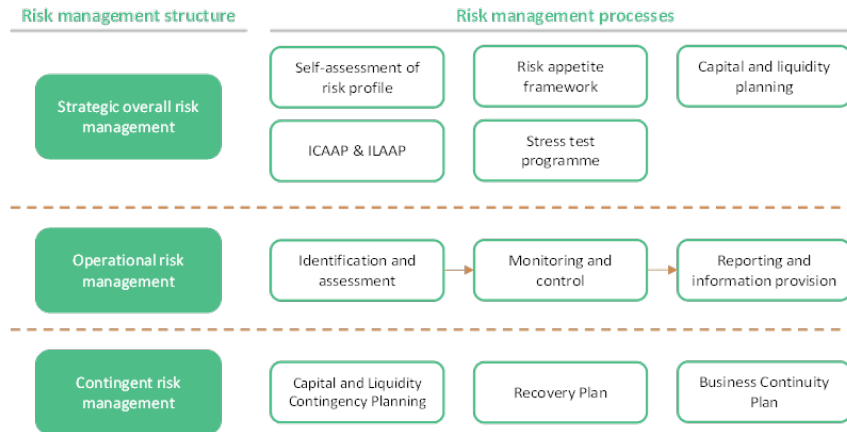
In view of the particularities of the cooperative system, namely the corporate and commercial autonomy of the Caixas Agrícolas and their involvement on the local economy and in the communities in which they operate, the risk profile of the SICAM entities is based on a reference profile with its limits and on the identification of any adjustment measures when limits are exceeded.

The Group has established the following general principles for risk management:

- (i) Integration of the business and risk strategies;
- (ii) The Risk Management Function (FGR) is an essential element of the organisational structure, being endowed with independence, autonomy and adequate resources;

- (iii) The scope of action of the Risk Management Function is complete;
- (iv) The risk appetite framework (RAF) is a central element of the Group's risk management;
- (v) The Group's solvency, liquidity and profitability adjusted to the Group's risk, in a framework of viability and sustainability of the business model, are fundamental aspects in risk management;
- (vi) The risk culture is an important cornerstone of the Group's activities.

Caixa Central's management and supervisory bodies are ultimately and extensively responsible for the Group and define, supervise and are responsible for the application of governance systems in a manner ensuring the effective and prudent management of the institution, including the risk management system.



The Group's total own funds not incorporating the net income for the year, calculated in conformity with the prudential requirements under Regulation (EU) 575/ 2013 of 26 June 2013, amounted to €1,804 million as at 31 December 2022. At the end of 2022, the Group's total capital ratio, excluding the net income for the year, stood at 18.4 per cent., comfortably complying with the prudential requirements on the level of own funds, permanently observing them, in conformity with Article 92(1) of Regulation (EU) 575/ 2013. The common equity tier 1 ratio also stood at 18.4 per cent.



## TAXATION

*Prospective purchasers of Notes are advised to consult their tax advisers as to the tax consequences under the tax laws of the country of which they are resident of a purchase of Notes, including, but not limited to, the consequences of receipts of interest and sale or redemption of Notes.*

*The following descriptions are general summaries of certain taxation matters based on applicable law and practice currently in effect in Portugal. Nothing in this section constitutes tax, legal or financial advice, and the summaries contained herein are of a general nature and do not cover all aspects of taxation in the relevant jurisdictions that may be relevant to any particular Holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications for them of an investment in the Notes.*

### **Portugal**

This chapter summarises the Portuguese tax rules applicable to the acquisition, ownership and disposal of the Notes, in force as at the date of this Prospectus. This chapter does not analyse the tax implications that may indirectly arise from the decision to invest in the Notes, such as those relating to the tax framework of financing obtained to support such investment or those pertaining to the counterparties of the potential investors, regarding any transaction involving the Notes.

This chapter is a general summary of the relevant features of the Portuguese tax system. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular Holder, including tax considerations that arise from rules of general application or that are generally assumed to be known to any Holder. It also does not contain in-depth information about all special and exceptional regimes, which may entail tax consequences at variance with those described herewith.

