2019 ANNUAL REPORT

Index

This document is an English translation of the original Portuguese language document "Relatório de Gestão e Contas 2019". In the event of any inconsistency, the original version prevails.

1.

BOARD OF DIRECTORS´ REPORT

MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER.

Paulo Moita de Macedo
Vice-chairman of the board of directors and chairman of the executive committee

Emílio Rui Vilar
Chairman of the board of directors

2019 was the third year of the implementation of Caixa's strategic plan, agreed between the Portuguese and European authorities for the period 2017-2020. Following its successful recapitalisation in 2018, Caixa geared its actions to furthering the objectives defined by its five operating pillars of focusing on the economy, strengthening its competitiveness, reorganising its international presence, strengthening confidence and customer service. Special reference should be made, in 2019, to the fact that its financial targets were fully met and to the successful completion of the disposals of its subsidiaries in Spain and South Africa, provided for in its strategic plan.

There was an expressive increase of net profit. The 27% increase of total operating income from the bank's current activities over the preceding year, fuelled an increase in return on equity to 8.1%. The referred to increase was more than 50% when the proceeds from the disposal of the subsidiaries in Spain and South Africa are added.

The growth of profit enabled a significant increase in capital ratios to be achieved. The ratios of 16.9% for CET1 and 19.5% for the total capital ratio at year end were higher than the average for European banks. Caixa's financial strength, nine years later, has enabled it to resume the payment of dividends to the state, this time for an amount of €200 million, notwithstanding the negative impact deriving from a review of the actuarial presuppositions relative to the pension fund, requiring more than €300 million in extraordinary contributions.

Caixa remained active in strengthening its role of backing the Portuguese economy, in 2019, with suitable products to meet household and corporate needs. Caixa's position as Portugal's leading bank, based on its deposit-taking and savings activities, was evidenced by the continued trust of Portuguese citizens as shown by its 29% market share of individual deposits. Mortgage lending was up 33% over the preceding year, owing to economic stability, good real estate market performance and improved levels of service. Caixa introduced a series of lines of credit to provide for the activities of its corporate customers, including specialised credit solutions, enabling it to increase its market share of various economic sectors.

Caixa increasingly expanded its leading role in terms of digital banking with more than 2 million active customers. Its introduction of new apps and expansion of the functionalities of its existing platforms were rewarded by several prizes and distinctions in 2019 and, especially, the recognition of its growing customer base.

2019 was also marked by the significant progress achieved in reducing credit in default, either in the form of recoveries, or asset disposals. The non-performing credit ratio of 4.7% was less than a third of the amount at the end of 2016. The net impairment ratio was only 1.1%, owing to higher levels of coverage and is now lower than the average for European banks.

Efficiency ratios also continued to show improvement, with the simplification of the group's structure, in spite of the strengthening of control areas and higher levels of investment in digital platforms. Employee merit continued to be rewarded together with a continuation of training activities. Special reference should be made to the agreement with most workers' unions for a review of the company's labour agreements, formalised in 2020.

The good results achieved were, once again, recognised by the main international rating agencies. In 2019 DBRS upgraded its ratings on Caixa's senior debt by one notch to BBB and Fitch upgraded its rating on Caixa from BB to BB+, only one notch below investment grade.

Caixa is therefore entering the last year of the implementation of its strategic plan with a better liquidity and capital status than its peers in Portugal and Europe and with lower risk levels to enable it to provide assistance to Portuguese households and corporates. 2020 is likely to be an especially complex year owing to the, as yet, uncertain impact of Covid-19 on the Portuguese economy. Such difficult and highly uncertain times put the economy and society under great pressure. The progress achieved over the last few years enables us to claim that Caixa is currently ready and in a position to make an important contribution to minimising the pandemic's effects on economic actors and Portuguese society, as has been the case on several occasions over its 144 years of existence.

1.2. Highlights in 2019

Ongoing implementation of the strategic plan in 2019 confirms improved profitability and asset quality and the progress achieved in compliance with the objectives for international assets

- 2019 was marked by a macroeconomic context characterised by lower minimum levels of euro interest rates, with the European Central Bank reaffirming the need for a continuation or even a strengthening of an expansionary monetary policy, giving rise to expectations that it would continue at negative rates over an even lengthier timeframe. Long term interest rates were significantly down, particularly in the third quarter, reducing returns on financial assets and bringing greater downwards pressure to bear on credit spreads.

  Also being witnessed are greater competition for credit volumes, as a means of mitigating the impact of falling interest rates on net interest income and a reduction of demand from those public and corporate entities with a borrowing capacity in the capital market, in a context of abundant liquidity.

  Another negative consideration was the media focus on CGD deriving from the works of the Committee of Inquiry into the Recapitalisation of Caixa Geral de Depósitos. This was the third inquiry to take place over the last three years and its effects on Caixa's reputation index took precedence in the media over any other facts concerning its evolution.

  Notwithstanding such a context, CGD's consolidated net income was up €280 million over 2018 to €776 million, having benefited from €144 million in extraordinary income from the disposals of its international subsidiaries and mainly from the reversal of impairment provisioned at the end of 2017, owing to the outcome of the negotiating process which was better than expected at the time in question.

  This year's consolidated net income was up 27% by €136 million over the end of 2018 to €632 million of which a 48% increase of €108 million over 2018 to €449 million derived from domestic activity and the remaining 19% increase of €183 million from international activity.

- In commercial areas, the 4.9% growth of customer deposits was indicative of customers' trust in and loyalty to CGD, enabling it to retain its leading market shares in Portugal. The 6.7% growth of loans and advances to corporates in Portugal (excluding the construction and real estate sectors) translated CGD's backing of the more dynamic sectors of the domestic economy, with mortgage lending up 33%, strengthening CGD's lead as the main bank in the individual customers segment.

  CGD consolidated its position as Portuguese citizens' digital bank by focusing strongly on innovation and the convenience of new solutions. The number of digital customers in Portugal rose to 1.7 million and the Caixadirecta app accounted for 70% of total accesses to the Caixadirecta service and continues to be the leading financial app in Portugal. 2019 was also the year of the launch of its DABOX app, as the market's first open banking app which achieved a growing level of users, including users other than CGD customers.

- The disposal processes of Banco Caixa Geral (Spain) and Mercantile (South Africa), were completed in 2019 following the approval of the respective authorities. This was significant progress in compliance with this aspect of the strategic plan and was accompanied by the continuation of the disposal processes of Banco Comercial do Atlântico (Cape Verde) and Banco Caixa Geral – Brasil, S.A. which are still in progress and the closure of branches in Spain and Luxembourg which no longer have any commercial activity. The closure processes are expected to be completed in early 2020.

- CGD's performance enabled it to ensure global compliance with the objectives of its strategic plan 2017-2020, in which several indicators were better than the average not only for the Portuguese but also for the European market for the second consecutive year. Particular reference should be made to the following:

  - CGD's efficiency level with a cost-to-income ratio of 47% for its recurring domestic activity. This was below 50% for the first time since the implementation of the strategic plan;

  - Net return on equity (ROE) of 8.1% from current activities;

  - CGD's asset quality with a CGD group NPL (non-performing loans) ratio of 4.7%. The NPL ratio net of impairment was 1%;

  - A global reduction of balance sheet risk in which, in addition to the NPL ratio, a reduction of the largest exposures (lower individual and sectoral concentration), a reduction of non-core assets and a marked improvement of the "Texas ratio" have been recorded;

- Ongoing simplification of the group's structure and concentration on its core activity.

- Consolidated shareholders' equity was up €281 million over 2018 to €8,566 million at 31 December 2019. The fully loaded, CET1, tier 1 and total ratios, of 16.9%, 18.1% and 19.5%, respectively (including net income for the period), easily met CGD's current capital requirements.

- In spite of not having been provided for in the strategic plan, it was possible, in 2019, for the first time in nine years to pay dividends to the shareholder, this time for an amount of €200 million, notwithstanding the negative impact of the extraordinary contribution of more than €300 million to the pension fund.

- The marked improvement of profitability, asset quality and capital ratios in 2019 was reflected in the ratings on CGD as awarded by the principal international rating agencies, with 2 upgrades (DBRS Morningstar and Fitch Ratings) and an improved outlook (Moody's).

- In first half 2019, CGD was notified by the Bank of Portugal of its MREL (Minimum Requirement for Own Funds and Eligible Liabilities) applicable from 2023. Compliance with this requirement was initiated in November with CGD's first issuance of senior non-preferred debt – the first of its kind by a Portuguese bank – which recorded a high level of demand from a vast range of institutional investors.

- Following the auditing of its management acts between 2000 and 2015, CGD provided the judicial authorities, Bank of Portugal and European Central Bank, with Ernst & Young's full report, permitting these authorities to take the most appropriate steps in light of the facts set out in the document.

  It also collaborated on the works of the Parliamentary Committee of Inquiry into the Recapitalisation of CGD and the bank's management for the period 2000−2015, to which it also provided all of the relevant documentation following authorisation from the Office of the Procurator General of the Republic and the Bank of Portugal;

- This was a year of frequent meetings with workers' unions with for talks on wage reviews effective in 2019 and the negotiations for a new company agreement deriving from the revocation of the former agreement. These processes have, in the meantime, been successfully completed.

- In the social responsibility sphere, CGD became a signatory to the Commitment Letter for Sustainable Financing in Portugal and Caixa Gestão de Ativos adhered to the Responsible Investment Principles, as part of CGD group's enhanced strategy.

- The Carbon Disclosure Project, awarded CGD its A- rating in its carbon disclosure leadership index in the Climate Change questionnaire for 2019. Reference should also be made to the fact that CGD's environmental management system at its headquarters' building retained its ISO 14001 certification.

CGD IN FIGURES

Strategic Plan

Profibility	**Efficiency**	**Prudence**	**Resilience**
ROE 9.8%	**Cost-to Income 47%**	**NPL Ratio 4.7%**	**CET1 16.9%**
Domestic activity	**Recurrent**		***Fully Implemented***
2018: 6.6%	**2018: 52%**	**2018: 8.5%**	**2018: 14.6%**

Customer Service (in Portugal)

Customers	Digital customers	Remote banking	Attendance
3.7 million 36% of the population	**1.71 million** 40% of the market*	**437 thousand customers** +60% over 2018	**570 Banking attendance**

* Basef Banca - Marktest

CGD INDICATORS

(EUR million)

INCOME STATEMENT	2017	2018	2019
Net interest income	1,241	1,205	1,132
Non-interest income	677	564	720
Total Operating Income	1,965	1,786	1,884
Operating costs	1,103	1,001	965
Net Operating Income before Impairments	861	785	919
Income before tax and non-controlling interests	184	749	1,092
Net income	52	496	776
BALANCE SHEET			
Net assets	93,248	89,091	85,776
Securities investments (1)	15,804	16,497	20,463
Loans and advances to customers (gross) (2)	59,811	54,926	50,122
Customer resources	63,631	63,423	65,792
Debt securities	4,051	3,260	2,463
Shareholders' equity	8,274	8,285	8,566
PROFIT AND EFFICIENCY RATIOS			
Gross return on equity - ROE (3)	4.1%	10.3%	13.7%
Net return on equity - ROE (3)	1.1%	6.6%	9.8%
Gross return on assets - ROA (3)	0.3%	0.9%	1.3%
Net return on assets - ROA (3)	0.1%	0.6%	0.9%
Cost-to-income (3)	55.5%	54.4%	50.1%
Total Operating Income / Average net assets (3)	2.1%	2.0%	2.2%
CREDIT QUALITY AND COVER LEVELS			
NPL ratio (4)	12.0%	8.5%	4.7%
NPE ratio (5)	9.3%	6.7%	3.8%
NPL coverage by impairments	56.7%	62.4%	79.3%
NPE coverage by impairments	56.4%	61.6%	73.5%
Crd. imp. (P&L) / Loans & adv. custom. (aver.)	0.13%	0.21%	-0.09%

NOTE: Values published in the Annual Report of the respective period, not including any reexpression effects of the the financial statements.
(1) Includes assets with repo agreements not related to loans and advances to customers and trading derivatives.
(2) Includes assets with repo agreements not related to secutity investments.
(3) Ratios defined by the Bank of Portugal.
(4) NPL - Non performing loans - EBA definition.
(5) NPE - Non performing exposures - EBA definition.

STRUCTURE RATIOS	2017	2018	2019
Loans & adv. custom. (net) / Custom. dep. (3)	87.0%	81.5%	73.0%
SOLVENCY RATIOS (CRD IV/CRR) (6)			
Common equity tier 1 - com DTA *(phased-in)*	14.0%	14.6%	16.9%
Tier 1 - considering DTA *(phased-in)*	15.0%	15.7%	18.1%
Total - considering DTA *(phased-in)*	15.6%	17.0%	19.5%
Common equity tier 1 - considering DTA (fully implemented)	13.9%	14.6%	16.9%
LEVERAGE AND LIQUIDITY RATIOS (CRD IV/CRR)			
Leverage ratio (fully implemented)	8.2%	7.7%	8.7%
Liquidity coverage ratio	208.9%	234.6%	331.1%
Net stable funding ratio	139.4%	148.9%	156.0%
BRANCH OFFICE NETWORK AND HUMAN RESOURCES			
Banking presences - CGD Group	1,017	949	948
Number of branches - CGD Portugal (7)	651	580	570
Number of employees - CGD Group (8)	13,742	12,978	12,372
Number of employees - CGD Portugal (8)	7,665	7,244	6,706
RATINGS (LONG/SHORT TERM)			
Moody's	B1/NP	Ba1/NP	Ba1/NP
FitchRatings	BB-/B	BB/B	BB+/B
DBRS	BBB (low) /R-2 (mid)	BBB (low) /R-2 (mid)	BBB /R-2 (high)

NOTE: Values published in the Annual Report of the respective period.
(3) Ratios defined by the Bank of Portugal.
(6) The 2017 ratios are proforma, including the two phases of the recapitalisation process that occurred in the first quarter of 2017.
(7) Includes physical branches, self-service branches and corporate offices.
(8) Effective staff.

1.3. CGD Today

1.3.1. Mission and values

In 2019, recognizing its reference role in the Portuguese financial sector and the profound moment of change introduced by the commitments assumed in the 2017-2020 Strategic Plan agreed between the Portuguese State and the European Commission following CGD's recapitalization in 2017 and the adoption of a new corporate governance model, CGD's sole shareholder issued a new Mission Letter where it determines the mission, the vision, the guidelines and fundamental values for the future of CGD.

Mission

CGD's mission consists of creating value for the Portuguese society, by providing quality banking services to individuals and companies, thus contributing for the well-being of Portuguese families and for the development of the corporate sector, while generating and adequate return to the shareholder. CGD's ensures clients have access to diversified array of quality financial products and services, with special emphasis on savings and medium and long term credit solutions, based on an efficient corporate governance model and respect for the highest ethical standards.

Vision

CGD's shareholder vision is that of a reference institution in the financial system and leader in the banking sector in Portugal, which permanently strives to enhance its competitive advantages and guarantee levels of financial strength, profitability, service and efficiency in line with the best practices observed in the European banking sector.

Values

CGD's activity and employees' conduct are governed by the following fundamental values:

- Trust, guaranteeing the security of depositors, fostering a long term relationship with clients and privileging their loyalty, providing high quality services and products that are adequate for clients' risk profiles, reinforcing the stability and financial strength of the institution;
- Profitability, ensuring an adequate return on public capital, based on the sustainability of the business model and an efficient and rigorous management;
- Transparency, providing services and communicating internally and externally in a truthful, clear and objective manner;
- Integrity, by scrupulously fulfilling legal, regulatory and contractual provisions, respecting ethical values and obeying conduct rules;
- Professionalism, as a way to provide the best service to clients and to establish relationships with all stakeholders, with high technical competence, rigor and diligence;
- Proximity, through an encompassing network of branches in Portugal, as well as long distance channels based on the use of new technologies, guaranteeing an innovative, diversified and accessible offer;
- Responsibility, to clients that entrust CGD with their savings, but also investors and the society in general, through the involvement in social responsibility programs and initiatives, sustainable development and financial literacy;
- Risk culture and rigor, ensuring the adoption of best practice in risk management, reinforcing clients' trust, as well as that of the market and the shareholder through an adequate management of its balance sheet;
- Innovation, relying on technological developments, leading digital banking in Portugal, with open architecture solutions, as a way to meet the evolution of clients' expectations and preferences in a multichannel approach

Policies and courses of action in the sphere of the defined strategy

CGD bases the development of its activity on the following guiding principles:

- Sustainability of the business model, ensured by the profitability of operations, coupled with adequate risk management and an encompassing network of financial services;

- Support to the economy, by guiding lending activity to companies, especially by promoting the internationalization and operationalization of lines to support small and medium sized companies;
- Maintenance of CGD's role in providing banking services to individuals, by creating attractive savings solutions and guaranteeing a comprehensive coverage and high quality of service;
- Efficient corporate governance model, in line with best practices;
- Continuous valuation of employees, promoting merit, initiative and human capital creation, in a framework of stable working relationships that foster productivity;
- Monitoring technological developments in the financial sector, both at the institution's level, guaranteeing adjustments that allow CGD to keep its competitiveness in a dynamic financial market and to lead digital banking in Portugal, as well as in the relationship with its clients, by financing investment in innovation and technological development of companies;
- Ensuring CGD's international dimension is guided towards the development of business relationships with countries and territories with strong cultural and commercial ties with Portugal and the valuation of CGD's brand;
- Commitment with the principles of social responsibility, sustainable development and respect for stakeholders.

1.3.2. Governance model

The model of the Government of CGD, implemented with the statutory amendment in 2016, is structured in a Board of Directors (CA), a Supervisory Board and a Statutory Auditor Society (SROC).

This model attributes account auditing functions to an autonomous statutory auditor or statutory audit company which does not sit on the supervisory board (as in the case of CGD), which also audits the accounts (in conformity with the CSC, RJSA and securities code and other standards regulating CGD's separate and consolidated activity).

The division of responsibilities has ensured the company's effective management, with the added benefit of constant and attentive supervision. The governance model adopted permits effective separation between supervisory and management functions in the furtherance of the objectives and interests of the company, its shareholder, employees and other stakeholders, making it possible to achieve a level of confidence, transparency and balance among the various functions, required for its adequate operation and optimisation.

The institutional and functional relationship between CGD's statutory bodies has contributed towards the effective development of the company's activity and furtherance of its imperative corporate interest.

The board of directors enjoys the broadest range of powers to effectively manage and represent the company's activity with the executive committee being responsible for running the company's day-to-day affairs, pursuant to the authority delegated to it and approved by the meeting of CGD's board of directors held in 2017, which authority remains in force.

Members of CGD's statutory bodies are elected under a shareholders' resolution for a period of four years and may be re-elected, replaced by co-option or at the behest of the supervisory board, in the event of the definitive absence of a board member. A co-option must be ratified by the first shareholders' meeting to be held after the co-option. The co-opted board member shall remain in office up to the end of the current term of office. In any event, members of the board of directors, as well as members of the supervisory board may only take up their duties after being authorised by the ECB.

The succession plan for members of the board of directors and key function holders, which sets out the respective succession procedures for board members, namely the identification of the skills and qualifications required for the different members of the board of directors, with the aim of ensuring sufficiency and suitability for the specific performance of functions was implemented for the purpose of ensuring the continuity of CGD management and, at the same time, to avoid the replacement of an excessive number of board members.

The process for the identification and selection of candidates as members of the board of directors, provided for in the succession plan, namely in terms of gender diversity of the persons designated either as members of the board of directors or the supervisory board and within the former between executive and non-executive directors, must comply with the applicable legislation. In accordance with benchmark corporate governance practice, CGD endeavours to adopt the best criteria applicable to its selection of new members of its statutory bodies, taking into consideration their academic qualifications, experience in the banking and financial sector, integrity and independence, in addition to consideration of the experience and diversity a candidate may bring to the relevant statutory body.

CGD approved its suitability matrix for the succession of board members in 2019. The matrix reflects ESMA and EBA guidelines on assessing the suitability of members of boards of management and supervisory boards and key function holders (ESMA71-99-598 – EBA/GL/12 of 21/03/2018). The management board's composition should reflect the knowledge, skills and experience necessary to enable board members to fulfil their obligations. This implies, in collective terms, that the management board should have a suitable understanding of the areas for which its members are collectively responsible, in addition to having the skills to effectively manage and supervise the institution. As regards the diversity of the board of directors, CGD is firmly committed to greater diversity of gender and parity in its composition and to achieve balance between knowledge, capacities, qualifications and professional experience.

The suitability matrix has been defined and approved to ensure that collective suitability is assessed on the basis of the knowledge and appetite considered necessary and relevant for the performance of functions on CGD's management board as well as to be used as a tool for the selection and assessment of candidates for future appointments. The matrix enables a comparison to be made between the real composition of the management board, its knowledge, skills and experience in order to define areas in which CGD may be weaker and which could, if necessary, imply the selection of board members with a specific profile.

In statutory terms, the number of terms of office successively undertaken by members of the board of directors is limited to four, with the terms of office of members of the supervisory board and the statutory audit company being subject to the dispositions set out by law.

Upon coming to the end of the respective terms of office, members of statutory bodies shall remain in office until new officeholders are elected, without prejudice to the requirements and limits set out by law. It is not mandatory for the terms of office of various statutory bodies to coincide. The current term of office of the supervisory board started in 2016 and ends in 2019 whereas the term of office of the board of directors began in 2017 and ends in 2020.

CGD is audited by a supervisory board and a statutory audit company.

The supervisory board is responsible for supervising the activity of the management body, ensuring compliance with the law and CGD's articles of association, verifying and overseeing the independence of the statutory auditor or statutory audit company, as set out by law, and, particularly, examining the suitability of and approving the provision of other services in addition to audit ..

The statutory audit company is designated by the shareholders' meeting, at the proposal of the supervisory board.

Board of Directors

Chairman
Emílio Rui da Veiga Peixoto Vilar

Non-Executive Members
- Ana Maria Machado Fernandes
- José Maria Monteiro de Azevedo Rodrigues
- Hans-Helmut Kotz
- Mary Jane Antenen
- Altina Sebastian Gonzalez
- Nuno Filipe Abrantes Leal da Cunha Rodrigues

Vice-Chairman and Chief Executive Officer
Paulo José de Ribeiro Moita de Macedo

Executive Members
- Francisco Ravara Cary
- João Paulo Tudela Martins
- José António da Silva de Brito
- José João Guilherme
- Maria João Borges Carioca Rodrigues
- Nuno Alexandre de Carvalho Martins
- Carlos António Torroaes Albuquerque

Supervisory Board

Chairman
Guilherme Valdemar Pereira d'Oliveira Martins

Members
- António Luís Traça Borges de Assunção
- Manuel Lázaro Oliveira de Brito

Statutory Auditor

Ernst & Young Audit & Associados, SROC, S.A.

Partnerl
- Ana Salcedas

CGD reviewed its special committee regulations, in 2019, with the objective of harmonising them and updating and clarifying their respective areas of responsibility, taking into account the need to bring them into line with adjustments to CGD's internal structure and organisation in order to improve the efficiency of its activity. As a consequence of this review the audit and internal control committee (CACI) was renamed as the audit and control committee (CAC) and the financial risks committee (CRF) was renamed as the risk committee (CR). No changes were made to the designation of the other committees.

During 2019, the following special committees were set up and operational within the structure of board of directors:

- **Audit and Internal Control Committee** - responsible for overseeing the activity of the executive committee, the disclosure of financial information and effectiveness of internal audit control and risk management systems of CGD and CGD´s Group companies, without prejudice to the responsibilities of the supervisory board.

- **Financial Risks Committee** – responsible for overseeing the management policies on all financial and non financial risks related with CGD's activity such as liquidity, interest rate, foreign exchange, market, credit risks, compliance and reputacional risks, , in a separate and consolidated perimeter, without prejudice to the responsibilities of the supervisory board on these isues

  This Committee also performs the functions of the risk committee referred to in article 115-L of the general credit institutions and financial corporations regime (RGICSF)

- **Appointments, Assessment and Remunerations Committee** - responsible for issuing an opinion on any vacancy to be filled on the statutory bodies of CGD, or companies in a controlling or group relationship, assessing the suitability of such selection, as well as the choice of board members as executive committee members and on its assessment and remuneration policy.

  This Committee also performs the functions of the Appointements and Remunerations Committees referred to in articles 115-B and 115-H of the general credit institutions and financial corporations regime (RGICSF)

- **Governance Committee** – responsible, inter alia for overseeing, monitoring and advisoring on governance, social responsibility, ethics and conduct, conflicts of interest, social responsibility, sustainability and sustainable financing, annual report on the functioning of the corporate governance structure and opinion on the Corporate Governance Report which is an integral part of the Annual Report and Accounts.

Audit and Internal Control Committee	Financial Risks Committee	Nomination, Assessment and Remuneration Committee	Corporate Governance Committee
José Maria Monteiro de Azevedo Rodrigues Altina Sebastian Gonzalez Nuno Filipe Abrantes Leal da Cunha Rodrigues	Ana Maria Machado Fernandes José Maria Monteiro de Azevedo Rodrigues Hans-Helmut Kotz Mary Jane Antenen	Nuno Filipe Abrantes Leal da Cunha Rodrigues Manuel Lázaro Oliveira de Brito António Luís Traça Borges de Assunção Ana Maria Machado Fernandes	Altina Sebastian Gonzalez Nuno Filipe Abrantes Leal da Cunha Rodrigues Hans-Helmut Kotz Mary Jane Antenen

COMMITTEES - INDEPENDENT MEMBERS

	Non-Executive Members	Members of the Supervisory Board	Meetings in 2019
Audit and Internal Control Committee	3	0	25
Financial Risks Committee	4	0	16
Nomination, Assessment and Remuneration Committee	1	2	17
Governance Committee	4	0	10

Chapter 3 contains the full version of the "Corporate Governance Report" detailing the policy and activities developed in 2018 to reinforce CGD's good corporate governance practices. It should be noted that CGD's activity is supervised and scrutinized by the following entities:

- European Central Bank
- Bank of Portugal
- Single Resolution Board
- Securities Market Commission
- European Banking Authority
- Directorate Generale for Competition (E.U.)
- Competition Authority
- Insurance and Pension Funds Supervisory Authority
- Court of auditors (partial aspects)
- Supervisory Board
- Remuneration Committee of the General Meeting
- Non-Executive Members
- Nomination Assessement and Remuneration Comittee
- Rating Agencies

1.3.3. CGD Group

Shareholders' structure

CGD is an exclusively public limited liability company whose shares may only belong to the state. It had a share capital of €3,844,143,735 on the 31st of December 2019 in the form of 768,828,747 shares with a nominal value of €5.00 each.

CGD Group structure

Caixa Geral de Depósitos Group has direct and indirect equity stakes in a series of domestic and international companies operating in diverse sectors such as commercial banking, investment banking and venture capital, asset management, specialised credit and real estate.

CAIXA GERAL DE DEPÓSITOS GROUP (PERCENTAGE OF EFFECTIVE PARTICIPATING INTEREST)

	DOMESTIC		INTERNATIONAL	
COMMERCIAL BANKING	Caixa Geral de Depósitos		Banco Caixa Geral (Brazil) (*)	100.0%
			Banco Nacional Ultramarino (Macao)	100.0%
			B. Comercial do Atlântico (Cape Verde) (*)	58.2%
			B. Interatlântico (Cape Verde)	70.0%
			B. Com. Invest. (Mozambique)	63.1%
			Banco Caixa Geral (Angola)	51.0%
ASSET MANAGEMENT	Caixa Gestão de Ativos, SGFI	100.0%		
	CGD Pensões	100.0%		
SPECIALISED CREDIT	Caixa Leasing e Factoring	100.0%		
	Locarent	50.0%		
INVESTMENT BANKING AND VENTURE CAPITAL	Caixa Banco de Investimento	99.8%	A Promotora (Cape Verde)	45.3%
	Caixa Capital	99.8%		
AUXILIARY SERVICES	Esegur	50.0%	Inmobiliaria Caixa Geral (Spain) (**)	100.0%
	Caixa Serviços Partilhados ACE	90.0%	Imobci (Mozambique)	46.3%
	Caixa Imobiliário	100.0%		
OTHER PARTICIPATIONS	Caixa Participações, SGPS	100.0%	Banco Internacional São Tomé e Príncipe	27.0%
	Parbanca, SGPS	100.0%		
	Partang, SGPS	100.0%		

(*) Sale in progress

(**) Wind down in progress

Also in compliance with the Strategic Plan, the corporate reorganization of the CGD Group, initiated in 2018, continued in 2019, aiming to simplify the structure by reducing the number of holding companies and carried out through merger or dissolution of associated companies.

The structure resulting from this reorganization will contribute to a higher profitability in future years by eliminating operating costs for the CGD Group.

Section 3.4 of this report ("Group Structure") details the changes in terms of acquisition and disposal of group structure.

Branch office network

CGD Group's branch office network, at the end of 2019, comprised 948 banking presences, 1 fewer than in the preceding year, already excluding the 122 branches belonging to BCG Spain and Mercantile, entities sold in the 4th quarter of 2019.

As regards the evolution of its domestic geographical network CGD continued to further its branch office network streamlining process by closing down 33 branches across 2019 and opening 30 new “Caixa Spaces” as a new customer proximity model designed to provide a service to meet the requirements of smaller localities. This process was developed in full partnership with customers and the principal local stakeholders, as the bank’s most important assets in order to protect existing customer relationships.

CGD ended the year with 519 active branches and CGD Stores, 19 self-service branches, 25 “corporate offices” and an additional 4 office extensions, 3 mobile units and one Caixa BI branch, coming to a total of 571 locations in Portugal. CGD provides 3,710 self-service equipment, including 1,865 items of equipment on its own network (1,144 in-house machines and 721 bank passbook printers) plus 1,845 Multibanco network ATMs.

CGD’S OFFICES AROUND THE WORLD

	2018-12	2019-12
CGD (Portugal)	580	570
Branches with face-to-face service and CGD stores	522	519
Mobile branches	3	3
Self-service branches	26	19
Corporate offices and local extensions	29	29
Caixa - Banco de Investimento (Lisbon+Madrid)	2	2
France Branch	48	48
Banco Nacional Ultramarino (Macau)	21	21
Banco Comercial e de Investimentos (Mozambique)	200	209
Banco Interatlântico (Cape Verde)	9	9
Banco Comercial Atlântico (Cape Verde) [1]	34	34
Banco Caixa Geral Brasil (Brazil) [1]	1	1
Banco Caixa Geral Angola	38	38
Other CGD branch offices	16	16
Total	**949**	**948**
Representative offices	**9**	**9**

(*) Sale in progress

CGD Group continued to restructure its international presence in line with its strategic plan, focusing on geographies having strong relationships with Portugal. During the last quarter of 2019, the sales of Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.A. (Spain) were completed.

Work also continued on the disposal processes of Banco Caixa Geral Brasil and Banco Comercial do Atlântico (Cape Verde). Reference should be made to the opening of 9 new Banco Comercial e de Investimentos (BCI) branches in Mozambique.

These operations were aimed at rationalising CGD Group’s international structure, enabling it to free-up capital and reduce its risk profile.

INTERNATIONAL BRANCH OFFICE NETWORK

Europe			
Spain		**Germany**	
Caixa Banco de Investimento	1	CGD – Representative Office	1
CGD – Spain Branch (*)	1	**United Kingdom**	
Inmobiliaria Caixa Geral (*)	1	CGD – Representative Office	1
France		**Luxemburg**	
CGD – France Branch	48	CGD – Luxembourg Branch (*)	1
Belgium		**Switzerland**	
CGD – Representative Office	1	CGD – Representative Office	1
America			
Brazil		**Venezuela**	
Banco Caixa Geral Brasil (**)	1	CGD – Representative Office	1
CGD Investimentos (*)	1	**Canada**	
		CGD – Representative Office	1
Africa			
Cape Verde		**São Tomé e Príncipe**	
Banco Comercial do Atlântico (**)	34	Banco Intern. S. Tomé e Príncipe	12
Banco Interatlântico	9	**Mozambique**	
A Promotora	1	Banco Comercial e de Investimentos	209
Angola			
Banco Caixa Geral Totta Angola	38		
Asia			
China – Macau		**India**	
Banco Nacional Ultramarino,SA	21	CGD – Representative Office	2
BNU – Shangai Representative Office	1	**East Timor**	
		CGD – East Timor Branch	14

(*) Wind down in progress
(**) Sale in progress

Human resources

CGD Group had 12,372 employees at 31 December 2019, 606 fewer than in December 2018, excluding employees related to BCG sales (down 539) in Spain and Mercantile in South Africa (down 510).

The reduction occurred was largely due to CGD Portugal (down 538 employees) in conformity with CGD's strategic plan, as agreed with DG Comp.

			Change	
	2018-12 (1)	2019-12	Total	(%)
Banking operations (CGD Portugal) (2)	7,244	6,706	-538	-7.4%
Other (3)	5,734	5,666	-68	-1.2%
Total	**12,978**	**12,372**	**-606**	**-4.7%**

(1) Excluding employees related to BCG sales in Spain and Mercantile in South Africa
(1) Effective staff, includes employees from other Group companies.
(3) Doesn't include Caixa Geral de Aposentações' employees and employees in other situations such as secondments or extended absences.

In 2019, the Employees' remuneration was paid in accordance with the Collective Labor Regulation Instruments in force for CGD, considering the time count for the purposes of level seniority promotions, career progressions, according to defined criteria in the Company Agreement, and the merit promotions process and salary review made at the initiative of the institution.

	2016	2017	2018	2019
Wage variation (Total Beneficiaries)	0.95%	2.44%	3.11%	1.95%

Note: Without diuturnities

The award of commercial incentives was also maintained, and a Performance and Potential Award was decided which covering some 79% of the employees.

Caixa Brand

Brand

The Caixa brand continued to evolve positively, in 2019, according to the prestigious The Banker magazine. Caixa Geral de Depósitos's brand ranking improved from AA to AA+ and was considered to be a "Very Strong+" brand.

Caixa Geral de Depósitos was the leading Portuguese bank in the best 500 global banking brands ranking in 2019, rising 32 places in a single year and coming in 215th position worldwide. By way of comparison, the second placed bank domiciled in Portugal came 284th, i.e. trailing CGD by 69 places.

Caixa is undergoing a transformation process in its efforts to meet its customers' ever more demanding requirements in terms of quality of service, endeavouring to provide faster response times to meet their needs while maintaining its decades old reputation for trust in the eyes of Portuguese citizens.

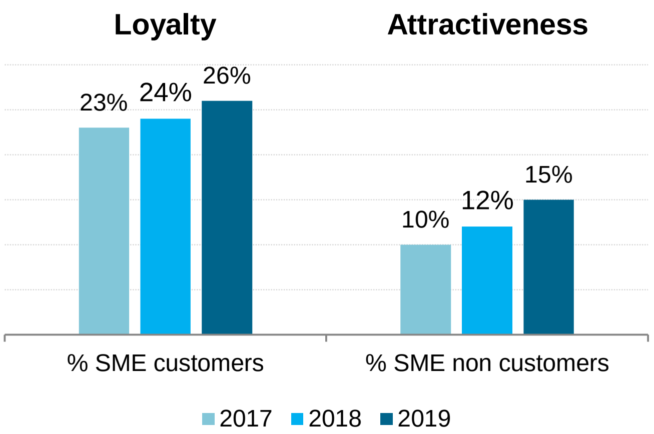
The Caixa brand has historically enjoyed the best recognition factor of Portuguese banks. According to BrandScore, Caixa achieved a 28% "top-of-mind" brand recognition factor and a 68% "spontaneous recall" rate, in 2019.

According to the BrandScore survey, the Caixa brand continues to enjoy a positive reputation in terms of the attributes considered essential to its sustainability (trust, strength, governance, ethics and transparency), having emphasised customers' and the general population's recognition and preference for the Caixa brand.

According to the BrandScore survey, Caixa succeeded in improving its retention rate of SME customers, enhancing its appeal to those SMEs which are not, as yet, Caixa customers.

SME CUSTOMERS LOYALTY AND ATTRACTIVENESS

(%)



The communication plan, in 2019, focused on the principal actions designed to ensure compliance with the bank's strategic plan and future sustainability with the objective of strengthening its solidity and proximity to customers, partners and society in general, based on an improved customer experience, resulting from a proactive approach and commercial dynamic and a suitable offer and levels of service.

Emphasis was placed on initiatives whose characteristics and results made the largest contribution to increasing business in strategic segments with the aim of leveraging the brand's position in the market.

Support for culture

Caixa's support for culture, over a range of different areas, has been publicly acknowledged. Reference should be made to the activity of the Culturgest foundation as a private body geared to the development of cultural, artistic and scientific activities and whose assets comprise an initial endowment from Caixa which also provides its premises and makes an annual endowment. The Culturgest foundation was awarded "public utility status" owing to the merit of its not-for-profit activities.

Prizes and Distinctions

Reference should be made to the award of the following prizes and distinctions in 2019:

Banking

First Portuguese bank in the world ranking for the 2nd consecutive year in the Top 1000 World Banks 2019, by The Banker magazine

Best Bank in Portugal 2019, by EMEA Finance magazine, in its Europe Banking Awards 2019

Most valuable and strongest Portuguese banking brand and 4th most valuable and 2nd strongest amongst Portuguese brands by BrandFinance

Most valuable brand (AA+) – in the Top 500 Banking Brands 2019, by The Banker magazine

Digital Banking

App CxDirecta:

Best App of Financial Services in PT Navegantes XXI 2019 Award, ACEPI[1]

Highly Commended in **Best Mobile Initiative**, Banking Technology Awards 2019

Honorable Mention as **Best Digital Product & Customer Experience**, Portugal Digital Awards 2019

App Caixa Easy:

Honorable Mention as **Best Digital Product & Customer Experience**, by Portugal Digital Awards 2019

App DABOX:

Honorable Mention as **Best Digital Platform** , by PT Digital Awards 2019

Mobile Communications & Apps category Award, by European Excellence Awards 2019

Caixa Gestão de Ativos[2]

Best Global Domestic Manager, by Morningstar, a distinction which it had already received in 2015 and 2018, which covers its global offer of funds

Best Domestic Bond Manager, by Morningstar, for the fifth consecutive year

Best Domestic Investment Fund Manager, by Rankia Awards 2019

Sustainable Finance 2020 Award, by Euronext Lisbon

CaixaBI
Banco de Investimento

Nº 1 IPO & Seasoned Equity Offer House 2019, by Euronext Lisbon Awards 2019

[1] Digital Economy Association

[2] Formerly called Caixagest

1.4. Activity and Financial Information

1.4.1. Economic-financial framework

Global economic evolution

The world economy, although in its tenth consecutive year of the current expansionary cycle in 2019, witnessed, however, a significantly lower rate of expansion than in past years, owing to a slowdown of global trade, several geopolitical uncertainties and the fact that the cycle was already at a very advanced stage. According to the International Monetary Fund (IMF) the world economy posted real growth of 2.9% in comparison to 3.6% in 2018. In addition to the deceleration occurring in the developed bloc, whose annual rate of expansion was 1.7%, in comparison to 2.2% in 2018, reference should be made to the emerging bloc whose economies cooled by 0.8 percentage points (pp), in this case to 3.7%.

2019 in the developed region was marked by increasingly moderating growth in Europe starting 2018 and largely deriving from the significant deterioration of conditions associated with external demand, in the form of the protectionist measures particularly being implemented by the US and China, and, by extension, to the euro area (EA) which generated a negative effect on household sentiment, business operatives and financial investors. The US also witnessed a moderating level of economic activity, both on account of the negative impact of commercial tensions and the fading effects of tax breaks whose contributions in past years were highly relevant.

Domestic demand, shored up by private consumption, continued to be the mainstay of expansion. The fact that the unemployment rate reached values close to or less than the structural rate in several countries, helped to fuel wage growth and consequently real disposable household income although both private consumption and gross fixed capital formation expanded at lower rates than in 2018.

Economic growth in the emerging bloc, allied to the uncertainties deriving from commercial tensions, was significantly down. This was particularly the case of emerging Asian countries owing to deceleration in India and China and in Latin America, owing to weak economic growth in Brazil, Mexico and Argentina. Among the principal Eastern European countries, Turkey was, once again, responsible for the most negative performance.

In a context of less positive worldwide indicators, economic activity was also affected by persistent uncertainties related to political issues.

The Brexit negotiations in the United Kingdom were a constant focus of instability. The fact that the agreements reached between the European partners and the UK government were successively thwarted by parliament required early general elections resulting in a conservative party majority. Notwithstanding the easing of uncertainties over a negotiated agreement between the United Kingdom and the European Union (EU), the terms of future economic relations remained unknown.

In Italy, the government, comprising Eurosceptic forces (League and the Five Star Movement) continued to be mired in a climate of instability, both domestic and international, owing to the implementation of fiscal measures opposed to compliance with budget targets, leading to confrontation with the European Commission. This level of uncertainty was, however, significantly reduced by the formation of a new government made up of political figures more favourable to the European project. In Spain, following two general elections in the same year, the PSOE, as the party with the largest number of votes in Spain’s congress of deputies agreed to form a new government in a coalition with Unidas Podemos. In France, social instability waned gradually following the adoption of diverse measures such as an increase in the minimum wage and the elimination/cancellation of certain charges and taxes.

In the US and in a pre-election year, domestic stability was shaken by an impeachment process brought against president Donald Trump, which, after having been passed by congress required the approval of the senate.

There were different social flashpoints in diverse regions, particularly in Hong Kong owing to its status as an international financial market. This administrative region continued to be affected by a highly unstable climate at the end of the year owing to daily demonstrations in favour of greater autonomy, as a contributory factor to a sharp contraction of economic activity.

ECONOMIC INDICATORS

(%)

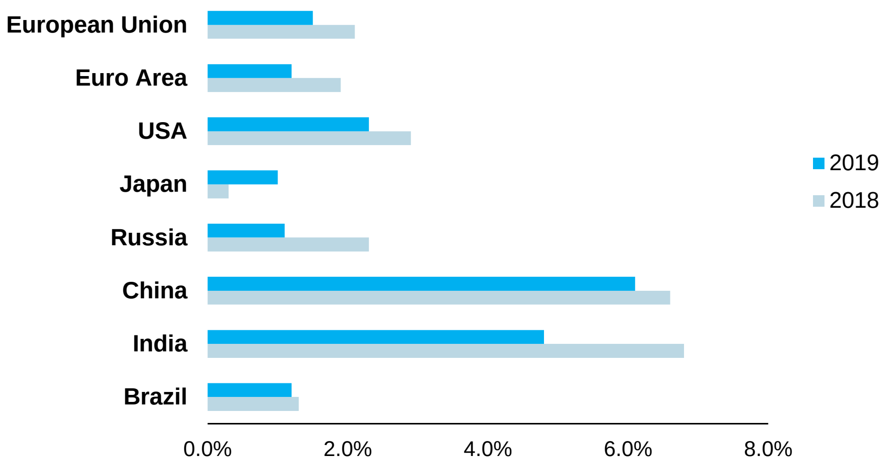
	GDP Change rate		Inflation Change rate		Unemployment	
	2018	2019	2018	2019	2018	2019
European Union	**2.0%**	**1.4%**	**1.9%**	**1.5%**	**6.9%**	**6.3%**
Euro Area	1.9%	1.2%	1.8%	1.2%	8.2%	7.6%
Germany	1.5%	0.6%	1.9%	1.4%	3.4%	3.2%
France	1.7%	1.2%	2.1%	1.3%	9.1%	8.5%
Spain	2.4%	2.0%	1.7%	0.8%	15.3%	13.9%
Italy	0.8%	0.2%	1.2%	0.6%	10.6%	10.0%
United Kingdom	**1.3%**	**1.3%**	**2.5%**	**1.8%**	**4.1%**	**3.8%**
USA	**2.9%**	**2.4%**	**2.4%**	**1.8%**	**3.9%**	**3.7%**
Japan	**0.3%**	**1.0%**	**1.0%**	**1.0%**	**2.4%**	**2.4%**
Russia	**2.3%**	**1.1%**	**2.9%**	**4.7%**	**4.8%**	**4.6%**
China	**6.6%**	**6.1%**	**2.1%**	**2.3%**	**3.8%**	**3.8%**
India	**6.8%**	**4.8%**	**3.4%**	**3.4%**	**n.a.**	**n.a.**
Brazil	**1.3%**	**1.2%**	**3.7%**	**3.8%**	**12.3%**	**11.8%**

Sources: IMF and European Commission

n.a. – not available

GROSS DOMESTIC PRODUCT (GDP)

(%)



According to preliminary data published by Eurostat, economic activity in the EA was down once again in 2019. Following growth of 1.9% in 2018, the region expanded 1.2% last year. This significant deceleration particularly derived from the negative impact of cooling foreign trade which had a highly adverse effect on industrial output in most member states, particularly in the case of Germany whose automobile manufacturing sector was once again affected not only by the regulatory changes brought in at the end of the preceding year but also by lower production as a result of lower demand for German-built vehicles.

Positive rates of GDP growth were recorded across all member states in 2019, without exception, in spite of the significant slowdown of the main economies. This was particularly the case of Germany which was down from 1.5% to 0.6% and Italy with a rate of expansion of 0.2% against the preceding year's 0.8%. The best performance was in Ireland with 5.7% followed by Malta with 4.5% and the growth of the two Baltic Peninsula economies of Lithuania (3.9%) and Estonia (3.8%).

In spite of the reduction of the rate of economic growth, the labour market continued to trend to improvement with unemployment down to a new low in 2019. The unemployment rate fell to close to the structural rate in many countries, at rates of 6.3% and 7.6%, in the EU and EA, respectively, down 0.6 percentage points over 2018 in both cases.

In the EA and notwithstanding positive labour market conditions in the form of high levels of employment and more robust wage growth, there were no signs of an acceleration of inflation with expectations that it would continue to remain very low. The harmonised index of consumer prices (HICP) decelerated in 2019 from 1.8% to 1.2% deviating even further from the European Central Bank's (ECB's) reference level.

EUROPEAN UNION AND EURO AREA ECONOMIC INDICATORS

(%)

	European Union		Euro Area	
	2018	2019	2018	2019
Gross domestic product (GDP) - Change Rate [(a)]	**2.0%**	**1.4%**	**1.9%**	**1.2%**
Private consumption	1.6%	1.4%	1.4%	1.1%
Public consumption	1.2%	1.8%	1.1%	1.6%
Gross Fixed Capital Formation	2.5%	3.8%	2.3%	4.3%
Domestic demand	2.2%	1.9%	2.2%	1.8%
Exports	3.0%	2.5%	3.3%	2.4%
Imports	2.9%	3.3%	2.7%	3.2%
Inflation rate (HICP) [(a)]	**1.9%**	**1.5%**	**1.8%**	**1.2%**
Ratios				(%)
Unemployment rate [(a)]	6.9%	6.3%	8.2%	7.6%
General government deficit (as a % of GDP)	-0.7%	-0.9%	-0.5%	-0.8%

Source: European Commission
(a) Noted values

Following highly positive economic growth of 2.9%, in 2018, the US expansion rate was down to 2.4% in 2019, owing to the fading impacts of fiscal stimuli, a slowdown of non-residential investment, lower external demand as well as the advanced stage of an economic cycle with the longest post war duration. The labour market continued to show signs of strength with stable wage growth and lower unemployment which fell to its lowest level since 1969. Private consumption continued to drive growth whereas inflation, as in the case of the EA, also slowed, in this case from 2.4% in 2018 to 1.8% in 2019.

Economic activity in Japan, in spite of the slowdown of international trade flows, was up 0.1 pp over 2018 to 0.9%. Growth benefited from the larger contribution of both private and public consumption. Unemployment remained stable at 2.4%. Consumer inflation remained anchored at lower than desirable levels in spite of the Bank of Japan's monetary stimuli. Annual inflation of 1% in 2019 was identical to that of 2018.

Economic growth of 6.1% in China, in 2019, exceeded the government's 6.0% target. In spite of this the result was the most modest since 1990. Activity indicators across the year showed clear signs of a moderating level of domestic and external demand, particularly industrial output on a domestic level and for exports and imports externally. Given the size of China's economy, a slowdown is considered to pose a risk to growth in other regions such as the EA and US. Consumer inflation accelerated 0.2 pp to 2.3% owing to the large contributions made by the accounts related to foodstuffs as opposed to a negative rate of producer inflation.

Latin America posted its third consecutive year of expansion, in 2019, although growth slowed significantly to no more than 0.2% owing to greater contraction in Argentina and the deceleration of the main economies of Mexico, Chile and Brazil. The rate of economic growth of the latter, as the region's largest economy, is thought to be only 0.9%, less than over last two years (which registered growth of 1.1% in both countries) according to the data available up to the third quarter. The reduction of the level of political uncertainty across the year, as well as the approval of a series of structural reforms which produced an immediate impact starting last quarter, were favourable to the evolution of and trust in Brazil's economy.

Eastern Europe, in 2019, was one of the areas most affected by the slowdown of global economic activity. The rate of expansion fell to almost half of that of the preceding year. The growth forecast of 1.8% was particularly affected by the slowdown in Russia, Turkey and the euro area.

The IMF's most recent estimates indicate that GDP growth in Sub-Saharan Africa in 2019 remained unchanged at 3.2% in 2018, at more than 3 pp for the third consecutive year. The most negative contribution continued to be posted by South Africa whose unfavourable economic evolution translated into an expansion rate of only 0.7% (down 0.1 pp over 2018). Oil exporting countries, although showing a slight improvement, continued to be affected by production difficulties and volatility in oil prices.

The IMF continued to oversee the evolution of Angola's economy under the EAEFF (extended arrangement under the extended fund facility) of December 2018, in the form of financial assistance totalling $3,784 million (having already disbursed an accumulated amount of $1.48 million), across a three year period with the aim of backing the implementation of a series of structural reforms to diversify the economy. The most recent forecasts published last December indicate a further contraction of real GDP in 2019, for the fourth consecutive year, this time by 1.1% once again owing to production cuts in the oil sector. The contraction of activity in Angola's main economic sector is thought to be in the region of 5%, following a contraction of 9.5% in 2018, making a decisive contribution to a decrease of net international reserves. Inflation continued to trend to moderate, falling from 19.6% to 17.2%, to which the National Bank of Angola (BNA) responded by partially alleviating interest rates.

Mozambique's endeavours to stabilise its economic and foreign exchange position, leading to a fall of average consumer prices to a single digit (2.8%) in 2019, were compromised in the first half by the negative impact of the tropical storms that devastated the central part of its territory. Following these events, the IMF revised GDP growth downwards from 4% to 1.8%. In the first three quarters growth was, notwithstanding, more than 2.3% in real terms in comparison to 3.4% in 2018. The normalisation of credit and liquidity conditions enabled the Central Bank of Mozambique to maintain the downwards trajectory of its "policy" or reference rate totalling 150 bps, leading it to an end of year close of 12.75%.

Economic activity in Macao was affected by commercial tensions with a significant downturn of around 3.4% in revenue from gambling in comparison to the preceding year's growth of 14.0%. This less favourable performance led to a 4.7% contraction of GDP. The large surpluses from preceding years, however, made it possible to keep unemployment at a low 1.7%, in comparison to 1.8% in 2018 and a relatively stable inflation rate of 2.8% which was down 0.2 pp over the preceding year.

Inflation rates, in 2019, diverged from central bank objectives in a large number of countries, largely on account of the less positive contribution of the energy component. Allied to this, greater moderation of economic growth and heightening of various risks to the world economy triggered a change in the approach taken by central banks which took the form of a strengthened pro-cyclical monetary policy, as noted in both developed and emerging blocs. This resulted in a significant increase in the number of monetary authorities adopting a policy of reducing their reference rates across the preceding year, particularly in the second half

European Central Bank

Following a period of more than three years in which reference rates remained unchanged, the ECB's governing council reduced the interest rate on its deposit facility by 10 bps to a new minimum of -0.50%, having left the main financing operations and lending facility unchanged at 0% and 0.25%. The decision followed a significant slowdown of economic activity and continued price growth in the EA at a less than desired level. The governing council also emphasised its expectations that they would remain at their current or even lower levels until the outlook for inflation was robustly converging in a direction sufficiently close to but less than 2% and when such convergence was consistently reflected in the underlying inflation dynamic.

As regards its unconventional monetary policies, the ECB relaunched an ambitious package of monetary stimuli which particularly included the reactivation of net purchases under its asset purchasing programme or APP at a monthly rate of €20 billion to strengthen the accommodative nature of interest rates. No decision was taken on the programme's term although it is likely to remain in force up to immediately prior to the first increase of interest rates. As regards reinvestments of payments of principal on maturing securities which were purchased under the referred to programme, the governing council emphasised that they would be retained over an extended period and for as long as necessary to maintain favourable liquidity conditions.

A new system for interest on bank reserves was also introduced to facilitate the monetary policy transmission mechanism and provide for the impact of negative interest rates on bank profit. Under the new system, a nil level of interest is paid on a part of the surplus reserves (present value of minimum reserves plus a multiplier of 6x) with a nil interest rate or the rate of the deposit facility in force being paid on the remainder.

Lastly, a new TLTRO III (targeted longer-term refinancing operations) series was created with a longer maturity than in the past.

This approach was driven, in addition to the explanations already provided, by the increased risks of an adverse international environment, with the governing council considering that future risks, particularly the possibility of a slowdown of industrial activity continued to suffer from a downwards distortion. It also emphasised that the absence of inflationary pressures continued to help keep expectations of inflation indicators at low levels.

Also following the G4 central banks' application of a counter-cyclical monetary policy in 2018, the board of governors of the US Federal Reserve (Fed) reversed this flow of travel in 2019 in adopting a more prudent approach. In practical terms it implemented three cuts described as being "preventative" to provide for the risks associated with global protectionist policies. The Fed's reference rates spread ended the year at between 1.50% and 1.75%, in comparison to a spread of between 2.25% and 2.50% at the end of the preceding year.

As a result of money market instability owing to the reduction of the size of its balance sheet since 2014, the Fed resumed its purchase of treasury bills (BTs) with a minimum maturity of up to second quarter 2020 at a monthly rate of $60 billion. Notwithstanding chairman Jerome Powell emphasised, on several occasions, that the purchases of BTs should not be confused with the QE-quantitative easing programmes implemented in the wake of the crisis of 2008.

The Bank of England's (BoE's) monetary policy committee left its base rate at an unchanged 0.75%. The uncertainty associated with Brexit was the predominant factor in this cautious approach adopted by the UK's monetary authority. The BoE emphasised its commitment to operate on the basis of interests shoring up economic activity and price stability, notwithstanding any agreement reached in the sphere of the United Kingdom's exit from the EU.

The Bank of Japan (BoJ) also left its reference rates unchanged in 2019 having always demonstrated its willingness to apply more expansionary measures. In terms of unconventional measures, the BoJ authorised the loan of ETFs ("exchange-traded funds") recognised in its balance sheet to increase the liquidity of the respective markets.

In terms of additional stimuli by other central banks in the developed bloc, whereas the Central Bank of Canada left its reference rate unchanged across 2019 at 1.75%, the Reserve Bank of Australia and the Reserve Bank of New Zealand reduced their respective reference rates by 75 bps to 0.75% and 1%, respectively.

There were exceptions to the more expansionary approach of most central banks in Europe namely the Central Bank of Norway and the Czech National Bank which increased their reference rates by 75 bps and 25 bps to 1.50% and 2%. A last reference should be made to Sweden's Riksbank which was the first bank to abandon the negative interest rate policy with an increase from -0.25% to 0%, reducing the number of banks with negative interest rates to three (euro area, Japan and Switzerland).

Other Central Banks

The operations of the main central banks of the emerging countries were unarguably conditioned by a moderating world economy and reduction of reference rates in the developed bloc.

In Asia, the People's Bank of China introduced fresh stimuli with the aim of providing for greater growth moderation while, at the same time, continuing its endeavours to control the increase of debt and strengthen regulation in the shadow banking sector. It reduced the legal reserves ratio for banks on two separate occasions, by a total of 150 bps, setting it at 13%, for the major banks. Close to the end of the year the People's Bank of China announced that it would no longer use a base interest but a market-sensitive interest rate, with a similar system to LIBOR, which could entail lower borrowing costs. The sharp reduction of growth rates In India and Indonesia led the central banks to reduce their respective reference rates by 135 bps and 100 bps to 5.40% and 5.00%, respectively.

In Eastern Europe and in spite of the strong inflationary pressures deriving from the depreciation of the lira, the Central Bank of the Republic of Turkey adopted an expansionary strategy in May. The base rate was reduced by 875 bps, to a year end 13.25%. In Russia, owing its anaemic levels of economic activity the central bank reduced its base rate by a total of 150 bps in 2019, to 6.25%.

In Latin America, the Central Bank of Mexico reduced its base rate by a total of 100 bps in 2019 in its response to the recessionary situation. The end of year rate was 7.25%. Further south, the Central Bank of Brazil resumed its policy of reducing the SELIC rate starting July in response to the increased risks related to international trade allied to a moderating economy and decrease of inflationary pressures. The accumulated decrease totalled 200 bps to a year end close of 4.50%. In Argentina the domestic monetary authority continued to maintain a high interest rate of more than 60% in the context of a significant depreciation of its currency and consequent inflationary pressures.

In Mozambique and Angola, the central banks continued to apply an interest rate reduction policy given a downwards inflation rate, which was sharper in the case of Mozambique. Whereas the Central Bank of Mozambique reduced its base rate by 150 bps (12.75% in December), the National Bank of Angola cut its interest rate on two occasions by an accumulated total of 100 bps, to 15.50%.

Portuguese economy

Global evolution

The Portuguese economy recorded a sixth consecutive year of expansion in 2019. According to its national statistics institute, real annual GDP growth of 2.2% was down 0.4 pp over 2018.

The slowdown of GDP derived from the smaller contribution made by domestic demand, particularly the deceleration of private consumption, whose growth was down from 2.9% to 2.3% and the negative contribution of external demand. Gross fixed capital formation was up from 5.8% to 6.4%, last year as opposed to public consumption which was down to 0.8% or down 0.1 pp over 2018.

The fresh increase of the exports to GDP ratio to 43.5%, compared favourably to 2018 (42.9%). The imports to GDP ratio was also up in 2019, in this case from 42.0% to 43.3%.

Good economic performance in 2019, allied to the furtherance of fiscal control policies designed to reduce both the deficit and public debt, led to rating upgrades on Portugal's long term sovereign debt. Standard & Poor's rating was upgraded from "BBB-" to "BBB", with a "positive" outlook, as was the DBRS rating which was also up one notch in this case to "BBB (high)", with a "stable" outlook. In spite of not having upgraded their ratings, the other rating agencies, both Fitch and Moody's, upgraded their outlooks to "positive".

According to the draft state budget for 2020, published last December by the ministry of finance, general government borrowing requirements, in 2019, continued to reduce in recording a GDP deficit of 0.1%, an improvement of 0.3 pp over 2018. In this context and allied to positive economic growth based on the provisional results of the second excessive deficit procedure notice in 2019. Also in accordance with the referred to projections, the gross general government debt to GDP ratio is expected to be 119.3%, down 2.9 pp over 2018 and down 15.8 pp over first quarter 2014.

According to the Bank of Portugal, net external debt, as a percentage of GDP continued to trend downwards, as noted since 2015, with a 2.1 pp drop to 89.0%. This result, down 20.1 pp since first quarter 2015, is the lowest for eight years.

The Portuguese economy retained its overseas borrowing capacity for the seventh consecutive year in 2019. According to the Bank of Portugal the joint surplus on the current and capital accounts was, however, down from 1.4% to 0.4% of GDP, largely on account of the deterioration of the current account, namely goods and services.

PORTUGUESE ECONOMIC INDICATORS

(%)

	2017	2018	2019
Gross domestic product (GDP) - Change Rate	**3.5%**	**2.6%**	**2.2%**
Private consumption	2.1%	2.9%	2.3%
Public consumption	0.2%	0.9%	0.8%
Gross Fixed Capital Formation	11.5%	5.8%	6.4%
Domestic demand [(a)]	3.3%	3.1%	2.7%
Exports	8.4%	4.5%	3.7%
Imports	8.1%	5.7%	5.2%
Inflation rate (HICP)	**1.4%**	**1.0%**	**0.3%**
Ratios			(%)
Unemployment rate	8.9%	7.0%	6.5%
General government deficit (as a % of GDP)	-3.0%	-0.4%	0.2%
Public debt (as a % of GDP)	126.1%	122.0%	117.7%

Source: INE and European Commission

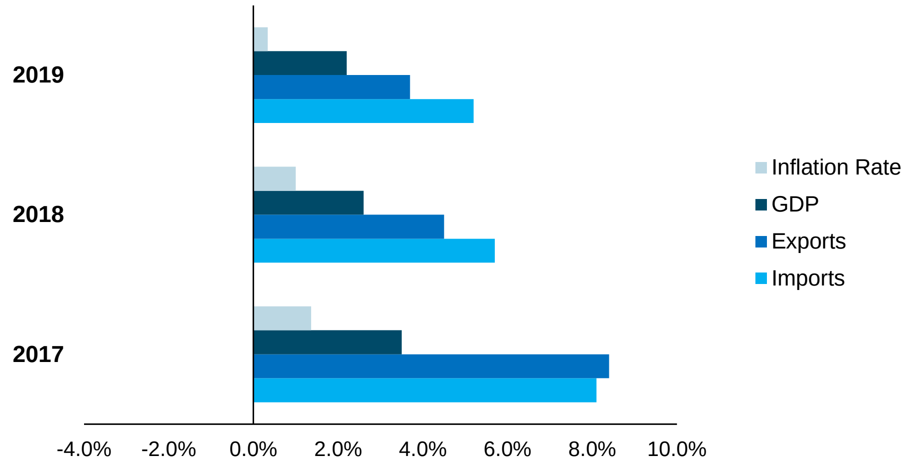
(a) Contribution to GDP growth (percentage points).

The Portuguese harmonised index of consumer prices, in 2019, posted an average annual rate of change of 0.3%, against 1.0% in 2018. Moderating growth particularly derived from the evolution of the energy products component which was a negative 1.8% in comparison to a positive 4.7% in 2018. The rate of underlying inflation was also lower than last year's with growth of 0.5% against 0.7% in 2018.The annual growth of prices and services (1.2% in comparison to 1.7%) was higher than that of the prices of goods (a negative 0.3% as opposed to a positive 0.5%).

The labour market continued to evolve positively with an unemployment rate of 6.5%, down 0.5 pp over 2018 to its lowest level since 2003. Job creation remained positive although its growth rate of 1.0% was lower than the 2.3% recorded in 2018. Reference should be made to the increasing proportion accounted for by the services sector.

PORTUGUESE ECONOMIC INDICATORS

(%)



Credit and deposits

The M3 liquidity aggregate in 2019 (which, in addition to banknotes and coins includes bank reserves and sight and term deposits, government bonds held by the public), excluding currency in circulation, grew 7.6%, although down 0.9 pp over the end of 2018. Total deposits were up 3.7%, as opposed to the 2.7% recorded in 2018. Moderation in terms of personal customers' and emigrants' deposits were down from 3.9% to 3.7%, but offset by non-financial corporations' deposits which were up 10.5%, or 2.7 pp over 2018.

Total domestic credit was also up 1.0% in 2019 in comparison to the 0.3% posted in 2018, particularly on account of the contribution of loans to personal customers in the housing segment which were up 0.1% (against the preceding year's negative 0.7%), following several years in negative territory. Consumer finance and other loans were down Consumer finance and loans for other purposes were down 2 pp over the end of 2019 to 5.7%, as opposed to credit to non-financial corporations which was down from 1.7% to 1.1% over the same period. Credit to general government contracted for the second consecutive year, this time by 6.5% against 5.4% in 2018.

MONETARY AGGREGATES IN PORTUGAL [(a)]

(%)

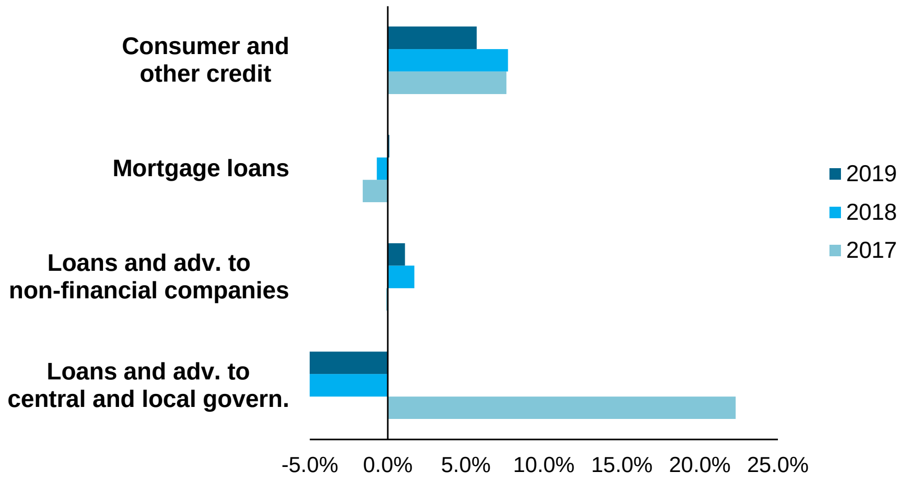
	2017	2018	2019
M3, excluding currency in circulation	**7.5%**	**8.5%**	**7.6%**
Total deposits	1.1%	2.7%	3.7%
Deposits made by non-financial companies	14.9%	7.8%	10.5%
Individual customers' and emigrants' deposits	0.0%	3.9%	3.7%
Total domestic credit	**0.2%**	**0.3%**	**1.0%**
Loans and adv. to central and local government	22.3%	-5.4%	-6.5%
Loans and adv. to non-financial companies	-0.1%	1.7%	1.1%
Mortgage loans	-1.6%	-0.7%	0.1%
Consumer and other credit	7.6%	7.7%	5.7%

Source: Bank of Portugal

(a) Rates of change based on end-of-month balances. Deposit aggregates do not include NMFI (non-monetary financial institutions) deposits. Credit aggregates include securitised loans.

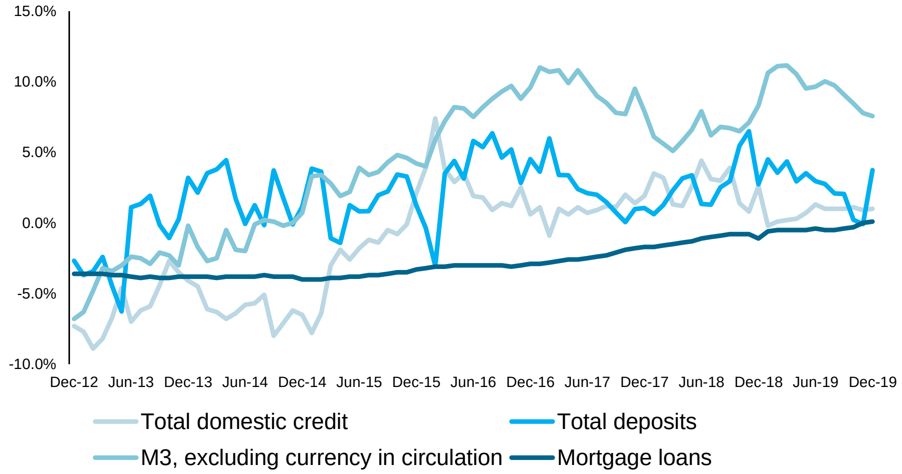
CREDIT EVOLUTION IN PORTUGAL

(%)



CURRENCY AND CREDIT

(Year-on-year rates of change)
(%)



Interest rates

There was another significant slowdown of economic activity in the euro area in 2019, particularly in the industrial sector, which witnessed successively reduced growth projections for the next few years. In spite of the fact that growth in most countries is close to its potential level and that the unemployment rate has sunken to its lowest level for a decade in diverse cases, there continued to be an absence of inflationary pressures and the inflation rate remained distant from the targets set by the ECB, which announced and implemented a process to strengthen monetary policy.

The ECB's governing council decided, in September, to reduce the interest rate on its deposit facility by 0.1 pp, to a new historical minimum of −0.50%, leaving its other reference rates unchanged. It also undertook to keep them at their present or lower levels for as long as necessary up to the point of sustained convergence of inflation with the medium term objective of 2%.

It also launched a package of additional stimuli based on the reactivation of net purchases under its asset purchasing programme or APP (sovereign and corporate debt securities) and continued to reinvest payments of principal on maturing securities. In the case of the banking system, the ECB introduced a new tiering system for interest on bank reserves comprising a range of rates applicable to deposits starting 30 October, with the aim of protecting the income of banks without cancelling out the desired effect of providing the European economy with additional support.

Accordingly, the introduction of a higher level of monetary accommodation in September 2019 was felt across the whole of the interest rate curve and particularly over the shorter and average maturities in an endeavour to generate the financial conditions conducive to price increases.

INTEREST RATES [a]

	2017	2018	2019			
	Dec	Dec	Mar	Jun	Sep	Dec
Fed funds rate	**1,25%-1,50%**	**2,25%-2,50%**	**2.5%**	**2.5%**	**2.0%**	**1,50%-1,75%**
ECB reference rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Euribor						
Overnight	-0.346%	-0.356%	-0.356%	-0.360%	-0.451%	-0.446%
1 month	-0.368%	-0.363%	-0.367%	-0.388%	-0.457%	-0.438%
3 months	-0.329%	-0.309%	-0.311%	-0.345%	-0.418%	-0.383%
6 months	-0.271%	-0.237%	-0.228%	-0.311%	-0.386%	-0.324%
12 months	-0.186%	-0.117%	-0.112%	-0.214%	-0.330%	-0.249%
New credit operations						
Non-financial companies [b]	1.58%	2.29%	1.76%	1.91%	1.68%	1.85%
Individual customers - mortgage loans	1.52%	1.36%	1.31%	1.32%	1.02%	1.09%
Term deposits and savings accounts [c]						
Non-financial companies	0.27%	0.17%	0.15%	0.14%	0.13%	0.11%
Individual customers	0.28%	0.17%	0.15%	0.15%	0.13%	0.12%

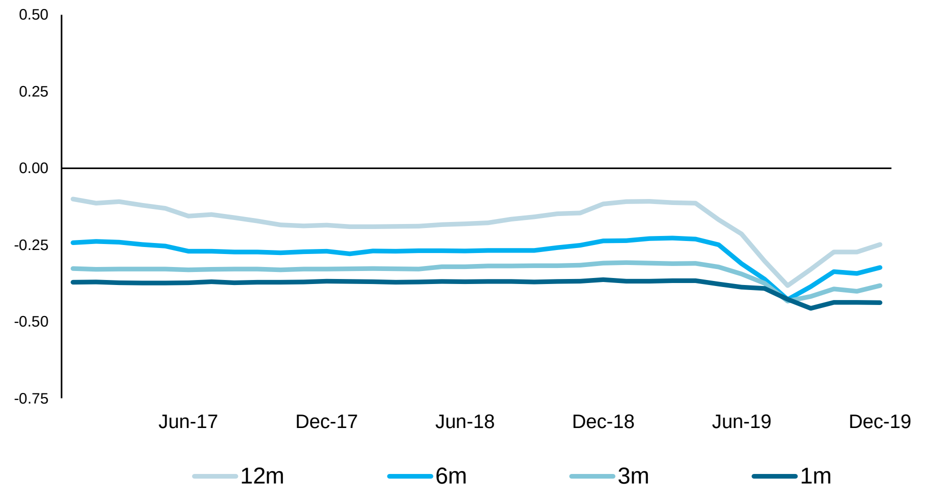
Source: Bank of Portugal

(a) Rates relative to last day of month; (b) Operations involving more than €1 million; (c) Deposits with an agreed maturity period of up to 2 years.

There was a certain oscillation of short term interest rates across 2019. The EONIA rate remained stable up until the last quarter of the year at which time a decision was made to change monetary policy, with a decrease thereto in the same proportion as the ECB's negative 0.1 pp deposit rate. The Euribor rate curve continued its positive trajectory notwithstanding a certain volatility in August, immediately prior to the ECB's meeting in September. All reference periods up to October remained at historically low levels from which they resumed a gradual, upwards trend.

EURIBOR

(%)



Euribor rates for the year as a whole were down across all of its reference rates of 1, 3, 6 and 12 months: 7.5 bps, 7.4 bps, 8.7 bps and 1.2 bps, respectively, ending the year at -0.438%, -0.383%, -0.324% and -0.249%.

The performance of interest rates on new credit operations was similar, down both for operations for non-financial corporations and in the mortgage lending segments.

Borrowing rates were also down in 2019, both for non-financial corporations and the personal customer segments.

Foreign exchange markets

One of the outstanding features of foreign exchange markets in 2019 was associated with a depreciating euro, particularly in the second half year in which the US dollar and sterling made significant gains. In the case of the emerging economies reference should be made to the depreciation of the currencies of several countries in Latin America and Turkey.

The euro, as opposed to the US, was penalised by the region's economic slowdown since the start of the year. In spite of the uncertainties on an international trade level and a gradually more cautious discourse from the Fed, the economic status of the USA was more robust than that of its European partners.

The successive downwards revisions of growth projections for Europe produced by the principal institutions, including the ECB, in addition to an expected downwards inflationary trend were also decisive factors behind the euro's depreciation of 2.5% against a basket of currencies of the trading partners, particularly the falls of 5.9%, 2.2% and 3.5% against sterling, the dollar and Swiss franc respectively. Following sterling's 1.2% depreciation against the euro in 2018, a progressively stabilising political scene in the UK, strengthened by the election of a new government with an absolute majority, renewed a sentiment of greater optimism over a negotiated exit from the European Union. An easing of the uncertainty over Brexit helped to prop up the price of sterling at the end of the year.

The euro appreciated 3.4% and depreciated 0.6% against the Swedish krona and Norwegian krone respectively. In the former case, the euro came close to its highest level since 2009 and in the latter case, the lower rates of change derived from its current peg to the euro.

The outlook for the US dollar, in 2019, was more positive following an easing of trade tensions as an issue attracting the attention of investors across the whole of last year. Although the Fed decided to lower its reference rate on three occasions since July, the US currency ended the year with an appreciation of 0.2% against a basket of currencies. Against its main trading partners, with the exception of the euro, the dollar depreciated 3.8% against sterling and 4.7% against the Canadian dollar.

As regards the currencies of the emerging economies, the instability of international trade allied to fragilities in several regions resulted in significant losses. The more negative sentiment regarding the emerging countries as a whole was reflected in Argentina (58.9%), Turkey (12.5%) and Chile (8.5%) owing to social and political instability. In the case of the Chinese yuan and Indian rupee, the falls were 1.2% and 2.3%, followed by the Brazilian real (3.7%). The JP Morgan Emerging Market Currency index was down 1.4%, following a higher slump of more than 10% in 2018. Reference should also be made to the appreciation of the Mexican peso (3.7%), South African rand (2.4%) and Russian rouble (10.7%), in which latter case owing to an improved economic environment and interventions in the foreign exchange market by the central bank.

The euro appreciated sharply in 2019, particularly against the Turkish lira (9.9%) and the Argentinian peso (56.0%). The euro's gains in comparison to other countries were more modest at 1.5% and 0.1% against the Brazilian real and the Indian rupee.

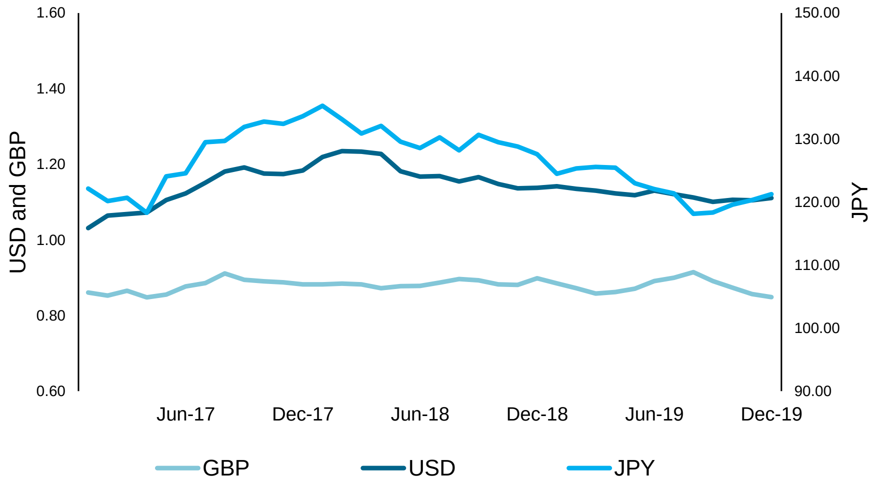
As opposed to the significant appreciation of the Japanese yen over the last three years, the Japanese currency ended 2019 with a more modest gain of 1% against the dollar. Following a first half in which it was used as a safe asset, its greater second half exposure to the dollar cancelled out a part of the gain of 2%. The yen appreciated 3.2% against the euro.

Angola's kwanza depreciated for the fifth successive year against the euro and the dollar in 2019. Depreciation in the first three quarters of the year was just over 10% although money market imbalances led to an increase in the currency's rate of depreciation at the end of the year. Angola's currency ended 2019 down 34.1% against the euro and 36% against the dollar to 537.2 kz to the euro and 482.2 Kz to the dollar respectively, both at minimum values.

There was only a slight change in the value of Mozambique's currency across the year as a whole, on the other hand, owing to the economic and financial stability achieved by the authorities. Notwithstanding, following the tropical storms, the metical lost 4% against the euro although this was progressively reversed on the basis of inflation levels of less than 3%, with fears of inflationary pressures following the referred to events not having been confirmed. The metical ended the year at 69.1 meticais to the euro with an appreciation of 2.2%.

EURO EXCHANGE RATES

Monthly averages
(euros)



EURO EXCHANGE RATES

Monthly averages
(euros)

	USD	GBP	JPY
December 2016	1.053	0.845	122.40
December 2017	1.184	0.883	133.64
December 2018	1.138	0.899	127.61
December 2019	1.111	0.849	121.27

Capital markets

2019 began with an across-the-board recovery of the main asset classes following the high levels of volatility recorded at the end of 2018. The fresh increase in investors' risk appetite was based on a more prudent approach by the principal central banks, particularly the Fed owing to greater uncertainty over the evolution of the economic environment in developed and emerging countries. The rate of evolution of the diverse financial markets across the year as a whole was marked by the likelihood of expansionary monetary policies, both in Europe as in the US, allied to trade relations-linked developments.

Uncertainty over the evolution of international trade, involving the renegotiation of agreements between the US and China and other regions originated doubts over the end of the current global economic cycle in force since 2009. As a consequence of the downturn of economic activity indicators, projections on the growth of activity, particularly industrial, were revised downwards.

Exposure to higher risk asset classes was evident. This was not only on a shareholder level in which new maximums were achieved on the main US trade indices and in several European geographies, but also in the case of commodities with the recovery not only of oil but also other metals and agricultural products.

The economic indicators published for most of the principal euro area countries continued to trend to negative, close to stagnation and, in several cases, such as Germany and the United Kingdom, verging on the brink of recession. The more cautious approach in several business sectors owing to trade instability was also heightened by political uncertainty over the outcome of Brexit in which sentiment was only to stabilise in the last quarter. The non-occurrence of inflationary pressures in line with values close to the ECB's objective also led the central bank to adopt of a more expansionary monetary policy, helping to shore up the main assets classes, including sovereign yields and credit.

In the US, fears over the possibility of another recession translated into a yield curve reversal across the second quarter, leading the Fed to reverse its normalisation of monetary policy with a decision having been made to reduce interest rates on three occasions. This led to a positive impact on both assets and investor confidence.

The increased level of volatility in the summer months was followed in the last quarter by a marked appreciation of assets and not only assets at risk. It was also based on additional stimuli from other central banks including those of emerging countries, a diminishing of commercial tensions owing to a reapproximation between China and the US and forecast of a new treaty to be signed in January 2020 and reduction of customs duties with a likelihood of the United Kingdom's orderly exit from the EU following the general election held in December which gave the conservative party an overall majority.

Equity markets ended 2019 with their largest gains of the last six years whereas, bond yields were down to levels close to zero in cases such as Portugal and Spain and to even negative values in the case of France and Germany.

Equity Markets

Equity markets made considerable gains in 2019. The MSCI Global index was up 24.1%, its largest gain since 2009 and a new maximum. This appreciation derived from investors' reaction to the monetary policy changes made by the central banks, both in developed and emerging blocs and a easing of the principal geopolitical risks close to the end of the year.

Owing to their sharp fall in last quarter 2018, the recovery of equity indices at the start of 2019 was responsible for a large proportion of the average annual change, even following a more convoluted period in the summer months. Around two thirds of the annual gains in most equity indices were achieved in the first half year, with a few exceptions, such as Japan, Turkey and Brazil, in a year witnessing a reduction of volatility to values much lower than their historical average and similar to those of 2017.

US indices hit new highs of between 22.3% on the Dow Jones and 35.2% on NASDAQ (14% and 20.7% in the first half), their best performance since 2013. In spite of the fact that the growth of results was lower than the historical average for most of the large corporations, financial investors favoured this asset class owing to the diminishing level of uncertainty over trade relations and the Fed's adoption of a more accommodative monetary policy. The technology sector was the stellar performer, even when considering its greater vulnerability to import duties levied by the US and China.

The Eurostoxx600 was up 23.2% in 2019, achieving its highest ever level. Reference should be made to the gains of 28.3% made by the Italian MIB owing to greater political stability, followed by the French CAC and German DAX, which were up 26.4% and 25.5%, respectively. The UK's Footsie ended the year up 12.1%, even higher than the Portuguese PSI20 (10.2%), following its slump of 12.2% in 2018, speared by the retail and energy sectors.

In European terms reference should also be made to the fact that all equity indices closed the year in positive territory. The largest gains were made in the financial, construction, technology and retail sectors which were up 39.2%, 37.3%, 35% and 33.7%.

Emerging countries' markets were up by an average of around 10 pp in 2019, at lower levels than the developed markets with the respective MSCI index up 15.4%, speared by Brazil (31.6%) which, notwithstanding a still anaemic economic growth rate for the third consecutive year benefited from investors' optimism over structural reforms and the depreciation of Brazil's real. China's Shanghai index was up 22.3% in spite of the economic slowdown and a tense commercial climate with the US. Reference should also be made to the indices of Russia (up 28.6%) and Turkey (up 21.4%). In Asia, Japan's Topix index was up 15.2%.

STOCK MARKET INDEXES

	2018		2019	
	Index	Change	Index	Change
Dow Jones (New York)	23,327.5	-5.6%	28,538.4	22.3%
Nasdaq (New York)	6,635.3	-3.9%	8,972.6	35.2%
FTSE (London)	6,728.1	-12.5%	7,542.4	12.1%
NIKKEI (Tokyo)	20,014.8	-12.1%	20,014.8	0.0%
CAC (Paris)	4,730.7	-11.0%	5,978.1	26.4%
DAX (Frankfurt)	10,559.0	-18.3%	13,249.0	25.5%
IBEX (Madrid)	8,539.9	-15.0%	9,549.2	11.8%
PSI-20 (Lisbon)	4,731.5	-12.2%	5,214.1	10.2%

Bond Markets

The across-the-board decrease of yields on sovereign bonds in 2019, once again derived from an environment of slowdown and lessening expectations of economic growth leading the different central banks to strengthen the expansionary nature of their monetary policies. In a permanent context of diverse international risks, investors once again expressed a strong preference for this asset class, particularly in the first half, in spite of greater exposure to other higher risk assets having been witnessed.

Yields in most European countries were down, in several cases more sharply so owing to greater fiscal and political stability, as in Portugal or Greece. In the case of Germany and France, investors considered 10 year sovereign debt bonds which were down to their minimum values in September, by 42.7 bps and 59.2 bps, respectively, to be a safe asset. These countries joined the group of other geographies with negative yields on diverse maturities, as was the case of Sweden since the start of 2015. Movements across 2 year maturities were less marked in the case of France (down 13.2 bps), whereas Germany witnessed a marginal increase of 0.9 bps.

Yields on the debt of countries on the periphery of Europe closed at much lower levels than at the end of 2018. Reference should be made to diminishing political risks in Greece or Italy, as regards the fiscal commitments defined by the European Commission. In the former case budget surpluses and a reduction of public debt have been buoyed by fiscal reforms over the last few years leading to a negative change of 293 bps (1.47%) in the yield on 10 year bonds. In the second case and notwithstanding a Eurosceptic approach, the government gradually drew closer to the targets imposed by the European Commission, leading to a decrease of 133 bps in the respective yield to 1.41%, only marginally less than Greece.

The increasingly favourable political environment in Europe, allied to the continuation of the rate of economic growth in Portugal at higher than the euro area average, particularly in the first two quarters of the year, driven by robust domestic demand, contributed to an improvement in the public finances and a reduction of the public debt to GDP ratio to less than 120% at the end of 2019. In the secondary market, investors continued to express a high level of confidence and appetite for Portugal's sovereign debt, which achieved a lower yield than in Spain. Reference should also be made to the credit upgrade from S&P and DBRS and change of outlook from "stable" to "positive" from Moody's and Fitch.

In light of the above, the yield on Portuguese 10 year bonds in 2019 was down for the second consecutive year, this time by 128 bps, closing at 0.44%. During August it fell to a historical minimum of 0.07%. The yield on 2 year maturities was down 19.7 bps to a negative 0.55%. In the case of Spain the yield on 10 year bonds was down 94.8 bps across the year and 14.5 bps across 2 years, closing at 0.47% and a negative 0.39%, respectively.

As in 2017, the year 2019 also witnessed a huge drop in the spread between Portuguese and German rates on 10 year bonds from 85.3 bps to 62.7 bps. The reduction in comparison to Spain was 33.2 bps, and slipped into negative terrain for the first time since February 2009 at the end of the year. On the contrary, there was an upwards trend in spread between Portuguese and Italian yields (5 bps) closing the year at a negative 97 bps.

The yield on 10 year bonds in the US continued to trend downwards across the year as a whole as part of a movement starting November 2018, particularly owing to growing uncertainties over international trade and the negative impact of customs duties levied by the US and China together with signs of a moderating US economy. These factors led the Federal Reserve to reduce its reference rate on three occasions across the second half year when sovereign yields were starting to stabilise. The variation on 10 year bonds was a negative 76.7 bps to an end of year 1.92%, although there was a yield increase of 14.2 bps in December. This downwards movement was even more marked over the shorter maturities. The 10 year bonds yield curve was up over these maturities, in spite of a curve reversal on several occasions across the period between May and August, to negative values as in 2006 and 2007, prior to the financial crisis. The curve between 10 years and 3 months and 10 years and 2 years maturities increased by 4 bps and 13.4 bps in 2019, with the former standing at a negative 51.4 bps at the end of August.