The tax treatment of each type of potential investor described in each section applies exclusively to that type of potential investor. No analogy regarding the tax implications applicable to other type of potential investors should be drawn. Potential investors should seek individual advice about the implications of the acquisition, ownership and disposal of Notes, in light of their specific circumstances.

This chapter does not include any reference to the tax framework applicable in countries other than Portugal. The rules of a Convention to prevent Double Taxation ("**Convention**") may have a bearing on Portuguese tax implications. Furthermore, the domestic provisions of other countries may exacerbate or alleviate such implications.

The meaning of the terminology adopted in respect of every technical feature, including the qualification of the securities issued as "Notes", the classification of taxable events, the arrangements for taxation and potential tax benefits, among others, is the one in force in Portugal as at the date of this Prospectus. No other interpretations or meanings, potentially employed in other countries, are considered.

The tax framework described in this chapter is subject to any changes in law and practices (and the interpretation and application thereof) at any moment. Although according to the Portuguese Constitution legislative amendments which increase taxation cannot have retroactive or retrospective effect, there is no general prohibition of amendments with such effect.

### **General tax regime**

Where no specific tax regime is applicable, e.g., the special debt securities tax regime further described below, the tax regime summarised in this section should generally apply.

**Portuguese tax resident individuals (income obtained outside the scope of business or professional activities) or individuals with a permanent establishment in Portugal to which income associated with the Notes is imputable**

#### *Acquisition of Notes for consideration*

The acquisition of Notes for consideration is not subject to Portuguese taxation.

### *Income arising from the ownership of Notes*

Economic benefits derived from interest, amortisation, reimbursement premia and other instances of remuneration arising from the Notes (including, upon a transfer of the Notes, the interest accrued since the last date on which interest was paid), are generally classified as "investment income" for Portuguese tax purposes.

Such investment income arising to the Holders is liable for Personal Income Tax (Imposto sobre o Rendimento das Pessoas Singulares or "**IRS**"). IRS is generally withheld, at a 28 per cent. rate, when the income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable). This represents a final withholding, releasing the Holder from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRS.

Alternatively, the Holders may opt for declaring such income in their tax returns, together with the remaining items of income derived. In that event, income arising from the ownership of Notes shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (taxa adicional de solidariedade) of up to 5 per cent. on income exceeding €250,000 (2.5 per cent. on income below €250,000 but exceeding €80,000). The progressive taxation under the IRS rules may then go up to 53 per cent., being the tax withheld deemed as a payment on account of the final tax due.

Investment income paid or made available (colocado à disposição) to accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent., unless the beneficial owner of the income is disclosed in which case general rules apply.

### *Capital gains and capital losses arising from the disposal of Notes for consideration*

The annual positive balance between capital gains and capital losses arising from the disposal of Notes (and other assets set forth in law) for consideration, deducted of the costs necessary and effectively incurred in the acquisition and disposal, is taxed at a special 28 per cent. IRS rate. Alternatively, Holders of the Notes may opt to include the capital gains and losses in their taxable income, together with the remaining items of income derived. In that event, the capital gains shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (taxa adicional de solidariedade) of up to 5 per cent. on income exceeding €250,000 (2.5 per cent. on income below €250,000 but exceeding €80,000). The progressive taxation under the IRS rules may then go up to 53 per cent.

Losses arising from disposals for consideration in favour of counterparties subject to a clearly more favourable tax regime in the country, territory or region where such counterparty is a tax resident, listed in the Ministerial Order no. 150/2004 of 13<sup>th</sup> February, as amended from time to time ("**Blacklisted Jurisdictions**") are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

If the gains are obtained in the context of a professional or entrepreneurial activity any capital gains and losses on the transfer of Notes for a consideration should be included in the computation of corporate and professional income and are taxable according to the rules as set forth in the PIT Code for income of business and professional nature.

Where the Portuguese resident individual chooses to include the capital gains or losses in their taxable income subject to the marginal PIT rates, any capital losses which were not offset against capital gains in the relevant tax period may be carried forward for five years and offset future capital gains.

### *Gratuitous acquisition of Notes*

The gratuitous acquisition (per death or in life) of Notes by Portuguese tax resident individuals is liable for Stamp Tax at a 10 per cent. rate. Spouses or couples under the civil partnership regime, ancestors and descendants avail of an exemption from Stamp Tax on such acquisitions.