In Japan the yield on 10 year bonds was slightly down by 1.5 bps across the year, closing at a negative 0.01%, after slumping to its minimum level of a negative 0.285% at the end of August.

In the case of the emerging bloc reference should be made to the sharp fall of yields in several emerging countries, particularly in Brazil and Russia, by 244.8 bps and 236.9 bps to 6.79% and 6.41%.

The private debt market, in 2019, was marked by positive performance with a decrease of risk premia over the preceding year, in a combination of several factors. Reference should be made to the more accommodative approach taken by the central banks of the developed countries and the gradual reduction of the level of uncertainty associated with commercial tensions between the US and China across the year.

In spite of the continued reduction to European-wide projects, the ECB's backing of the economy based on its discourse and latter introduction of new measures, including the reactivation of its corporate debt assets purchasing programme, helped to boost investor confidence. As opposed to 2018, there were fewer risk factors and special reference should be made to the reduction of uncertainty over a Brexit agreement.

The ECB purchased €7.7 billon of corporate bonds (net), to an accumulated total of €184.5 billion, 2019, under its corporate debt purchase programme (CSPP).

There was an across-the-board widening of spreads on the European derivatives market (CDS - credit default swap market). Following an increase of 42.5 bps in 2018, to 87.4 bps, last year the referred to spread trended downwards. The index closed at 44.2 bps, down 43.1 bps over 2018, at its minimum level for 2019, on the last day of December. The financial sector registered a sharper drop in spread (63.0 bps), closing at 24.7 bps, and, as in the case of the general index, sank to its lowest level of the year in December.

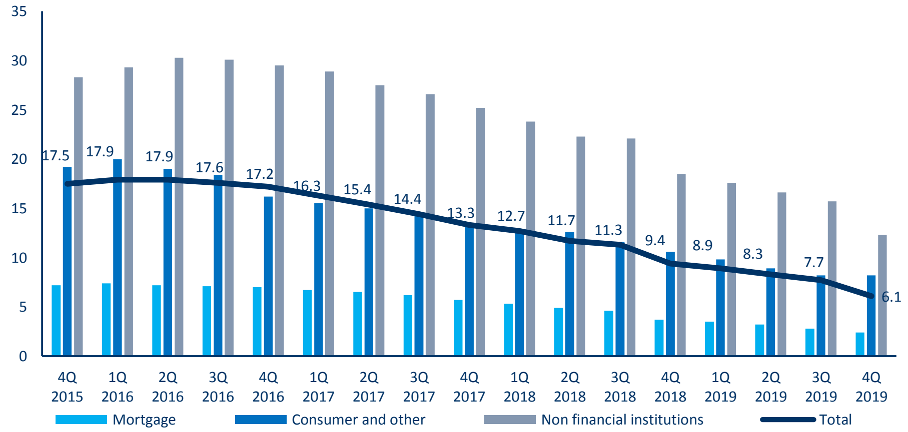
Banking System

The domestic banking system, in aggregate terms, continued to improve in the last quarter of 2019 with average total assets in the banking system of around €393 billion. The €10 billion increase over the same quarter last year particularly derived from the increase in lending to other credit institutions, loans and advances to customers and investment in non-domestic public debt securities.

Asset quality continued to trend downwards in terms of the volume of non-performing loans (NPLs) in the balance sheet, particularly achieved through the disposal of non-performing asset portfolios. The NPL ratio was down 1.6 pp to 6.1%. in fourth quarter 2019. The coverage ratio on NPLs, however, at the end of 2019, was 51.3%, i.e. down 0.6 pp over fourth quarter 2018, owing to a lower level of provisions in the mortgage lending and consumer finance sub-categories. Reference should, herein, be made to the coming into force of a regulatory change requiring minimum capital and impairment coverage for losses on new non-productive assets in April 2019, which will continue to further strengthen the balance sheets of domestic banks, notwithstanding the levels achieved in terms of the NPL coverage ratio.

The liquidity coverage ratio at the end of December 2019 continued to be much higher than the regulatory limit of 100% (218.4%) with credit institutions in the domestic banking system holding 19.5% of their total assets in net assets.

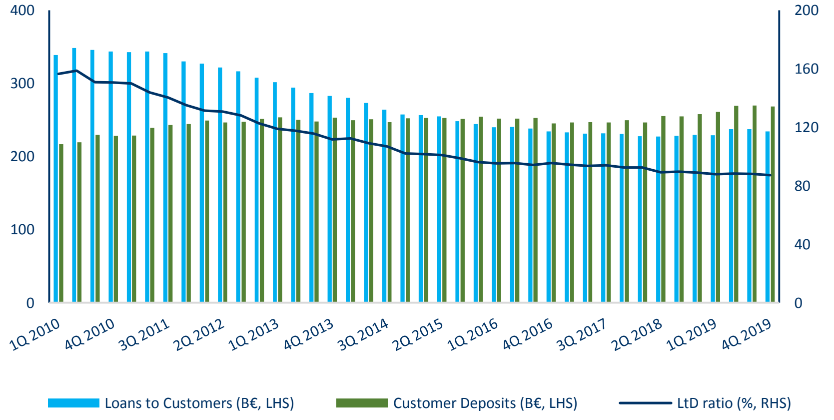
PORTUGAL: BANKING SYSTEM – NON-PERFORMING LOANS RATIO (%)



Source: Bank of Portugal

The regulatory review of the CRD IV (capital requirements directive) and CRR (cash reserve ratio), of the BRRD (bank recovery and resolution directive) and the SRMR (single resolution mechanism) occurring in 2019 was part of a vast range of diverse measures designed to strengthen the resilience of institutions and particularly to complete Banking Union, ensuring a permanent protection of deposits. The domestic banking system accordingly witnessed a positive trend in the amount of deposits which were up by around €73 billion between the start of 2008 and end of 2019. This increase of deposits translated into a decrease of 73.2 pp in the loans-to-deposits ratio. The trend towards a reduction of the loans-to-deposits ratio, however, derived not only from higher deposit levels but also a contraction of the total volumes of loans issued by domestic credit institutions.

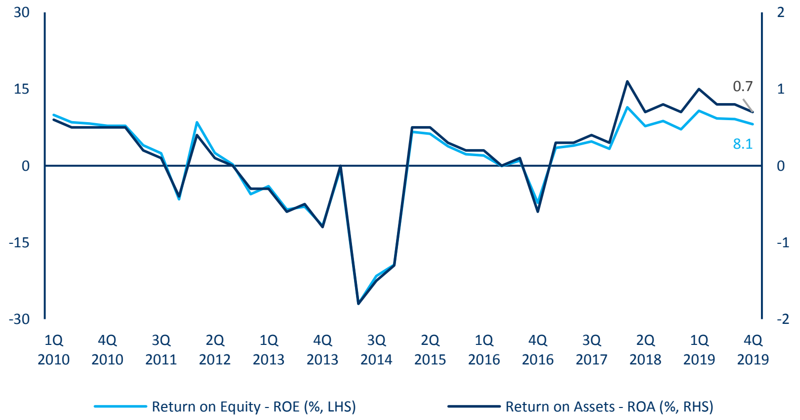
PORTUGAL: BANKING SYSTEM – LOANS-TO-DEPOSITS RATIO



Source: Bank of Portugal

In spite of several of the challenges to banking activity, namely those involving technological innovation, the arrival of new players in the brokerage area, the greater occurrence of cyber and financial risks associated with climate change and the transition to a sustainable low carbon economy, in 2019, domestic banks achieved an increase in their profitability. This increased profitability translated not only Portuguese credit institutions' endeavours to achieve greater banking efficiency but also a lower level of provisions and impairment, as an additional reflection of stabilisation and balance sheet recovery over the last few years. In spite of the fact that returns on assets (ROA) stabilised in fourth quarter 2019 in comparison to the same quarter of the preceding year, there was an improvement in the level of income on operations before tax. Return on equity (ROE) between December 2018 and December 2019 up 1 pp from 7.1% to 8.1%. ROE in last quarter 2019 was, however, penalised by a lower level of net interest income which was down 1 pp over third quarter 2019.

PORTUGAL: BANKING SYSTEM – RETURN ON EQUITY

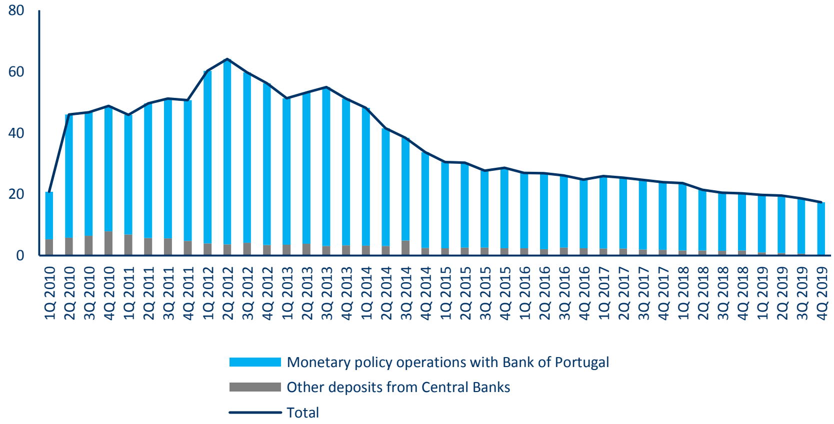


Source: Bank of Portugal

Improved asset quality in the balance sheet and the profitability of domestic banks made a positive contribution to investor sentiment, enabling lower financing costs to be achieved, namely through the issuance of instruments eligible for compliance with minimum own funds requirements and eligible loss absorbing liabilities (MREL). Accordingly the banking system continued its positive trend to improved capital ratios, not only via retained earnings but also based on the issuance of debt securities eligible as regulatory capital, permitting a positive evolution of AT1 and T2 funds. In parallel, borrowings from the central banks continued to trend downwards, by more than €3 billion in 2019 and falling to its lowest level of €17.3 billion since the end of third quarter 2009. The Tier 1 own funds ratio was, accordingly 14.1% at the end of the year, up 0.9 pp over the end of 2018. Given the continuation of the reducing trend of risk-weighted assets, the leverage ratio was up 0.1 pp in the last quarter of 2019, to 7.8%, and 0.5 pp for the period between the end of 2018 and the end of 2019.

PORTUGAL: BANKING SYSTEM – FINANCING OF CENTRAL BANKS

(EUR billion)



Source: Bank of Portugal

1.4.2. Strategic Plan

Recapitalisation Plan

In 2017, following the agreement between the Portuguese State and the European Commission for the recapitalization of CGD, there was a capital increase made by the Portuguese State, in cash and in kind, aiming at the maintenance of CGD's total share capital in the public domain .

Additionally, and in compliance with the criteria established at the time for such intervention not to be considered as State aid, CGD issued a Tier 1 subscribed by private investors amounting to 500 million euros, specifying that there would be an additional issue to be made within 18 months.

In June 2018 CGD completed the last stage of its Recapitalisation Plan with the issuance of €500 million Tier 2 own funds securities, once again placed exclusively with institutional investors of private sector.

This issuance occurred following the agreement with DG Comp in 2018 to the effect that this type of issuance would be in compliance with the objectives set out in 2017 to strengthen capital ratios by replacing a second issuance of Additional Tier 1 securities. This concordance not only recognised the significant progress achieved by CGD in the implementation of its Strategic Plan 2017 - 2020 but also enabled significant cost reductions to be achieved as the yield was 5 percentage points (p.p.) down over the issuance of 2017.

With this issue, CGD completed its Recapitalization Plan with a total of 4,944 million euros. The successful completion of the Recapitalization Plan implemented at different stages, and consequent reinforcement of its solvency, allowed CGD to focus on the implementation of its 2017-2020 Strategic Plan.

Strategic Plan 2017 – 2020

CGD’s recapitalisation was designed on the basis of a Strategic Plan which has defined the Bank’s strategy up to 2020 and which evidences the rationality and sustainability of CGD’s sole shareholder’s investment decision.

The Portuguese state and CGD strongly support the viability of the Strategic Plan, agreed with DG Comp. The main reasons underlying this position are:

- The Plan is based on a non-disruptive but prudent macroeconomic scenario, namely with negative interest rates until the beginning of 2020;
- There is a significant restructuring of the operational platform, which corresponds to an area under the control of the management team;
- The restructuring of the international presence, based on criteria of economic and strategic rationality, will simplify and mitigate the risk of CGD's subsidiary portfolio and consolidated balance sheet;
- The Plan includes the reinforcement of the Group's risk management practices, aiming to align CGD with the best market practices;

- The revaluation of the credit and securities portfolios will allow for a normalization of the cost of risk; and
- The conditions of corporate governance and remuneration were revised in order to allow CGD to operate on an equal footing with other competitors in the market.

The Strategic Plan includes (i) the macroeconomic context, (ii) a viable restructuring plan, including important disposals of non-strategic operations, (iii) a detailed analysis of gains and losses, as well as the evolution of CGD's balance sheet, with projections of the financial statements after the capital increase, (iv) an indication of the expected returns and (v) deadlines defined for said expected returns.

As the objective of the measures contained in the Strategic Plan is to ensure CGD's long term sustainability and the creation of value for its shareholder, it is, accordingly, based on the following principles:

- To maintain its current leading position in the market without any fundamental change to its current business model as a "universal" (i.e. general) bank;
- To improve the operational efficiency of its domestic operations, combining it with a simplification of the Group's structure and restructuring of its international portfolio;
- To guarantee attractive returns (>9%) for its investor over a 5 year period;
- To strengthen the Bank's solvency levels in order to meet the requirements defined by supervisors and market expectations (SREP decision), Common Equity Tier 1 (CET1) above 12.5%;
- To maintain an independent and responsible governance and management model.

CGD'S STRATEGIC PLAN 2017-2020: 5 PILLARS

1	2	3	4	5
Focus on economy	***Competitiveness***	***International coverage***	***Trust***	***Client Service***
*Enhance **commercial franchises** (retail, SMEs, large corporates) to **ensure sustainability***	*Adjust **operational infrastructure** (distribution platforms, central areas) and **investment in human resources***	*Restructure the **international portfolio** as a complement to the domestic operation*	*Strengthen the Group **risk management model** and **governance** to improve balance sheet solvency and resilience*	*Focus on the **Client experience**, through **digitalization** (end-to-end journeys) and **service levels***

The Strategic Plan contains 5 essential pillars:

***Pillar 1** - Modernising of the commercial domestic franchise to assure long-term sustainability*

This pillar's main initiatives include:

- Reviewing strategic market segments and upgrading the commercial offer;
- Reviewing bancassurance and asset management models which acts as a basis for sales of off-balance sheet products;
- Defining a plan to improve the level of involvement with SME (small and medium sized enterprises), capturing short-term financing and treasury management fees;
- Optimising credit processes.

In 2019, the following achievements were recorded:

#1 Review of commercial offer and service models

- Around 270.000 new “*Contas Caixa*” accounts (a bundle of services for retail clients) were sold reaching 1.79 million in December and achieving the estimated commission objective while increasing customer involvement;
- New off-balance sheet products were launched:
  - “*Seguro Financeiro Flexi-Mais*”, a financial insurance offering several investment options in a single contract, enabling a better adjustment to the investor's risk profile and to the market conditions;
  - “Retirement Savings Plan” an Investment Fund, with differing risk levels and an opportunity of obtaining tax benefits;
- The Wealth Management business evolved from a Portfolio Management service to an Investment Advisory Service, capitalising on its offer of Caixa Wealth funds;
- Commission income increased on the year in Investment Funds (25%) and from Non-financial insurance (19%).

#2 Improvement of commercial performance in Household sector:

- Nearly 35% of Portuguese citizens have CGD as their main bank (BASEF study, december19);
- Leading position in University Students segment (2019 campaign covered 42 Universities and Institutes with over 35 thousand new students);
- CGD maintained a leading position in new mortgage loans achieving a 20% market share notwithstanding price competitiveness in this market (mortgage brokers contributed significantly to this performance originating around 50% of new loans);
- Significant performance in new production in all main products areas:
  - Mortgages: + 33% yoy;
  - Health Insurances: +18% yoy;
  - Investments funds: 34% of market share (+0,8 p.p. yoy);
  - Debit cards: more than 250.000 cards placed, 140.000 to first time debit card customers replacing the Passbook as a means of managing accounts.

#3 Strengthen of corporate margins

- New credit solutions launched:
  - *Circular Economy Credit Solution* for industrial and tourism companies aiming to transition to a more circular economy;
  - *Brexit Exposure Credit Line* addressing companies with exposure to the UK market and which demonstrate financing needs for investment and / or working capital related to Brexit response strategies.
  - Centralized credit approval for 8,300 small companies based on prudent risk criteria
  - Launch of a new acquiring offer: *Caixa Pay* - a specific card reader associated with a mobile app that transforms any smartphone or tablet into a POS.

#4 Improvement of commercial performance (SME and Corporates)

- MLT New Credit facilities, namely for Caixa TOP clients
- Leasing Offer reinforcement:
  - Special price for financing of green vehicles: 16 M€ in sales;
  - Sector specific conditions: 17,7M€ in Agro Business and 92,5 M€ for *Leasing Flex* (*Caixa TOP* clients facility);
  - Fixed Rate Offer (tenors ranging from 2 to 7 years for equipment and 7 to 20 years for real estate): 32 M€ in sales;

- Preferential conditions in Real Estate Leasing for buying CGD Group properties: 48,3 M€ in sales;

- *Increased transaction business and Services such as* the release of *Contas Caixa* (bundle of services) for corporate clients: 1.472 active accounts by December.
- *Trade Finance*
    - Radio and newspapers ad campaign aimed at corporates with an international business profile;
    - Reduced spread on new credit with COSEC credit insurance sold by CGD;
    - *Trade Finance Kit* made available on "Caixadirecta" increasing online service.

#5 Upgrade of credit processes

- Reduction of credit decision response time, including 48 hours maximum for some clients in lower risk products;
- Increase in credit decision automatization level (instant decision) – corporates: 35% of all credit proposals and individuals: 70% on average;
- Credit pre-approval applied to commercial leads: €1.4 billion of corporate loans (97% in credit lines with mutual guarantees or European Investment Fund lines) and €0.6 billion in credit to Individuals (credit cards);
- Creation of dedicated units to the real estate sector, keeping real estate risk analysis separated from credit risk analysis and decision.

***Pillar** 2 – An adjustment to CGD's domestic operational infrastructure in order to improve efficiency. This pillar's main initiatives include:*

- An adjustment to the branch office network with a reduction of around 180 branch offices;
- Staffing reductions of around 2,200 employees (in addition to the exit agreements in 2016 under the *Horizonte Plan*'s early retirements programme);
- An improvement of human resources management, including training;
- An improvement of levels of customer care and services based on the digitalisation of processes.

This pillar's strategic initiatives produced the following results in 2019:

#6 Optimization of retail distribution network

- Creation of a new commercial presence in some locations, based on flexible solutions that privilege commercial proactivity, customer service and optimised cost structure: 30 units by December. Preliminary results demonstrate that the model meets the customer needs while ensuring cost reduction.
- CGD closed 33 branches in 2019. The total closures since 2016 reaches 171 branches.

#7 Optimization of administrative costs

- In 2019 CGD continued its effort to reduce administrative costs, having reduce a total of 23M€ (-11%), through:
    - Reduce mailing costs (decrease in frequency and volume);
    - Cancellation of outsourced services, replacing them with internal resources;
    - Improved energy efficiency, (implementing LED lighting in branches and resetting light turn-off schedule at headquarters);
    - Rationalized marketing and communication expenditures.

#8 Rationalization of structure and talent management

- Staff reduction through Early Retirement (288) and Mutual Agreement Resignations (163) programmes;
- By the end of 2019, CGD has already reduced 1.768 employees since the beginning of the Plan;
- Optimization of CGD's organizational and functional model through:

- the concentration of similar functions in single structures, such as the centralization of IT functions of all domestic Group Entities;
- the centralization of operational and support functions.

#9 Information architecture / Business Intelligence (BI) / Management Information System (MIS)

- *Management Information System* – central repository for business reports had new contents created to respond to urgent business monitoring needs;
- *Enterprise Information System* – a quality analysis of the analytical reports was carried out and improvements identified to be followed through in 2020.

***Pillar 3** – Restructuring of the international portfolio with the objective of focusing on selected geographies.*

CGD's international portfolio mainly consisted of nine subsidiaries and nine branches. Aiming to reduce international risk and focusing on higher priority geographies - those with greater business affinity with Portugal - CGD has developed a focused approach to its business and governance models for those assets to be retained and proceeding with the sale of disposable assets in non-priority geographies.

During 2019, disinvestment initiatives in the international units were the following:

#14 Divestment of international operations – Sale

- BCG Spain – sale concluded on October 14th;
- Mercantile – sale concluded on November 7th;

#15 Divestment of international operations – Wind Down

- CGD Luxemburg branch – business closure. Debanking activities in progress
- Spain Branch – wind down underway with final asset sales being carried out.

#16 Reinforcement of international operations governance model

- Increased monitoring responsibilities by CGD's Supervisory Board and Board level Audit & Compliance and Risk Committees;
- Setting up of specialized Committees in the subsidiaries, in order to support the local Boards of Directors;
- Enhanced CGD involvement in shaping and challenging its international affiliates' strategic business plans and budget;
- Continuing adoption by CGD's international units of internal norms, rules and processes already in effect at CGD;
- Enhancement of local control functions under way.

***Pillar 4** – Restructuring of CGD's assets portfolio and strengthening of its risk management model with the objective of improving balance sheet solvency and resilience.*

It includes initiatives designed to ensure that CGD's risk management is in line with the best international and regulatory standards and to guarantee the implementation of an efficient risk business model. Amongst its priorities is the deleveraging of NPLs (non-performing loans), as agreed with the ECB.

Initiatives in the short and medium term already produced a significant number of results:

#10 Upgrade of risk model

- *ICAAP*: Local Internal Capital allocation and adequacy assessment ensured for all core units. First quantification of local capital adequacy was completed in the 4th quarter of 2019;
- *Stress Test*: 2020's EBA/ECB Stress Testing Exercise was initiated in 2019 with outcomes required to be reported in the first quarter of 2020;
- Work continued to be carried out on the development and validation of scoring and rating models for the Group Entities' along with local model development in BNU Macau, BCI Mozambique, Banco InterAtlântico, France Branch and BCG Angola;

- A new CRR compliant Recoveries Database and Loss Given Default model development was prepared.

#11 Optimization of recovery (standard)

- A new recovery model, aiming to centralize and optimize the recovery process, was concluded;
- 4 NPL Portfolio Sales concluded in 2019, made up mostly of mortgage loans.

#12 Optimization of recovery (specialized)

- 2 NPL sales of SME credit carried out including real estate assets;
- Single name NPL sales carried out for the first time.

#13 Optimization of recovery (Real Estate)

- Sales objectives for Mass Market assets surpassed;
- Value preservation objectives also met with sales values 9% above Gross Book Value;
- 2 real estate funds sold reducing the volume of investment properties;
- Sale of *Nova Arcada Shopping Center* closed in 4th quarter 2019.

#17 Recapitalization

- Recapitalization plan concluded in 2018 following the initial phases in 2017.

***Pillar 5** - Customer service*

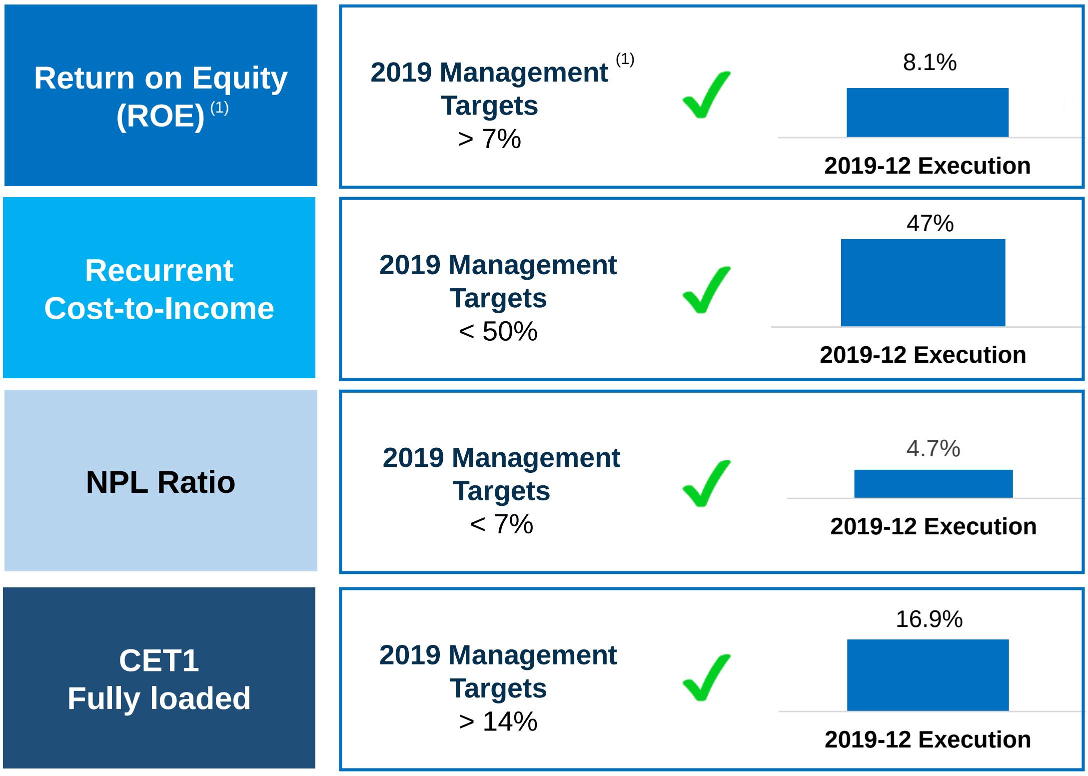
A new pillar designed to respond to the challenges of digitalisation and customer service was created at the end of 2017. This pillar seeks to implement CGD's digital transformation strategy and redesign the so-called "customer experience" thus further optimizing customer service levels.

In 2019, the following achievements were recorded:

- App DABOX - a financial personal trainer that benefits from PSD2, with accounts aggregation, categorization and monitoring financial goals - launched for non-clients;
- Launch of CAIXA Intelligent Virtual Assistant - voice recognition technology that allows clients to execute the main financial transactions in Caixadirecta;
- New products and services launched in Caixadirecta online for individuals, including payments with QR Code; structured deposits; opening of financial assets account; new brokerage features;
- 500.000 clients managed remotely, an increase over the previous year;
- 1 million Caixadirecta App downloads milestone achieved;

Several Digital Banking prizes and distinctions were received, both in Portugal and at an European level, a recognition of the quality and innovation of CGD's offer.

The Strategic Plan execution in 2019 enabled the successful achievement of a large number of targets set out for the year in, expressed in the main financial ratios:



(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders ' equity (average of 13 monthly observations, annualized.

1.4.3. Main risks and uncertainties in 2020

The considerable slowdown of global growth, in 2019, mainly derived from the deceleration of world trade, with a 4% decrease of the growth rate in 2018, to around 1% in 2019. This moderation derived from the levying of tariffs and other barriers to trade erected by the US and China, in a context of a maturing global economic cycle. A cooling world economy across the year as a whole was accompanied by moderation of activity in the services sector. The deceleration affected both the developed and emerging economies and the world economy's rate of expansion was the lowest since the financial crisis of 2008-09.

The central scenarios on economic growth projections for 2020 were revised downwards across 2019 and significantly so in several cases. Estimates at the start of this year indicated a slight acceleration of the global economy, that growth in the emerging bloc would be higher than in the preceding year and that the developed countries bloc would expand at a lower rate than in 2019. Economic growth, however, was soon compromised at the start of the year owing to the substantial change deriving from the outbreak of the coronavirus in China.

Economic activity in China was suspended for two months and extreme containment and quarantine measures taken. This caused an abrupt fall of rates of activity in all sectors and a significant impact in surrounding countries such as South Korea and Japan, resulting from the reduction of international trade deriving from significant disruptions to production and supply chains.

The COVID-19 epidemic rapidly spread to the developed bloc and to Italy in the first instance, in which the number of cases confirmed by the end of February had recorded exponential rates of growth and a high associated death rate. The spread of COVID-19 to other European countries and later to the US witnessed an expansion of social isolation and quarantine measures, limiting people's movements to the minimum necessary and almost fully paralysing the world economy for an indeterminate length of time, both in the case of industry as in services and particularly in several sectors such as aviation and tourism.

This crisis will represent an unprecedented economic shock, at least up until the second half of the year, in which an even deeper worldwide recession than that of the financial crisis of 2008 is indicated by diverse projections, diverging solely in terms of its expected magnitude. If the risk, on the supply side is one of the destruction of productive capacity, following dismissals and corporate bankruptcies, risks on the demand side are associated with the reduction of consumption, investment and external demand and greater risk aversion. The combined impact of these two effects will be all the greater to the extent of the duration of the measures to contain the spread of the virus.

Central banks and governments have made significant, concerted efforts in their response to fears over the depth of the recession expected for 2020, particularly in the first and second quarters.

In terms of monetary policy, diverse central banks decided to reduce their reference rates to historically minimum levels and to implement or extend programmes with unconventional measures, as exemplified by the US Federal Reserve (Fed) or the European Central Bank (ECB), in the case of the former for an unlimited length of time and amounts, prioritising liquidity and ensuring accommodative financial conditions. The ECB, in turn, significantly increased the amount of its assets purchase programme up to the end of 2020, eliminating the maximum amount of 33% on the purchase of the sovereign and treasury bonds of member states and stating that the package would have the flexibility to benefit countries most affected by COVID-19. This should enable the ECB to wield greater control over the dispersion of spreads between euro area countries.

In fiscal terms, government programmes comprising lines of credit for households and companies, with the aim of boosting economic recovery, were introduced at the start of the third quarter. Such fiscal endeavours, for many countries, entail a highly significant deterioration of the fiscal situation and higher levels of public debt and will be all the greater to the extent of the difficulty in containing the spread of the virus, therefore posing a potential risk to solvency in the future.

In spite of moderating economies and increased levels of political uncertainty, 2019 was characterised by an across-the-board appreciation of the main asset classes, fuelled by the decision of the main central banks to strengthen existing monetary stimuli. The net amount of the reduction of reference rates across the second half was the most expressive since the start of the financial crisis. Notwithstanding substantially lower profits, global equity indices achieved their highest returns of the last decade whereas tightening spreads benefited both government and credit bonds.

Financial markets continued to be moderately optimistic in the transition to 2020, based on the resolution or non-worsening of commercial tensions and the prospective maintenance of expansionary monetary policies. The viral epidemic, however, had a profound impact on the main asset classes, particularly from the end of February, changing the outlook over the short and medium term.

Owing to COVID-19's impact on the economy, financial assets at greater risk, such as equity markets, are expected to remain enshrouded in a high level of uncertainty while, as noted, demand for safe assets, such as sovereign bonds and gold has been increasing. Notwithstanding, inevitable increases in debt levels, owing to the mitigation measures taken by governments, will bring additional pressure to bear on the borrowing costs of the most affected countries, particularly in Southern Europe which continue to have very high public debt levels.

One of the risks associated with COVID-19 is naturally public health, given the high level of sacrifice which may be caused by the epidemic as in Italy, Spain and other countries. This could also happen in other European countries and it is not possible to exclude a scenario in which national health services will not have the capacity to respond to sharp growths in the spread of the virus.

Although the COVID-19 epidemic poses the greatest risk for 2020, there are other risks related to commercial tensions and their impact on the world economy. Such tensions can also react with the outbreak itself and further affect the already highly negative outlook for growth. Although the announcement of the signing of stage one of the trade agreement between the US and China, in January, helped to reduce these tensions, its impact will be limited as the previous tariff increases will not be reversed and will therefore continue to place a burden on the commercial performance and activity of both countries.

China's economy is expected to decelerate significantly in the first and second quarters of the year together with the after effects of the trade war. These effects are occurring at a time of structural adjustment when the authorities are endeavouring to increase the proportion of domestic demand, lessening the economy's reliance on foreign trade while struggling with the high debt levels of state and local companies. China's deceleration will continue to limit the recovery potential of its main trading partners given its size and proportion of global value chains.

Corporate debt levels in both diverse developed countries such as the US and emerging countries such as China have not been major concerns in terms of investors' risk appraisals although several institutions such as the World Bank have, for many years, emphasised the existence of such potential risk. This situation has been incentivised by the low or negative interest rate policies of several central banks such as the ECB and accompanied by excessive risk-taking by investors, creating the potential for speculative bubbles in several asset classes and in real estate. The sudden increase in risk aversion and the highly significant deterioration of financial conditions could trigger a significant increase in costs or funding limitations with which several companies and many households may be unable to cope.

Another added risk this year, emerging almost at the same time as the COVID-19 crisis was in the oil sector and is predominantly associated with pressures on oil prices which are at their lowest for many years. In addition to the increased risk of a global recession and consequent reduction of requirements for raw materials, the fact that producers have focused on increasing supply has caused a build-up of stocks and up to a 70% drop in commodity prices, taking Brent crude to close to $20. These developments have impacts on oil exporting countries such as Angola. The effect in the developed bloc is associated with worsening deflationary trends.

Notwithstanding the current COVID-19 outbreak, other risk elements will continue to be present when things return to the desired normality. The intensification of social crises in 2019 should serve as a warning of the impacts related to the perception of social injustice in terms of wealth distribution as a factor which may cause convulsions and unrest, a warning on which was recently issued by the United Nations in its Human Development Index report, and which will have a prejudicial effect on economic activity and contribute to the deterioration of the public accounts, affecting the predictability of election results and strengthening populist policies and discourse.

Reference must, lastly, be made to the role of climate change and extreme climatic events. Although dozens of countries are signatories to the Paris accord and have undertaken to limit temperature increases to 2°C by the end of the century, many countries were not able to implement the necessary policies at a time when such changes have already caused high levels of damages to assets, putting human life at risk and triggering significant losses of biodiversity in addition to restricting economic growth and affecting corporate returns and the well-being of populations while generating the potential for economic-social unrest.

As regards the Portuguese economy, real GDP, in 2019 grew at a rate of 2.2%, against 2.6% in 2018, translating into a second consecutive year of growth moderation converging to a rate more in line with potential. Prior to the COVID-19 epidemic, the Bank of Portugal (BdP), in its economic bulletin for December 2019 projected a growth rate of 1.7% for this year. In its economic bulletin for March 2020, the BdP made significant changes to its base scenario and is now forecasting annual contraction of 3.7% of real GDP in 2020, with a sharp drop in economic activity in the first half of the year, particularly in the second quarter and likely to trend to growth only at the end of the year. This scenario is highly dependent upon the capacity to mitigate the economic impacts and containment of the spread of the virus.

Growing external interdependence over the last few years has left the country even more exposed to the rest of the world. The principal risks conditioning the Portuguese economy, in 2020, are unfavourable. The main external risk to domestic activity is a major recession of the global economy, particularly in the case of its major trading partners which impacts not only exports of goods but particularly tourism. Domestically, reference should be made to the risks inherent to the support measures for households and added costs for the healthcare system which may trigger an increase in general government debt levels and amplify Portugal's vulnerability to sudden changes in external financing conditions accentuated by a potential revaluation of risk premia.

Faced with a marked contraction of the domestic and international economy and given its high levels of debt, Portugal runs the risk of higher borrowing costs in the market in addition to the terms and average interest portfolio rates. This situation is in contrast to the recent substantial decrease of yields on sovereign bonds across 2019 and rating upgrades from Standard & Poor's in March and the improved DBRS classification, in this case from "BBB" to "BBB high", in October, strengthening the quality of the level of investment in Portuguese debt securities.

A pandemic scenario and its severe economic impacts, were, up to a short time ago, considered remote. The total extent of their consequences for the banking sector is difficult to gauge. In conjunction with the COVID-19 outbreak in operational terms, the banks will be affected by numerous factors.

Firstly, the time factor is paramount. Whereas the impact of an outbreak lasting several months will be more easily resolvable, a severe crisis extending over a longer period will pose a major challenge to the banking system as a whole. Therefore, as the full extent of COVID-19's effects on the economy become clearer in terms of GDP contraction, a higher deficit and public debt levels, its impact on the banks will also be revealed. The banks, however, can expect higher operating costs, lower commission earnings, an additional compression of net interest income, credit losses and growing compliance and corporate governance challenges. In parallel, the policy in force over the last few years in terms of low interest rates, allied to liquidity shortages and the current depth of financial markets, will drive disinvestment in asset classes considered to be at risk of being overvalued and eventually have a negative impact on investment portfolios. On the credit portfolio side, there will be growing concern over economic sectors related to leisure and tourism and possibly smaller businesses or those that are unable to operate remotely. There will therefore be a risk of the negative evolution of the NPL stock and lower levels of bank profit penalised by the need for impairment, particularly after the end of the moratoria under the contingency measures for the COVID-19 outbreak, notwithstanding greater, albeit temporary, flexibility in the requirements of European regulators and supervisors.

The feedback loop between banks and sovereign issuances and increased financial market volatility are also expected to trigger a significant deterioration of borrowing conditions in the market.

Compounding this extraordinary challenge, given its complexity on an operational, regulatory and even human level will be the already existing challenges deriving from the current restructuring of the banking business model. Inaction and a failure to adapt the banking business model to new social, economic and technological challenges will put returns and economic feasibility at risk. In light of its contributions to reducing costs, with more agile, efficient processes and in securing business opportunities based on personalisation and an improved offer of products and services, digital transformation is considered fundamental to the future of the banking sector.

As a result of the digitalisation process of financial services banks are currently more exposed to cyberattack or technological operating problems. Excessive reliance on end-of-life IT systems i.e. without security updates and therefore more open to cybercrime, existing concentration on the supply of several IT services and frequent use of digital media in terms of customer relations during the period of social distancing measures, required by the COVID-19 outbreak created potentially systemic repercussions in terms of security failures and may create additional risks for the banking sector.

Lastly, an additional source of risk to the banking sector is related to climate change, either in the form of growing signs of its physical consequence or uncertainty over the form of adopting a low carbon economy (transition risks) and particularly regarding the speed of this transition (i.e. a soft as opposed to a hard landing). This aspect may imply changes to bank assets namely as regards their exposures to brown assets.

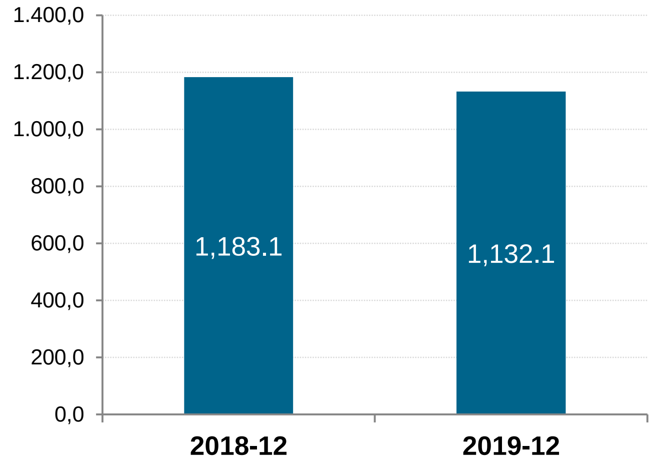
1.4.4. Consolidated activity

Results

Net interest income, at 31 December 2019, was down 4.3% by €51.1 million over the preceding year to €1,132.1 million owing to the situation with interest rates which sank to historical minimums in third quarter 2019 and very significant amount of early redemptions of credit by public entities.

NET INTEREST INCOME

(EUR million)



INCOME STATEMENT (CONSOLIDATED)

(EUR thousand)

	2018-12	2019-12	Change Total	Change (%)
Interest and similar income	2,041,382	1,828,091	-213,291	-10.4%
Interest and similar costs	858,267	696,033	-162,234	-18.9%
Net interest income	1,183,114	1,132,058	-51,057	-4.3%
Income from equity instruments	16,828	31,496	14,668	87.2%
Net interest inc. incl. inc. from eq. investm.	**1,199,942**	**1,163,553**	**-36,389**	**-3.0%**
Fees and commissions income	603,876	630,352	26,476	4.4%
Fees and commissions expenses	123,787	128,449	4,663	3.8%
Net fees and commissions	480,089	501,902	21,813	4.5%
Net trading income	30,197	82,529	52,332	173.3%
Other operating income	47,707	136,060	88,353	185.2%
Non-interest income	**557,994**	**720,491**	**162,498**	**29.1%**
Total operating income	**1,757,936**	**1,884,045**	**126,109**	**7.2%**
Employee costs	609,781	583,373	-26,408	-4.3%
Administrative expenses	314,275	287,162	-27,112	-8.6%
Depreciation and amortisation	59,902	94,255	34,353	57.3%
Operating costs	983,958	964,790	-19,168	-1.9%
Net operating income before impairments	**773,977**	**919,254**	**145,277**	**18.8%**
Credit impairment (net)	121,394	-47,565	-168,959	-139.2%
Provisions and impairm. of other assets (net)	-88,695	-124,965	-36,269	-
Provisions and impairments	**32,699**	**-172,530**	**-205,228**	**-627.6%**
Net operating income	**741,279**	**1,091,784**	**350,505**	**47.3%**
Income Tax	**306,742**	**332,045**	**25,304**	**8.2%**
Current	64,587	111,522	46,935	72.7%
Deferred	209,295	193,494	-15,801	-7.5%
Contribution on the banking sector	32,860	27,029	-5,831	-17.7%
Net op. inc. after tax before non-contr. int.	**434,537**	**759,739**	**325,202**	**74.8%**
Non-controlling interests	43,788	49,904	6,116	14.0%
Results of associated companies	52,281	43,121	-9,161	-17.5%
Results of subsidiaries held for sale	52,745	22,973	-29,772	-56.4%
Net income	**495,776**	**775,928**	**280,153**	**56.5%**

Income from services and commissions was up 4.5% by €21.8 million over December 2018 to €501.9 million in 2019.

Income from financial operations was up 173.3% over 2018 to €82.5 million, buoyed by the favourable performance of the financial assets portfolio and respective coverage.

Other operating income was up €88.4 million over 2018 to €136.1 million.

The banking product generated by CGD in 2019 thus reached 1,884 million euros, an increase of 7.2%, +126.1 million euros compared to 2018, mainly influenced by the positive changes in the results of services and fees, as well as in other operating results.

Operating costs, in 2019, were down 1.9% to €964.8 million. This positive year-on-year evolution over the same period 2018 was impacted by reductions of 4.3% in general administrative costs and 8.6% in the case of employee costs. This amount includes a non-recurring cost of €50.7 million for early retirement and voluntary redundancy programmes, mainly as a charge to the use of the same amount from the provision which was set up in 2017 for this purpose. The increase of depreciation and amortisation derives from the coming into force of the new IFRS 16 accounting standard and was offset by a reduction of general administrative costs in the form of rents and leases.

OPERATING COSTS

(EUR million)

	2018-12	2019-12	Change Total	Change (%)
Employee costs	609.8	583.4	-26.4	-4.3%
Administrative expenses	314.3	287.2	-27.1	-8.6%
Depreciation and amortisation	59.9	94.3	34.4	57.3%
Total	**984.0**	**964.8**	**-19.2**	**-1.9%**

The main costs and respective changes in general administrative expenses were as follows:

ADMINISTRATIVE EXPENSES

(EUR million)

	2018-12	2019-12	Change Total	Change (%)
Total	**314.3**	**287.2**	**-27.1**	**-8.6%**
Of which:				
Water, energy and fuel	15.9	14.6	-1.3	-7.9%
Rents and leases	47.7	7.2	-40.4	-84.9%
Communications	24.3	26.4	2.1	8.8%
Advertising and publications	16.0	15.3	-0.7	-4.6%
Maintenance and repair	32.4	31.7	-0.7	-2.3%
IT	55.1	57.0	1.9	3.4%
Security and surveillance services	6.5	6.1	-0.4	-5.6%
Transport of cash and other values	9.3	9.0	-0.3	-3.4%

Cost-to-income, owing to improvements comprising a reduction of operating costs and an increase of total operating income totalled 50.1%, in comparison to 54.4% in 2018. Cost-to-core income, which excludes income from financial operations and non-recurring costs were down from 56.3% to 55.9%.

EFFICIENCY RATIOS

	2018-12	2019-12
Cost-to-income (consolidated operations) (1)	54.4%	50.1%
Cost-to-core income (2)	56.3%	55.9%
Employee Costs / Total Operating Income (1)	33.7%	30.3%
Recurrent Employee Costs / Total Core Oper. Income (2) (3)	33.9%	32.6%
Administrative Expenses / Total Operating Income	17.9%	15.2%
Operating Costs / Average Net Assets	1.1%	1.1%
Total Operating Income / Average Net Assets	2.0%	2.2%

(1) Calculated in accordance with Bank of Portugal Instruction 6/2018.
(2) Cost-to-core income ratio = Operating costs /Total operating income of core activity.
(3)Total operating income of core activity = Net interest income + net fees and commissions.

Net operating income before impairment was up 18.8% by €145.3 million. Contributory factors were the increase of around €162.5 million in non-interest income, €52.3 million in income from financial operations and a contribution of €88.4 million from other operating income.

CONTRIBUTION TO NET OPERATING INCOME BEFORE IMPAIRMENTS

(EUR million)

			Change	
	2018-12	2019-12	Total	(%)
Domestic commercial banking	396.4	511.7	115.4	29.1%
International activity	245.1	270.3	25.2	10.3%
Investment banking	52.1	26.5	-25.6	-49.2%
Other	80.4	110.7	30.3	37.7%
Net Operating Income before Impairments	**774.0**	**919.3**	**145.3**	**18.8%**

An amount of €47.6 million in impaired credit was recognised in the CGD's consolidated accounts for the period January − December 2019. This amount derives from the accounting of €61 million in impairment net of cancellations and reversals which was more than absorbed by €108.6 million in credit recoveries.

Based on the above, the impaired credit indicator as a percentage of the average credit portfolio balance (cost of credit risk) was a negative 0.09% in December 2019. Impairment of other assets reflects the reversal related to the disposal of the subsidiaries in Spain and South Africa.

PROVISIONS AND IMPAIRMENT FOR PERIOD

(EUR million)

			Change	
	2018-12	2019-12	Total	(%)
Provisions (net)	-113.7	-22.5	91.2	-
Credit impairment	121.4	-47.6	-169.0	-139.2%
Impairment losses, net of reversals	217.3	61.0	-156.3	-71.9%
Credit recovery	95.9	108.6	12.7	13.2%
Impairments of other financial assets	14.8	49.1	34.4	232.7%
Impairments of other assets	10.2	-151.6	-161.8	-1580.6%
Provisions and impairments for period	**32.7**	**-172.5**	**-205.2**	**-627.6%**

Operating income for the year amounted to €1,091.8 million, against €741.3 million in 2018.

Income tax for 2019 amounted to €332.0 million against €306.7 million for the same period 2018, an increase justified by the rise in operating results. The referred to tax includes a banking sector contribution of €27.0 million in 2019.

Income from held-for-sale subsidiaries was down 56.4% to €23 million owing to the disposal of the international subsidiaries across the year. Income from companies measured by the equity accounting method, impacted by the smaller contribution from the insurance area, was down 17.5% to €43.1 million

The referred to evolution resulted in consolidated net income of €775.9 million for CGD in 2019, against €495.8 million for the preceding year, up 56,5%.

This amount includes non-recurring income of €143.5 million, for the disposal processes on the international subsidiaries mostly comprising reversals of impairment declared in 2017, based on a prudent valuation policy on such assets.

Balance sheet

CGD's consolidated net assets were down 3.8% over the end of the preceding year to €85,776 million at 31 December 2019. This was mainly influenced by the 81.0% reduction of non-current assets held-for-sale deriving from the disposal of Banco Caixa Geral (Spain) in October and Banco Mercantile (South Africa) in November, in due furtherance of the bank's strategic plan and optimisation of its balance sheet.

CONSOLIDATED BALANCE SHEET - AT 31 DECEMBER

(EUR million)

	Restated		Change (Restated)	
Assets	2018-12	2019-12	Total	(%)
Cash and cash equivalents with central banks	5,528	7,304	1,775	32.1%
Loans and advances to credit institutions	3,057	3,218	162	5.3%
Securities investments	16,383	20,452	4,069	24.8%
Loans and advances to customers	51,144	47,974	-3,170	-6.2%
Assets with repurchase agreement	55	11	-44	-80.5%
Non-current assets held for sale	7,028	1,333	-5,695	-81.0%
Investment properties	810	186	-624	-77.1%
Intangible and tangible assets	491	659	168	34.2%
Investm. in subsid. and associated companies	384	462	78	20.2%
Current and deferred tax assets	2,151	1,870	-281	-13.1%
Other assets	2,097	2,307	211	10.1%
Total assets	**89,129**	**85,776**	**-3,353**	**-3.8%**
Liabilities				
Central banks' and credit institutions' resources	1,797	1,078	-719	-40.0%
Customer resources	62,714	65,792	3,078	4.9%
Debt securities	3,260	2,463	-797	-24.4%
Financial liabilities	738	909	171	23.2%
Non-current liabilities held for sale	6,185	981	-5,204	-84.1%
Provisions	1,047	1,044	-3	-0.3%
Subordinated liabilities	1,160	1,116	-43	-3.7%
Other liabilities	3,943	3,827	-116	-2.9%
Sub-total	**80,843**	**77,210**	**-3,633**	**-4.5%**
Shareholders' equity	**8,285**	**8,566**	**281**	**3.4%**
Total	**89,129**	**85,776**	**-3,353**	**-3.8%**

Investment properties recorded a decrease of 624 million euros, over December 2018, strongly influenced by the reduction of CGD's equity participation in several real estate funds, especially the Fundimo Fund.

Total liabilities were down 4.5% by €3,633 million over December 2018. Special reference in terms of its evolution should be made to the 40.0% reduction of €719 million in central banks' and other credit institutions' resources and debt securities which were down 24.4% by €797million.

The contribution to consolidated net assets from the various Group entities was as follows:

CGD GROUP'S CONSOLIDATED NET ASSET - OUTSTANDING BALANCES AT 31 DECEMBER)

(EUR million)

CGD'S GROUP	2018-12		2019-12	
	Total	Structure	Total	Structure
Caixa Geral de Depósitos (1)	65,033	73.0%	68,551	79.9%
Banco Caixa Geral (Spain)	4,874	5.5%	0	0.0%
Banco Nacional Ultramarino, SA (Macau)	828	0.9%	787	0.9%
Caixa Banco de Investimento	787	0.9%	579	0.7%
Caixa Leasing e Factoring	19	0.0%	19	0.0%
Banco Comercial do Atlântico (Cape Verde)	203	0.2%	216	0.3%
BCG Angola	152	0.2%	154	0.2%
Other companies (2)	17,233	19.3%	15,470	18.0%
Consolidated net assets	**89,129**	**100.0%**	**85,776**	**100.0%**

(1) Separate activity.
(2) Includes units consolidated by the equity accounting method.
Note: December 2018 values are restated.

The securities investments balance, including securities with repurchase agreements and trading derivatives was up 24.5% by €4.025 million over the preceding year amount to €20.463 million at the end of 2019. This evolution was determined by the increase in "Investments at amortized cost", which were up by 5.099 million euros compared to the end of 2018.

SECURITIES INVESTMENTS (CONSOLIDATED) [(a)] - OUTSTANDING BALANCES AT 31 DECEMBER)

(EUR million)

	Restated		Change	
	2018-12	2019-12	Total	(%)
Fin. assets at fair value through profit or loss	7,696	7,835	139	1.8%
Financial assets at fair value through other comprehensive income	4,822	3,609	-1,213	-25.2%
Other investments at amortized cost	3,920	9,019	5,099	130.1%
Total	**16,438**	**20,463**	**4,025**	**24.5%**

(a) After impairment and includes assets with repo agreements and trading derivatives.

Credit

The loans and advances to customeres portfolio (net) was down 6.2% over the end of 2018 to €47,974 million (net). In terms of new loan agreements, reference should be made to the increase in mortgage loans in Portugal which were up 33.0% by €514 million to €2,073 million, at the end of 2019, strengthening CGD's leading role as the main bank in the individual customers segment.

However, this evolution in new agreements was insufficient to offset the portfolio reduction, strongly influenced by NPL sales and the deleveraging in some customer segments namely in general government.

LOANS AND ADVANCES TO CUSTOMERS [a]

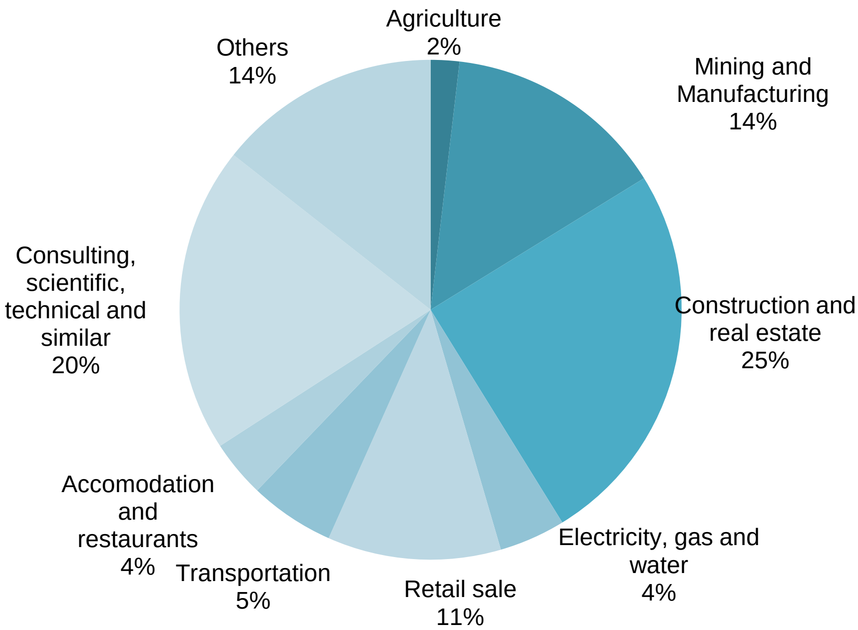
(EUR million)

	2018-12	2019-12	Change 2019-12 vs 2018-12 Total	Change 2019-12 vs 2018-12 (%)
Companies	19,714	18,692	-1,022	-5.2%
General government	5,693	3,176	-2,517	-44.2%
Individual customers	29,518	28,255	-1,264	-4.3%
Mortgage loans	26,862	26,067	-796	-3.0%
Other	2,656	2,188	-468	-17.6%
Total	**54,926**	**50,122**	**-4,803**	**-8.7%**

(a) Consolidated activity. Values before impairment and including assets with repo agreements.

Loans and advances to corporates, heavily impacted by the reduction of non-productive exposures through disposals and write-offs from the credit portfolio across 2019, were down 5.2% by €1,022 million. Special reference should be made, in terms of activity sectors, to construction and real estate (-10.4%) and accommodation and restaurants (-40.2%).

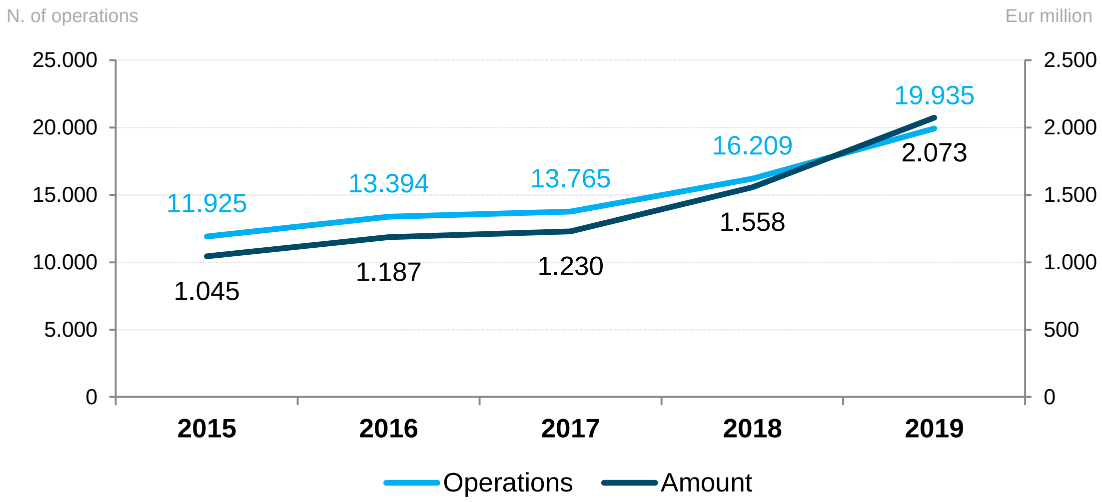
LOANS AND ADVANCES BY CORPORATE SECTOR – STRUCTURE AS OF DECEMBER 2019



The loans and advances to individual customers balance was down 4.3% by €1,264 million to an end of year €28,255 million, deriving from a 3.0% drop in mortgage lending. This latter evolution derived from the fact that the volume of repayments and settlements was higher than on new operations, notwithstanding the increase in the number thereof.

CGD Portugal's new mortgage lending operations have been trending to positive. An additional 3,726 agreements were entered into in 2019, up 33.1% by €515 million over 2018, the amount loaned during the year totalled €2,073 million.

MORTGAGE CREDIT – NEW OPERATIONS (PORTUGAL)



CGD's credit market shares reached 18.2% in December 2019, 14.6 % for corporate credit and 23.6% for individual mortgage loans.

LOANS AND ADVANCES TO CUSTOMERS – MARKET SHARES (PORTUGAL)

BY CUSTOMER SECTOR

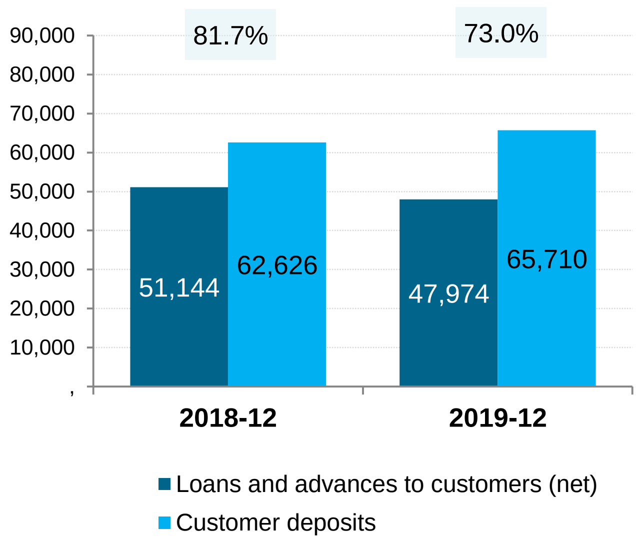
	2018-12	2019-12
Corporate	15.2%	14.6%
Individual customers	21.1%	19.7%
Mortgage loans	24.3%	23.6%
Consumer	4.4%	3.3%
General government	27.6%	26.3%
Total	**19.3%**	**18.2%**

Source: "Estatísticas Monetárias e Financeiras" – Bank of Portugal.

The loans-to-deposits ratio of 73.0%, in December 2019, against 81.7% in December 2018, reflected the increase of customer deposits, which confirms the commitment of CGD´s customers, even in an environment of low interest rates.

LOANS-TO-DEPOSITS RATIO

(EUR million)

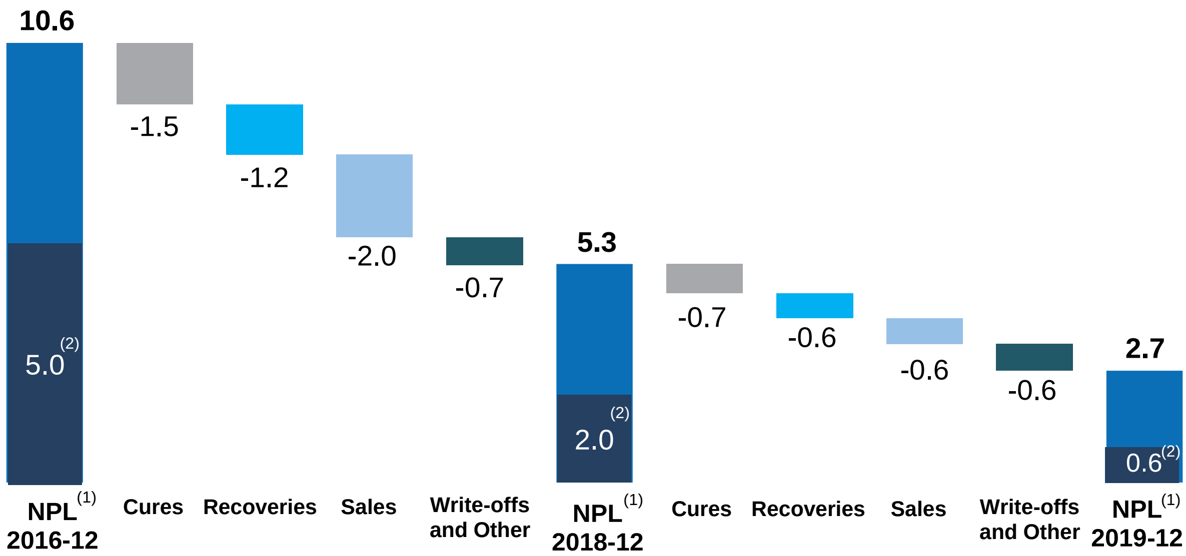


The evolution of CGD's asset quality was favourable, with a reduction of €7.9 billion in NPLs − down 75% over December 2016. In 2019 in addition to the positive evolution of the cured component, there was a favourable behaviour in sales and recovery component.

The NPL ratio at the end of 2019 stood at 4.7% with impairment and collateral coverage of 79.3% and 41.8 % respectively at the said date (total coverage ratio of 121.2%).

NPL EVOLUTION (1)

(EUR billion)



(1) NPL – Non Performing Loans – EBA definition.
(2) NPL net of impairments.

ASSET QUALITY (CONSOLIDATED)

(EUR million)

	2018-12	2019-12
NPL ratio (1)	8.5%	4.7%
NPE ratio (2)	6.7%	3.8%
Forborne ratio for loans and advances (3)	4.2%	3.9%
NPL coverage by impairments	62.4%	79.3%
NPE coverage by impairments	61.6%	73.5%
Coverage ratio on forborne loans and advances (3)	100.1%	84.3%
Crd. imp. (P&L) / Loans & adv. custom. (aver.)	0.21%	-0.09%

(1) NPL - Non Performing Loans (EBA definition) (2) NPE - Non Performing Exposure (EBA definition) (3) EBA definition

__Resources__

The fact that customer resources increased their proportion of Caixa's total liabilities from 72% in December 2018 to 85% at the end of 2019 is clearly indicative of the characteristics of a bank geared to the Portuguese retail market, operating for the benefit of households and companies.

Total resources taken from domestic activity were up 3.8% over the same period last year to €72,949 million at the end of 2019. Reference should be made to the performance of domestic customer deposits (increase of €2,614 million, +4.9%), confirming the commitment and confidence of CGD´s customers. Off-balance sheet products, in spite of the decreases registered in financial insurance component and OTRV Portuguese Government Bonds were up 4.9% by €970 million, with unit trust investment funds posting a 17.1% increase of €640 million and pension funds with a 12.6% increase of €459 million over December 2018.

In Group terms the resources taken balance was up 2.8% by €2,700 million to €91,315 million over December 2018. A contributory factor was the 4.9% increase of €3,083 million in customer deposits.

RESOURCES TAKEN BY GROUP – BALANCES

(EUR million)

			Change	
	2018-12	2019-12	Total	(%)
Balance sheet	**68,931**	**70,449**	**1,518**	**2.2%**
Central banks' & cred institutions' resources	1,797	1,078	-719	-40.0%
Customer deposits (Consolidated)	62,626	65,710	3,083	4.9%
Domestic activity	*53,263*	*55,877*	*2,614*	*4.9%*
International activity	*9,363*	*9,832*	*469*	*5.0%*
Covered bonds	3,058	2,290	-768	-25.1%
EMTN and other securities	1,362	1,290	-72	-5.3%
Other	87	82	-5	-6.1%
Off-balance sheet	**19,887**	**20,866**	**979**	**4.9%**
Unit trust investment funds	3,745	4,386	640	17.1%
Property funds	777	796	19	2.5%
Pension funds	3,641	4,100	459	12.6%
Financial insurance	8,586	8,528	-59	-0.7%
OTRV Portuguese Government Bonds	3,138	3,056	-81	-2.6%
Total	**88,818**	**91,315**	**2,497**	**2.8%**
Total resources from domestic activity (1)	**70,249**	**72,949**	**2,700**	**3.8%**

(1) Includes customer deposits, investment funds, financial insurance, OTRV and other bonds, owned by customers.

Customer deposits were up 4.9% over the end of December 2018, with a growth both in domestic deposits, (up 4.9% by €2,614 million), and in international activity (up 5.0% by €469 million).

By category, €33,543 million (51.0% of total customer deposits) comprised term deposits and savings accounts. Sight deposits were up €3.5 billion over the end of 2018, to €31,884 million. Interest is not usually paid on sight deposits in Portugal in accordance with the respective SIS (Standardised Information Sheet).

CGD's third party off-balance sheet assets were up 4.9% by €979 million over December 2018 to €20,866 million. This favourable evolution derived from positive progression in all components excluding OTRV (-2.6%) and financial insurance (-0.7%).

CUSTOMER RESOURCES – BALANCES

(EUR million)

			Change 2019-12 vs 2018-12	
	2018-12	2019-12	Total	(%)
Customers deposits	62,626	65,710	3,083	4.9%
Sight deposits	28,380	31,884	3,504	12.3%
Term and savings deposits	33,981	33,543	-438	-1.3%
Mandatory deposits	266	283	17	6.5%
Other resources	87	82	-5	-6.1%
Total	**62,714**	**65,792**	**3,078**	**4.9%**

CUSTOMER DEPOSITS – MARKET SHARES (PORTUGAL)

BY CUSTOMER SECTOR

	2018-12	2019-12
Corporate	12.1%	12.3%
General government	20.9%	24.2%
Individual customers	29.0%	29.0%
Emigrants	*49.5%*	*52.2%*
Total	**25.1%**	**25.1%**

CGD retained its leading position in the domestic market with a 25.1% share of total deposits in December 2019. Individual customers' deposits market share accounted for 29.0%.

DEBT SECURITIES

(EUR million)

			Change 2019-12 vs 2018-12	
	2018-12	2019-12	Total	(%)
EMTN programme issues [a]	199	170	-29	-14.8%
Covered bonds	3,058	2,290	-768	-25.1%
Other	3	4	1	32.5%
Total	**3,260**	**2,463**	**-797**	**-24.4%**

(a) Does not include issues classified under "Subordinated Liabilities".

Debt securities were down 24.4% over the end of 2018 to €2,463 million.

SUBORDINATED LIABILITIES

(EUR million)

			Change 2019-12 vs 2018-12	
	2018-12	2019-12	Total	(%)
EMTN programme issues [a]	1,160	1,116	-43	-3.7%
Other	0	0	0	-
Total	**1,160**	**1,116**	**-43**	**-3.7%**

(a) Does not include issues classified under "Debt Securities".

The subordinated liabilities balance was down 3.7% over December 2018 to €1,116 million.

Liquidity

2019 was, once again, a highly liquid year which enabled several debt issuances to be redeemed without any refinancing requirement. With the completion of the sale of BCG Spain, CGD group closed the year without any ECB funding.

This situation, together with a comfortable level of own funds also enabled CGD, in first quarter 2019, to exercise an early redemption option on two additional Tier 1 own funds issuances, originally issued in 2004 and 2005 with a nominal value of €111 million at the redemption date.

CGD launched a senior non-preferred debt issuance of €500 million, with a maturity of 5 years and a yield of 1.25% in November as part of its financing plan defined to comply with MREL (minimum requirements for own funds and eligible liabilities). This was the first issuance of this type of debt by a Portuguese bank.

CGD's eligible assets portfolio for the Eurosystem pool across 2019 remained generally stable at €10.8 billion. The reduction in the case of CGD group is explained by the completion of the sale of Banco Caixa Geral Spain.

The LCR (liquidity coverage ratio) of 331.1% at the end of 2019 was higher than the regulatory requirements and average for European Union banks. In turn, the Net Stable Funding Ratio (NSFR) reached 156.0% on the same date (148.9% in December 2018).

Capital management

Consolidated shareholders' equity, at 31 December 2019, were up €281 million over 2018 to €8,566 million, highlighting the evolution of other revaluation reserves, which recorded a positive evolution of 24 million euros, (up 9.2%).

SHAREHOLDERS' EQUITY (CONSOLIDATED)

(EUR million)

			Change 2019-12 vs 2018-12	
	2018-12	2019-12	Abs.	(%)
Share capital	3,844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	257	281	24	9.2%
Other reserves and retained earnings	2,855	2,929	74	2.6%
Non-controlling interests	333	236	-97	-29.2%
Net income	496	776	280	56.5%
Total	**8,285**	**8,566**	**281**	**3.4%**

The other reserves reflected the change in actuarial assumptions of the pension fund (reduction of the discount rate and application of new mortality tables resulting in extraordinary contributions of €301.1 million) and the payment of €200 million of dividends.

The other capital instruments account for an amount of €500 million, refers to the Additional Tier 1 market issuance at the end of March 2017.

The CET1 and Total ratios at 31 December 2019, calculated on a consolidated basis under CRD IV / CRR rules were 16.1% and 18.7%, respectively.

The following table shows the amounts of own funds and capital ratios at the end of 2018 and 2019:

SOLVENCY RATIOS (CONSOLIDATED)

(EUR million)

	CRD IV / CRR Regulation (1)			
	2018-12 (2)	2018-12 (3) Proforma	2019-12 (4)	2019-12 (5)
Own funds				
Common equity tier 1 (CET 1)	6,536	6,884	7,121	7,493
Tier 1	7,039	7,387	7,629	8,002
Tier 2	661	661	637	637
Total	7,700	8,048	8,266	8,639
Weighted assets	**48,418**	**48,548**	**44,185**	**44,325**
Solvency ratios				
CET 1	13.5%	14.2%	16.1%	16.9%
Tier 1	14.5%	15.2%	17.3%	18.1%
Total	15.9%	16.6%	18.7%	19.5%

(1) Phasing-in amounts.
(2) The amount communicated to the supervisor, in December 2018, did not include the positive net profit for the period.
(3) The pro forma accounts at December 2018, provided for comparison purposes with the amounts for 2019, include a net profit of €296.2 million (€496.2 million of which in profit for the period net of €200 million in dividends paid to CGD's shareholder).
(4) Includes net profit of €469.1 million (without dividends), with the advance approval of the supervisor under no. 2 of article 26 of regulation (EU) 575/2013 (Corep).
(5) Includes net profit of €785.8 million in accordance with the ECB's recommendation (ECB/2020/19) on the non-payment of dividends.

In the assessment of its consolidated own funds and prudential ratios at 31 December 2019, communicated to the supervisor, a net profit of around €469.1 million was considered, in conformity with the ECB's authorisation under no. 2 of article 26 of regulation (EU) 575/2013. The amount was based on the prudential perimeter's net accounting profit of around €785.5 million, net of around €316.7 million (calculated under article 5 of European Central Bank decision (EU) 2015/656 of 4 February 2015 on the inclusion of provisional profit or end of period income in Tier 1 own funds).

However, as a consequence of the exceptional situation deriving from the COVID-19 pandemic and particularly owing to the uncertainty regarding its impacts on the evolution of the eurozone economy, the ECB, on 27 March 2020, updated its recommendation on the payment of dividends − recommendation (ECB/2020/19) − recommending that banks should not pay dividends for 2019 and 2020 or repurchase their own shares, at least up until 1 October 2020.

The executive committee accordingly recommended that the board of directors submit a motion to the shareholders' meeting for the non-payment of dividends for 2019 and the inclusion of net profit in free reserves, net of the deduction of the legal reserve (option b. of the ECB's recommendation).

In the event of the approval of the proposal on the non payment of dividends, the ratios at 31 December 2019 will comprise a CET1 of 16.9%, a Tier 1 of 18.1% and a Total ratio of 19.5%.

The variation of the CET1 ratio between December 2018 (Proforma) and December 2019 (without dividends) is explained by the improvement in Own Funds and reduction in Risk Weighted Assets (RWA):

1. The increase of around €237 million in CET1 represents a positive contribution of 54 basis points (bps) to the CET1 ratio and essentially comprises the contribution made by the following components:
    - The amount of net profit authorised by the ECB and calculated in own funds (around €496 million) was the principal component making a positive contribution in accounting for a 106 bps contribution to the change in CET;
    - The improvement of around €24 million in revaluation reserves contributed an additional 5 bps to the change in CET1;
    - The decrease of the deduction of deferred tax assets − based on the carry back of fiscal losses of around €38 million contributed 9 bps to the change in CET1;
    - The negative variation in other reserves and retained earnings of around €229.2 million, which translated into a decrease of around 52 bps to the change in CET1, essentially explained by the impacts of the actuarial deviations related to employee benefits for a negative amount of around €310 million;
    - The amounts of the deduction related to the fact that the prudential limits on own funds was exceeded by 10% and 15% was responsible for a deduction of around €64 million, which translated into a negative impact of around 14 bps to the change in CET1.
2. The reduction of around €4,363 million in RWAs was responsible for a 140 bps increase in the change in CET1 and particularly derives from the exit of the subsidiaries in Spain and South Africa from the prudential perimeter following their respective disposal processes.

Disposal of equity stakes in subsidiaries under the strategic plan 2017-2020

In its fulfilment of the strategic plan 2017-2020, as agreed with the directorate general for competition of the European Union, Caixa Geral de Depósitos, S.A. continued its endeavours to streamline its international presence with the disposal of its equity investments in Banco Caixa Geral, S.A. and Mercantile Bank.

Caixa Geral de Depósitos formalised the definitive sale of 99.79% of the equity capital of the Spanish company Banco Caixa Geral, S.A. (BCG), to Spanish banking group ABANCA, for the amount of €384 million in October 2019.

The disposal of BCG Spain resulted in a global positive impact of around 110 bps on CGD's consolidated CET1 ratio of which 30 bps were recognised in the June 2019 consolidated accounts as a result of this equity stake's estimated worth. The remaining 80 bps derived from the deleveraging of this equity stake.

Caixa Geral de Depósitos completed the disposal process on 100% of the equity capital of Mercantile Bank Holdings Limited, to Capitec Bank Limited (Capitec), in November 2019 for the amount of 3.56 billion South African rands (ZAR) − around €215 million at an exchange rate of 16.5 rands to the euro

The disposal of Mercantile resulted in an estimated global positive impact of around 37 bps on CGD's consolidated CET1 ratio, 13 bps of which from capital gains and the remaining 24 bps from the deleveraging of this equity stake.

SREP ("Supervisory Review and Evaluation Process") capital requirements on consolidated activity for 2019

Based on SREP results, the ECB (European Central Bank) defined the minimum capital requirements starting 1 January 2018 on CGD's consolidated activity whereas the Bank of Portugal defined the amount of the additional own funds reserve required by its *O-SII* ("Other Systemically Important Institution") status.

CGD has a minimum phased-in CET1 requirement of 9.75%, on a consolidated basis. It includes: i) a minimum CET1 of 4.5% required by Pillar 1 ii) a minimum CET1 of 2.25% required by Pillar 2 (P2R); iii) a capital conservation buffer (CCB) of 2.50%; iv) the 0.50% reserve for "Other systemically important institutions" and v) the own funds countercycle buffer of 0% (as defined by the Bank of Portugal for fourth quarter 2019).

In 2019, the Bank of Portugal set the countercycle capital buffer at 0% of the total amount of risk positions.

CGD must also comply with a minimum Tier 1 of 11.25% and total capital requirements of 13.25% in 2019.

The CCB requirement in 2019 comprised a maximum of 2.5%, following a staged implementation period of 0.625% per annum, beginning 2016.

Phased-in capital ratios and SREP requirements for 2020

In its last SREP, the supervisor left the minimum requirements for CGD group unchanged.

Therefore, for the year 2020, CGD must provide for an 0.25% increase in requirements, resulting from the staged increase of the O-SII buffer, to be fully covered by CET1, in conformity with a Bank of Portugal decision of 11 November 2017 with the O-SII buffer remaining at 0.75% (the staged implementation period having ended in 2021, with a ratio of 1%).

At 31 December 2019, the Bank of Portugal made an announcement on the own funds countercycle buffer for first quarter 2020 maintaining the requirement of 0% (applicable from 1 January).

SREP - CAPITAL REQUIREMENTS (CONSOLIDATED)

	2019	2020 (1)	2020 (2)
Common Equity Tier 1 (CET1)	**9.75%**	**10.00%**	**9.02%**
Pillar 1	4.50%	4.50%	4.50%
Pillar 2 Requirement	2.25%	2.25%	1.27%
Capital Conservation Buffer (CCB)	2.50%	2.50%	2.50%
Other Systemically Important Institutions (OSII)	0.50%	0.75%	0.75%
Tier 1	**11.25%**	**11.50%**	**10.94%**
Total	**13.25%**	**13.50%**	**13.50%**

(1) SREP values of 4 December 2019.
(2) Considers the 8 April 2020 amendment to SREP dated 4 December maintaining a TSCR – (total SREP capital requirement) of 10.25% (8% of which for Pillar 1 and 2.25% for Pillar 2 – P2R). The P2R value of 2.25% fixed for CGD, initially comprising instruments classified as CET1 are now 56.25% covered by CET1 instruments, 18.75% by AT 1 instruments and 25% by tier 2 instruments, applicable starting and including March 2020.

MREL

During 2019, CGD was notified by Banco de Portugal of its MREL requirements (Minimum Requirement for Own Funds and Eligible Liabilities) as decided by the Single Resolution Board. As of January 1, 2023, CGD must hold an amount of own funds and eligible liabilities of €11,453 million, equivalent to 13.27% of the total liabilities and equity of its Resolution Perimeter, as of December 31, 2017.

In order to comply with MREL requirements, CGD forecasted to issue approximately €2 billion of eligible liabilities in issues of senior preferential debt and senior non-preferred debt by the end of 2022. The execution of this financing plan started in November 2019 with the first issue of senior non-preferred debt in the amount of €500 million.

The issuance was strongly accepted by institutional and international investors, who presented orders seven times higher than the issuance amount, which allowed for a reduction in the issuance cost compared to that initially announced. The placement of the issue was mainly concentrated on asset managers with high geographical dispersion.

Rating

In 2019, the significant improvement in profitability, asset quality and the strengthening of capital ratios was reflected in the rating assigned to CGD by the main international rating agencies, registering 2 upgrades (DBRS Morningstar and Fitch Ratings) and an increase in Outlook (Moody's).

DBRS Morningstar upgraded its rating on long term debt in from BBB (low) to BBB and from R-2 (middle) to R-2 (high), on short term debt, both with a stable trend. It also upgraded its rating on CGD's covered bonds by one notch from A (high) to AA (low). It upgraded its rating on long term deposits to BBB (high) and, on short term deposits, to R-1, both with a stable trend.

Fitch Ratings upgraded CGD's Long Term Issuer Default Rating (IDR), from BB to BB+ with a stable outlook and its Viability Rating (VR) from bb to bb+, the second rating upgrade since the start of the ongoing Strategic Plan.

Moody's affirmed its rating of Ba1 on CGD's long term senior debt, having reviewed its outlook from negative to stable and upgraded its long term rating on deposits from Ba1 to Baa3, by one notch with a stable outlook and short term not-prime debt to P-3.

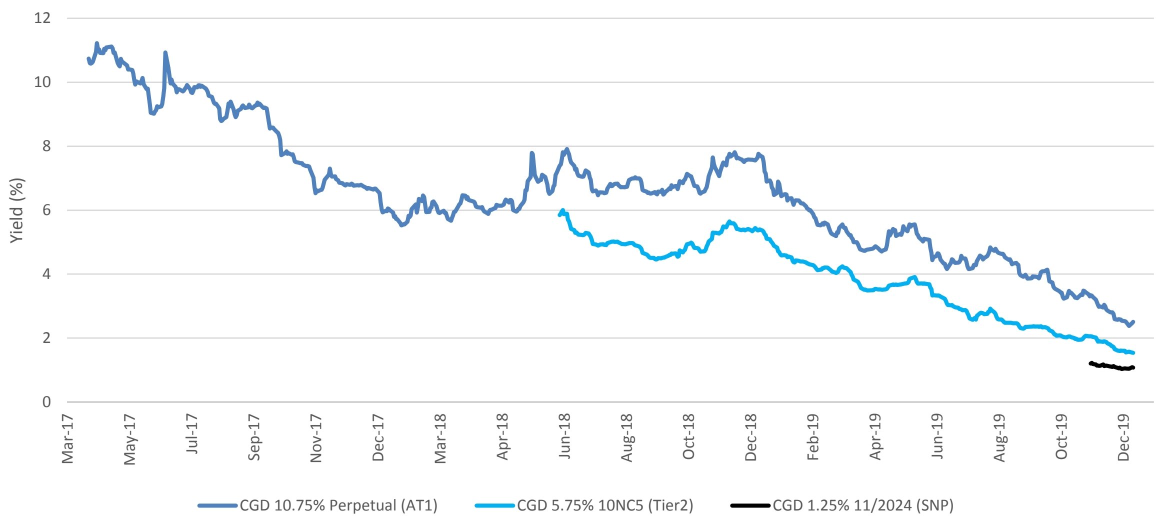
Credit ratings assigned by rating agencies to CGD at 31 December 2019 are summarized in the following table:

CGD'S RATING

	Short Term	Long Term	Date (last assessment)
FitchRatings	B	BB+	2019-10
Moody's	N/P	Ba1	2019-07
DBRS Morningstar	R-2 (high)	BBB	2019-06

Yields on the recent additional Tier 1, Tier 2 and SNP issuances were down significantly since the date of the respective issuances on account of investors' recognition of CGD's improved financial situation, as a result of the implementation of the Strategic Plan:

YIELD OF AT1, TIER 2 AND SNP ISSUANCES



1.4.4.1. Domestic Activity

Total operating income from CGD's domestic operations was up 6.8% by €87.3 million. Reference should be made to income from services and commissions which was up 5.5% over 2018 to €414.3 million, income from financial operations with a favourable evolution to €28.5 million and €77.3 million in other operating income.

Operating costs, in achieving a positive level of performance over 2018, impacted by the decrease of general administrative costs and employee costs, were down 4.3% in 2019 to €722.2 million. This amount includes a non-recurring cost of €50.7 million for early retirement and voluntary redundancy programmes, as a charge to the use of the same amount from the provision which was set up in 2017 for this purpose.

CONTRIBUTION TO CONSOLIDATED P&L (*)

DOMESTIC ACTIVITY

(EUR million)

			Change	
	2018-12	2019-12	Total	(%)
Net interest income	795.6	733.8	-61.8	-7.8%
Income from equity instruments	16.5	31.2	14.7	89.4%
Net fees and commissions	392.8	414.3	21.5	5.5%
Net trading income	-7.1	28.5	35.6	-
Other operating income	86.0	163.3	77.3	89.8%
Total operating income	**1,283.8**	**1,371.1**	**87.3**	**6.8%**
Employee costs	460.7	435.0	-25.7	-5.6%
Administrative expenses	258.2	221.8	-36.4	-14.1%
Depreciation and amortisation	36.0	65.3	29.3	81.2%
Operating costs	**755.0**	**722.2**	**-32.8**	**-4.3%**
Net operating income before impairments	**528.8**	**648.9**	**120.1**	**22.7%**
Credit impairment (net)	57.8	-81.8	-139.7	-
Provisions and impairments of other assets (net)	-90.2	-129.7	-39.5	-
Net operating income	**561.2**	**860.4**	**299.2**	**53.3%**
Income Tax	267.4	291.3	23.9	8.9%
Net operating income after tax and before non-controlling interests	**293.8**	**569.1**	**275.3**	**93.7%**
Non-controlling interests	4.0	2.9	-1.1	-28.4%
Results from subsidiaries held for sale	0.0	-16.1	-16.1	-
Results of associated companies	51.3	42.3	-8.9	-17.4%
Net income	**341.0**	**592.5**	**251.4**	**73.7%**

(*) Pure intragroup transactions with no impact on consolidated net income are not eliminated.

Continuing to implement its strategic plan 2017-2020, the number of CGD employees engaged in CGD's domestic activity in 2019 was down 575 thus having 7,100 employees.

In the sphere of the implementation of its deleveraging plan on non-performing assets, agreed with DG Comp, CGD Group also disposed of several properties received as payment in kind and investment properties, in 2019. All disposals of non-performing loan portfolios scheduled for 2019, were also negotiated and proceeded without any capital loss having been recorded vis-à-vis their net balance sheet carrying amount. This made a significant contribution to reducing CGD Group's NPL ratio.

CGD Group also undertook a corporate reorganisation, in 2019, in compliance with its strategic plan, with the aim of simplifying its structure based on a reduction of the number of companies used by it as corporate vehicles for its activity, achieved on the basis of mergers with or dissolutions of subsidiary/associated companies. The resulting organisation will give a boost to profitability in future years by eliminating processes which generate operating costs for CGD Group's consolidated operations.

Domestic activity's contribution to CGD group's net profit, in 2019, was up 73.7% to €592.5 million against €341.0 million for the same period of the preceding year. This result includes the non-current component related to the sale of international subsidiaries in the amount of €143.5 million. In this way, the current net result registered a growth of 32%.

CGD Portugal

CGD continues to focus on innovation and inclusion, consolidating its position as the digital bank of Portuguese citizens, helping to promote business growth and improve customer experience and satisfaction levels.

Reference should be made to the principal results of the quality assessment exercise performed in 2019. This comprised telephone interviews, mystery visits across the whole of the branch office network and assessment of external monitoring indices on perceived quality. It showed that a high percentage of customers − 74% in the case of personal and 68% in the case of corporate and business customers − was satisfied or very satisfied with their global experience with Caixa.

CGD's success resulted in more than 2 million individual/corporate digital customers in the domestic market and abroad at the end of 2019. This represented a growth of 173 thousand new customers over 2018 of which 132 thousand in Portugal.