## **Non-Portuguese tax resident individuals without a permanent establishment in Portugal to which income associated with the Notes is imputable**

### ***Acquisition of Notes for consideration***

The acquisition of Notes for consideration is not subject to Portuguese taxation.

### ***Income arising from the ownership of Notes***

Investment income arising to the Holders from the Notes is liable for IRS. IRS is withheld, at a 28 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), unless in certain circumstances the transfer is made between two IRS taxpayers and the income is not imputable to an entrepreneurial or professional activity. This represents a final withholding, releasing the Holders from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRS.

The above rate may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, **provided that** both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad terms, according to Portuguese tax law the formalities consist in a non-certified specific official form (Modelo 21-RFI) supplemented with a document issued by such tax authorities that attests both the tax residency of the beneficiary entity and that this entity is subject to tax in accordance with the Convention. Such specific official form shall be deemed valid for 1 year.

If the Holder is subject to a clearly more favourable tax regime in a Blacklisted Jurisdiction, the applicable withholding tax rate is 35 per cent. Similarly, the withholding tax rate is increased to 35 per cent. in case of payments made to accounts opened in the name of one or more accountholders on behalf of undisclosed third parties, unless the beneficial owner of such income is identified, in which case the general rules apply.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

### ***Capital gains and capital losses arising from the disposal of Notes for consideration***

Capital gains arising from the disposal of Notes for consideration should be exempt from taxation as long as they qualify as "**securities**" (valores mobiliários), unless the alienator is resident for tax purposes in a jurisdiction listed in a Blacklisted Jurisdiction. Furthermore, capital gains arising from the disposal of Notes for consideration by an alienator resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention. In case the taxable event cannot be prevented, the annual positive balance between capital gains and capital losses arising from the disposal of Notes (and other assets set forth in the law) for consideration, deducted of the costs necessary and effectively incurred in such disposal, is taxed at a special 28 per cent. IRS rate. Losses arising from disposals for consideration in favour of counterparties subject to a clearly more favourable tax regime in the country, territory or region where it is a tax resident, listed in a Blacklisted Jurisdiction are disregarded for purposes of assessing the positive or negative balance referred above.

If resident in a member state of the EU or of the European Economic Area with which, in the latter case, there is exchange of tax information, the Holders may opt for declaring such income in their tax returns, together with the remaining items of income derived (even if outside the Portuguese territory, in the latter case for purposes of ascertaining the relevant tax bracket). In that event, the capital gains shall be liable for tax at the rate that would result from the application of the relevant progressive tax brackets for the year in question, currently up to 48 per cent., plus a solidarity tax (taxa adicional de solidariedade) of up to 5 per cent. on income exceeding €250,000 (2.5 per cent. on income below €250,000 but exceeding €80,000). The progressive taxation under the IRS rules may then go up to 53 per cent.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

### ***Gratuitous acquisition of Notes***

The gratuitous acquisition (per death or in life) of Notes by non-Portuguese tax resident individuals is not liable for Portuguese Stamp Tax.

### **Corporate entities resident for tax purposes in Portugal or non-Portuguese tax resident entities with a permanent establishment to which income associated with the Notes is imputable**

#### ***Acquisition of Notes for consideration***

The acquisition of Notes for consideration is not subject to Portuguese taxation.

#### ***Income arising from the ownership of Notes***

Investment income arising to Holders from the Notes is liable for Corporate Income Tax (Imposto sobre o Rendimento das Pessoas Colectivas or "IRC"). IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable), except where the Holder is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or otherwise benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law.

This withholding represents an advance payment on account of the final IRC liability. IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €50,000 in the case of small or medium-sized enterprises as defined by law and subject to the *de minimis* rule of the EU. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit, may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., for a taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., for a taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. for a taxable income exceeding €35,000,000.00.

Investment income paid or made available (colocado à disposição) to accounts in the name of one or more accountholders acting on behalf of undisclosed third parties is subject to a final withholding tax at the rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case general rules apply.