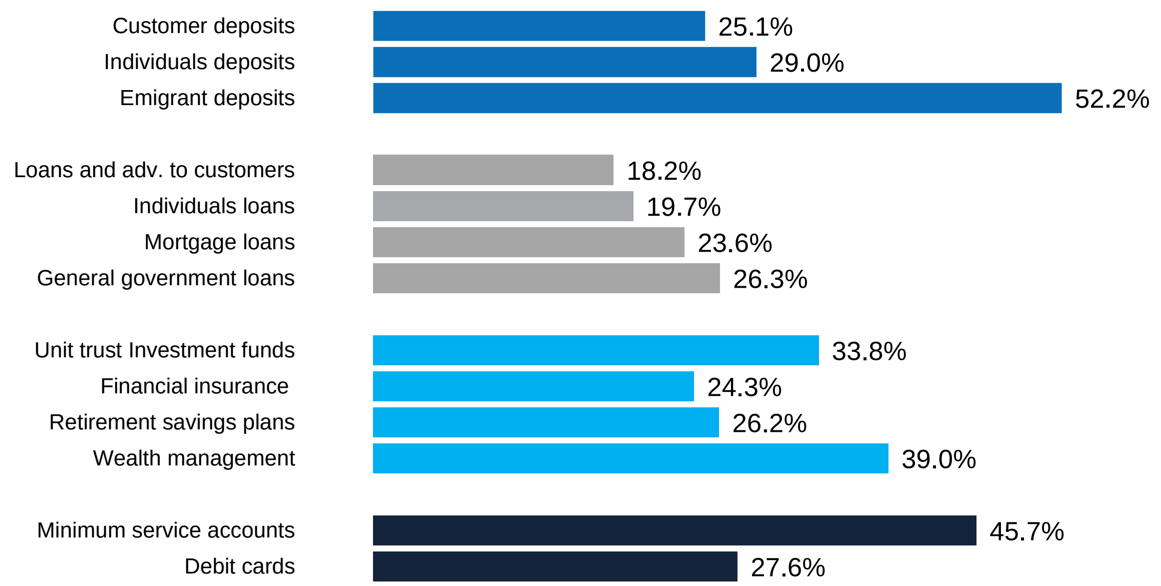
CGD achieved a leading position in various products and service areas, across 2019. It was the domestic leader in unit trust investment funds and deposits, lending to households, payments and bank cards and digital banking.

Protection of people with fewer resources, particularly includes the "minimum banking services" account, led by CGD, with a market share of around 46% in December 2019.

Caixa's focus on the University market remains fundamental for CGD's future sustainability. CGD ended 2019 with a market share of 56% of the Portuguese academic population.

MARKET SHARES - DECEMBER 2019

(%)



Source: CGD and Bank of Portugal

CGD continued to lead the means of payment sector in the domestic market, in 2019, having issued 4.4 million bank cards. Reference should be made to debit cards with a market share of 27.6%.

Unit trust investment funds in the asset management area achieved market shares of 33.8%, together with a 39.0% share in terms of wealth management and an increase in the market share of the retirement savings plans business to 26.2%.

Companies

Corporate oversight operations, in 2019, required permanent adjustments to solutions able to provide a prompt response to different needs, by means of a local, proximity-based approach to the business community, leveraging trust and strength, through a specialised network across the whole of Portuguese territory.

To support of the Portuguese corporate business, namely SMEs, CGD launched the iAPEX Platform through the website cgd.pt, with relevant information on the potencial export markets.

In product terms, reference should be made to the launch of: Flexcash as an innovative Portuguese banking confirming solution; the Caixa Seguro COSEC new export credit insurance "Line of credit for SMEs exposed to Brexit" and the line of credit for decarbonisation and the circular economy, as well as a renewal of the Caixa Invest Inovação credit ceiling, strengthening of the Capitalizar Turismo 2019 and Linha 4.0/ Apoio à digitalização lines of credit.

With this purpose in mind, reference should be made to the following results:

- Up 14% in new credit, more than three times the banking system (4%, Dec19);
- Up 95% in new MLT loans (without secured credit);
- Credit growth in several of the most dynamic sectors of the economy (up 12.9% for fishing and agriculture, 12.7% for hotels and restaurants and 9.3% for commerce);
- The securing of market share in core products, particularly equipment and property leasing, external commerce and POS (point-of-sales) equipment;
- €917 million in medium and long term finance, up 63% over 2018.

As growing corporate oversight requirements require a local presence and proximity to the business environment, CGD has left its branch office network structure focusing on SMEs unchanged. These comprise 25 corporate offices and four extensions across the whole of mainland Portugal, Madeira and the Azores.

Caixa distinguished with the Caixa Top status about 10,900 (up 1,300 over 2018) companies in the retail network, allowing, with this recognition programme, the access to different conditions: a speedier credit issuing process, better price terms, exclusive treasury products, foreign trade support and many other advantages (through 33 partnerships already formalized).

The emphasis on solutions for SMEs was also reinforced, namely fixed-rate products, medium and long term FLEX finance (exclusively for Caixa Top customers), Leasing Flex, confirming guarantees, factoring without recourse (95% risk coverage by COSEC), renting, forfaiting for export and import operations and non-financial insurance.

2019 was marked by the launch of the Caixa Business account in the form of a multiproduct solution comprising a current account, online transfers, debit and credit cards and cheques and access to CGD's POS terminals at a lower fixed monthly charge. Around 45 thousand applications were made across 11 months, confirming customers' recognition of the fact that this is an important treasury management instrument.

In furthering its trajectory in the digital area, Caixa's introduction of new functionalities enabled a significant increase in the use of digital channels. Special reference should be made to Caixadirecta Empresas (corporate internet banking service) Swiftnet and the multibanking channel (providing a flexible, user-friendly centralised treasury management system).

Corporate subscriptions for the use of Caixadirecta's digital channels surpassed the 76% mark, and, in the case of several products, achieved high transaction rates over 2018, particularly in documentary foreign trade operations (up 62%), FX trading (up 48%) and factoring and confirming operations (up 20%).

CGD continued to develop a process of rationalising and restructuring its offer in the means of payment area in order to ensure greater simplicity and adequacy to meet its corporate customer needs.

CGD's POS service continues to perform positively in terms of growth and the enhancement and competitiveness of its offer, strengthening its position in the payments area and corporate segment, with 52 thousand terminals under management in 2019, up 16% over 2018, contributing towards an increase in market share from 12.5% in 2018 to 14% in 2019.

With the objective of supporting the domestic economy, the first *Encontros Fora da Caixa* cycle came to an end in 2019, after having visited all domestic district capitals. A new cycle begins, which runs through Portuguese cities under the equation E = MC2 | Economy = Market x (Knowledge and Culture). Culture is an integral part of the events in this new format. 4,107 CGD customers were present at the 11 meetings held. There were also 169 thousand streaming views.

Individuals

The domestic branch office network at the end of 2019, had 519 branches, "universal" (i.e. general) and CGD stores and an addition three mobile branches and 19 self-service branches. CGD provides 3,710 self-service equipment, including 1,865 items of equipment on its own network (1,144 in-house machines and 721 bank passbook printers) plus 1,845 *Multibanco* network ATMs, which processed 206 million operations for the amount of €17.4 billion.

CGD's three current mobile units are making their presence felt in a geographical area of around 10,700 sq. km and cover more than 3,000 km every fortnight to serve a population of 43,000 across 52 locations in 20 municipal districts in Guarda, Castelo Branco and Portalegre.

A new Caixa branch office model was created in 2019 in Lumiar (Lisbon) and Boavista (Porto), with the aim of providing a new customer experience based on a groundbreaking relational and transactional concept. The aim behind this renewed, modern, sophisticated space is to provide an efficient service in which each customer enjoys a different experience suited to his/her needs and expectations. This new standard of service will be progressively expanded to the branch office network whose branches, for remodelling purposes, in 2020 have already been selected.

At the same time, distance customer management continued to grow and already has 12 centres, managing a total number of 437 thousand customers, up 60% over 2018 and meeting the needs of customers who recognise the added value of a distance manager.

In spite of the reduction of the number of branch offices, the individual customers retention rate was around 95%, as the result of the initiatives and the work performed in the sphere of individual customers management which continued to focus on the following three segments:

- Caixa Platinum: This service includes advisory and wealth planning. It is based on dedicated, personalised oversight and an exclusive offer with the aim of increasing customer involvement and satisfaction;
- Caixa Azul: With personal or distance oversight for around 330 thousand customers. Each account manager is responsible for the presentation of proposals across diverse life stages, with the aim of increasing the sophistication of the level of service and strengthening the relationship with each customer;
- Mass Market: This is transversal to the whole of the branch office network and is available at the 489 general branches.

Special reference should be made to CGD's outstanding position in the university segment in 2019 based on a fully digital approach and a package of products and services, in addition to its student card, its multiproduct solution in the form of its Caixa M account comprising a current account, debit card, 5 free internet banking transfers, savings account and international student card, with the added possibility of a loan component) with extra features for university customers (students, lecturers and functionaries), including, inter alia, no charges for customers under the age of 26 and a dedicated service model with a hotline to a team of commercial assistants specialising in the university market.

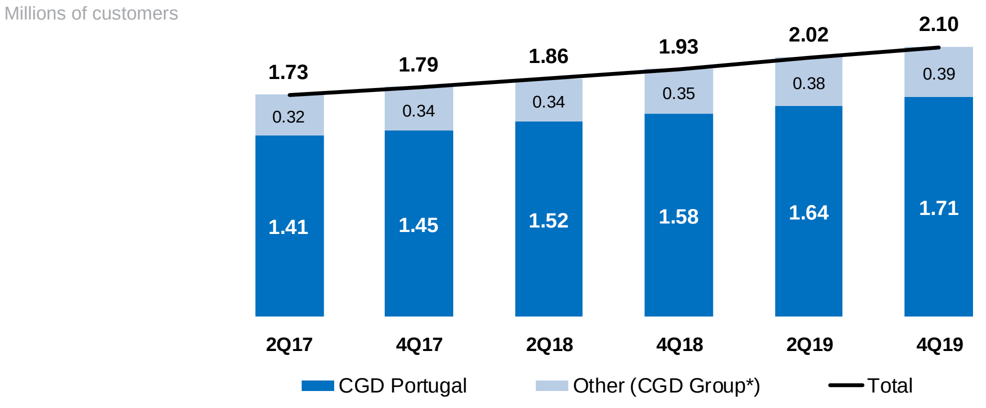
As part of its digital transformation programme and to guarantee customers' greater accessibility to digital solutions, the following were launched in 2019:

- DABOX app, the 1st Open Banking app in the market to allow users to add the current accounts of the principal banks operating in Portugal, available to all Portuguese, whether or not CGD customers;
- "Caixa", the 1st transactional digital assistant in Portugal for accessibility. The new digital assistant of the CaixaDirecta App is supported by artificial intelligence and offers a new conversational experience, allowing you to interact with the Bank through your voice, ensuring greater accessibility to its users;
- Possibility of payments via mobile phone number and QRCode;
- A new, faster, more flexible process for customer registration purposes and the opening of new accounts in which particular reference should be made to the automatic scanning of the data contained on citizens' ID cards, achieving a 75% reduction in the time needed to enter into a relationship with CGD;
- The cgd.pt site, complying with the AAA accessibility level, was 100% accessible by people with special needs;
- The fully digital possibility of opening financial assets accounts with immediate activation;
- A new release of the Caixadirecta app which continues to be the leading Portuguese app in playstores with more than 80 thousand customer ratings (meriting an evaluation of 4.5 out of 5) and responsible for 70% of accesses to Caixadirecta, with a 52% year-on-year growth in monthly log-ins;
- The possibility of using Caixadirecta to apply for personal loans;
- A new iOS and Android version of Caixa Easy, enabling transfers to be made to friends and family members, with a fast access menu to all functionalities, making it possible to generate virtual MB NET cards for safe and easy online purchases;
- The possibility of taking out three personal accident insurance policies (Proteção Vital das Pessoas [Vital Protection], Caixa Proteção Pessoal e Viagem [Personal and Travel] via Caixadirecta online.

It should also be noted that the Caixa Contact Center registered a 25% growth, over 2018, in contacts received in 2019.

This enables CGD to provide oversight on day-to-day management, savings, investment and loans for personal projects, as a convenient, safe enabler of agreements for taking out products and services.

ACTIVE DIGITAL CUSTOMERS



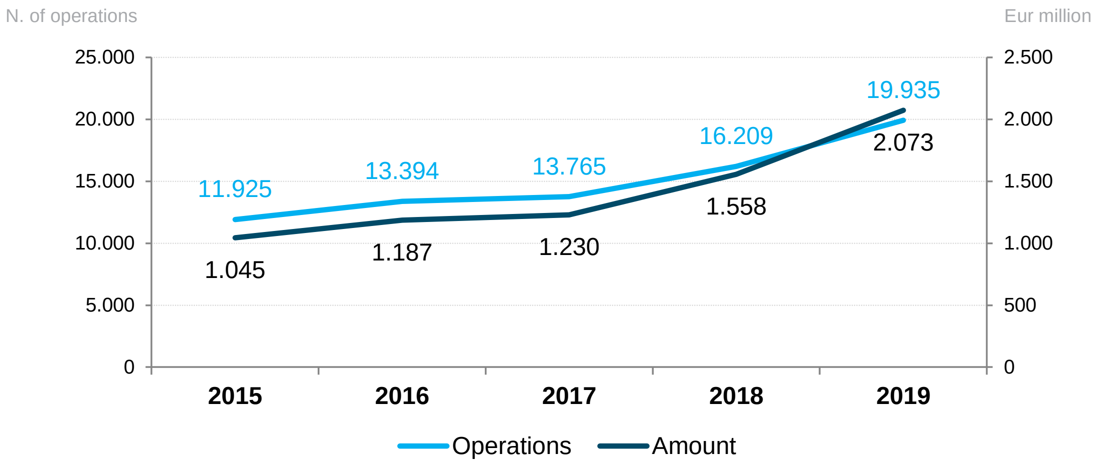
*Without BCG Spain and Mercantile

Reference should be made to the domestic and international recognition in terms of digital innovation, reflected in the awards received for innovative services launched by Caixa, which reinforces Caixa's position as a Digital Bank, with a strong commitment to innovation and convenience of new solutions, in order to better serve customers.

CGD's commercial offer particularly includes its *Contas Caixa [Caixa accounts]* as a multiproduct solution with products and benefits oriented to the specifics of customers (Platinum, Azul, L, M and S Accounts).The total number of subscriptions was up by 270 thousand new active accounts during the course of 2019 to 1.8 million at the end of December, comprising growth of 18% at a rate of around 22 thousand accounts per month.

CGD continues to lead in mortgage lending in Portugal, reaching in 2019 the highest value since 2010, presenting a monthly growth above the market and continuously since 2017. In terms of new mortgage loans there was an increase of 33%, up €514 million over 2018, having exceeded the annual target of €2 billion.

EVOLUTION OF MORTGAGE CREDIT - NEW OPERATIONS



One of the factors contributing to this growth was greater proximity and better relationships with external network partners, with an increase in the volume of mortgage lending operations achieved through estate agents and "assurfinance" channels. 858 new protocols were entered into in order to sustain and expand this growth across the year. A new management and commercial oversight model for partners was implemented, enabling the year to close with a market share of 50% on this channel and year-on-year growth of 73%.

The brokerage service was also improved, in 2019, owing to the growing demand for investment products such as Caixagest Seleção Global Defensivo, Moderado e Dinâmico [Caixagest selection, defensive, prudent and aggressive], Caixa Investimento Socialmente Responsável [socially responsible investment], a Retirement Savings Plan with 3 solutions, defensive, prudent and aggressive and Flexi-Mais financial insurance in addition to non-financial insurance (Multicare healthcare, Fidelidade home insurance, Vital protection for the over 65s and Fidelidade's Pets insurance).

Investment banking

Caixa-Banco de Investimento, S.A. (CaixaBI) is Caixa Geral de Depósitos group's investment banking arm. It encompasses such different operating areas as the debt and equities capital market, corporate finance, project and structured finance advisory services, brokerage, equity research, market-making, risk assessments and management for corporates and venture capital.

CAIXA BANCO DE INVESTIMENTO - INDICATORS

(EUR million)

(Statutory accounts)	2018-12	2019-12	Change 2019-12 vs 2018-12	
			Total	(%)
Net interest income	17.3	6.7	-10.7	-61.6%
Commissions (net)	23.0	25.1	2.1	9.2%
Income from financial operations	-21.0	3.0	24.0	-
Total operating income	31.8	39.9	8.1	25.6%
Operating costs	19.1	16.8	-2.2	-11.7%
Net op. income before impairments	12.7	23.1	10.4	81.6%
Provisions and impairments	7.7	1.3	-6.4	-83.1%
Net income	11.2	17.4	6.2	55.0%
Net assets	804.0	596.6	-207.4	-25.8%
Securities investments	587.5	500.1	-87.5	-14.9%
Loans and adv. to customers (net)	7.9	6.8	-1.1	-13.5%
Customer deposits	105.6	47.7	-58.0	-54.9%

CaixaBI's total operating income in 2019, amounted to €39.9 million. This evolution benefited from the positive contribution of all of its component parts: net interest income (€6.7 million), commissions from financial advisory and brokerage services (€25.1 million), income from financial operations (€3 million) and operating income (€5.1 million).

Operating costs were down by around 11.7% year-on-year to €16.8 million. Allied to total operating income of €8.1 million this represents a cost-to-income ratio of 42.2%.

Net income for the year was up by around 55% over the end of 2018 to €17.4 million.

CaixaBI contributed €14.8 million to CGD group's consolidated net income in 2019.

CaixaBI participated in most of the major M&A operations in Portugal across 2019 and therefore continues to maintain a leading position in the sector's main league tables. Reference should be made to the completion of processes benefiting from CaixaBI's advisory services, on the disposal of CGD's equity stakes in Banco Caixa Geral (Spain) and Mercantile Bank Holdings (South Africa).

CaixaBI also retained its position as the leading institution in the bond and commercial paper sectors of Portugal's debt capital market. Portuguese public debt continued to be one of the bank's operating priorities, based on its status as a specialised treasury securities operator. Particular reference should be made to CaixaBI's co-lead manager status in January's syndicated placement of the new 10 year treasury bond benchmark issuance, 1.95%, June 2029 for the amount of €4 billion in addition to its advisory services for the Portuguese Republic's inaugural issuance in China's onshore market.

Special reference should be made to CaixaBI's activity in the private debt segment as joint bookrunner and joint lead manager for CGD's first senior non-preferred debt issuance in November for the amount of €500 million and a maturity of 5 years, as the first and only issuance of this type to-date ever made by a Portuguese bank. Reference should also be made, in this segment, to the following operations benefiting from CaixaBI's advisory services:

- Joint bookrunner and joint lead manager for the José de Mello Saúde bond issuance (€35 million, 6 years);
- Joint global coordinator for the SIC bond issuance (€51 million; 4.5% July 2022), in the form of a public offering on the Portuguese retail market;

- Joint global coordinator for the Mota-Engil issuance (€140 million; 4.375% October 2024), in a Mota-Engil 2018/2024 public bond offering and public offer for exchange of Mota-Engil 2015/2020 and 2018/2021 bonds on the Portuguese retail and institutional investors markets;

- Organisation and lead management of the bond issuance for a private industrial sale of the bond issuances of RAM (€355 million), Visabeira group (€81.3 million), Altri/Celbi (€55 million), Navigator (€50 million), NOS (€50 million), Sonae €50 million), Sonae Indústria (€50 million), EDA (€20 million), Sonae Capital (€15 million), RNM group (€15 million), RAR (€15 million) and Colep (€10 million).

CaixaBI was also the co-lead manager for the Unicredit floating rate notes issuance (€750 million) and the institution responsible for the TAP Air Portugal (€105 million) and Benfica SAD (€40 million) public offerings.

CaixaBI retained its leading position in the commercial paper sector in Portugal, in organising and leading sixty six new commercial paper issuances in 2019.

In terms of structured assets financing CaixaBI organised an assignment of €129 million in credit held by EDP Serviço Universal for the overcosts of “special regime” generators, in May.

As regards advisory activity in variable-income capital market operations, in 2019, CaixaBI was responsible for the organisation and structuring of the operation for the Luz Saúde delisting operation and the financial services for the takeover bid on SAG Gest, which included its coordination, preparation, launch and execution. VAA’s capital increase for a total amount of approximately €15.2 million was also completed via an ABB process, in which CaixaBI was the co-lead and contributed to the diversification of the company’s shareholder basis as well as optimising financing sources and strengthening VAA’s balance sheet and shareholder’s equity.

This year’s structured credit advisory services particularly included five refinancing and acquisition finance advisory operations for a total amount of approximately €950 million, all of which in the CRE segment with a special focus on refinancing operations and M&As on the CascaiShopping, NorteShopping, Colombo, LoureShopping, RioSul Shopping, 8ª Avenida Shopping and Nova Arcadas malls.

As regards its public debt market-making activities in the secondary market, CaixaBI ended the year with a higher market share than in 2018 at close to 8%, coming in 5th position in the specialised securities traders ranking in a period characterised by a large increase in business revenue.

CaixaBI continued to operate as a liquidity provider on a collection of securities listed on Euronext Lisbon, which awarded CaixaBI its maximum “A” rating on all securities and categories. CaixaBI also continued with its market-making activity on the Fundiestamo real estate fund

The venture capital activity of Caixa Capital as a fully owned CaixaBI subsidiary, focused on its management of four CGD group investment funds whose portfolios, at the end of 2019, had a fair value of €177 million of which €62 million in companies and €115 million in funds and other indirect investment vehicles. Several commitments, totalling around €14 million, for the purpose of strengthening investment in portfolio fund companies were undertaken.

Venture capital activity, in 2019, comprised 17 additional investments in portfolio companies for a total amount of €17 million and 33 disinvestment operations (14 of which full disinvestments) at a realisation prices of €93 million.

Specialised credit

According to provisional data for 2019 supplied by ALF (Portuguese Leasing, Factoring and Renting Association), the property leasing sector trended downwards at 23.2%. The remaining sectors trended upwards at 6.8% for equipment leasing, 4.5% for factoring and 11.6% for confirming operations.

SALES BY SECTOR IN THE YEAR (1)

(EUR million)

			Change	
	2018-12	2019-12	Total	(%)
Property leasing	1,102	846	-256	-23.2%
Equipment leasing	2,311	2,241	-70	-3.0%
Factoring	19,976	20,875	899	4.5%
Confirming	11,583	12,925	1,342	11.6%

(1) Source: Estimated data from ALF – Associação Portuguesa de Leasing, Factoring e Renting

Caixa Leasing e Factoring, Sociedade Financeira de Crédito, S. A. (CLF) represents CGD group in the main specialised credit areas. It achieved a positive level of performance in 2019, particularly in the equipment leasing and confirming areas, in comparison to the preceding year.

Property leasing agreements were up 11.3% over December 2018 to €103.2 million. CLF had a 12.2% market share in December 2019.

Equipment leasing agreements, in December 2019, totalling €331.2 million were very similar to last year's. Light vehicle finance was down 1.3% and represented around 45.4% of global sales for the period. CLF had a market share of 14.8% of this market segment at the end of second half 2019.

Confirming agreements, up 21.8% year-on-year, accounted for 42% of total factoring sales. Factoring was up 2% over December 2018 to €2,348.6 million. These products accounted for a market share of 6% in December 2019.

CAIXA LEASING E FACTORING – NEW PRODUCTION

(EUR million)

Product	2018-12	2019-12	Change	
			Total	(%)
Leasing	**411**	**434**	**23**	**5.7%**
Property leasing	93	103	11	11.3%
Equipment leasing	318	331	13	4.0%
Factoring	**3,698**	**4,050**	**352**	**9.5%**
Domestic and international factoring	2,302	2,349	47	2.0%
Confirming	1,396	1,701	305	21.8%
Consumer credit	**22**	**21**	**-1**	**-6.0%**
of which:				
Vehicle finance [(a)]	**171**	**168**	**-3**	**-1.7%**
Property leasing	152	151	-2	-1.2%
Consumer credit	19	18	-1	-5.9%

(a) Light vehicles

Consumer finance was down 6% over 2018 to €20.7 million. Motor vehicles continued to account for the highest proportion with 84.8%, with around 48.8% comprising new vehicles.

CAIXA LEASING E FACTORING - INDICATORS

(EUR million)

	2018-12	2019-12	Change 2019-12 vs 2018-12	
			Total	(%)
Net interest income	40.2	39.2	-1.0	-2.5%
Total operating income	47.0	50.7	3.7	7.8%
Operating costs	13.0	10.3	-2.6	-20.3%
Net op. income before impairments	34.0	40.3	6.3	18.5%
Provisions and impairments	27.1	5.5	-21.6	-79.7%
Net income	2.7	25.0	22.3	829.7%
Net assets	2,372.2	2,378.9	6.8	0.3%
Loans and adv. to customers (net)	2,243.0	2,276.8	33.8	1.5%

Net assets of €2,378.9 million in December 2019 were very similar to last year's.

Total operating income, driven by the positive change of other operating income was up 7.8% over the preceding year to €50.7 million.

Net interest income was down by around 2.5% in December 2019. This reduction essentially derives from the 7.8% reduction of interest and similar income which was, in part offset by a reduction of interest and costs.

Operating costs were down 20.3% by €2.6 million essentially on account of a 20.1% reduction of employee costs and a 26.8% reduction of general administrative costs.

The decrease of general administrative costs was offset by an increase of depreciation and amortisation for the period owing to the imposition of IFRS[1].

Caixa Leasing e Factoring's net income of €25 million at 31 December 2019 was up €22.3 million over December 2018.

CLF contributed €25.9 million to CGD group's consolidated net income in 2019.

Asset management

Caixagest - Técnicas de Gestão de Fundos, S.A., operating in the domestic investment funds market since 1990, underwent a name change in September 2019, to Caixa Gestão de Ativos Sociedade Gestora de Fundos de Investimento, S.A. (Caixa Gestão de Ativos). Specialising in securities investment funds, portfolio advisory and management services, this CGD group management company is the domestic brokerage sector leader[2].

ASSET MANAGEMENT - INDICATORS

(EUR million)

			Change 2019-12 vs 2018-12	
	2018-12	2019-12	Total	(%)
Net Comissions	22.9	24.0	1.2	5.1%
Total operating income	24.2	25.8	1.5	6.3%
Operating costs	13.2	12.1	-1.1	-8.3%
Net op. income before impairments	11.0	13.7	2.6	23.8%
Net income	7.4	10.2	2.9	38.7%
Assets under management	**28,271.8**	**27,952.9**	**-318.9**	**-1.1%**
Caixagest - Unit Trust investment Funds	3,745.3	4,385.7	640.4	17.1%
Fundger - Property Funds	777.2	796.4	19.2	2.5%
CGD Pensões - Pension Funds	3,640.8	4,099.9	459.1	12.6%
Caixagest - Wealth Management (1)	20,108.5	18,670.9	-1,437.6	-7.1%

(1) The amount of Portfolios under Management does not include Pension Funds and Portfolio Advisory

Caixa Gestão de Ativos and CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A. (CGD group pension fund manager) became official signatories to the United Nations Supported Principles for Responsible Investment, in June and October of this year, respectively.

Responsible investment aims to incorporate environmental, social and corporate governance factors in investment decisions.

Its recent subscription to the United Nations Supported Principles for Responsible Investment is a natural step in terms of Caixa Gestão de Ativos's sustainability strategy, strengthening the importance of the incorporation of ESG ("environmental, social and governance") factors in the investment process of several of its managed funds. Worldwide recognition of the growing importance of including these criteria is shown by the participation of more than 2,000 entities representing more than €80 billion in assets under management, in this initiative.

This approach is one of the pillars of the activity of Caixa Gestão de Ativos and CGD Pensões and an integral part of CGD group's broader strategy designed to promote a more sustainable future. The principles for responsible investment operate in defence of the long term interests of signatories, financial markets, economies in which they operate and, in the last analysis, society and the environment as a whole.

With the 2017 launch of "Caixa Investimento Socialmente Responsável" as the first domestic socially responsible fund, Caixa Gestão de Ativos pioneered the introduction of investment solutions in Portugal based on criteria for the selection of companies with good environmental, social and corporate governance practice and the exclusion of entities involved in controversial sectors of the economy. The company aims to change the investment policy of

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[1] International Finantial Reporting Interpretation Committee (IFRIC), mandatory for financial years beginning on or after 1 January 2019

[2] Source: Portuguese Association of Investment Funds, Pensions and Wealth on 31 December 2019

most of its funds, and base them on these principles. The process was initiated in 2019 when the management company changed the policy of its European equities fund which it renamed to "Caixa Ações Europa Socialmente Responsável".

Merger between Fundger and Caixa Gestão de Ativos:

The incorporation of Fundger – Sociedade Gestora de Fundos de Investimentos Imobiliários, S.A. into Caixa Gestão de Ativos Sociedade Gestora de Fundos de Investimento, S.A. was approved by the Bank of Portugal in December 2019.

This operation was followed by the global transfer of the assets of the former as the incorporated company to Caixa Gestão de Ativos Sociedade Gestora de Fundos de Investimentos, S.A., as the incorporating company.

Market share of unit trust investment funds [3]

The domestic unit trust investment funds market was up 15.8% over 2018 to €12.9 billion in December 2019. Caixa Gestão de Ativos strengthened its market lead in 2019 in achieving a 0.37pp increase of its market share over the preceding year to 33.8% at the end of December.

It should be noted that Caixa Gestão de Ativos's volume growth of €640 million in 2019 was mainly achieved in the higher added value fund segments of shares and multiasset funds with total growth across the period of €1,103 million. A significant contribution to such growth was made by the launch of the new Caixa Wealth Defensivo [defensive investment approach], Caixa Wealth Moderado [prudent investment approach] and Caixa Wealth Arrojado [aggressive investment approach] fund family at the end of 2018 for customers subscribing to the wealth management advisory service. These new funds accounted for an amount of €372 million under management at the end of 2019.

Launch of Caixa PPR/OICVM funds

Caixa Gestão de Ativos provided its customers with new retirement saving plans investment solutions in the form of open-ended securities investment funds (PPR/OICVM) in December 2019. Subject to a minimum amount of €100, customers are able to build up a retirement nest egg by subscribing to one of the three funds available, Caixa PPR Defensivo PP/OICVM, Caixa Moderado PPR/OICVM or Caixa Arrojado PPR/OICVM. These funds managed an amount of €72 million at 31 December 2019.

Prizes and distinctions in 2019:

In 2019, APFIPP (Portuguese Association of Investment, Pensions and Wealth Funds) awarded its prize for the best funds, in their respective asset classes to the "Caixagest Ações Lideres Globais" [leading global equities] and "Caixagest Obrigações" [bonds] funds. In the same year, Morningstar[4] awarded Caixa Gestão de Ativos its "Best Domestic Bond Manager" prize for the 5th consecutive year and its Best Domestic Fund Manager prize, a distinction that had already been awarded to it in 2015 and 2018. In the same year Caixa Gestão de Ativos was also awarded the Rankia[5] prize for the "Best Domestic Investment Funds Manager".

1.4.4.2. International activity

CGD continued to restructure its international presence, in 2019, based on criteria of economic rationality and strategy, always geared to leveraging its respective results and achieving strict control over its associated risks, focusing on the countries defined as being strategic to the group's activity on the basis of their business affinities with Portugal.

CGD Group has a presence in international geographies with high potential but also not inconsiderable risk levels, and enjoys unique access to local markets in its leverage of the brand value of its image of trustworthiness.

The principal business areas it has adopted and which are currently in progress, are based on:

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[3] Portuguese Association of Investment, Pension and Wealth Funds at 31/12/2019 (provisional figures)

[4] These prizes were awarded by Morningstar and are the exclusive responsibility of the awarding entity. Morningstar is a global leader in the supply of independent research on investments encompassing around 500,000 products (particularly investment funds), and operates in 27 countries. Morningstar Awards 2019, Morningstar, Inc. All rights reserved.

[5] Rankia Awards 2019, nomination of the best entities and/or financial products in Portugal in 2018.

- The evolution of a relatively uncoordinated set of units to a coordinated network operation, based on closer cooperation between CGD and each of these operations e.g. in terms of governance and the corporatisation of functions;
- A strengthening of income and profit generating capacity which are not dependent upon the balance sheet, e.g. based on its enormous capacity to operate as a servicer for banks and international enterprises not having a presence in the said geographies;
- The exploitation of a servicing activity to secure high quality credit and additional business;
- A homogenising of offer and commercial approach without prejudice to local specificities;
- The simplification and improved efficiency of its structure, e.g. exploiting synergies with CGD;
- A strengthening of corporatisation levels of control and other functions.

CGD Group aims to operate as a multiservice banking platform (receipts, credit triangulation, etc.) for multinational customers operating in the geographies covered by CGD's branch office network, based on the development of its offer for the Group's customers in more than one geography – an integrated Group level customer vision – to leverage such relationships and exploit their commercial flows.

The strengthening of governance is a critical aspect of activity areas in international operations, based on consolidating CGD's representativeness and its consistent oversight, both on a level of such units' statutory bodies and its corporate exercise of control functions and harmonising of rules and practices and the sharing of good practice across the Group as a whole and, in general, the growing articulation between CGD's diverse functional structures and those of its international units, helping to strengthen their role in the Group's strategy and their contribution to its consolidated earnings.

The changes to CGD group's structure in 2019 aimed to further its strategic plan in the areas of repositioning its international presence enabling the release of capital and the reduction of its risk profile. The following operations took place in 2019:

- Sale of Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.A. (Spain);
- Liquidation of Caixa Geral Finance Ltd.;
- Work began on operations for the closure of the Spain branch and continued in the case of the closure of the Luxembourg branch which ceased to operate at the end of 2019. These processes are scheduled for completion in 1st quarter 2020;
- Furtherance of sale of Banco Caixa Geral - Brasil, S.A.;
- Reduction of the share capital of Banco Caixa Geral - Brasil, S.A. and CGD - Investimentos Corretora de Valores e Câmbio, S.A., to adjust the capital requirements to each company's activity;
- Work began on the preparatory works for the sale of Banco Comercial do Atlântico, S.A.

Contributions from the International Area

The international area's contribution of €183.5 million to consolidated net income in 2019 was up 16.9% year-on-year 2018.

CONTRIBUTION TO CONSOLIDATED NET INCOME (*)

INTERNATIONAL ACTIVITY

(EUR million)

			Change 2019-12 vs 2018-12	
	2018-12	2019-12	Total	(%)
Net interest inc. incl. inc. from eq. investm.	387,2	398,1	10,9	2,8%
Net fees and commissions	88,0	88,2	0,2	0,2%
Net trading income	38,6	54,0	15,4	39,9%
Other operating income	0,7	0,5	-0,2	-27,4%
Total operating income	**514,6**	**540,8**	**26,2**	**5,1%**
Employee costs	149,1	148,3	-0,8	-0,5%
Administrative expenses	96,5	93,2	-3,3	-3,4%
Depreciation and amortisation	23,9	28,9	5,1	21,3%
Operating costs	**269,4**	**270,5**	**1,0**	**0,4%**
Net operating income before impairments	**245,1**	**270,3**	**25,2**	**10,3%**
Credit impairment (net)	63,6	34,3	-29,3	-46,1%
Provisions and impairments of other assets (net)	1,5	4,7	3,2	218,1%
Net operating income	**180,1**	**231,4**	**51,3**	**28,5%**
Income Tax	39,3	40,7	1,4	3,5%
Net operating income after tax and before non-controlling interests	**140,7**	**190,6**	**49,9**	**35,5%**
Non-controlling interests	39,8	47,0	7,3	18,2%
Results from subsidiaries held for sale	52,7	39,1	-13,7	-26,0%
Results of associated companies	1,0	0,8	-0,2	-22,4%
Net income	**154,7**	**183,5**	**28,7**	**18,6%**
Net income from current activity (1)	**157,0**	**183,5**	**26,5**	**16,9%**

(*) Pure intragroup transactions with no impact on consolidated net income are not eliminated.
(1) Excluding non-recurrent costs.

The €15.4 million increase of income from financial operations and €10.9 million increase of net interest income explain the 5.1% increase of total operating income over 2018 to €540.8 million in 2019.

Operating costs remained stable (up 0.4%). Employee costs were down 0.5% and general administrative costs down 3.4%. Depreciation was up 21.3%.

The main contributors to consolidated net income were BNU Macao (€68.7 million), BCI Mozambique (€34.5 million) and France branch (€20.1 million).

Main CGD Group Companies

BNU Macao

Banco Nacional Ultramarino, S.A (BNU) is a wholly owned CGD subsidiary in the Special Administrative Region of Macao. Its presence in Macao dates back to 1902 and comprises a large network of 20 branch offices in the Territory and a branch in the city of Hengqin which adjoins Macao (previously known as the "Island of the Mountain") and the Special Economic Zone of the Province of Guangdong (previously Canton) in the PRC (People's Republic of China).

Economic diversification continued to be one of the guidelines of the government of the Special Administrative Region of Macao and in addition to focusing on the promotion of SMEs also included the development of Macao as a financial market. Reference should, herein, be made to the issuance of PRC sovereign debt securities, in Macao, in July 2019, by the ministry of finance for a total amount of 2 billion renminbis, in which BNU was the joint lead manager and joint bookrunner, having also participated in the part of the issuance for sale to the public.

BNU's net income in December 2019 was up 5.9% over 2018 to 620.8 million patacas. Return on equity (ROE) was 10.6%. The default rate of 1.4% remained low and there was an improvement of efficiency ratios with cost-to-income of 34.2% (against 35.7% in 2018) and core cost-to-income of 31.6% (against 35.2% in 2018).

The loans and advances to customers portfolio (gross) was down 9.8% over the end of 2018 to 24,402.3 million patacas owing to the decrease of loans and advances to large companies, in line with the previous years' trend of early loan repayments (particularly in the case of syndicated loans to companies in the hotel and gambling sector). This decrease in the corporate credit portfolio was partly offset by the growth of loans and advances to personal customers and, particularly, residential mortgage lending with a growth of 5%.

Customer resources were slightly down owing to the lower levels of institutional customers' deposits which are more volatile in terms of the price factor. The loans-to-deposits ratio was also down from 71.8% in 2018 to 65.6% in 2019

The 4.1% increase of total operating income essentially derives from the 8.9% increase of net interest income particularly on account of the decrease of average interest rates on borrowing in comparison to 2018. Net commissions remained practically at the same level although reference should be made to the 36.6% increase of commissions from bancassurance. Income from financial operations which, in 2018, was higher than to be expected on a recurring basis, was down 30.4%.

Operating costs were a slightly down by 0.3% over 2018, in spite of the pressures on the wage bill in a highly competitive, full employment market and the need to take on more employees and respective increased employee costs (4.5%). Reference should be made to the reduction of administrative costs.

As a consequence, net operating income before impairment rose 6.6% to €719.9 million patacas.

BNU recognised previsions and impairment (net) of 16.4 million patacas in 2019.

BNU MACAO - INDICATORS

			(EUR million)			(MOP million)
	2018-12	2019-12	Change (%)	2018-12	2019-12	Change (%)
Net interest income	83.8	96.3	14.9%	799.0	869.8	8.9%
Total operating income	110.6	121.6	9.9%	1,054.7	1,098.5	4.1%
Operating costs	39.8	41.9	5.2%	379.6	378.6	-0.3%
Net op. income before impairments	70.8	79.7	12.5%	675.1	719.9	6.6%
Provisions and impairments	0.7	1.8	156.8%	6.7	16.4	143.4%
Net income	61.5	68.7	11.7%	586.5	620.8	5.9%
Net assets	6,061.5	6,196.7	2.2%	56,013.2	55,830.1	-0.3%
Loans and adv. to customers (net)	2,902.7	2,681.0	-7.6%	26,823.2	24,155.0	-9.9%
Customer deposits	4,043.6	4,082.3	1.0%	37,366.2	36,780.2	-1.6%

Exchange rate EUR/MOP - Balance sheet: 9,2408 in Dec/18 and 9,0097 in Dec/19; P&L: 9,5332 in Dec/18 and 9,0346 in Dec/19.

BNU Macao's contribution to CGD Group's consolidated net income for 2019 was €68.7 million.

France branch

France branch, which is geared to the "natural" market comprising the Portuguese community in France, is one of CGD Group's major foreign operations. The branch also caters for other communities (particularly Portuguese-speaking) and also assists Portuguese companies operating in France, both in the sphere of bilateral trade between the two countries as in the sphere of the freedom to provide services.

Economic activity, in France, which continues to have a high unemployment rate of 8.4% is characterised by a moderate level of performance, with GDP growth of 1.2% (against 1.7% in 2018), sustained by public and private consumption, as business investment and foreign trade contributed negatively to the growth of the economy.

The branch's domestic activity was performed in an environment of cutthroat competition and historically low interest rates. Special reference should be made to the distribution of credit which was up 9.5% over the preceding year, resources taken in the form of customer deposits (up 6.1%) and remittances to Portugal (up 1.4%).

CGD's France branch remains committed to promoting bilateral trade between Portugal and France with business revenues of around €30 million.

CGD France also makes an active contribution to promoting the sale of CGD Group's real estate in the French market. Its presence (for the seventh year) in the Portuguese Real Estate Exhibition in Paris (also in its 8th edition) is indicative of this commitment.

FRANCE BRANCH - INDICATORS

(EUR million)

	2018-12	2019-12	Change 2019-12 vs 2018-12 Total	(%)
Net interest income	70.2	70.7	0.4	0.6%
Total operating income	93.0	95.8	2.7	2.9%
Operating costs	57.0	59.9	3.0	5.2%
Net op. income before impairments	36.1	35.8	-0.3	-0.7%
Provisions and impairments	13.8	3.2	-10.6	-77.0%
Net income	11.4	29.2	17.8	156.1%
Net assets	2,923.2	3,057.9	134.7	4.6%
Loans and adv. to customers (net)	2,260.0	2,474.8	214.8	9.5%
Customer deposits	2,398.5	2,543.7	145.1	6.1%

France branch's contribution to CGD Group's consolidated net income in 2019 was €20.1 million.

Banco Caixa Geral Angola

BCGA (Banco Caixa Geral Angola) is an Angolan institution owned by Caixa Geral de Depósitos Group and was the first private banking institution to operate in Angola after its independence.

BCGA specialises in the large and medium sized enterprises segments, particularly oil and gas, and affluent retail customers with levels of service of excellence. It has a presence in 10 of the country's 18 provinces with 34 branches, 4 corporate centres, 1 specialised hub for companies operating in the oil and gas sectors and 1 hub specialising in large enterprises.

BCGA's net interest income of 25,012 million kwanzas, was up by a year-on-year 13.7%.

The domestic currency's continued downwards trend against the US dollar and the euro, in 2019, enabled it to achieve a positive level of income from financial operations owing to its long term foreign exchange position, although the amount was lower than in 2018, owing to the bank's endeavours to significantly reduce its currency exposure.

Commissions although slightly down by 1%, year-on-year, performed positively in light of the severe regulatory restrictions imposed by the National Bank of Angola in 2019. Commissions earnings mainly comprised documentary credit, foreign exchange operations, operations with correspondent banks and commissions associated with POS and ATM terminals.

Operating costs, deriving from foreign exchange effects, were down 19.1% by €9.1 million. They were up 10% in local currency.