There is no obligation to withhold tax, partially or entirely, on investment income of the issuer made available to taxpayers globally exempt from IRC (for instance: corporate entities recognised as having public interest and charities; pension funds; retirement savings funds, education savings funds and retirement and education savings funds; and venture capital funds, **provided that**, with respect to all the above funds, except for EU or EEA pension funds under certain conditions, they are organised and operate in accordance with Portuguese law) or which benefit from a total or partial exemption on the investment income made available by the Issuer, assuming that proof of such exemption is presented to the entity responsible for the payment.

#### ***Capital gains and capital losses arising from the disposal of Notes for consideration***

Capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €50,000 in the case of small or medium-sized enterprises as defined by law and subject to the *de minimis* rule of the EU. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., for a taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., for a taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. for a taxable income exceeding €35,000,000.00.

### ***Gratuitous acquisition of Notes***

The positive net variation in worth (variação patrimonial positiva), not reflected in the profit and loss account of the financial year, arising from the gratuitous transfer of Notes to Portuguese tax resident corporate entities liable for IRC, even if exempt therefrom, or to permanent establishments to which it is imputable, is taken into consideration for purposes of computing the taxable profit for IRC purposes.

IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of 21 per cent., 17 per cent. on the first €50,000 in the case of small or medium-sized enterprises as defined by law and subject to the *de minimis* rule of the EU. A municipal surcharge, at variable rates according to the decision of the municipal bodies, up to 1.5 per cent. of the taxable profit, may also apply. Moreover, corporate taxpayers are also subject to a State surcharge of 3 per cent., for a taxable income from €1,500,000.00 to €7,500,000.00, of 5 per cent., for a taxable income from €7,500,000.00 to €35,000,000.00, or of 9 per cent. for a taxable income exceeding €35,000,000.00.

### **Corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which income associated with the Notes is imputable**

#### ***Acquisition of Notes for consideration***

The acquisition of Notes for consideration is not subject to Portuguese taxation.

#### ***Income arising from the ownership of Notes***

Investment income arising to the Holders from the Notes is liable for IRC. IRC is withheld, at a 25 per cent. rate, when the investment income becomes due and payable, or upon a transfer of the Notes (in this last case, on the interest accrued since the last date on which the investment income became due and payable). This represents a final withholding, releasing the Holders from the obligation to disclose the above income to the Portuguese tax authorities and from the payment of any additional amount of IRC. If the Holder is an entity with domicile, legal seat or place of effective management in a country, territory or region subject to a clearly more favourable tax regime, listed in a Blacklisted Jurisdiction, the withholding tax rate is increased to 35 per cent.

The 25 per cent. withholding tax rate referred above may be reduced pursuant to a Convention in force between Portugal and the country where the owner of the Notes is a resident for tax purposes, **provided that** both substantial and formal conditions on which the application of such benefit depends are duly observed. In broad terms, according to Portuguese tax law the formalities consist filling out a specific official form (Modelo 21-RFI) supplemented with a document issued by the local tax authorities of the country of residence of the owner of the Notes attesting both the tax residency of the beneficiary entity and that this entity is subject to tax in accordance with the Convention. Such specific official form shall be deemed valid for 1 year.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

#### ***Capital gains and capital losses arising from the disposal of Notes for consideration***

Capital gains arising from the disposal of Notes for consideration should be exempt from taxation as long as they qualify as "securities" (*valores mobiliários*), unless the alienator is a tax resident, listed in a Blacklisted Jurisdiction, or more than 25 per cent. of the non resident entity's capital is held by a resident person (except if the disposing entity complies with the legally established conditions and requirements). Furthermore, capital gains arising from the disposal of Notes for consideration by an alienator resident for tax purposes in a country with which there is a Convention in force with Portugal may be excluded from taxation, depending on the specific provisions of the Convention.

In case the taxable event cannot be prevented, capital gains and capital losses are taken into consideration for purposes of computing the taxable profit for IRC purposes. The profit will be taxed at a 25 per cent. IRC rate, but a deduction of the costs necessary and effectively incurred in the relevant disposals is available.

Losses arising from disposals for consideration in favour of counterparties with domicile, legal seat or place of effective management in a country, territory or region subject to a clearly more favourable tax regime, listed in a Blacklisted Jurisdiction, are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

In any event, please refer to the section below entitled "*Taxation – Special debt securities tax regime*" in order to assess whether a tax exemption is available.

### *Gratuitous acquisition of Notes*

The positive variation in worth (variação patrimonial positiva) arising from the gratuitous acquisition of Notes by corporate entities not resident for tax purposes in Portugal and without a permanent establishment to which they are imputable is taxed at a 25 per cent. rate.

### **Special debt securities tax regime**

#### *Overview*

Decree-Law No. 193/2005, of 7 November 2005, as amended from time to time, introduced a special tax regime applicable to income arising from debt securities ("**STRIDS**").

Under the STRIDS investment income arising from and capital gains obtained on the disposal of the Notes, as securities integrated in a centralised system managed by Portuguese resident entities such as the Central de Valores Mobiliários, managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e Sistemas Centralizados de Valores Mobiliários, S.A., may be exempt from tax, **provided that** the following requirements are cumulatively met:

- (a) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and
- (b) the beneficial owners are either (i) central banks and government agencies; or (ii) international organisations recognised by the Portuguese state; or (iii) entities resident in a country or jurisdiction with which Portugal has entered into a Convention or a Tax Information Exchange Agreement ("**TIEA**") currently in force; or (iv) other non-resident entities which are not resident in a country, territory or region subject to a clearly more favourable tax regime, as listed in a Blacklisted Jurisdiction. Beneficial owners resident in a Blacklisted Jurisdiction may still qualify if a Convention or a TIEA between Portugal and such jurisdiction is in force (which is the case of some of the most commonly used offshore jurisdictions).

In order to apply, the STRIDS requires completion of certain procedures and certifications providing evidence of the non-resident status of the beneficial owner of the Notes. Under these rules, the direct register entity is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity entitled to the exemption. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date of payment of any interest (or prior to the redemption date, as applicable), or prior to their transfer, as the case may be.

A general description of the rules and procedures on the evidence required for the exemption to apply to source is set out below with respect to domestic cleared notes such as the Notes.

The beneficial owner of the Notes must provide proof of non-residence in the Portuguese territory substantially in the following terms:

- (i) if the beneficial owner of the Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the beneficial owner itself, duly signed and authenticated or evidenced pursuant to paragraph (ii) or (iv) below;
- (ii) if the beneficial owner is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country or jurisdiction with which Portugal has entered into a Convention, and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (a) its tax identification; or (b) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the beneficial owner and its domicile; or (c) proof of non-residence, pursuant to the terms of paragraph (iv) below;
- (iii) if the beneficial owner of the Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a Convention or TIEA, certification shall be provided by means of any of the following documents: (a) declaration issued by the entity which is responsible for its registration or

supervision or by the tax authorities, confirming its legal existence and the law of its incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below; and

- (iv) in any other case, confirmation must be made by way of (a) a certificate of residence or equivalent document issued by the relevant tax authorities; or (b) a document issued by the relevant Portuguese consulate certifying residence abroad; or (c) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules on the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the beneficial owner of the Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period, counting from the date such document is issued. The beneficial owner of the Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying. For the cases mentioned in paragraphs (i) to (iii) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption.

No Portuguese exemption shall apply at source under the STRIDS, if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the STRIDS, whereby the refund claim is to be submitted to the direct or indirect register entity of the Notes within six months from the date the withholding took place.

The refund of withholding tax after the above six-month period is to be claimed to the Portuguese tax authorities within two years from the end of the year in which the tax was withheld. The refund is to be made within three months, after which interest is due.

The form currently applicable for the above purposes were approved by Order (Despacho) no. 2937/2014 of the Portuguese Secretary of State for Tax Affairs, published in the Portuguese official gazette, 2<sup>nd</sup> series, No. 37, of 21 February 2014 and may be available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Portugal) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and instruments characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding ("**grandfathered instruments**") unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional instruments that are not distinguishable from previously issued grandfathered instruments are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all instruments, including the grandfathered instruments, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their

investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay Additional Amounts as a result of the withholding.