Net operating income before impairment was 20,420 million kwanzas, up by a year-on-year 20.4%. This amount derives from the positive impact of commissions and income from financial operations, notwithstanding operating costs increases.

BCGA's net assets were up by 51.3% year-on-year to 551,292 million kwanzas. This increase is essentially due to the growth in customer resources

There was a positive 51.3% variation in the loans and advances portfolio, year-on-year, with overdue credit in December down by a year-on-year 15%, a default ratio of 8.2% and a coverage ratio (provisions/overdue credit) of 120%.

Deposits were up 63.6%, mainly in Kwanzas +55%, as a reflection of a change of strategy which also tightened the focus on retention (higher growth of term than sight deposits), in addition to the more aggressive deposit-taking campaigns in progress. Foreign currency resources were up by a year-on-year 70%, particularly owing to the effect of the Kwanza's appreciation while also benefiting from customers' confidence owing to their ready access to deposits.

BCG ANGOLA - INDICATORS

			(EUR million)			(AOA million)
			Change			Change
	2018-12	2019-12	(%)	2018-12	2019-12	(%)
Net interest income	74.1	61.9	-16.4%	21,993.2	25,011.7	13.7%
Total operating income	104.3	88.7	-15.0%	30,964.9	35,815.9	15.7%
Operating costs	47.2	38.1	-19.1%	14,000.7	15,395.9	10.0%
Net op. income before impairments	57.1	50.6	-11.5%	16,964.2	20,420.0	20.4%
Provisions and impairments	21.3	7.5	-64.8%	6,327.1	3,029.7	-52.1%
Net income	30.5	39.4	29.3%	9,039.5	15,894.0	75.8%
Net assets	1,038.2	1,028.7	-0.9%	364,341.7	551,291.8	51.3%
Loans and adv. to customers (net)	187.3	187.8	0.3%	65,724.6	100,642.9	53.1%
Customer deposits	795.3	852.2	7.2%	279,091.3	456,728.7	63.6%

Exchange rate EUR/AOA - Balance sheet: 350.9300 in Dec/18 and 535.9300 in Dec/19; P&L: 298.8620 in Dec/18 and 403.7662 in Dec/19.

BCG Angola's contribution to CGD Group's consolidated net income totalling €20.1 million in 2019.

BCI Mozambique

The cyclones IDAI and Kenneth, which affected the country's central and northern regions, made economic deceleration inevitable. Inflation evolved favourably across the year at 3.5%, remaining in line with Bank of Mozambique and IMF forecasts.

In 2019, BCI maintained the robustness and financial strength it has succeeded in achieving over the last few years due to the rigour and discipline of its management model, consolidating its position in the domestic backing system. BCI has topped the ranking in terms of its market shares of credit and deposits over the last 3 years in achieving 28.9% and 26.9% respectively in December 2019.

BCI also has the largest nationwide branch office and electronic channels network as a result of its major investment in digital banking, having ended 2019 with 208 branches, up 8 over 2018, 617 ATMs and 15,983 POS terminals (13,622 in 2018).

Net assets were up 7.1% to MZN 164.9 billion in comparison to MZN 154.1 billion in December 2018.

The loans and advances to customers portfolio (net) was up by a year-on-year MZN 1.2 billion to MZN 67.2 billion.

Customer deposits were up 7.9% to 124.6 billion meticais in December 2019, against 115.4 billion in the same period of the preceding year.

In December 2019, the transformation ratio stood at 53.9%, corresponding to a reduction of 3.3 b.p. compared to the same period in 2018 (57.2%).

Shareholders' equity of 18.7 billion meticais was up 2.7 billion meticais over 2018, owing to the incorporation of 75% of the amount of profit for 2018. This evolution comprised growth of the solvency ratio which at 24%, was much higher than the 12% legally established by the Bank of Mozambique.

Total operating income amounted to 14.5 billion meticais against 13.9 billion meticais for the same period 2018.

Operating costs were up 7.5% by 0.52 billion meticais, fuelled by employee costs (up 0.32 billion meticais) and depreciation (up 0.13 billion meticais), the latter impacted by IFRS 16.

BCI's net income of MZN 3.8 billion, was down 5.5% over December 2018.

BCI MOZAMBIQUE - INDICATORS

	(EUR million)			(MZN million)		
	2018-12	2019-12	Change (%)	2018-12	2019-12	Change (%)
Net interest income	139.6	148.7	6.5%	9,871.1	10,313.4	4.5%
Total operating income	196.7	208.5	6.0%	13,907.8	14,457.1	3.9%
Operating costs	98.7	108.1	9.6%	6,976.9	7,497.0	7.5%
Net op. income before impairments	98.0	100.4	2.4%	6,930.9	6,960.1	0.4%
Provisions and impairments	18.6	28.4	52.6%	1,315.4	1,969.1	49.7%
Net income	56.7	54.6	-3.7%	4,009.7	3,788.7	-5.5%
Net assets	2,197.6	2,403.2	9.4%	154,116.2	164,983.1	7.1%
Loans and adv. to customers (net)	942.1	979.0	3.9%	66,071.0	67,207.1	1.7%
Customer deposits	1,645.9	1,814.9	10.3%	115,427.3	124,592.0	7.9%

Exchange rate EUR/MZN - Balance sheet: 70.1300 in Dec/18 and 68.6500 in Dec/18; P&L: 70.7059 in Dec/18 and 69.3430 in Dec/19.

BCI Moçambique´s contribution to the 2019 Group’s consolidated net income was €34.4 million.

1.4.5. Separate activity

Results

The results from CGD’s separate activity were once again positive in 2019, in achieving an expressive level of net income for the year of €762.0 million.

INCOME STATEMENT (SEPARATE) [(a)]

(EUR thousand)

	2018-12	2019-12	Change Total	Change (%)
Interest and similar income	1.516.129	1.326.278	-189.851	-12,5%
Interest and similar costs	703.040	565.177	-137.863	-19,6%
Net interest income	813.089	761.101	-51.988	-6,4%
Income from equity instruments	66.988	75.335	8.347	12,5%
Net interest income incl. income from eq. investm.	**880.077**	**836.436**	**-43.640**	**-5,0%**
Fees and commissions income	492.531	514.033	21.502	4,4%
Fees and commissions expenses	89.158	89.136	-22	0,0%
Net fees and commissions	403.373	424.897	21.524	5,3%
Net trading income	39.419	66.396	26.976	68,4%
Other operating Income	-23.651	136.302	159.953	-
Non-interest income	**419.142**	**627.595**	**208.453**	**49,7%**
Total operating income	**1.299.218**	**1.464.031**	**164.813**	**12,7%**
Employee costs	459.133	436.605	-22.528	-4,9%
Administrative expenses	251.811	227.002	-24.809	-9,9%
Depreciation and amortisation	37.059	70.485	33.425	90,2%
Operating costs	748.004	734.092	-13.912	-1,9%
Net operating income before impairments	**551.215**	**729.940**	**178.725**	**32,4%**
Credit impairment (net)	116.518	-130.409	-246.926	-
Provisions and impairments of other assets (net)	-171.675	-177.771	-6.096	-
Provisions and impairments	**-55.158**	**-308.180**	**-253.022**	**-**
Net operating income	**606.372**	**1.038.119**	**431.747**	**71,2%**
Income Tax	**268.575**	**276.106**	**7.532**	**2,8%**
Current	13.673	76.469	62.796	459,3%
Deferred	225.037	173.157	-51.880	-23,1%
Contribution on the banking sector	29.865	26.480	-3.385	-11,3%
Net income	**337.798**	**762.013**	**424.215**	**125,6%**

(a) Including the activity of the France, Spain, Luxembourg and Timor branches

Reference should be made, in the case of CGD's core activity, to the 5.3% increase of income from services and commissions over the preceding year to €424.9 million and income from financial operations which was up 68.4% by €27 million. Operating costs continued to trend downwards (by 1.9%) or €13.9 million in comparison to 2018, with decreases in the employee costs components (down 4.9% by €22.5 million) and general administrative costs (down 9.9% by €24.8 million) as opposed to a €33.4 million increase of depreciation and amortisation owing to the implementation of IFRS 16.

As a result of the referred to evolution, net operating income before impairment was up 32.4% by €178.7 million over 2018 to €729.9 million.

Balance sheet

Net assets from Caixa Geral de Depósitos's separate activity were up 2.3% over the preceding year to €79,403 million at the end of 2019. Reference should be made to the 20.4% increase in securities investments and 37% increase in cash and cash equivalents at central banks showing a strong liquidity position. This was offset by loans and advance to customers which continued to trend downwards (by 6.8%), as a consequence of the reduction of NPLs and, particularly, the early repayment of loans by several public bodies.

On the liabilities side reference should be made to the increase of customer resources (up 5.0%).

BALANCE SHEET (SEPARATE) [a]

(EUR million)

ASSETS	2018-12	2019-12	Change Total	Change (%)
Cash and cash equivalents with central banks	4,661	6,384	1,723	37.0%
Loans and advances to credit institutions	3,964	4,176	212	5.3%
Securities investments	17,995	21,666	3,671	20.4%
Loans and advances to customers	44,852	41,781	-3,071	-6.8%
Non-current assets held for sale	657	234	-423	-64.4%
Intangible and tangible assets	292	469	177	60.6%
Investm. in subsid. and associated companies	1,672	1,538	-134	-8.0%
Current and deferred tax assets	2,045	1,786	-260	-12.7%
Other assets	1,468	1,369	-99	-6.7%
Total assets	**77,607**	**79,403**	**1,796**	**2.3%**
LIABILITIES				
Central banks' and credit institutions' resources	2,176	1,908	-268	-12.3%
Customer resources	56,215	59,006	2,791	5.0%
Debt securities	3,261	2,464	-797	-24.4%
Financial liabilities	731	907	176	24.1%
Provisions	1,046	1,054	8	0.8%
Subordinated liabilities	1,270	1,116	-154	-12.1%
Other liabilities	5,543	5,325	-218	-3.9%
Sub-total	**70,240**	**71,779**	**1,539**	**2.2%**
Shareholders' equity	**7,367**	**7,624**	**257**	**3.5%**
Total	**77,607**	**79,403**	**1,796**	**2.3%**

(a) Including the activity of the France, Spain, Luxembourg and Timor branches

Capital management

Shareholders’ equity was up by €257 million over 2018 to €7,624 million at the end of 2019.

SHAREHOLDERS’ EQUITY (SEPARATE)

(EUR million)

	2018-12	2019-12	Change Total	Change (%)
Capital	3,844	3,844	0	0.0%
Other capital instruments	500	500	0	0.0%
Revaluation reserves	227	269	42	18.3%
Other reserves and retained earnings	2,457	2,248	-209	-8.5%
Net income for the year	338	762	424	125.6%
Total	**7,367**	**7,624**	**257**	**3.5%**

The CET1 and Total ratios, at 31 December 2019, calculated on a separate basis under CRD IV / CRR rules were 18.7% and 21.9%, respectively.

The following table illustrates the amounts of own funds (including net income for the period) and capital ratios for end 2018 and 2019:

SOLVENCY RATIOS (SEPARATE)

(EUR million)

	CRD IV / CRR Regulation (1)			
	2018-12 (2)	2018-12 (3) Proforma	2019-12 (4)	2019-12 (5)
Own funds				
Common equity tier 1 (CET 1)	6,183	6,335	6,470	6,818
Tier 1	6,683	6,835	6,970	7,318
Tier 2	639	639	600	600
Total	7,322	7,474	7,570	7,918
Weighted assets	**36,609**	**36,644**	**34,536**	**34,616**
Solvency ratios				
CET 1	16.9%	17.3%	18.7%	19.7%
Tier 1	18.3%	18.7%	20.2%	21.1%
Total	20.0%	20.4%	21.9%	22.9%

(1) Phasing-in amounts.
(2) The amount communicated to the supervisor, in December 2018, did not include net profit for the period.
(3) The pro forma accounts at December 2018, provided for comparison purposes with the amounts for 2019, include a net profit of €137.8 million (€337.8 million of which in profit for the period net of €200 million in dividends paid to CGD's shareholder)
(4) In December 2019, the Corep amount (Corep - Common report) includes the positive net profit, under nº 2 of the Article 26º Regulation (EU) n. 575/2013 (Corep).
(5)Includes the positive net profit €762 million,under ECB recommendation on the non-payment of dividends (ECB/2020/19).

In the assessment of its separate own funds and prudential ratios at 31 December 2019 − "Corep - Common Report" − as communicated to the supervisor, a net profit of around €445.2 million was considered, in conformity with the ECB's authorisation under no. 2 of article 26 of regulation (EU) 575/2013. The amount was based on the prudential perimeter's net accounting profit of around €762.0 million, net of around €316.7 million (calculated under article 5 of European Central Bank decision (EU) 2015/656 of 4 February 2015 on the inclusion of provisional profit or end of period income in Tier 1 own funds.

However, as a consequence of the exceptional situation deriving from the COVID-19 pandemic and particularly owing to the uncertainty regarding its impacts on the evolution of the eurozone economy, the ECB, on 27 March 2020, updated its recommendation on the payment of dividends − recommendation (ECB/2020/19) − recommending that banks should not pay dividends for 2019 and 2020 or repurchase their own shares, at least up until 1 October 2020.

The executive committee accordingly recommended that the board of directors submit a motion to the shareholders' meeting for the non-payment of dividends for 2019 and the inclusion of net profit in free reserves, following the deduction of the legal reserve (option b. of the ECB's recommendation).

In the event of the approval of the executive committee's above referred to proposal on the non payment of dividends, the ratios at 31 December 2019 will comprise a CET1 of 19.7%, a Tier 1 of 21.1% and a total ratio of 22.9%.

The variation in the CET1 ratio between December 2018 (*pro forma*) and December 2019 is explained by the improvement of Own Funds and the reduction of the Risk Weighted Assets:

1. The increase in Common Equity Tier1 (CET1) amount of approximately 135 million euros represents a positive contribution to the CET1 ratio of 39 basis points and derives essentially from the contribution of the following components:

   - The net profit of around €445 million calculated in own funds, which is in line with the ECB's authorisation to include this shareholders' equity item in the calculation of prudential ratios, was the principal component whose positive contribution accounted for a 129 basis points increase in the change in CET1;

   - The improvement of around €42 million in revaluation reserves contributed an additional 12 basis points to the change in CET1;

- The decrease of the deduction of deferred tax assets − based on the carry back of fiscal losses of around €23 million contributed 7 basis points to the change in CET1;

- The negative variation in other reserves and retained earnings of around €346 million, which translated into a decrease of around 100 basis points to the change in CET1, essentially explained by the impacts of the actuarial deviations related to employee benefits totalling a negative amount of around €310 million;

- The amounts of the deduction related to fact that the prudential limit on own funds was exceeded by 10% was responsible for a deduction of around €16 million, which translated into a negative impact of around 5 basis points to the change in CET1.

- Increase of around €12 million to the amount of the deduction for intangible assets, translating into a negative impact of around 3 basis points to the change in CET1.

2. The RWA reduction of approximately 2 107 million euros, contributed to an variation of +105 basis points on the CET 1 ratio.

Disposal of equity stakes in subsidiaries under the strategic plan 2017-2020

In its fulfilment of the strategic plan 2017-2020, as agreed with the directorate general for competition of the European Union, Caixa Geral de Depósitos, S.A. continued its endeavours to streamline its international presence with the disposal of its equity investments in Banco Caixa Geral, S.A. and Mercantile Bank.

Caixa Geral de Depósitos formalised the definitive sale of 99.79% of the equity capital of the Spanish company Banco Caixa Geral, S.A. (BCG), to Spanish banking group ABANCA, for the amount of €384 million in October 2019.

In November 2019 Caixa Geral de Depósitos concluded the sale process of shares representing 100% of the share capital of Mercantile Bank Holdings Limited, to Capitec Bank Limited (Capitec), for the amount of 3.56 billion South African Rand (ZAR), approximately 215 million euros (considering an exchange rate for the EUR/ZAR of 16.5).

SREP capital requirements on CGD's separate activity in 2019

In terms of its separate activity and in the sphere of the last available supervisory review and evaluation process (SREP 2017), it was defined that Caixa Geral de Depósitos, S.A. (parent company) must permanently comply with the own funds and liquidity requirements applicable under regulation (EU) 575/2013, the national legislation transposing directive 2013/36/EU and any other applicable national liquidity requirements in the sense of article 412, no. 5, of regulation (EU) 575/2013.

After 2019, having the capital conservation buffer (CCB) reached 2.50%, CGD must ensure for its separate perimeter, compliance with a 7.00% CET 1 capital requirement that includes: i) the minimum CET 1 capital ratio required under Pillar 1 of 4.5% and ii) the capital conservation buffer (CCB) of 2.50%.

The ratio levels achieved by CGD on a separate basis in December 2019 are considerably higher than the required minimums.

CGD employees' Pension Fund and Healthcare Plan

Pension liabilities for CGD retirees were €2,740.1 million and €3,226 million, at 31 December 2018 and 2019, respectively, an increase of €485.9 million

The liabilities, at the end of 2019, were funded by the pension fund (€3,004.6 million) and an extraordinary contribution of €221.4 million recognised in liabilities which was paid into the pension fund during the first quarter 2020, with 100.0% of liabilities now being funded. The pension fund's effective yield offset interest costs and therefore originated positive yield of around €118.2 million which contributed to mitigate the deviation related to liabilities. The negative actuarial deviations associated with pension liabilities at the end of the year were around €984.7 million (against €685.5 million in 2018).

The liabilities associated with CGD employees' post employment medical benefits – medical plan − were fully provisioned, at 31 December 2018 and 2019, at €452.9 million and €511.3 million, respectively. At the end of the year, actuarial deviations associated with the medical plan at the end of the year totalled around €131 million (against €63.9 million in 2018).

CGD revised last year's discount rate from 2.075% to 1.4%, changed the male mortality table from TV 73/77 to TV 88/90, changed the female mortality table from TV 88/90 (-2 years) to TV 88/90 (-3 years), changed the rate of wage growth for the year 2021 and following, from 1.0% to 0.75%, and changed the growth rate of pensions for 2021 and following, from 0.5% to 0.4%.

PENSION FUND IN 2019 - FUND'S MOVEMENTS

(EUR million)

Amount of the Fund calculated by the Fund Management Company on 31.12.2018	**2,611.9**
Employees' contributions	19.3
Company´s regular contributions	58.0
Company ´s extraordinary contributions – Settlement of the previous year´s liabilities	129.2
Company´s extraordinary contributions for 2019 paid to the Fund	79.7
Pensions paid	-67.9
Net yield of Fund	174.4
Amount of the Fund calculated by the Management Company on 31.12.2019	**3,004.6**
Extraordinary contribution for 2019- CGD´s Liabilities	221.4
Amount of the Fund on 31.12.2019 including liabilities	**3,226.0**

The fund, according to the fund manager's calculations, was worth €3,004.6 million at 31 December 2019. This amount was insufficient to cover the minimum mandatory funding required by the current standard applicable to this category of liabilities, i.e. the need to cover 100% of liabilities for retirees and at least 95% for active workers. CGD accordingly recognised liabilities of around €221.4 million in its accounts to be paid into the fund as an extraordinary contribution.

Considering that the pension fund at 31 December 2019, according to the fund manager's calculations, was worth €3,004.6 million at the said reference date, in considering the extraordinary contribution paid by CGD during the first quarter of 2020, the pension fund had a worth of €3,226 million, equivalent to a 100% total liabilities funding rate.

An amount of around €61.1 million was recognised in the employee costs account in the period of which €62 million relative to the normal cost for the year, around €8.3 million relative to the increase in liabilities for early retirements and a negative €9.2 million resulting from gains associated with voluntary redundancies.

The evolution of actuarial deviations (accumulated) directly recognised in equity which increased from a negative €685.5 million at the end of 2018 to a negative €984.7 million, is essentially explained by the negative deviation associated with liabilities (€417.4 million) which was partially compensated by the positive actuarial deviation of €118.2 million in pension fund yield.

The yield on CGD's pension fund was 6.53%.

The evolution of Pension liabilities for retirees and contributions in the last five years were as follows:

(EUR million)

	2015	2016	2017	2018	2019
Pension Liabilities	**2,287.7**	**2,540.5**	**2,636.2**	**2,740.1**	**3,226.0**
Contributions to the Pension Fund	77.2	205.6	56.1	190.9	359.0
Regular	77.2	66.9	56.1	61.7	58.0
Extraordinary	0.0	138.6	0.0	129.2	301.0

The following table shows that liabilities of €452.9 million and €511.3 million for CGD employees' post employment medical benefits at 31 December 2018 and 2019, respectively, have been fully provisioned.

HEALTHCARE PLAN IN 2019 - EVOLUTION OF PROVISION

(EUR million)

Value of provision at 31.12.2018	**452.9**
Current cost for period	15.3
Contrib. for healthcare serv. (SS and SAMS)	-24.0
Actuarial gains	67.1
Value of provision at 31.12.2019	**511.3**

The actuarial gains referred to in the table derive from a revision of the calculations of medical plan liabilities. The accumulated actuarial deviations balance at 31 December 2019 was €131 million.

CGD's contribution rate to the Social Services is 6.5% In addition, CGD partially subsidises cultural, sporting and other social support activities, with an annual contribution of 85 euros for each Social Services member.

1.5. Risk management

The person ultimately in charge of CGD Group's risk management function is its CRO (chief risk officer), who is a member of the executive committee of CGD's board of directors. CGD's CRO is globally responsible for monitoring the Group's risk management framework and particularly for ensuring the adequate and effective operation of the risk management function. He/she also has the duty to inform members of management and audit bodies on the risks incurred, CGD's and CGD Group's global risk profile and degree of compliance with the defined risk tolerance levels.

CGD group's risk management function is based on a governance model which simultaneously aims to comply with best practice as set out in directive 2013/36/EU and to enhance the strength and effectiveness of the system for the identification, measurement, monitoring, reporting and control of financial risks (credit, market, liquidity, balance sheet interest rate and pension funds) and non-financial risks (strategy and business, operational, IT and reputational) to which CGD Group is or may be exposed.

Risk management is centralised and assisted by a dedicated structure in the form of the risk management division, for which the CRO is responsible. The models validation office, for the internal validation of the risk assessment models used in CGD Group was set up, at the end of 2016, with the aim of incorporating the principle of separation between the owner functions of risk models and the assessment function of their quality.

The risk management division operates in the area of the management and control of the Group's financial and operational risks, with the objective of achieving stability, solvency and financial strength, guaranteeing identification, assessment, oversight, control and reporting functions on the financial and operational risks to which CGD Group is exposed and the interrelationships between them, to ensure the coherent integration of their part contributions, that they remain in line with the risk appetite defined by the board of directors and that they will not significantly affect CGD's financial situation, by continually ensuring compliance and conformity with external standards and the legal and statutory requirements governing such matters. The division ensures the implementation of CGD's business continuity strategy based on the global coordination and planning of the respective activities and ensuring the supervision thereof across group entities as well as promoting a culture of business continuity within the group. It coordinates transversal exercises as part of regulatory processes or when internal initiatives are involved. It controls and promotes the resolution of internal and external recommendations contributing to the internal control system's effectiveness. It disseminates information on and improves CGD group's risk culture as a whole, increasing the efficacy and efficiency of risk management across various Group entities.

Chapter 3. The corporate governance report provides detailed information on the Group's risk governance model as well as its respective risk policy in the form of its risk appetite statement and provides the market with more detailed information on CGD's risk framework.

Principal developments in 2019

Although CGD's achievements in the domain of its progress on best risk management related practice across 2019, were significant and comprehensive, reference should be made to the design and first implementation of a transformational 3 year strategic plan, aimed at transforming the function, adjusting it to best banking practice and needs for the third decade of the 21st century. This plan, approved by the board of directors in June 2019, is sustained by four operating pillars: (i) governance, (ii) human resources, (iii) organisation and (iv) tools and data complemented by the robustness of the corporate pillar.

In this first year, reference should be made to three sets of actions having the greatest institutional impact:

- The organic structure of the risk management division (DGR) was subject to a broad-brush revision comprising the optimisation and consolidation of its modus operandi, involving a reorganisation of core areas with the addition of a non-financial risk area (to complement the specialised "traditional operational") risks area, with the integration of internal control areas and creation of new specialised areas on more transversal issues such as the dissemination of information on risk culture, planning and strategy and technological infrastructure data areas;
- To strengthen the alignment between the various risk management tools, promoting a harmonised, comprehensive, consensual structure establishing the respective 3 lines of defence with a major revision of the risk classification;
- Development of the new internal control system governance policy requiring strong links among the three control functions (risk, compliance and audit).

Reference should be made to the implementation of more than 85% of the initiatives planned for 2019, enabling the whole of the risk management structure, ranging from the governance model to the operationalisation and dissemination of information on risk appetite at all CGD levels, to be strengthened and consolidated.

The implementation of the strategic plan was accompanied by a series of other major initiatives, such as:

- The contextualisation of the strategic objectives of harmonising corporate risk management practices in an endeavour to ensure the existence of a risk control infrastructure in line with domestic practice, involving the promotion of initiatives for the implementation of internal credit risk appraisals (rating and scoring) in the different geographies.
- Continuation was given to activities involving the preparation of a series of structural and regulatory alterations related to the minimum requirement for own funds and eligible liabilities (MREL), a fundamental review of the trading book (review of the approaches to the calculation of own funds requirements), principles for effective risk data aggregation and risk reporting (a set of principles to promote the accuracy and transparency of risk information, respective aggregation techniques and analysis reports), interest rate risk in the banking book (review of Pillar II requirements - Supervisors' assessment process and Pillar III - market discipline), inter alia.
- The year was also dedicated to the group's participation in the European Central Bank's (ECB's) liquidity stress test, or LiST, based on an infrastructure dedicated to this kind of exercise designed to strengthen CGD's balance sheet and capital positions.
- Reference should also be made, in the first quarter of the year, to CGD's update of its strategic and operational plan to reduce its non performing exposures (NPEs), to also include disinvestment property. The implementation of the plan was led by the executive committee, with the participation of the bank's core areas which manage, control and monitor NPEs.

Solvency risk

Solvency risk comprises the risk of negative impacts on profit or loss or equity resulting from changes to regulatory or fiscal frameworks, including the risk of mismatches between capital adequacy and risk profile.

Solvency risk, formalised in the last revision of the classification of CGD group risks, comprises fiscal, regulatory and internal capital risk areas.

Methodology

Reference should be made, in terms of the oversight of solvency risk, to the regular monitoring of the adequacy between own funds and the risk profile.

Regulatory capital requirements

From a regulatory viewpoint, this oversight comprises the regular measurement of regulatory capital requirements for Basel Pillar I: credit, market and operational risk.

Risk-weighted assets (RWA) at the end of 2019 amounted to €44,113 million, 88% of which for credit risk, 8.8% for operational risk and the remainder for market risk.

CGD group adopted the standard method for the calculation of its own funds requirements for credit risk, as defined in chapter 2, heading II, part III of regulation (EU) 575/2013.

This methodology consists of the segmentation of original risk positions into the risk classes defined in article 112 of the referred to regulation. The value of the positions are subject to impairment corrections to obtain the risk positions.

Taking into account the guarantees and sureties associated with the positions, the same regulation provides for the application of risk reduction techniques for the reclassification (personal protection) and/or reduction (real protection) of risk positions. Risk positions are weighted by their final risk class (following any reclassification), as defined in chapter 4, heading II, part III of the same regulation.

For positions at risk on sovereign loans, public sector entities, companies, institutions and funds, the supervisor allows the risk weighting factor to be assessed on the basis of the credit quality measurements allocated by external rating agencies (ECAIs) considered eligible (regulation (EC) 1060/2009).

The mark-to-market assessment method as defined in section 3 of chapter 6 of the European Parliament and of the Council regulation 575/2013 which consists of adding to the operation's market value, when positive, its future valuation potential, resulting from the multiplication of the notional amount by a prudential factor based on the type of agreement is applied for derivatives, repos operations, loans contracted for or issued on securities or property or goods, long term settlement operations and loan operations with the imposition of a margin.

Own funds requirements for the trading portfolio are measured by the standard method on debt, capital and foreign exchange instruments and, lastly, own funds requirements for operational risk are the result of the relevant indicator's risk-weighted three year average calculated each year on each of the activity segments as defined in the same regulation using the same standard method.

The "Market Discipline 2019" document, scheduled for publication in first half 2020 will provide detailed information on the regulatory requirements for CGD Group's capital as calculated in the three risk classes.

Internal capital requirements

Under Basel's Pillar II, CGD group performs an annual internal capital adequacy assessment process (ICAAP) to identify, measure and allocate capital to the risks to which the banking group is or is likely to be exposed.

The risk identification and measurement process includes all risks defined in CGD group's risk classification. In turn and in accordance with the perception of a risk's materiality, internal capital requirements are based on methodologies and/or internal risk factors.

In conformity with the approved risk framework and appetite statement, internal and regulatory capital adequacy is calculated on the planning upon which group strategy is implemented. Capital and short and medium term requirements planning, while produced in the context of a base scenario, also considers a macroeconomic framework and adverse idiosyncratic events to enable an assessment of the sufficiency of CGD's group's capital in terms of solvency when subject to extreme circumstances.

In a risk solvency context compliance with the regulatory limit on exposure to a customer or group of related customers based on controlling or economic dependency relationships is also evaluated. Under part IV of the CRR, the amount of exposure to a customer or related group of customers, net of impairment and the exemptions provided for in the regulation may not exceed 25% of eligible own funds.

The leverage ratio is also calculated and monitored. The leverage ratio is a regulatory and supervisory instrument calculated on the division of a measure of Tier 1 own funds by a total exposure measure whose calculation rules are set out in part VII of the CRR and Commission delegated regulation (EU) 2015/62.

Credit risk

Credit risk is associated with the losses and level of uncertainty over a customer's/counterparty's capacity to meet its obligations.

Given the nature of banking activity, credit risk is particularly important, owing to its materiality, notwithstanding its interconnection with the remaining risks.

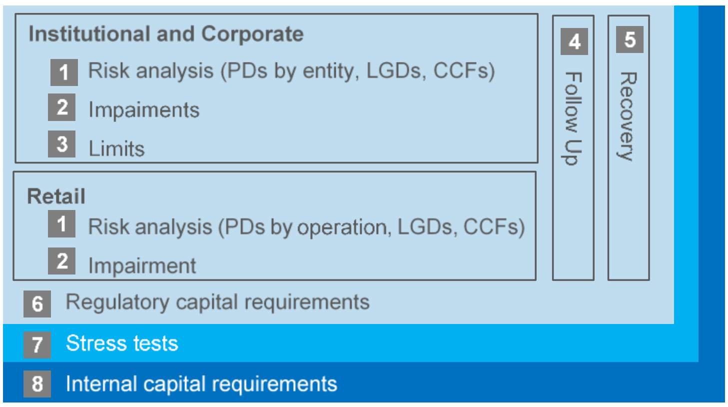
Internal standards govern the management and control of credit risk which, based on the use of ratings, exposure levels and other risk criteria, define the levels of competence necessary for the decision-making process on credit.

DRC (credit risks division) operates in the area of the analysis, issue of opinions and decisions on credit operations, in accordance with the credit regulations and the delegation of competence currently in force. It is also responsible for validating individual impairment on credit and monitoring defined credit alerts.

Methodology

1 Risk analysis. CGD Group has implemented a risk identification, assessment and control system on its credit portfolio. The system covers all customer segments and is active both when loans are made and in monitoring risk over the lifetime of the operations.

- All credit operations, upon origination, should be economically viable, be of interest to CGD, in accordance with its credit policy and affect own funds in compliance with the defined solvency ratio, in light of,



namely: (i) their purpose and specific conditions of the real operations to be financed by them, (ii) the goodstanding and business, technical and financial capacity of their proponents and respective representatives, (iii) their former relationship with CGD Group and the financial system in general, in addition to the global amount of their liabilities to the Group and the financial system.

- The adequacy, amount and maturity of each operation should be commensurate to its type and purpose and the material conditions of the real underlying operation.

- The conditions of each credit operation, in matters of guarantees and interest rate, should be defined on the basis of the level of credit risk involved and the customer's global relationship with CGD Group, always bearing CGD's credit policy in mind. Real guarantees are normally required on medium/long term operations.

- For corporates, municipalities, autonomous regions and financial institutions with a more significant level of exposure, or with other added risk criteria/triggers, consideration of the credit risk, in addition to being based on internal rating models (which include both financial and qualitative information), is individually examined by a team of analysts which produces credit risk analyses and issues an opinion on the respective credit risk. This individual analysis includes (i) consideration of diverse, up-to-date information (forthwith, the exposure to CGD Group and the rest of the banking system, ratings, information on defaults and banking incidents, fiscal liabilities and amounts owed to the social security services, pledges, judicial actions, etc), (ii) an assessment of managerial capacity, (iii) consideration of the proposal's reasonability, (iv) an assessment of the repayment capacity of the proponents/projects, adjusting the repayment profile when the risk is considered manageable, and (v) consideration of risk mitigating factors (guarantees, covenants, etc). The analysis is always produced on the basis of the economic group of which the proponent is a member and, starting from a certain exposure level, the analysis teams adopt a specialised sectoral approach.

- The assessment of corporate credit and project finance risk already includes environmental and social considerations:

  - The analysis of each project finance credit risk includes a category referring to a project's sustainability and socio-environmental impact and aims to analyse the project finance's different intervention domains, based on four essential areas: economic profitability, financial viability, social equity and environmental correctness;

  - The assessment of corporate credit risk is also based on considerations regarding a company's social and economic credibility.

- CGD Group's project finance portfolio particularly concentrates on projects in the Iberian Peninsula. The need to safeguard several environmental and social obligations is embedded in Portuguese and Spanish legislation and must be complied with by the respective economic agents.

- Credit risk assessment in the retail segment is based on the use of statistical risk assessment tools (PD – probability of default and LGD - loss given default), by several internal regulations which define objective criteria to be complied with on lending operations and the delegating of competence in accordance with the ratings on customers/operations. Only in the case of loans to personal customers is this complemented by a scoring system on the operations which is used to define credit limits by product, in terms of an immediate decision (operations with standard risk parameters).

2 The credit impairment model developed by CGD Group, under IFRS 9, enables impairment losses (i.e. impairment) to be measured on the basis of borrowers' creditworthiness and the level of existing collateral, based on the allocation of credit to the following macro segments:

- Stage 1 − Performing credit, without any signs of a significant deterioration of credit risk;

- Stage 2 − Performing credit, but in which criteria indicating a significant deterioration of credit risk have been identified. This segment includes operations which have been restructured owing to a customer's financial difficulties but which have not activated default criteria;

- Stage 3 − Credit in default.

The risk factors used in the credit impairment model (12 month PDs, lifetime PDs, LGDs, etc...) are revised annually and backtested with point-in-time adjustments to ensure that they adequately reflect market conditions.

The macroeconomic scenarios upon which a forward-looking approach to risk factors is based are revised twice a year by CGD's economic research office.

The credit impairment model continues to be governed by the collective and individual impairment concepts described below:

- Collective impairment analyses. The expected losses per risk sub-segment are assessed on exposures which are not considered to be individually significant. They include, inter alia, assets with similar risk characteristics (credit segment, type of collateral, payments history, ratings and scoring models);

- Individual impairment analyses. An individual assessment is made on customers with exposures considered to be individually significant. The process involves CGD's commercial areas, DRC and credit recovery areas with the risk management area being ultimately responsible for the procedure and final assessment as a whole.

CGD's individual analysis methodology takes the following into account:

- Going concern approach (an active company whose liquidation is not foreseeable). The debtor will continue to generate operating cash flow that may be used to repay debt to all creditors. The collateral may also be considered to the extent that it does not influence operating cash flow. This is considered to be the most probable approach;

- Gone concern approach (a company in liquidation or at risk thereof). The collateral is called in and the entity ceases to generate any operating cash flow.

In the context of an individual assessment on the impairment of customers with large exposures, the analysis essentially centres on the following:

- Compliance with the contractual terms agreed with CGD Group;

- Assessment of the economic-financial situation;

- Prospects for the evolution of the customer's activity;

- Verification of the existence of operations involving overdue credit and interest, within CGD Group and/or in the financial system;

- Adequacy of guarantees and collateral to offset the amount of the loan;

- Analysis of past information on the customer's performance and good payment.

Collective impairment is on significant exposures which have been individually assessed and in which no objective signs of impairment have been identified, in conformity with the risk factors determined for credit with similar characteristics.

3 Limits − CGD Group allocates internal credit limits to improve the flexibility of the process for short term lending to corporates and promotes the use of rigorous, uniform risk criteria, by the different parties involved. In parallel and also to improve flexibility and standardise the risk analysis on these operations, CGD Group has developed and implemented a model for the definition of short term exposure limits on corporates, based on economic-financial and sectoral indicators and ratings which provide guidelines over the recommended level of short term exposure for each customer. The model permits the same collection of clear and objective rules to be used for the calculation of reference levels, which are only indicative. This model is applied to corporates in both the SME as in the small and large companies segments.

Internal limits have also been approved for the financial institutions segment. The definition of such limits takes into consideration an entity's status in the financial sector and comparisons to its peers, rating, VaR (value at risk) and other relevant elements.

Compliance with limits, credit exposures and counterparty and group risk profiles are regularly overseen by credit risk analysts.

4 The credit portfolio's composition and corresponding quality is overseen and analysed in the sphere of credit risk control and monitoring operations. A monthly report splitting up the portfolio by product, customer segment, sector of activity, geographical area, LTV (loan to value), debt to income ratio and portfolio rating is produced for the said purpose.

The monitoring of the performance of the internally developed risk rating models is also especially important. This monitoring exercise, based on the processing of the information using the referred to models provides an indication of their continued adequacy. The follow-up procedures are performed by a unit which is independent from the risk management division's modelling area and enables autonomous guidelines on any needs for the revision of models and information on their mode of use to be produced.

5 Recovery − CGD also has two specialised oversight units: DAE (corporate business monitoring division) and DAP (retail business monitoring division):

Oversight of individual customers

Framework

- CGD strengthened its internal restructuring process in 2019 by increasing the level of centralisation of activities, automation of processes, a redesigned negotiating and pre-legal/legal process, whose levels of service have been defined for all of the recovery stages with the objective of improving efficiency levels and achieving better results:

I. Restructuring and centralisation of recovery activity with the closure of several hubs, retaining solely the structure in Lisbon, Porto and Coimbra;

II. Simplification and systemisation of the negotiating and pre-legal/legal oversight process;

III. Introduction of Celonis as an analysis tool for oversight processes and operational control of end-to-end activity;

IV. Evolution of the pre-legal/legal oversight system with new IT developments;

V. Start-up of process for externalising mass recoveries;

VI. Automation of recurring activities with no added value;

VII. Consolidation of the integration of CLF's recovery activity within CGD's structure.

Operational data

DAP managed a portfolio of 123,748 customers at the end of 2019 (61,507 at the negotiating and 62,241 at pre-legal/legal stages), comprising an exposure of around €2 billion, distributed as follows:

GLOBAL EXPOSURE OF DAP PORTFOLIO, LOAN RENEGOTIATION AND PRE-LEGAL/LEGAL STAGES

Distributed in each area, as follows:

- **Pre-legal/legal** (€642 million of which €343 million in loans and advances to personal customers and €299 million in corporate loans)

- **Negotiation** (€1.3 billion of which €1.1 billion in loans and advances to personal customers and €0.2 billion in corporate loans)

Global impairment on the DAP portfolio was around €275 million, comprising around 14% of exposure to the customers in its portfolio. Around 43% of such impairment was in the negotiating portfolio and 57% in the pre-legal/legal portfolio.

Performance in 2019 and commitments to deleverage and reduce NPLs, owing to the result of the division's learning curve in conjunction with the country's macroeconomic situation, particularly in the real estate market, enabled DAP to achieve its best result since its creation with a €945 million reduction of NPLs (55% of the NPL portfolio under management at the start of 2019).

In due consideration of the performing and non-performing loans portfolio, total recoveries, in 2019, were up by a year-on-year 17% to €1,338 million. The main form of recovery continued to be collections which totalled 32.3% of the amounts recovered, cured credit with 11.5% and auctions of 3.6% (75% of judicially enforced sales ended in auctions).

Outlook

The organisational model of centralising activities is likely to be consolidated in 2020, as will the continuation of the optimised management strategy, with automation and digitalisation processes enabling CGD to fulfil its deleveraging and NPL reduction plan.

Oversight of corporate customers

Framework

The corporate business monitoring division (DAE) plays a decisive role in overseeing and recovering Caixa Geral de Depósitos's non-performing exposures and is responsible for the oversight of business sector NPEs of more than €1 million. A proactive approach to this area has shown itself to be increasingly necessary.

DAE's priority objectives are as follows:

- To oversee and recover corporate loans (or loans to the self-employed) and respective groups when involving debts of more than €1 million to CGD and also operating in conformity with loans made by CLF to its portfolio customers;
- To deleverage large exposures and activity sectors considered at risk;
- To increase loan collateral levels;
- To promote management solutions with companies, with the objective of providing for their solvency, avoiding legal proceedings, whenever possible;
- To promote articulation with other Caixa divisions, incentivising greater procedural flexibility in dealing with case files with the objective of implementing consensual solutions in each case;
- To articulate and collaborate with CaixaBI and the PNCB (integrated bank loans negotiation platform) in deleveraging operations on customers subject to oversight by these entities.
- To ensure the production, oversight and control of processes necessarily submitted for pre-legal/legal action in order to maximise the amount recovered by CGD in legal proceedings.

To guarantee the success of this strategy, DAE's structure comprised three regions in 2019, created on the basis of the CAE (classification of economic activity), type of customer debt and its respective status in CGD:

- CRE (commercial and real estate) region: currently comprising three offices, two in Lisbon and one in Porto;
- Non-CRE region: currently comprising two offices, one in Lisbon and one in Porto;
- Legal, pre-legal region: currently comprising two offices, one in Lisbon and one in Porto.

The division also has:

- An administrative support area responsible for the current management of customer portfolios and assistance in formalising and implementing their respective solutions.
- A technical management divisional support unit, comprising 2 areas;
  - Process triage, analysis and consultation area to ensure control of processes upon reception, auditing their respective documentary support and computer entries as well as support for disposals of portfolio and individual loans;
  - Management and market solutions information area which monitors the division's performance and produces all types of management report (internal, for the board of management and other structural bodies), ensuring the implementation of new credit recovery solutions, in the form of credit disposals.

It also ensures contacts with CGD's other structural bodies and provides all technical support required by the division;

- A support office set up in 2018, responsible for two new operating and oversight areas based on the following:
  - A manager specialising in contacts with CaixaBI to which customers whose recovery management has been transferred, with DAE continuing to provide operational support;
  - Two managers specialising in support for the PNCB (integrated bank credit negotiating platform) for the oversight of customers to which the organisation of whose recovery solution has been transferred, retaining responsibility for customer management and operational support in DAE.