## SUBSCRIPTION AND SALE

Banco Santander, S.A., Citigroup Global Markets Europe AG, Crédit Agricole Corporate and Investment Bank and UBS Europe SE (the "**Joint Lead Managers**") have, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 30 June 2023, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.681 per cent. of their principal amount, subject to the provisions of the Subscription Agreement. Subject thereto, the Issuer has also agreed in the Subscription Agreement to pay a fee to the Joint Lead Managers and will reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

### Selling restrictions

#### Portugal

Each Joint Lead Manager has represented and agreed that this Prospectus has not been and will not be registered or filed with or approved by the Portuguese Securities Exchange Commission ("*Comissão do Mercado de Valores Mobiliários*" or the "**CMVM**") nor has a prospectus recognition procedure been commenced with the CMVM. The Notes may not be and will not be offered in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code ("*Código dos Valores Mobiliários*") enacted by Decree-Law no. 486/99 of 13 November (as amended and restated from time to time) (or under any legislation which may replace or complement it in this respect, from time to time) unless the requirements and provisions applicable to the public offering in Portugal are met and the above mentioned registration, filing, approval or recognition procedure is made. In addition, each Joint Lead Manager has represented and agreed that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold, re-sold, re-offered or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect, from time to time), notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not distributed, made available or caused to be distributed, and will not distribute, make available or cause to be distributed, this Prospectus or any other offering material relating to the Notes to the public in Portugal; and (iii) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation, any delegated acts published in connection with the Prospectus Regulation which are in force at any determined time and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

#### United States

The Notes have not been and will not be registered under the Securities Act and are not being offered or sold except to non-U.S. persons in offshore transactions in reliance on Regulation S thereunder. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Joint Lead Managers have agreed that, except as permitted by the Subscription Agreement, they will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and they will have sent to each dealer to which they sell Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Notes 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 the Notes in, from or otherwise involving the UK.

### **Prohibition of Sales to UK Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Notes to any retail investor in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

### **Prohibition of Sales to EEA Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

- (i) to qualified investors (*investitori qualificati*), pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**") and any applicable provision of Italian laws and regulations; or
- (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of Legislative Decree No. 58 of 24 February

1998, as amended (the "**Financial Services Act**") and Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, (as amended from time to time, the "**Banking Act**"); and
- (b) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations, including any limitation or requirement imposed by CONSOB, the Bank of Italy or other Italian authority.

### **Singapore**

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the 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.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

**General**

No action has been taken by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Joint Lead Managers have undertaken that they will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

### Authorisation

The issue of the Notes was duly authorised by a resolution of the General Assembly of the Issuer dated 20 May 2023, by a resolution of the General and Supervisory Board of the Issuer dated 2 May 2023, and by three resolutions of the Executive Board of Directors of the Issuer dated 20 April 2023, 4 May 2023 and 15 June 2023, respectively.

### Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to be admitted to trading on the Regulated Market.

The Issuer estimates that the total expenses related to the admission to trading will be approximately €7,240.

### Indication of yield

Based upon a re-offer price of 99.681 per cent. of the principal amount of the Notes, the yield of the Notes for the period from (and including) the Issue Date to (but excluding) the Reset Date, is 8.500 per cent. per annum on an annual basis. The yield is calculated at the Issue Date and is not an indication of future yield.

### Clearing systems

The Notes have been accepted for settlement and clearing through the CVM, managed and operated by Interbolsa and may be held indirectly through direct or indirect accounts with Euroclear and Clearstream, Luxembourg. The ISIN of the Notes is PTCCCMOM0006 and the Common Code is 264609887. The address of Interbolsa is Avenida da Boavista, 3433 4100-138 Porto, Portugal.

The Classification of Financial Instrument (CFI) code and the Financial Instrument Short Name (FISN) code for the Notes are set out on the website of the Association of National Number Agencies (ANNA). The Legal Entity Identifier (LEI) of the Issuer is 529900H2MBEC07BLTB26.

### No significant / material change

There has been no significant change in the financial performance or financial position of the Group since 31 March 2023.

There has been no material adverse change in the prospects of the Issuer or the Group since the date of the last audited annual accounts, 31 December 2022.

### Litigation

The Group is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Group.

### Auditors

The financial statements of the Issuer for the financial periods ended 31 December 2021 and 31 December 2022 prepared in accordance with IFRS, have been audited in accordance with generally accepted auditing standards issued by the Institute of Statutory Auditors, and have been reported on without qualification by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("PwC"), with registered office at Palácio SottoMayor, Rua Sousa Martins, number 1, 3<sup>rd</sup> 1069-316 Lisbon, Portugal, registered with the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) with number 183 and with CMVM under number 20161485, represented by Aurélio Adriano Rangel Amado (statutory auditor registered with Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*) under number 1074 and with the CMVM under number 20160686) and Carlos José Figueiredo Rodrigues (*Ordem dos Revisores Oficiais de Contas*) under number 1737 and with the CMVM under number 20161347, in 2021 and 2022, respectively.

The unaudited interim consolidated financial statements of the Issuer as of and for the three months ended 31 March 2023 were subject to a limited review by PwC. A report with a qualified conclusion was issued (see "*Documents Incorporated by Reference*" and "*Risk Factors - Changes to accounting standards may materially adversely affect the Group's statutory financial results*"), on the basis as described in Note 2.4 Summary of the main accounting policies – bb) Impacts of IFRS 17 and IFRS 9 of the unaudited interim consolidated financial statements of the Issuer as of and for the three months ended 31 March 2023. The Executive Board of Directors of the Issuer have prepared its unaudited consolidated financial statements for the three-month period ended 31 March 2023 in accordance with IFRS 4 Insurance Contracts. However the Issuer should have prepared its unaudited consolidated financial statements for the three-month period ended on 31 March 2023 in accordance with the requirements set in IFRS 17 - Insurance Contracts, as it became effective for reporting periods beginning on or after 1 January 2023. The Group anticipates disclosing the impact of the introduction of IFRS 17 within its December 2023 results.

### ***Listing agent***

Maples and Calder (Ireland) LLP is acting solely in its capacity as listing agent for the Issuer in relation to the listing of the Notes on the Official List and is not itself seeking admission of the Notes to the Official List.

### **Documents available**

Copies of the following documents will be available from the date hereof (in the case of the Instrument, from the Issue Date) and for so long as the Notes remain outstanding at the website of the Issuer ([www.creditoagricola.pt](http://www.creditoagricola.pt)):

- (a) the Instrument;
- (b) the Memorandum and Articles of Association of the Issuer; and
- (c) a copy of this Prospectus.

This Prospectus (together with any supplement to this Prospectus or further Prospectus) will be published on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>).

Information included on any website referred to above does not form part of this Prospectus, unless it is specifically incorporated by reference in this Prospectus.

### **Conflicts of interest**

The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In the ordinary course of their business activities, the Joint Lead Managers 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 and its affiliates. Where the Joint Lead Managers or their affiliates have a lending relationship with the Issuer and/or its affiliates they may routinely hedge their credit exposure to those entities consistent with their customary risk management policies. Typically, the Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers 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.

The Joint Lead Managers and/or their respective affiliates will act as dealer managers and solicitation agents in connection with the concurrent tender offers and associated consent solicitations.

### **Language of this Prospectus**

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under

applicable law. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Prospectus.

## ISSUER

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Portugal

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**Banco Santander, S.A.**  
Ciudad Grupo Santander Avda de Cantabria s/n  
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Germany

**Crédit Agricole Corporate and Investment  
Bank**  
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Montrouge CEDEX  
France

**UBS Europe SE**  
Bockenheimer Lanstraße 2-4,  
60306 Frankfurt am Main,  
Germany

## AGENTS

### *Principal Paying Agent and Agent Bank*

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

### *Portuguese Paying Agent*

**Deutsche Bank Aktiengesellschaft  
– Sucursal em Portugal**  
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## LEGAL ADVISERS

### *To the Issuer as to English Law*

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### *To the Joint Lead Managers as to English Law*

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### *To the Agents as to Portuguese Law*

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## AUDITORS

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– Sociedade de Revisores Oficiais de Contas, Lda.**  
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## IRISH LISTING AGENT

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