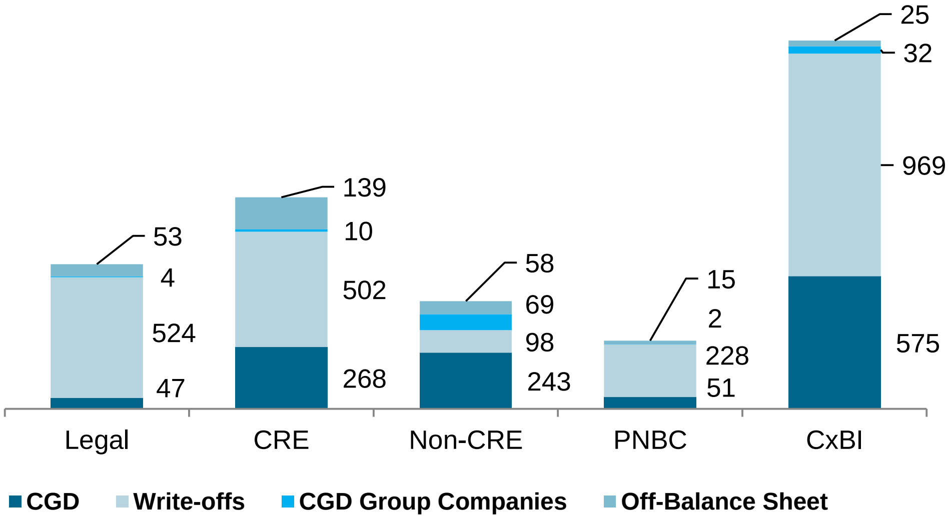
DAE consolidated its mission and operational sphere in 2019, intensifying the use of alternative solutions already tested and implemented since 2017, such as the disposal of portfolio loans with the aim of speeding up their deleveraging process. The Andorra credit portfolio was sold in 2017 followed by the sale of the Atlantic and Artic portfolios and the Neptune and Júpiter portfolios in 2019 in addition to 4 disposals of single tickets.

Management data

DAE oversaw a credit portfolio of around €3.9 billion in December 2019 (€1.4 billion under loan renegotiating area management, €0.6 billion under pre-legal/legal management and €1.9 billion on the platform and with CaixaBI) with the following distribution:

DAE'S CREDIT PORTFOLIO

(EUR million)

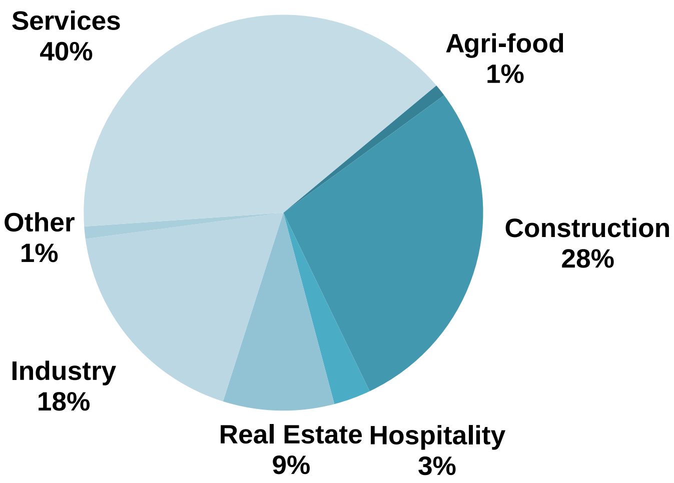


CGD's liabilities include around €2.3 billion in credit write-offs, under DAE management, albeit with a special focus on recovery.

The volume of credit under management was spread out over a total 980 dossiers, 549 of which are NPEs. Customers are spread across 381 economic groups (140 dossiers in the negotiating region, 9 on the PNCB and 16 CaixaBI dossiers).

The risk dispersal trend by sectors of activity, as noted in past years, showed an increase in the CRE proportion at around 37% (36% in 2018) of the DAE portfolio by volume, with a reduction of the proportion of services (from 53% in 2018 to 40% in 2019) and an increase in the proportion relative to industry (from 5% to 18%).

EXPOSURE BY SECTOR



Activity in 2019

2019 was a year of consolidation for the stabilising of the defined governance model, including the management and oversight of CLF's specialised credit (in 2nd half 2018), regarding the DAE segment (liabilities in excess of €1 million).

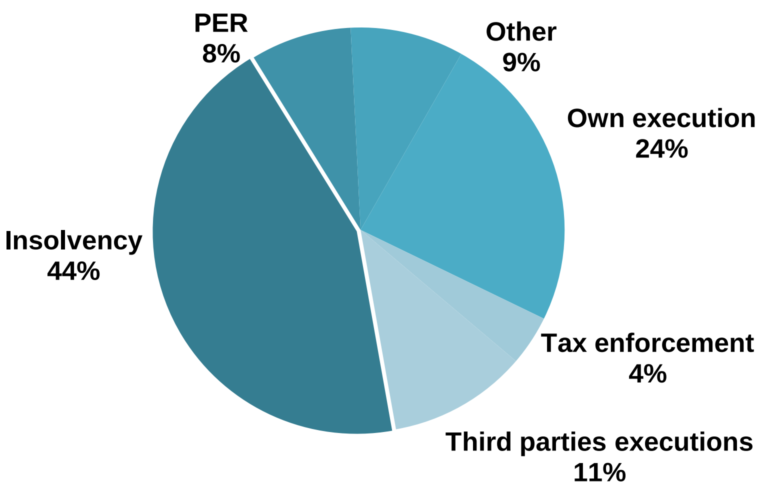
In the sphere of the closure of CGD's branch in Spain, DAE was also given responsibility, in 2019, for 19 customers, across 13 dossiers, with a volume of €475 million in debt under management of which €259 million in asset write-offs and €100 million in NPEs.

Following disposals of corporate loan portfolios over the last few years, the Neptune and Júpiter folders were sold in 4th quarter 2019, in addition to 4 individual disposals. The bank continued to adopt the same modus operandi with its sale of 4 non-performing corporate loans, the recovery of a part of which was being negotiated with others at their pre-legal/legal stage.

In its ongoing furtherance of the bank's strategic plan, DAE, in 2019, continued to focus on reducing NPLs, for which highly ambitious deleveraging plans for an amount of €814 million were defined and in which the bank succeeded in deleveraging around 113% of its NPL reduction target for 2019, based on credit disposals, the calling in of collateral, cash recoveries (repayments and settlements), cured credit and asset write-offs, exceeding fixed objectives with a reduction of around €917 million in NPLs in 2019. Reference should be made to the deleveraging of NPLs based on cash recoveries and cured customer loans totalling an overall amount of €420 million (23% of global deleveraging in 2019) in comparison to €192 million in 2018 (6% of global deleveraging in 2018).

As regards the pre-legal/legal area, in 2019, the respective DAE region oversaw and controlled 544 court cases involving 338 customers (220 in the pre-legal/legal southern area and 118 in the northern area), with the following distribution:

COURT CASES BY TYPE



In addition to its oversight of exclusively pre-legal/legal cases, DAE's services also provide assistance to the negotiating areas in their relationships with the courts regarding PER (special revitalisation programme) customers or insolvencies involving recoveries.

At the same time and as regards environmental issues, DAE immediately implemented all sustainability measures of which it was notified by CGD, particularly focusing on a paperless strategy in which DAE'S contributions were more significant.

Market risk

Market risk translates into potential negative impacts on profit or loss or an institution's capital, deriving from unfavourable prices movements of portfolio assets, creating uncertainty over price fluctuations and market rates such as the prices of shares and indices or interest rate or foreign exchange rates, or even commodity prices and on the behaviour of the correlations between assets and risk factors. Market risk exists on instruments such as shares, funds, bonds, spot and forward foreign currency operations, interest rate, foreign exchange, shares/indices/baskets, commodities and credit derivatives. Exposure to this type of risk is therefore across-the-board to various categories such as price, interest rate, credit spreads, exchange rates, volatility and commodity risk. The market risk measurement and monitoring perimeter includes operations involving equity risk, with management partitions by geographic unit or portfolio. Market risk management aims to assess unrealised losses and endeavours to optimise the relationship between accepted loss levels and expected benefits.

The front office in which the financial market division operates is responsible for day-to-day market risk management and the respective performance of market operations. There is complete separation between functions involving the execution of market operations and respective risk control, with the risk management division being responsible for measuring, monitoring, controlling, analysing and daily market risk reporting, as well as verifying compliance with the respective limits. The reliability of prices and rates, as one of the main guarantors of the quality of the measures and metrics obtained, is also ensured on a daily basis. The second main aspect of change, involving the rotation of positions, is also monitored daily, to identify any possible operational events or changes of portfolio or risk profiles.

Limits

The practice of defining and monitoring diverse types of limits is extremely important in mitigating market risk. These global limits are submitted to the ALCO committee by the risk management division for discussion and approval. The management rules on each portfolio or business unit, defined for CGD group, include defensive limits on future potential losses in addition to limits to freeze effective losses. Market risk limits are therefore established by VaR metrics, stress tests and sensitivity indicators as well as limits regarding the type of authorised instruments, exposure or concentration limits, in addition to the definition of stop warnings, loss triggers or stop losses. This practice aims to preventatively classify market risk exposure in the sphere of the risk appetite framework.

Market risk and acceptable loss limits are measured, controlled and reported at least once a day. The operating procedures, when limits are exceeded, are perfectly explicit.

Specific management rules are also applied to group entities' foreign exchange risk position with the definition of goalposts for the net open position, open position by currency and VaR consumption limits.

Methodology

Value at Risk (VaR) is a measure of the loss of potential future value that, in normal market conditions, will be the upper limit assuming a certain level of confidence and a specific investment timeframe. The market risk management area has, since 2002, used the VaR measure to monitor the Group's market risk based on this measure and, in several cases, complemented by sensitivity limits on changes in risk factors - basis point value (bpv) and duration for interest rates and other sensitivity indicators usually applied to options portfolios (commonly referred to as Greeks). VaR is assessed for all types of market risk (interest rates, shares, exchange rates and volatility), using the historic simulation method, whose confidence levels are contingent upon the objectives for holding the portfolios. No statistical distribution is therefore assumed in this measurement, in which past returns are considered for each risk factor with the application of a complete revaluation of the portfolio.

Two alternative market risk metrics continued to be used in 2019: ES ("expected shortfall") which aims to quantify the potential loss of value in adverse market conditions and 3W ("three worst" scenarios) that aims to quantify potential portfolio losses under extreme conditions which correspond to the readings on the sides of the theoretical, empirical losses in the profit and loss statement.

The market risk metrics are complemented by assessments of the impact of the valuations of assets and derivatives in the event of the occurrence of extreme scenarios involving fluctuations of risk factors (i.e. stress tests).

Market risk metrics permit a homogenous application considering the effects of the correlation between the various risk factors based on a complete revaluation of the portfolio.

Market risk management calculates and monitors such measures on a daily basis, having designed a comprehensive VaR report structure, expected shortfalls, three worst scenarios, sensitivity analyses, the results of internal stress tests, profitability indicators and their respective inclusion in the limits defined for each monitoring perimeter, covering all Group entities with market risk exposure in their balance sheet trading, banking portfolios and currency portfolios.

Foreign exchange risk is individually controlled and assessed on a daily level in the case of domestic activity and for each of the branches and subsidiaries and monthly on a consolidated level for the Group as a whole.

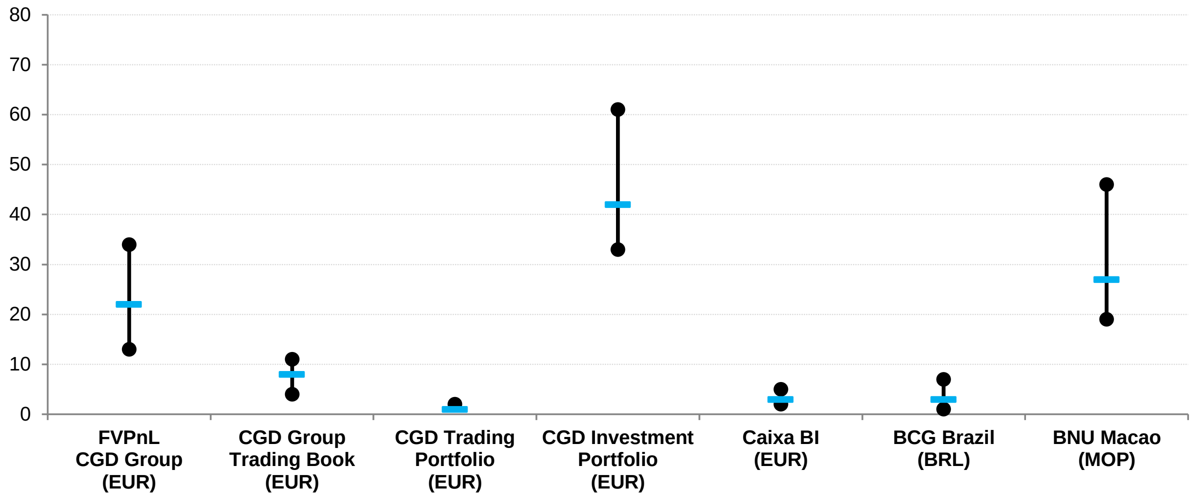
The VaR model is continuously put to the test, either through its day-to-day use or theoretical daily backtesting exercises, as well as the real monthly assessment of backtesting values on most management perimeters.

The number of exceptions obtained, i.e. the number of times theoretical or real losses exceed VaR, in addition to the additional conditional and unconditional hedge tests enable the method's accuracy to be assessed and any necessary adjustments made.

The following minimum, medium and maximum VaR values were recorded for the most relevant perimeters, in 2019:

MARKET RISK INDICATORS

(Currency in million)



Market risk in the prudential trading portfolio remained low at no more than €12 million. There was also a decrease of market risk on managed portfolios, essentially in portfolios with a predominance of sovereign debt, owing to the elimination of the hypothetical profitability sample for the calculation of VaR on observations of adverse situations across 2019.

Pension fund risk

The group continues to operate defined benefit pension schemes for its former and active employees. The ability to meet its pension plan liabilities derives from the assets portfolio and the contribution of fund members. Pension fund risk results from a deterioration of the market value of pension fund assets as returns on investments may degrade or the estimated value of pension fund liabilities may increase.

The group monitors the risks on its defined benefit pension plans and endeavours to make up for any deficits and resolve any deficiencies. Participants have the option of making additional contributions to the pension fund.

The main defined benefits scheme was closed to new beneficiaries in 2012.

Methodology

Assessments of defined benefits schemes are adversely affected by an extended fall in liabilities discount rates owing to a persistent downturn of interest/spreads on credit and the variation of an internal reference curve for the discount rate on the fund's liabilities is therefore regularly monitored.

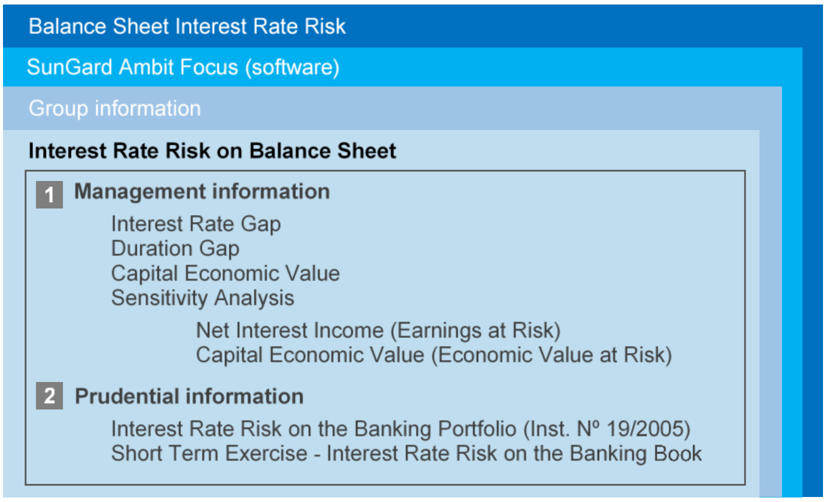
The asset values of pension funds and level of coverage of present liabilities are also monitored.

Balance sheet interest rate risk

Balance sheet interest rate risk is the risk incurred by a financial institution whenever, during the course of its activity, it contracts for operations whose financial flows are sensitive to interest rate changes or the risk of the occurrence of a change in the associated interest rate, mismatches of rate re-fixing maturities between assets and liabilities, with a decrease in yield or increase in financial cost.

Methodology

The methodology used by CGD to measure this type of risk comprises an accounting (or short term) and economic (or long term) perspective and uses both simplified interest rate gap models (aggregating all assets and liabilities sensitive to change, into residual interest rate bands, to obtain the corresponding mismatches) and effective duration (estimate of the percentage change in the price of the financial instruments for a change in interest rates of 100 bps) and robust simulation technique models including earnings at risk metrics (impact of adverse interest rate changes on the interest margin) and the economic value of equity at risk (impact of adverse interest rate changes on the economic value of equity).



The management and control of balance sheet and banking portfolio interest rate risk are based on a set of guidelines that include a definition of limits for variables considered to be significant on a level of exposure to this type of risk. The objective of compliance with these guidelines is to ensure that CGD, at any point of time, is able to manage the return/risk trade-off in terms of balance sheet management and that it is simultaneously in a position to define the most adequate exposure level and control the results of the different risk policies and positions assumed.

The information on which balance sheet and banking portfolio interest rate is measured and monitored is considered monthly at ALCO and executive committee meetings.

Information on CGD Group's balance sheet interest rate repricing gap, at the end of 2019, is set out in the following table.

INTEREST RATE GAP, AT 31 DECEMBER 2019 *

(EUR million)

	<= 1W	>1W <=1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y
Total assets	11,866	11,835	16,884	12,778	8,471	2,950	12,056
Total liabilities + capital	19,556	2,293	5,757	3,440	15,453	14,091	12,056
Total interest rate swaps	66	203	-276	289	348	-186	-760
Gap for period	-7,756	9,745	10,852	9,626	-6,634	-11,326	-612
Accumulated gap	-7,756	1,990	12,842	22,468	15,834	4,508	3,896

***** Perimeter: prudential banking

The amount of exposure to interest rate risk, in December 2019, continues to comply with the respective risk appetite level as defined in CGD Group's risk appetite statement, enabling a controlled interest rate risk level, aligned with a focus on retail/commercial banking to be achieved. The accumulated 12 month repricing gap metric of €15,834 million shows the interest margin's levels of sensitivity to adverse changes in interest rates in compliance with the Group's risk appetite.

In the context of the regulatory undertakings on interest rate reporting, the European Central Bank's supervisory model, in the framework of the SSM (single supervisory mechanism) also continued to include quarterly short term data collection exercises to provide the supervisor with complementary information for the supervisory review and evaluation process. The supervisor's requirements for banking portfolio interest rate risk include: i) a breakdown of assets, liabilities and off-balance sheet items into residual interest rate review periods; and ii) sensitivity analyses on interest margins and the economic value of equity to parallel shocks of +/-200 bps on interest rates in addition to non-parallel shocks.

Liquidity risk

Liquidity risk involves the possibility of the occurrence of a gap or mismatch between monetary payments and receipts flows, generating an incapacity to meet undertakings, i.e. in this kind of situation an institution's reserves and cash equivalents are insufficient to honour its commitments at the time of the maturity thereof.

Liquidity risk in terms of banking business can occur in the event of:

- Difficulties in resource-taking to finance assets, normally leading to higher costs in securing such finance but which may also imply a restriction on asset growth;

- Difficulties in promptly meeting obligations to third parties caused by significant mismatches between periods to maturity on assets and liabilities.

Methodology

The origin of liquidity risk management in CGD lies in an analysis of the periods to maturity of different balance sheet assets and liabilities. The volumes of cash inflows and outflows are set out in time bands on the basis of their residual period of occurrence with the respective liquidity gaps thereafter being calculated both for the period and on an accumulated basis.

Balance Sheet Liquidity Risk

SunGard Ambit Focus (software)

Group information

Balance Sheet Liquidity Risk

1 Management information

Liquidity Gaps
Liquidity Stress Testing
Net Assets Buffer - Diversification
Guarantee Management and Asset Encumbrance

2 Prudential information

Liquidity Report (Instruction 13/2009)
Liquidity Coverage Ratio (LCR)
Net Stable Funding Ratio (NSFR)
Liquidity Risk Monotoring Tool
Additional Liquidity Monotoring Metrics
Short Term Exercise – Liquidity
Downgrade Exercise of the Portuguese Sovereign
Internal Liquidity Adequacy Assessment Process (ILAAP)
Liquidity Exercise – Crisis Management

The structural liquidity concept is used for the analysis and definition of exposure limits, aiming to incorporate the past performance of depositors in terms of the management of their sight, term and savings accounts, whose balances are distributed among the different time bands considered in accordance with in-house studies and models.

Liquidity gaps are calculated monthly and must comply with two short term exposure limits defined by the ALCO committee and as part of CGD's liquidity contingency plan.

CGD Group's structural liquidity gap values, at the end of 2019, were as follows:

LIQUIDITY GAP AT 31 DECEMBER 2019 *

(EUR million)

	<= 1M	>1M <=3M	>3M <=6M	>6M <=12M	>12M <=3Y	>3Y <=5Y	>5Y <=10Y	>10Y
Total assets	24,849	2,836	3,489	3,379	8,470	6,512	9,907	18,696
Total liabilities + capital	5,750	2,694	2,428	4,209	7,935	5,129	5,596	38,757
Total swaps	0	-1	0	1	-5	53	-2	0
Gap for period	19,099	142	1,061	-830	535	1,382	4,310	-20,061
Accumulated gap	19,099	19,241	20,302	19,472	20,007	21,389	25,700	5,638

***** Perimeter: prudential banking

The 1 and 12 month accumulated structural liquidity gaps, in December 2019, for the amount of €19,099 million and €19,472 million, respectively, translate into liquidity ratios for the respective periods that show CGD's highly comfortable position in light of the conservative assumptions upon which the distribution of customers' sight deposits are based by periods to maturity. The referred to ratios are also included in CGD's liquidity contingency plan with a full level of articulation between the liquidity metrics and the internally developed plan to provide for more severe liquidity stress situations.

The management of liquidity risk also incorporates stress tests in articulation with the existing liquidity contingency plan in conformity with the principles and recommendations announced by the BCBS (Basel Committee on Banking Supervision) and CEBS (Committee of European Banking Supervisors), currently EBA (European Banking Authority).

The internally developed methodology for assessing CGD's resilience to eventual liquidity difficulties encompasses the measuring and monitoring of the "survival period" (time remaining prior to the occurrence of liquidity difficulties if corrective measures have not yet been implemented), based on three stress scenarios on a level of funding markets. A fourth "base" scenario is also considered, on the assumption that CGD'S activity will be performed in line with its budget and consequent funding plan.

The current model also includes a set of minimum values for survival periods to be complied with in each of the referred to scenarios. Non-compliance with any of the existing limits presupposes the implementation of the contingency measures provided for in CGD's liquidity contingency plan, in accordance with the priority levels on the use of the different financing instruments therein defined.

CGD left its liquidity measurement and monitoring risk metrics unchanged in 2019 to guarantee the strength of the Group's risk assessment framework.

In terms of regulatory undertakings on risk and liquidity reporting, 2019 continued to be characterised by particularly demanding information requirements. The ECB's liquidity "radar" left the different levels of scrutiny and complexity used in 2018 unchanged, as set out below:

- Liquidity risk monitoring tool (quarterly) − methodology for the monitoring of liquidity risk developed by the ECB, which includes the calculation of i) liquidity ratios, ii) survival periods, and iii) liquidity gaps;
- Additional liquidity monitoring metrics (monthly) − a set of additional liquidity monitoring measures in accordance with sub-paragraph b) of number 3 of article 415 of regulation (EU) 575/2013, that includes quantitative data on i) concentration of funding by counterparty and type of product, ii) funding cost, iii) renewal of funding, and iv) concentration of counterbalancing capacity (net assets) by issuing entity/counterparty;
- Short term exercises (quarterly) − a short term data collection exercise to provide essential information for the ECB's supervisory review and evaluation process, that, on liquidity issues, includes information on the NSFR (net stable funding ratio) prudential ratio:
- Downgrade exercise of the Portuguese sovereign (annual) − an ECB monitoring exercise on the impacts of the total loss of eligibility of Portuguese public debt instruments in the following areas i) the collateral available for Eurosystem funding, ii) funding outflows in addition to the additional contagion effects on a level of Portuguese-related assets and the rating on CGD and the debt instruments issued by any CGD Group entity following the respective 1 notch downgrade of its credit rating by the four rating agencies accepted by the ECB;
- Internal liquidity adequacy assessment process (annual) − a self-assessment exercise on the adequacy of credit institutions' liquidity levels that, in compliance with article 86 of directive 2013/36/EU, should have robust strategies, policies, processes and information systems i) for the identification, measurement, management and monitoring of liquidity risk across appropriate timeframes, and ii) for the management and monitoring of funding positions in order to guarantee adequate liquidity buffer levels and an adequate funding structure;
- Liquidity exercise (annual) − a daily monitoring model (five consecutive days) developed by the ECB for temporary use in real crisis situations, centring on the most relevant liquidity data in such situations: (i) changes in the level of customer deposits, wholesale funding, borrowings from the ECB and net assets, (ii) the ten principal counterparties in respect of customer deposits and repo operations, and (iii) the ten principal intra Group financing transactions.

In addition to the supervisor's proximity approach to the banks' liquidity situation, the LCR (liquidity coverage ratio) as the minimum liquidity standard under the CRR/CRD IV regulatory framework – entered its third full year of application in 2019, with the following transitory disposition:

- 60% of the liquidity coverage requirement starting 1 October 2015;
- 70 % from 1 January 2016;
- 80% from 1 January 2017;
- 100% from 1 January 2018.

CGD Group's comfortable LCR ratio of 331% at 31 December 2019, was significantly higher than the minimum targets, confirming its excellent liquidity position.

The NSFR also confirmed the Group's excellent liquidity position, with a comfortable 156% at 31 December 2019, although the standard which aims to promote the existence of a sustainable maturities structure between assets, liabilities and off-balance sheet items, particularly focusing on preventing the excessive use of short term wholesale funding, is only expected to come into force on 1 January 2020, with a minimum requirement of 100%.

Notwithstanding the problems noted in the money and capital markets since 2008, 2019 saw a growing trend towards stabilising confidence levels in the financial system, already evident in 2013, providing Caixa with a more favourable financing environment in terms of its resource-taking policy, pursuant to which CGD issued €500 million in senior non-preferred debt, with the market evidencing its "appetite" for the "Caixa Geral de Depósitos" name, whose supply was oversubscribed by a factor of 7. The issuance was part of the financing plan defined to comply with MREL (minimum requirements for own funds and eligible liabilities) as set by the Bank of Portugal, in conformity with a decision of the single resolution board which also eased CGD's situation in terms of its liquidity status. It should also be noted that this was the first issuance of this type ever made by a Portuguese bank following the approval of its legal framework.

Over the course of 2019, CGD endeavoured as usual to guarantee a sustainable resource-taking structure for its activity, based on the characteristics of the liquidity and period to maturity of its off-balance-sheet assets and exposures.

Operational risk

Operational risk comprises the risk of negative impacts on results or capital deriving from failures of analysis, the processing or settlement of operations, internal and external fraud, use of subcontracted resources, internal processes involving ineffective decisions, insufficient or inadequate human resources and situations of the inoperability of infrastructures.

This risk is transversal to the various processes developed and is minimised through the implementation of adequate control and mitigation procedures.

In terms of the calculation of own funds requirements to cover operational risk, CGD Group, on a consolidated basis, has adopted the standard method, which is also used on an individual basis by Caixa Geral de Depósitos, Caixa Banco de Investimento and Caixa Leasing e Factoring.

The application of the standard method on a consolidated basis, at 31 December 2019, required own funds of €310 million to cover operational risk.

Methodology

Operational risk management in CGD Group is based on an end-to-end vision, on a collection of guidelines, principles and regulations recognised as good practice on a national and international level.

This methodology, incorporating a series of components, has been implemented in CGD and its respective branches and subsidiaries, in line with a corporate approach:

- Definition and oversight of risk appetite limits;
- Identification of operational risks based on the scheduling of processes, risks and controls, analysis of new products and services and the oversight of subcontracted activities;
- Decentralised collection of operational risk events, losses and recoveries, strengthened on the basis of control procedures;
- Self-assessment of potential operational risks and respective controls;
- Definition and oversight of key risk indicators;
- Promotion of training programmes and disclosure of information based on an internal reporting system which includes regular meetings and the disclosure of reports for diverse Group structures;
- Identification, definition and implementation of action plans as a corollary to the remaining methodological components.

On an organisational level, CGD's operational risk management is performed by different structures/functions with specific responsibilities in terms of this process which is coordinated by the risk management division's operational risk area.

This area also included a structure dedicated to business continuity management which is responsible for the management, maintenance and implementation of the respective initiatives.

Owing to the consolidation stage of its business continuity management system, CGD achieved the certification thereof to ISO 22301:2012 Business Continuity Management System. This certification was renewed at the end of 2019, following an audit by the British Standards Institution (BSI) which specialises in this area.

The renewal of this certification enabled CGD to confirm that its business continuity principles and good practice have been guaranteed and implemented, thus continuing to be resilient and ready to respond to potential threats to its business.

In group terms, CGD continues to oversee and develop the Bank of Portugal's good practice support/performance projects (circular 75/2010) with CGD entities abroad, having concentrated, this year, on remote support to the respective entities and reporting thereon to the regulator.

Non-financial risks

CGD group has defined its strengthening of control of non-financial risks as a priority in terms of the process for the strategic transformation of the risk management functions. CGD's non-financial risks, which were formalised at the time of the last review of CGD group's risk classification, include strategy and business, information technology and reputational risks. These risks consist of the probability of the occurrence of negative impacts on results or equity depending upon the risk category, as follows:

- Strategy and business risk: losses deriving from macroeconomic, geopolitical, business model, investment, equity investments in banks and non-banking entities and climate change;
- IT risk: losses deriving from the risk of change, data integrity, IT system failures, access risk and the delivery risk of IT systems;
- Model risk: losses caused by inadequately applied models/algorithms used to define prices or facilitate decisions on transactions or other business decisions;
- Reputational risk: losses originating from a negative perception of CGD's public image (banking activity, bancassurance, asset management and protection of confidential data risk).

Methodology

The non-financial risks area's main responsibilities are to identify, measure, oversee, control and report on the group's non-financial risks other than those dealt with by the specialised operational risk centre.

The area also aims to define the strategy and consequent risk management model in an intervention framework coordinated among the three lines of defence which employ a single common language.

Non-financial risk management is engaged on the development of a specific management model for these risks, with its own tools and methodologies, focusing on the identification, assessment, oversight and control of risks. These tools include: questionnaires; collection process and actions to be taken on the various non-financial risk categories, including information to be housed in a database (describing events, associated losses and corrective/mitigation measures implemented; definition of specific risk appetite and risk and control matrices used as a basis to define dedicated action plans for non-financial risk.

Non-financial risk management strategy has been established on the basis of CGD group's risk appetite statement which aims to adequately control all activities and processes to limit losses on non-financial risks, keeping them within tolerance levels defined by CGD's board of directors and mitigating other relevant negative impacts.

Objectives for 2020

As in the recent past, 2020 is also expected to be particularly challenging for risk management areas. Reference should, herein, be made to the following activities identified as the main objectives for 2020:

- The ongoing implementation of the strategic plan for CGD's risk management function, requests from and recommendations by the supervisor, as well as the quality and governance of process automation data and solutions;
- An ongoing revision of processes and information flows with the aim of multiplying automatic solutions, increasing efficiency and mitigating operational risks;
- The implementation of automatic mechanisms to consolidate the appropriate monitoring/oversight of the evolution of credit risk;
- The implementation of a new market risk system;

- Finishing touches to the preparation of the adoption of a standard approach to the assessment of own funds requirements for market risk as recommended by the “Fundamental Review of the Trading Book”;
- Technological implementation of a corporate solution for the management of economic groups and groups of related customers;
- To continue to strengthen the group’s risk management culture, promoting personal and digital proximity as well as harmonising practices and concepts.

To complement the above, reference should be made to the need to focus on gearing activities to minimising the internal and economic effects of the recent COVID-19 pandemic. The intrinsic challenges posed by this extraordinary event and its requirements in terms of risk management are unequivocal although they must be provided for in a context of continuity without any material deviation from the respective roadmap.

1.6. Subsequent Events

Covid-19 pandemic

The first months of 2020 were marked by the COVID-19 pandemic, a severe respiratory disease caused by the severe acute respiratory syndrome corona virus 2 (SARS-COV-2). The disease which was first identified in December 2019 in Wuhan, a city in the People's Republic of China is characterised by a high level of contagion and a higher mortality rate than other viruses of the same group (e.g. SARS) leading the World Health Organization to declare a pandemic on March 11, 2020.

As a consequence of the spread of this disease, with cases having been confirmed in more than 200 countries, drastic across-the-board containment measures have been taken including restrictions on individual movements, border closures and restrictions on a wide range of economic activities. A state of emergency was declared in Portugal on March 18. This was the first time this has occurred in the framework of its current constitution.

Worldwide economic activity at the present time is decelerating sharply and is indicative of a global recession with a high level of uncertainty over its depth and duration.

The worldwide response to this situation from governments and central banks has included fiscal protection and monetary measures which are highly focused on stabilising the financing conditions of diverse economic agents, protecting business and minimising the effects of loss of household income.

Caixa Geral de Depósitos group's activity, owing to its presence in several countries, has naturally been affected by the pandemic and its respective containment measures. CGD has defined a strategy based on prevention and the protection of its employees and consequent mitigation of operational risk for its companies' business as set out in a specific contingency plan. To manage this plan a governance model has been introduced including the creation of a crisis management team reporting directly to the executive committee and responsible for:

- Coordinating CGD's response to a crisis situation, applying emergency management principles to its business continuity policy;
- Ensuring the implementation of the COVID-19 continuity plan;
- Monitoring impacts on CGD;
- Ensuring prompt, adequate internal and external communication;
- Managing the performance of all areas involved.

This was complemented by the creation of seven committees for the following areas, some of which meeting daily:

- Operational issues;
- Macroeconomic scenarios and assessments of economic-financial impacts;
- Risk assessments in various areas;
- Business and customers in different segments;
- International operations;
- Relations with supervisors.

The operational focus has been to protect the bank's critical functions, namely its capacity to respond to its customers' needs, either through its physical branch network with essential protection methods put in place or its remote access channels. In the case of critical functions, the respective teams were separated and a working-from-home solution devised which currently comprises more than 75% of the workforce of central departments. Special attention was also paid to the principal suppliers of goods and services to CGD group, to ensure that there will be no disruptions.

CGD has taken a proactive approach to credit applying measures to minimise impacts, in line with those adopted by the government. In particular, the extension approval of the maturity of credit operations, the introduction of State and Associação Portuguesa de Bancos moratoria on most credit products and creation of specific lines of credit backed by mutual guarantee companies to mitigate the occasional and temporary treasury constraints of companies and individuals following the reduction of economic activity. Risk monitoring indicators were also reinforced, particularly in the business areas most affected by the crisis and by the effects of the containment measures adopted.

Overall management has implemented an approach based on the anticipation of scenarios, analysis of impacts and preparation of the operating and monitoring measures for key indicators on various levels and structures of its governance model in such a way as to permit the transversal management of business areas, including international activities.

We are currently in a mid-crisis. This is an unprecedented situation worldwide in which the number of people infected continues to grow with no concrete prospects on the lifting of the containment measures implemented, even if partial, by most countries and especially Europe which has been particularly affected by the pandemic.

Although it is generally believed that 2020 will be a year of global recession, in line with the projections of several national and international organisations such as the International Monetary Fund and rating agencies, it is premature to anticipate possible impacts on the individual economies and CGD group itself.

Caixa Geral de Depósitos group has shown its capacity to respond to this crisis scenario either through its protection of people, employees and customers or the continuity of its operations and business areas.

An impact on the group's activity and its capacity to achieve its economic-financial goals has naturally been anticipated, even though with a degree of uncertainty. Its level will depend on multiple factors such as the depth of the economic crisis, its duration, the economic sectors most affected, type and impact of the monetary and fiscal policy to be implemented by diverse governments and economic blocs such as the European Union. Considering these uncertainties, it is not possible presently to estimate accurately the financial impacts of the pandemic crisis, with regard to the valuation of assets and the measurement of impairment losses in the credit portfolio, to recognize prospectively.

The main identified risks and challenges are identified below:

Business and strategy

- Macroeconomic uncertainty in the different geographic locations in which the Group is present;
- Acceleration of the digital transformation, as driven by a new societal organization, with less human contact, and the challenges to the traditional banking business model;
- Geographical presence in certain areas of the globe for which local contamination can be severely damaging (high population density, high human poverty index, poor quality health and accessibility infrastructures).

Solvency

- Regulatory uncertainty regarding the financial solutions to be implemented in a context where the need to support households and corporations must be balanced with a temporary reduction of profitability;
- Postponement of the stress test exercise to 2021, which will have a boosting effect over the first quarter of 2020, directly affected by the pandemic;

Market

- Regulatory uncertainty regarding the financial solutions to be implemented in a context where the need to support households and corporations must be balanced with a temporary reduction of profitability;

Credit

- Capacity to maintain the current reduction strategy for NPLs, restricted by households and companies ability to service debt amidst the pandemic;
- Even though the concentration risk has diminished in the past years, some large exposures could be particularly affected by the current crisis;
- The capacity to maintain the current levels of exported goods and services by Portuguese corporations.

Operational

- Higher operational risk introduced by the need to rapidly develop new solutions and adapt internal processes to respond to the needs of the clients and to transition to new flexible and remote working;
- The effects on supply chains, highly integrated in the daily processes and that will inevitably be affected by the pandemic nature in some instances could lead to the suspension of contractual agreements;
- Significant behavioural changes that disrupt historic data trends and could render current risk models unsuitable to estimate losses

Reputational

- The systemic significance of CGD in the Portuguese economy makes its strategy and actions an object of attention and scrutiny to the general public. This is particularly relevant in the current pandemic, where health issues are prioritised above economic and financial considerations.

Technology and information

- Rapid and massive transition to tele-working, with higher demands on banking IT systems in terms of system configuration and monitoring of performance levels;
- The increasing spread of cybercrime resulting from increased remote access, prominent use of digital channels and payment solutions, particularly encouraged by the need to reduce human interactions.

Notwithstanding this context and taking into consideration the best information available at the present time the board of directors considers that Caixa Geral de Depósitos is suitably prepared, in terms of capital, asset values and liquidity, to ensure the continuity of its operations and continue to provide its customers and the national economy with the necessary support.

Change to CGD’s Tier 2 debt issue and new deposit rating by Fitch Ratings

On April 3rd 2020, Fitch Ratings affirmed its senior long-term debt rating (IDR – Issuer Default Rating) at BB+, having revised the outlook from Stable to Negative. The change in outlook is a consequence of foreseeable consequences of the Covid-19 pandemic to the Portuguese economy, similar to equivalent actions taken by Fitch for other countries in the euro area.

Fitch also announced, for the first time, deposit ratings of BBB- for CGD, one notch above its IDR and only one level below the rating of Portuguese public debt. This rating reflects greater protection granted to depositors in case of resolution.

Finally, Fitch downgraded by one notch CGD’s Tier 2 subordinated debt as a direct result of changes introduced to its methodology as of February 2020.

1.7. Proposal for the appropriation of net income

As a consequence of the exceptional situation deriving from the COVID-19 pandemic and particularly owing to the uncertainty over its impacts on the evolution of the eurozone economy, on 27 March last the European Central Bank reviewed its recommendation on the payment of dividends (recommendation ECB/2020/19), urging prudence in the proposals for 2019 and 2020.

CGD's board of directors therefore considered that a motion for the non-payment of dividends for 2019 should be submitted to the shareholders' meeting and that net profit should be paid into free reserves net of the legal reserve.

Accordingly, under article 66, no, 5 of sub-paragraph f) and article 376 of the commercial companies code and article 33 of the articles of association of Caixa Geral de Depósitos, it is proposed that net income of €762,013,126 for the year as set out in the financial statements of Caixa Geral de Depósitos, S.A., should be appropriated as follows:

- 20% for the legal reserve, €152,402,625;
- €609,610,501 for the "Other reserves and retained earnings" balance sheet account.

Lisbon, 30 April 2020

Board of Directors

Chairman

Emílio Rui da Veiga Peixoto Vilar

Deputy Chairman

Paulo José de Ribeiro Moita de Macedo

Members

Francisco Ravara Cary

João Paulo Tudela Martins

José António da Silva de Brito

José João Guilherme

Maria João Borges Carioca Rodrigues

Nuno Alexandre de Carvalho Martins

Carlos António Torroaes Albuquerque

Ana Maria Machado Fernandes

José Maria Monteiro de Azevedo Rodrigues

Hans-Helmut Kotz

Mary Jane Antenen

Altina de Fátima Sebastian Gonzalez Villamarin

Nuno Filipe Abrantes Leal da Cunha Rodrigues

1.8. Declaration on the Conformity of the Financial Information Presented

Under the terms of sub-paragraph c) of no. 1 of article 245 of the Securities Market Code, we declare that the financial statements for 2019 and other accounting documents have, to the best of our knowledge been produced in conformity with the applicable accounting standards and provide a true and appropriate image of the assets and liabilities, financial situation and results of Caixa Geral de Depósitos, SA and the companies included in its consolidation perimeter and that the Board of Directors' report gives an accurate account of its business evolution and the performance and position of the referred to entities and contains a description of the principal risks and uncertainties they face.

Lisbon, 30 April 2020

Board of Directors

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1.9. Separate and Consolidated Financial Statements

CAIXA GERAL DE DEPÓSITOS, SA

BALANCE SHEET (SEPARATE)

(EUR)

ASSETS	31-12-2019 Amounts before impairment, amortisation and depreciation	31-12-2019 Impairment and amortisation and depreciation	31-12-2019 Net assets	31-12-2018 Net assets	LIABILITIES AND EQUITY	31-12-2019	31-12-2018
Cash and cash equivalents at central banks	6.384.455.290	-	6.384.455.290	4.661.305.535	Resources of central banks and other credit institutions	1.907.508.487	2.175.602.559
Cash balances at other credit institutions	225.318.760	-	225.318.760	652.049.065	Customer resources and other loans	59.005.772.632	56.214.568.253
Loans and advances to credit institutions	3.951.457.955	(922.419)	3.950.535.536	3.311.753.499	Debt securities	2.463.824.168	3.260.723.233
Financial assets at fair value through profit or loss	9.056.544.571	-	9.056.544.571	9.080.339.014	Financial liabilities at fair value through profit or loss	907.469.954	730.975.684
Financial assets at fair value through other comprehensive income	2.675.435.604	(295.202)	2.675.140.402	3.661.993.542	Financial liabilities associated with transferred assets	3.128.177.089	3.462.512.192
Hedging derivatives	7.185.721	-	7.185.721	5.523.842	Hedging derivatives	3.169.207	3.689.561
Investments at amortized cost	9.934.577.944	(17.001)	9.934.560.943	5.253.138.043	Provisions	1.053.700.669	1.045.545.044
Loans and advances to customers	43.624.178.106	(1.842.940.817)	41.781.237.289	44.851.817.193	Current tax liabilities	322.864	1.927.520
Non-current assets held-for-sale	455.523.014	(221.818.077)	233.704.937	656.984.339	Deferred tax liabilities	112.358.531	170.209.840
Investment properties	5.075.344	-	5.075.344	5.054.623	Other subordinated liabilities	1.116.457.571	1.270.347.200
Other tangible assets	1.340.461.478	(929.024.419)	411.437.059	246.410.538	Other liabilities	2.080.578.893	1.904.195.860
Intangible assets	86.801.193	(29.257.137)	57.544.056	45.686.531	Total Liabilities	71.779.340.065	70.240.296.946
Investments in subsidiaries, associates and joint ventures	1.946.489.036	(408.212.601)	1.538.276.435	1.672.283.670	Share capital	3.844.143.735	3.844.143.735
Current tax assets	448.609.525	-	448.609.525	35.993.450	Other equity instruments	500.000.000	500.000.000
Deferred tax assets	1.336.964.668	-	1.336.964.668	2.009.237.008	Revaluation reserves	269.224.180	227.495.422
Other assets	1.550.734.754	(194.155.668)	1.356.579.086	1.457.232.896	Other reserves and retained earnings	2.248.448.516	2.457.068.939
					Net income for the period	762.013.126	337.797.746
					Total Equity	7.623.829.557	7.366.505.842
Total Assets	83.029.812.963	(3.626.643.341)	79.403.169.622	77.606.802.788	**Total Liabilities and Equity**	79.403.169.622	77.606.802.788

Certified Public Accountant

Andreia Júlia Meneses Alves

Chairman

Emílio Rui da Veiga Peixoto Vilar

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CAIXA GERAL DE DEPÓSITOS, SA

INCOME STATEMENT (SEPARATE)

(EUR)

	31-12-2019	*restated* 31-12-2018
Interest and similar income	1.326.278.192	1.516.129.041
Interest and similar expenses	(565.176.739)	(703.040.000)
Income from equity instruments	75.335.015	66.987.518
NET INTEREST INCOME	836.436.468	880.076.559
Income from services and commissions	514.032.895	492.531.256
Costs of services and commissions	(89.135.958)	(89.158.096)
Results from financial operations	66.395.882	39.419.443
Other operating income	136.301.906	(23.650.799)
TOTAL OPERATING INCOME	1.464.031.193	1.299.218.363
Employee costs	(436.604.809)	(459.132.731)
Other administrative costs	(227.002.132)	(251.811.483)
Depreciation and amortisation	(70.484.610)	(37.059.300)
Provisions net of reversals	23.526.514	141.467.894
Loan impairment, net of reversals and recoveries	130.408.662	(116.517.583)
Other assets impairment, net of reversals and recoveries	154.244.507	30.207.269
INCOME BEFORE TAX	1.038.119.325	606.372.429
Income tax	(276.106.199)	(268.574.683)
NET INCOME FOR THE PERIOD	762.013.126	337.797.746
Average number of ordinary shares outstanding	768.828.747	768.828.747
Earnings per share (in Euros)	0,99	0,44

Certified Public Accountant

Andreia Júlia Meneses Alves

Chairman

Emílio Rui da Veiga Peixoto Vilar

Deputy Chairman

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STATEMENT OF COMPREHENSIVE INCOME (SEPARATE)

(EUR Thousand)

	31-12-2019	31-12-2018
Balances subject to reclassification to profit or loss		
Gains / (losses) arising during the period	209.667	33.458
Adjustments of fair value reserves reclassified to net income		
Impairment recognized in the period	107	469
Disposal of available-for-sale financial assets	(152.321)	(32.121)
Tax effect	(15.725)	(483)
Foreign exchange differences in branches		
Gains / (losses) arising during the period	280	(796)
Foreign exchange differences in the liquidation of branches		
in currencies other than the Euro	-	4.568
Other	-	(108)
Subtotal	42.009	4.988
Balances not subject to reclassification to profit or loss		
Benefits to employees - actuarial gains and losses		
Gains / (losses) arising during the period	(368.912)	(139.174)
Tax effect	58.066	26.102
Changes in the fair value of equity instruments (option of valuation of equity instruments at fair value through other comprehensive income)	3.194	742
Subtotal	(307.651)	(112.330)
Total comprehensive net income for the period recognised in reserves	(265.642)	(107.342)
Net income for the period	762.013	337.798
Total comprehensive net income for the period recognised in reserves	496.371	230.456

CAIXA GERAL DE DEPÓSITOS, SA

CASH FLOW STATEMENTS (SEPARATE)

(EUR Thousand)

	31-12-2019	31-12-2018
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	1.819.651	2.048.675
Interest, commissions and similar costs paid	(593.582)	(713.281)
Recovery of principal and interest	95.977	90.602
Payments to employees and suppliers	(773.747)	(721.688)
Payments and contributions to pensions funds and other benefits	(201.597)	(120.558)
Other results	(25.187)	3.550
	321.515	587.299
(Increases) decreases in operating assets:		
Loans and advances to credit institutions and customers	2.371.287	3.327.031
Assets held-for-trading and other assets at fair value through profit or loss	(46.373)	(288.411)
Other assets	(3.467.508)	386.446
	(1.142.594)	3.425.066
Increases (decreases) in operating liabilities:		
Resources of central banks and other credit institutions	(263.180)	(2.669.379)
Customer resources	2.812.334	1.116.686
Other liabilities	(90.500)	(315.584)
	2.458.654	(1.868.277)
Net cash from operating activities before taxation	1.637.575	2.144.088
Income tax	(18.865)	(28.235)
Net cash from operating activities	1.618.710	2.115.853
INVESTING ACTIVITIES		
Dividends received from subsidiaries and associated companies	75.049	66.729
Dividends received from available-for-sale financial assets	286	259
Acquisition of investments in subsidiaries, associates and jointly controlled entities, net (	(202.055)	(33.882)
Acquisition of available-for-sale financial assets, net of disposals	1.199.864	(125.825)
Acquisition of tangible and intangible assets, net of disposals	(59.171)	(24.206)
Net cash from investing activities	1.013.972	(116.925)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(45.122)	(28.569)
Interest on debt securities	(78.497)	(105.001)
Interest in other equity instruments	(53.750)	(67.188)
Interest on leasing operations	(5.124)	-
Issue of subordinated liabilities, net of repayments	(147.558)	130.746
Issue of debt securities, net of repayments	(779.539)	(769.815)
Repayment of leasing operations	(27.091)	-
Dividends paid	(200.000)	-
Net cash from financing activities	(1.336.681)	(839.827)
Increase (decrease) in cash and cash equivalents	1.296.001	1.159.101
Cash and cash equivalents at the beginning of the period	5.313.355	4.152.961
Merger process differences in cash and cash equivalents	-	483
Foreign exchange differences in cash and cash equivalents	418	810
Net change of cash and cash equivalents	1.296.001	1.159.101
Cash and cash equivalents at end of the period	**6.609.774**	**5.313.355**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (SEPARATE)

(EUR Thousand)

	Share capital	Other equity instruments	Revaluation reserves				Other reserves and retained earnings			Net income for the period	Total
			Revaluation reserves	Reserves for deferred tax	Fixed assets	Total	Legal reserve	Other reserves and retained earnings	Total		
Balances at December 31, 2017	3.844.144	500.000	312.826	(85.558)	110.425	337.693	-	2.466.569	2.466.569	24.642	7.173.047
Adoption of IFRS 9	-	-	(153.505)	41.984	-	(111.521)	-	23.064	23.064	-	(88.458)
Balances at January 1, 2018	3.844.144	500.000	159.321	(43.574)	110.425	226.172	-	2.489.632	2.489.632	24.642	7.084.589
Appropriation of net income for 2017:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	4.928	19.713	24.642	(24.642)	-
Other entries directly recorded in equity:											
Measurement gain / (losses) on available-for-sale financial assets											
Measurement gain / (losses) on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	742	742	-	742
Measurement gain / (losses) on other financial assets	-	-	1.806	(483)	-	1.323	-	-	-	-	1.323
Employee benefits - actuarial gains and losses	-	-	-	-	-	-	-	(113.072)	(113.072)	-	(113.072)
Foreign exchange differences in branches	-	-	-	-	-	-	-	3.772	3.772	-	3.772
Net income for the period	-	-	-	-	-	-	-	-	-	337.798	337.798
Other	-	-	-	-	-	-	-	(108)	(108)	-	(108)
Total gains and losses for the period recognised in equity	-	-	1.806	(483)	-	1.323	-	(108.665)	(108.665)	337.798	230.456
Dividends and other charges associated with the issue of other equity instruments	-	-	-	-	-	-	-	90.726	90.726	-	90.726
Dividends and other charges associated with the issue of other equity instruments	-	-	-	-	-	-	-	(39.265)	(39.265)	-	(39.265)
Balances at June 30, 2018	3.844.144	500.000	161.127	(44.057)	110.425	227.495	4.928	2.452.142	2.457.069	337.798	7.366.506
Appropriation of net income for 2018:											
Transfer to reserves and retained earnings	-	-	-	-	-	-	67.560	70.238	137.798	(137.798)	-
Dividends paid	-	-	-	-	-	-	-	-	-	(200.000)	(200.000)
Other entries directly recorded in equity:											
Measurement gain / (losses) on available-for-sale financial assets											
Measurement gain / (losses) on financial assets at fair value through other comprehensive income	-	-	57.454	(15.725)	-	41.729	-	-	-	-	41.729
Measurement gain / (losses) on other financial assets	-	-	-	-	-	-	-	3.194	3.194		3.194
Employee benefits - actuarial gains and losses	-	-	-	-	-	-	-	(310.846)	(310.846)		(310.846)
Foreign exchange differences in branches	-	-	-	-	-	-	-	280	280		280
Net income for the period	-	-	-	-	-	-	-	-	-	762.013	762.013
Total gains and losses for the period recognised in equity	-	-	57.454	(15.725)	-	41.729	-	(307.371)	(307.371)	762.013	496.371
Dividends and other charges associated with the issue of other equity instruments	-	-	-	-	-	-	-	(39.047)	(39.047)	-	(39.047)
Balances at December 31, 2019	3.844.144	500.000	218.581	(59.782)	110.425	269.224	72.488	2.175.962	2.248.449	762.013	7.623.830

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED BALANCE SHEET

(EUR)

ASSETS	Notes	31-12-2019 Amounts before impairment, amortisation and depreciation	31-12-2019 Impairment, amortisation and depreciation	31-12-2019 Net assets	31-12-2018 Net assets	LIABILITIES AND EQUITY	Notes	31-12-2019	31-12-2018
Cash and cash equivalents at central banks	4	7.303.806.717	-	7.303.806.717	5.606.734.881	Resources of central banks and other credit institutions	20	1.077.668.006	1.758.542.200
Cash balances at other credit institutions	5	513.480.240	-	513.480.240	1.014.098.069	Customer resources and other loans	21	65.791.555.225	63.422.525.120
Loans and advances to credit institutions	6	2.706.181.965	(1.381.645)	2.704.800.320	2.193.022.483	Debt securities	22	2.463.421.923	3.260.321.126
Financial assets at fair value through profit or loss	7	7.834.657.902	-	7.834.657.902	7.696.082.539	Financial liabilities at fair value through profit or loss	10	908.650.568	737.818.118
Financial assets at fair value through other comprehensive income	8	3.600.323.404	(1.808.821)	3.598.514.583	4.826.166.796	Hedging derivatives	10	3.169.207	3.689.561
Financial assets with repurchase agreement	9	10.736.629	-	10.736.629	55.008.536	Non-current liabilities held-for-sale	13	980.711.170	5.396.453.895
Hedging derivatives	10	7.185.721	-	7.185.721	5.523.842	Provisions for employee benefits	23	753.307.052	758.491.991
Investments at amortized cost	11	9.025.921.375	(6.684.411)	9.019.236.964	3.919.967.271	Provisions for guarantees and other commitments	23	201.893.421	211.769.244
Loans and advances to customers	12	50.122.359.956	(2.148.815.903)	47.973.544.053	51.589.485.459	Provisions for other risks	23	89.239.738	145.638.325
Non-current assets held-for-sale	13	1.668.816.911	(335.345.960)	1.333.470.951	6.213.216.964	Current tax liabilities	18	33.001.249	37.830.045
Investment properties	14	185.665.799	-	185.665.799	809.962.789	Deferred tax liabilities	18	127.414.003	189.965.442
Other tangible assets	15	1.643.983.092	(1.059.364.570)	584.618.522	446.133.767	Other subordinated liabilities	24	1.116.457.571	1.159.821.094
Intangible assets	16	160.271.241	(85.675.623)	74.595.618	63.310.287	Other liabilities	25	3.663.564.124	3.723.106.145
Investments in associates and jointly controlled entities	17	462.158.082	(438.860)	461.719.222	388.544.020	Total liabilities		77.210.053.257	80.805.972.306
Current tax assets	18	463.528.227	-	463.528.227	44.619.956	Share capital	26	3.844.143.735	3.844.143.735
Deferred tax assets	18	1.406.225.270	-	1.406.225.270	2.107.695.143	Other equity instruments	26	500.000.000	500.000.000
Other assets	19	2.439.005.507	(138.731.788)	2.300.273.719	2.111.844.989	Revaluation reserves	27	281.259.132	257.491.894
						Other reserves and retained earnings	27	2.928.766.732	2.854.991.723
						Net income attributable to the shareholder of CGD	27	775.928.450	495.775.636
						Shareholders' equity attributable to CGD		8.330.098.049	7.952.402.988
						Non-controlling interests	28	235.909.151	333.042.497
						Total equity		8.566.007.200	8.285.445.485
Total assets		89.554.308.038	(3.778.247.581)	85.776.060.457	89.091.417.791	**Total liabilities and equity**		85.776.060.457	89.091.417.791

Certified Public Accountant

Andreia Júlia Meneses Alves

Chairman

Emílio Rui da Veiga Peixoto Vilar

Deputy Chairman

Paulo José Ribeiro Moita de Macedo

Members

Francisco Ravara Cary

João Paulo Tudela Martins

José António da Silva de Brito

José João Guilherme

Maria João Borges Carioca Rodrigues

Nuno Alexandre de Carvalho Martins

Carlos António Torroaes Albuquerque

Ana Maria Machado Fernandes

José Maria Monteiro de Azevedo Rodrigues

Hans-Helmut Kotz

Mary Jane Antenen

Altina de Fátima Sebastian Gonzalez Villamarin

Nuno Filipe Abrantes Leal da Cunha Rodrigues

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED INCOME STATEMENT

(EUR)

	Notes	31-12-2019	*restated* 31-12-2018
Interest and similar income	29	1.828.090.749	2.041.381.679
Interest and similar expenses	29	(696.033.221)	(858.267.488)
Income from equity instruments	30	31.495.856	16.827.816
NET INTEREST INCOME		1.163.553.384	1.199.942.007
Income from services rendered and commissions	31	630.351.650	603.875.981
Cost of services and commissions	31	(128.449.435)	(123.786.559)
Results from financial operations	32	82.529.180	30.197.440
Other operating income	33	136.060.017	47.706.701
TOTAL OPERATING INCOME		1.884.044.796	1.757.935.570
Employee costs	34	(583.372.957)	(609.781.286)
Other administrative costs	36	(287.162.160)	(314.274.519)
Depreciation and amortisation	15 and 16	(94.255.200)	(59.902.365)
Provisions net of reversals	23	22.489.044	113.700.187
Loan impairment, net of reversals and recoveries	37	47.564.737	(121.393.945)
Other assets impairment, net of reversals and recoveries	37	102.475.723	(25.004.795)
INCOME BEFORE TAX AND NON CONTROLLING INTERESTS		1.091.783.983	741.278.847
Income tax	18	(332.045.236)	(306.741.725)
Results of associates and jointly controlled entities	17	43.120.530	52.281.463
RESULTS OF CONTINUING ACTIVITIES		802.859.277	486.818.585
Results of subsidiaries held-for-sale	13	22.972.980	52.745.226
CONSOLIDATED NET INCOME FOR THE PERIOD of which:		825.832.257	539.563.811
Non-controlling interests	28	(49.903.807)	(43.788.175)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD		775.928.450	495.775.636
Average number of ordinary shares outstanding	26	768.828.747	768.828.747
Earnings per share (in Euros)		1,01	0,64

Certified Public Accountant
Andreia Júlia Meneses Alves

Chairman
Emílio Rui da Veiga Peixoto Vilar

Deputy Chairman
Paulo José Ribeiro Moita de Macedo

Members
Francisco Ravara Cary
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR Thousand)

	31-12-2019			31-12-2018 (restatement)		
	Current operations	Non-current operations	Total	Current operations	Non-current operations	Total
Amounts that may be reclassified to net income						
Adjustments to the fair value of financial assets						
Gains / (losses) arising during the period	190.861	(26.196)	164.666	(3.399)	4.157	758
Reclassification adjustments in revaluation reserves						
Financial assets impairment recognized in the period	20.244	561	20.805	9.599	-	9.599
Disposal of financial assets in the period	(160.513)	(8.883)	(169.396)	(21.631)	(20.240)	(41.871)
Tax effect	(2.575)	9.707	7.132	406	5.043	5.449
Adjustments in associated companies assets	38.332	-	38.332	(95.403)	-	(95.403)
Foreign exchange difference resulting from consolidation						
Gains / (losses) arising during the period	(59.538)	(4.052)	(63.590)	(122.259)	(11.781)	(134.041)
Foreign exchange results from disposal or liquidation of foreign currency branches and subsidiaries	-	99.820	99.820	4.568	-	4.568
Other	(4.264)		(4.264)	1.328	-	1.328
	22.547	70.958	93.505	(226.790)	(22.822)	(249.612)
Amounts that will not be reclassified to net income						
Employee benefits - actuarial gains and losses						
Gains / (losses) arising during the period	(368.912)	-	(368.912)	(139.174)	-	(139.174)
Tax effect	58.066	-	58.066	26.102	-	26.102
Changes in the fair value of equity instruments (option of valuation of equity instruments at fair value through other comprehensive income)	9.821	-	9.821	9.629	-	9.629
	(301.024)	-	(301.024)	(103.443)	-	(103.443)
Total comprehensive net income for the period recognised in reserves	(278.477)	70.958	(207.519)	(330.233)	(22.822)	(353.055)
Net income for the period	802.859	22.973	825.832	486.819	52.745	539.564
TOTAL COMPREHENSIVE NET INCOME FOR THE PERIOD of which:	524.382	93.931	618.313	156.586	29.923	186.509
Non-controlling interests	(7.524)	(5.616)	(13.141)	21.627	(2.938)	18.689
TOTAL COMPREHENSIVE NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	516.858	88.314	605.172	178.213	26.985	205.198

CAIXA GERAL DE DEPÓSITOS, SA

CONSOLIDATED CASH FLOWS STATEMENTS

(EUR Thousand)

	31-12-2019	31-12-2018
OPERATING ACTIVITIES		
Cash flows from operating activities before changes in assets and liabilities		
Interest, commissions and similar income received	2.428.930	2.755.536
Interest, commissions and similar expenses paid	(758.797)	(915.739)
Recovery of principal and interest	108.551	97.915
Payments to employees and suppliers	(987.094)	(942.981)
Payments and contributions to pension funds and other benefits	(202.884)	(124.241)
Other results	98.107	69.746
	686.813	940.235
(Increases) decreases in operating assets		
Loans and advances to credit institutions and customers	2.348.767	3.830.188
Assets held-for-trading and other assets at fair value through profit or loss	227.510	(96.049)
Other assets	(5.044.940)	860.800
	(2.468.664)	4.594.939
Increases (decreases) in operating liabilities		
Resources of central banks and other credit institutions	(676.082)	(2.284.455)
Customer resources	3.144.979	(204.873)
Other liabilities	(17.209)	(422.072)
	2.451.688	(2.911.400)
Net cash from operating activities before taxation	669.837	2.623.774
Income tax	(54.948)	(130.196)
Net cash from operating activities	614.889	2.493.578
INVESTING ACTIVITIES		
Dividends received from equity instruments	31.496	17.472
Acquisition of investments in subsidiaries and associated companies, net of disposals	600.762	(20.328)
Acquisition of available-for-sale financial assets, net of disposals	1.408.994	(418.611)
Acquisition of tangible and intangible assets and investment property, net of disposals	11.078	159.692
Net cash from investing activities	2.052.331	(261.775)
FINANCING ACTIVITIES		
Interest on subordinated liabilities	(44.713)	(27.959)
Interest on debt securities	(78.495)	(105.050)
Interest on other equity instruments	(53.750)	(67.188)
Interest on leasing operations	(6.900)	-
Dividends on issued preference shares	(401)	-
Repayment preference shares	(95.759)	-
Issue of subordinated liabilities, net of repayments	(36.729)	120.290
Issue of debt securities, net of repayments	(779.539)	(768.815)
Repayment of leasing operations	(26.105)	-
Dividends paid	(200.000)	-
Net cash from financing activities	(1.322.391)	(848.722)
Increase (decrease) in cash and cash equivalents	1.344.829	1.383.080
Cash and cash equivalents at the beginning of the period	6.620.833	5.319.593
Transfer of cash balances to non-current assets held-for-sale	(106.246)	-
Foreign exchange differences in cash and cash equivalents	(42.129)	(81.840)
Net change of cash and cash equivalents	1.344.829	1.383.080
Cash and cash equivalents at the end of the period	7.817.287	6.620.833

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR Thousand)

	Share capital	Other equity instruments	Revaluation reserves	Other reserves and retained earnings	Net income for the period	Subtotal	Non-controlling interests	Total
Balances at December 31, 2017	3.844.144	500.000	394.961	3.098.220	51.946	7.889.270	385.046	8.274.316
Adoption of IFRS 9	-	-	(107.357)	(999)	-	(108.356)	(24.151)	(132.507)
Balances at January 1, 2018	3.844.144	500.000	287.603	3.097.221	51.946	7.780.914	360.895	8.141.808
Other entries directly recorded in equity:						-		
Gain/(losses) on financial assets	-	-	(25.784)	(95.403)	-	(121.186)	(281)	(121.467)
Employee benefits - actuarial gains and losses	-	-	-	(113.072)	-	(113.072)	-	(113.072)
Foreign currency differences in subsidiaries and branches	-	-	-	(67.378)	-	(67.378)	(62.095)	(129.473)
Changes in the fair value of equity instruments	-	-	-	9.629	-	9.629	-	9.629
Net income for the period	-	-	-	-	495.776	495.776	43.788	539.564
Other	-	-	-	1.430	-	1.430	(102)	1.328
Total gains and losses for the period recognised in equity	-	-	(25.784)	(264.794)	495.776	205.198	(18.689)	186.509
Appropriation of net income for 2017:						-		
Transfer to reserves and retained earnings	-	-	-	51.946	(51.946)	-	-	-
Dividends and other expenses related with the issue of other equity instruments	-	-	-	(39.265)	-	(39.265)	-	(39.265)
Equity transactions with non-controlling interests	-	-	-	2.317	-	2.317	-	2.317
Dividends paid to non-controlling interests	-	-	-	-	-	-	(12.275)	(12.275)
Classification of Angola as an hyperinflationary economy	-	-	-	3.240	-	3.240	3.113	6.352
Reclassifications between revaluation reserves and other reserves and retained earnings	-	-	(4.328)	4.328	-	-	-	-
Balances at December 31, 2018	3.844.144	500.000	257.492	2.854.992	495.776	7.952.403	333.042	8.285.445
Other entries directly recorded in equity:								
Gain/(losses) on financial assets	-	-	33.589	38.332	-	71.921	(560)	71.360
Employee benefits - actuarial gains and losses	-	-	-	(310.846)	-	(310.846)		(310.846)
Foreign currency differences in subsidiaries and branches	-	-	-	71.399	-	71.399	(35.169)	36.230
Changes in the fair value of equity instruments	-	-	(9.821)	9.821	-	-		-
Net income for the period	-	-	-	-	775.928	775.928	49.904	825.832
Other	-	-	-	(3.230)	-	(3.230)	(1.034)	(4.264)
Total gains and losses for the period recognised in equity	-	-	23.767	(194.523)	775.928	605.172	13.141	618.313
Appropriation of net income for 2018:								
Transfer to reserves and retained earnings	-	-	-	295.776	(295.776)	-	-	-
Dividends paid	-	-	-	-	(200.000)	(200.000)	-	(200.000)
Dividends and other expenses related with the issue of other equity instruments	-	-	-	(39.047)	-	(39.047)	-	(39.047)
Equity transactions with non-controlling interests	-	-	-	7.570	-	7.570	(97.775)	(90.204)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(16.342)	(16.342)
Classification of Angola as an hyperinflationary economy	-	-	-	4.000	-	4.000	3.843	7.842
Balances at December 31, 2019	3.844.144	500.000	281.259	2.928.767	775.928	8.330.098	235.909	8.566.007

2.

NOTES, REPORTS AND OPINIONS ON THE FINANCIAL STATEMENTS

2.1. Notes to the Consolidated Financial Statements

(Amounts expressed in thousands of euros – unless otherwise indicated)

1. Introductory note

Caixa Geral de Depósitos, S.A. (Caixa or CGD), formed in 1876, is an exclusively state-owned public liability limited company. Caixa became a public liability company on September 1, 1993 under decree law no. 287/93 of August 20, which also approved its respective articles of association. Banco Nacional Ultramarino, S.A. (BNU) was merged with Caixa on July 23, 2001.

At December 31, 2019, CGD operated a nationwide network of 533 branch offices (489 of which with face-to-face services, 19 self-service branches and 25 "corporate" offices), a branch in France with 48 offices, a branch in Timor with 14 offices, a branch in Luxembourg with 1 office and a branch in Spain.

All amounts have been rounded up to the nearest thousand euros.

Caixa also has direct and indirect equity stakes in a significant number of domestic and foreign companies, in Spain, Cape Verde, Angola, Mozambique, South Africa, Brasil and Macau in which it has controlling interests. These companies comprise Caixa Geral de Depósitos group (group) and operate in various sectors such as banking, investment banking, brokerage, venture capital, real estate, asset management, specialised credit and cultural activities. Caixa also has non-controlling equity stakes in companies which operate in non-financial sectors of the Portuguese economy.

The consolidated financial statements at December 31, 2019, were approved by the board of directors on April 30, 2020 and will be submitted to the Shareholders meeting for approval, which has the power to make changes. Nevertheless, the board of directors believes that the consolidated financial statements will be approved in their current form or without significant changes.

Following the economic-financial crisis and its serious repercussions on the domestic financial system and in the context of its response to the capital requirements defined by the EBA in its recommendation REC/2011/1, the Portuguese state, in its capacity as the sole shareholder, recapitalised CGD in June 2012 by way of a €750,000 thousand increase in share capital and the issuance of €900,000 thousand in CoCo bonds. The recapitalisation, under European standards, was considered to be state aid and is the reason for the Portuguese state's agreement with DG Comp, as the European entity responsible for competition, to a restructuring plan to be implemented by CGD between 2013-2017.

The agreed plan included commitments to deleverage the balance sheet to ensure compliance with capital targets, improved operational efficiency, strengthened risk procedures and to optimise the operations in Spain, to ensure its sustainability, funding autonomy and positive contribution to group profit.

In spite of having achieved almost all of its commitments, CGD continued to make losses during the period from 2013 to 2015. This was partly the result of ECB monetary policy which caused a sharp fall in market interest rates and much lower than expected economic growth. The deterioration of the quality of CGD's assets was another significant cause of losses during these years, resulting in the recognition of high annual impairment charges. This was aggravated by more demanding regulatory requirements to strengthen capital ratios during these years.

Efficiency levels were, consequently, lower than initially agreed and CGD found itself unable to meet its CoCo commitments.

To achieve the appropriate recapitalisation CGD's to comply with solvency requirements, the Portuguese state and DG Comp approved a recapitalisation plan in the first quarter of 2017, to include a strategic 4 year plan (2017-2020) that, based on a prudent macroeconomic scenario demonstrating the capacity to generate a similar level of return on equity to that required of a private investor, was not considered to be state aid.

CGD's new recapitalisation plan was implemented in different stages.

The first phase, in which the following changes were made, was completed on January 4, 2017:

- Use of free reserves and the legal reserve of €1,412,460 thousand to cover negative retained earnings for past years;

- An increase in CGD's share capital to €7,344,144 thousand, comprising the issuance of 288,828,747 shares through the payment in kind of 490,000,000 Parcaixa, SGPS, S.A. equity shares of €498,996 thousand and the transfer of €900,000 thousand in CoCo bonds plus a corresponding amount of €45,148 thousand in related accrued interest; and,
- A €6,000,000 thousand share capital reduction based on the extinguishing of 1,200,000,000 shares to cover €1,404,506 thousand in negative retained earnings and to set up free reserves of €4,595,494 thousand.

The second phase, completed on March 30, 2017, involved a share capital increase of €2,500,000 thousand, through the issuance of 500,000,000 new ordinary shares with a nominal value of €5 each, subscribed for and paid up by the Portuguese state as the sole shareholder and the issuance of €500,000 thousand in securities representing additional tier 1 own funds, fully subscribed by institutional investors (note 26).

The last phase of the recapitalisation plan was completed on June 21, 2018 in the form of a tier 2 issuance of €500,000 thousand, exclusively for institutional investors (Note 24).

The completion of the recapitalisation plan and consequent strengthening of its solvency enabled Caixa to concentrate on implementing its strategic plan 2017-2020. The plan is based on five pillars:

Pillar 1

Upgrading and reorganisation of the domestic branch office network to ensure its sustainability. The initiatives were:

a) Reviewing segments and upgrading the commercial offer;

b) Reviewing bancassurance and asset management models on which retail value proposals and penetration of off-balance sheet products are based;

c) Defining a plan to boost support for households, level of service and corporate oversight, particularly SMEs (small and medium-sized enterprises); and,

d) Optimising credit processes and pricing models.

Pillar 2

Harmonisation of CGD's operational infrastructure in order to improve efficiency. The key initiatives to be implemented to align the operational infrastructure focused on the following:

a) Adjustments to the branch office network and central support areas;

b) Organisational restructuring operations;

c) Improvement of human resources management, including training; and,

d) Improved levels of service and customer care based on the digitalisation of processes.

Pillar 3

Restructuring of international operations, based on a complementary approach to domestic operations. CGD's international presence, at the end of 2016, mainly comprised nine subsidiaries and nine branches. The international portfolio was restructured as follows, based on the overall principle of reducing international risk and focusing on core geographies (with more affinity with Portugal):

a) Adoption of a focused approach to maintain a position only in specific, pre-determined geographies, ensuring a review of their business models and strengthening the governance model, ensuring a material contribution to group profitability;

b) Sale or rationalisation of operations in other geographies, providing domestic customers with a support structure.

Pillar 4

Restructuring of the risk management and governance model by reducing balance sheet risk, implementing new credit management policies and introducing new specialised recovery platforms. The following measures were identified to achieve this aim:

a) Implementation of new scoring models for small and medium-sized enterprises, mortgage loans and personal credit;

b) Implementation of a corporate risk appetite and management model;

c) Adjustment of risk management models to the highest sector standards (SREP-supervisory review and evaluation process*)*:

d) Implementation of a deleveraging plan for NPLs (non-performing loans);

e) Better credit monitoring and recovery operations by strengthening specialised oversight units.

Pillar 5

Business transformation in a digital context. The aim being:

a) To define a digital strategy, based on the acceleration, coaching and governance of digital sphere initiatives, in addition to the implementation of priority initiatives resulting from strategic considerations;

b) To increase the number of Caixa's "digital" customers;

c) To reformulate an end-to-end experience to meet the financial needs of personal and corporate customers in order to promote new business, loyalty and business growth;

d) To prepare the technical support infrastructure for information and customers, providing basic points of interaction and preparing the development of a seamless experience across all media and channels.

One of the conditions attached to CGD's recapitalisation process for it not to be qualified as state aid, as defined in the framework agreement between the Portuguese state and the European Commission, was the need for an independent valuation of the asset portfolio.

The former executive committee, accordingly, decided to undertake a review of CGD's assets, with reference to June 30, 2016, based on the criteria and assumptions that a private investor would employ if intending to make a major investment in CGD. The executive committee, appointed in the meantime, decided to undertake a new exhaustive review as of December 31, 2016 of the criteria and methodologies used for assets measurement, with a revaluation of the principal customers subject to individual impairment analyses, on the basis of proposals submitted by the commercial and recovery divisions and reviewed by the risk management division, in addition to a re-analysis of impairment on property by the property business division. The results, incorporated the effects of events between the date of the completion of the first review and date when the accounts for 2016 were filed, were provided to CGD's executive committee and although resulting in the recognition of impairment and provisions of more than €3 billion this was nevertheless around €200 million less than that initially estimated. As a consequence, the capital increase was also reduced by €200 million compared to the initial projection and therefore also reduced the state's funding of CGD's recapitalisation as its sole shareholder.

A specific external audit was also performed on this exhaustive asset measurement review at the request of the executive committee, to perform an overall review for the period and conclude as to the adequacy of the assessment processes and methodologies used.

CGD is, accordingly, totally focused on the effective implementation of its strategic plan 2017-2020, to permit the structural transformation of its efficiency and profitability levels.

2. Accounting policies

2.1. Presentation bases

The consolidated financial statements at December 31, 2019 were prepared on the basis of the international financial reporting standards (IFRS) as adopted in the European Union, in accordance with regulation (EC) 1606/2002 of July 19 of the European Parliament and of the Council and the dispositions of decree law 35/2005 of February 17.

As referred to in note 13, the group reclassified the assets and liabilities of Banco Comercial Atlântico (Cape Verde), in January 2019, to “Non-current assets and liabilities held-for-sale – subsidiaries” under IFRS 5 – “Non-current assets held-for-sale and discontinued operations”. The income generated by this equity stake under this standard is also set out in a single line of the profit and loss statement (“Income from subsidiaries held-for-sale”), prior periods have been accordingly re-expressed for comparison purposes.

The accounting policies described in this note have been consistently applied across all of the periods set out in the financial statements, with any exceptions having been identified.

2.2. Changes to accounting policies

2.2.1 Voluntary changes to accounting policies

Except for the changes referred to in note 2.4, there were no other voluntary modifications of accounting policies in 2019 in comparison to those considered in the preparation of the financial information for the preceding year, as set out for comparison purposes. No significant changes in accounting estimates or judgements were made, nor were material errors identified, with the exception of the change introduced in the sovereign debt impairment model.

Methodology for impairment losses in sovereign debt

The methodology applied for impairment losses in sovereign debt (loans and advances and issued debt) relies in public information and determines the following risk categories:

i. “Low credit risk” – includes low default portfolio exposures, namely investment grade and Euro zone countries;

ii. For sovereign debt classified as non-investment grade the LGD is 45% (as determined by article 161º, n.1, a), of EU Regulation 575/2013. The 12 month probability of default is determined considering a combination of the rating and macroeconomic perspectives for the short term. It may be the case for some of the international Group subsidiaries that local regulators determine a different set of rules to estimate impairment losses than those adopted by CGD. In this instance the more prudent approach will be followed;

iii. For non-Euro denominated and non-investment grade sovereign debt, if the individual assessment determines that the issuer will have difficulties to comply with the contractual cash flows, then a stage 2 approach is applied (PD lifetime);

iv. For indirect exposures to sovereign debt classified as stage 2 or 3, an individual assessment is made. If no impairment losses are determined, these exposures are evaluated according to a collective assessment methodology, which considers a lifetime PD.

2.2.2 New standards and interpretations for the period

Effective from January 1, 2019 the group adopted the following standards, interpretations, amendments or changes of relevance to its activity, as issued by the IASB and endorsed by the European Union:

<u>IFRS 16 – “Leases” -</u>

This defines the principles for the recognition, measurement, presentation and disclosure of lease agreements, with the objective of ensuring pertinent information to provide an accurate description of such transactions. IFRS 16 makes significant changes to the form of accounting of lease agreements from the viewpoint of the lessee whose balance sheet should recognise an asset based on right-of-use and a liability for the liabilities attached to the respective agreements, unless this involves a period of less than twelve months or when the underlying asset has a residual value. This standard must be applied for the financial years beginning on or after January 1, 2019.

<u>IFRS 9 – "Financial instruments" (amendments) – Prepayment features with negative compensation -</u>

According to IFRS 9, a financial instrument can be measured at amortised cost or at fair value through other comprehensive income, as long as the financial cash flows are solely payments of principal or interest (SPPI) and the instrument is managed according to a business model that allows it. The amendment clarifies that the SPPI test criteria is met, independently of the events or circumstances that determine the prepayment, or which side pays or receives a reasonable compensation.

The Basis for Conclusion clarify that the prepayment can occur based on a contractual clause or events that are out of the control of the respective parties, such as law or regulation changes.

The amendment must be applied if the prepayment feature is close to the unpaid amounts of principal and interest, more or less the changes in the benchmark rate. This should allow the SPPI criteria to be met, since the change in fair value due to other risk (credit, liquidity) will be reduced. Usually the cost of early payment or a plain vanilla interest rate swap will meet the SPPI criteria.

The changes are applied retrospectively. If the adoption of the amendment is made in 2019 (and not in 2018), specific transition requirements should be considered.

<u>Modifications or substitutions of financial liabilities that are not a derecognition -</u>

In the Basis for Conclusion, IASB clarifies that the adjustments made to the amortized cost of financial liabilities that are modified or substituted but not derecognized, should be consistent with those applied to financial assets. As such, the difference arising between the amortized cost and the new cash flows discounted at the original interest rate should be immediately recognized in the profit and loss.

The IASB also mentioned that it believes that the current version of IFRS 9 is sufficient to address this matter, and no further formal change to the Standard is necessary.

Clarifications are to be applied to IFRS 9. As such IFRS users could choose not to apply it to financial liabilities accounted for under IAS 39 – "Financial instruments: Recognition a Measurement" requirements. As such, changes are to be expected when transitioning from IAS 39 to IFRS 9. These changes should be applied retrospectively.

<u>IFRIC 23 – "Uncertainty over income tax treatments" (interpretation) -</u>

The IASB issued IFRIC 23 – "Uncertainty over income tax treatments" (interpretation) in June 2017. This interpretation clarifies the requirements for the application and measurement of IAS 12 – "Income taxes" if there is any uncertainty over their respective treatment.

The interpretation refers to the accounting of income taxes in the scope of IAS 12 in a context of uncertainty. It does not apply to income taxes that are not in the scope of IAS 12 or to interest or penalties that may arise in a context of uncertainty.

The interpretation covers the following:

- If the entity treats separately different fiscal uncertainties;
- The interpretation of past judgements made by the fiscal authorities;
- How the entity determines fiscal profit or loss, tax losses carried forward, tax credits and tax rates;
- How the entity incorporates changes in facts and circumstances.

The entity determines the treatment of fiscal uncertainties (if separately or as a whole) and the approach to mitigate those uncertainties. IFRIC 23 could be a challenge for multinational corporations which operate in complex fiscal environments. The entities should also evaluate if the procedures are in place to ensure the gathering of the necessary information to apply the interpretation and make the required disclosures.

IAS 19 – "Employee benefits" – "Changes of plan, restrictions or liquidations" (amendments) -

The changes made to the wording of this standard clarify aspects related to early cancellation, restrictions or liquidation of plans.

Determining current service cost and net interest

According to IAS 19, for defined benefit plans, the current service cost should be measured using actuarial assumptions determined at the start of the annual reporting period. Similarly, net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. However, when a plan amendment, curtailment or settlement occurs during the annual reporting period, the amendments to IAS 19 specify that an entity must:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) after the event;

- Determine net interest for the remainder of the after the plan amendment, curtailment or settlement using:

    - The net defined benefit liability (asset)after the event; and

    - The discount rate used to remeasure the net defined benefit liability (asset).

Effect on asset ceiling requirements: –

A change, restriction or liquidation made to the plan could change the maximum amount for the recognition of an asset. The amendment to IAS 19 clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This value is to be recognize in the profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognized in other comprehensive income.

The entity might have to recognise a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts.

The amendment to this standard must be implemented in the financial years beginning on or after January 1, 2019. Early adoption is permitted and should be disclosed.

IAS 28 (amendment) – "Long term Investments in associates and joint ventures" –

This amendment clarifies that IFRS 9 – "Financial instruments" should be applied (including the respective impairment-related requirements) to long term investments in associates or joint ventures when the equity accounting method is not applied, if they are a component of that investment.

The IASB also explained that when applying IFRS 9, an entity should not take into account any adjustments or losses to that investment resulting from IAS 28 requirements. Illustrative Examples were published by IASB at the same date as the amendment to help users and eliminate ambiguities.

The amendment to this standard must be implemented in the financial years beginning on or after January 1, 2019. The amendment should be applied retrospectively with some exceptions. Early adoption is permitted and should be disclosed.

With the exception of IFRS 16 – "Financial instruments", details on whose impacts can be found in note 2.3 – IFRS 16 - "Leases", the adoption of these standards did not have any impact on the group's equity.

Annual improvements: 2015-2017 cycle –

The IASB annual improvement project regarding the 2015-2017 cycle included amendments to the following Standards:

IFRS 3 – "Business combinations" (amendments)

- The amendments to this Standard clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business considering its fair value;
- This changes the value previously held in the joint operation;
- The amendment must be applied to business combinations for which its acquisition date occurred on or after the first reporting period for financial years beginning on or after January 1, 2019. Early adoption is permitted.

IFRS 11 – "Joint arrangements" (amendments)

- The amendments to this Standard clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests in that joint operation;
- The amendment must be applied to transactions that occurred on or after the first reporting period for financial years beginning on or after January 1, 2019. Early adoption is permitted.

IAS 12 – "Income taxes" (amendments)

- The amendments to this Standard clarify that the income tax consequences of dividends should be recognized where the transactions or events that generated distributable profit were also recognized. Accordingly, the related tax will be accounted for in the profit or loss or in other comprehensive income, depending on the way the related transactions were previously registered;
- The amendment must be implemented in the financial years beginning on or after January 1, 2019. Early adoption is permitted. When applying the amendment for the first time, the entity should consider dividends distributed on or after the first reporting period disclosed in the financial statements.

IAS 23 – "Borrowing costs" (amendments)

- The amendments to this Standard clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that remaining amount becomes part of the general funds borrowed by the entity;
- The amendments must be applied to all borrowing costs incurred on or after the first reporting period after the adoption;
- The amendment must be implemented in the financial years beginning on or after January 1, 2019. Early adoption is permitted.

<u>IFRS 10 and IAS 28: Sale or contributions of assets between an investor and its associate or joint venture –</u>

The amendments introduced to these standards aim to resolve conflicts between the requirements of IFRS 10 and IAS 28 on the loss of control of a business that is sold or transferred to an associate or joint venture.

Changes introduced to IAS 28 consider different requirements for the recognition of transactions between an investor and its associate or joint venture. If the sale or contribution of assets constitutes a business according to IFRS 3, the gain or loss must be recognized in full in the profit or loss of the period. If it does not constitute a business as defined in IFRS 3, then the current requirements regarding the partial recognition of the gain or loss continue to be applied.

In December 2015, the mandatory application of the amendments was deferred indefinitely by the IASB until all on-going projects regarding the application of the equity accounting method are concluded. Early adoption is permitted and must be disclosed. All changes are applied prospectively.

2.2.3 New standards and interpretations already issued but still not mandatory

The following standards and interpretations, not yet mandatory but already endorsed by the European Union, had been issued by the IASB prior to the date of approval of the Group financial Statements:

IAS 1 – "Presentation of financial statements" and IAS 8 – "Accounting policies, changes in accounting estimates and errors (amendments). The objective of this change was to achieve consistency in the definition of materiality across all standards in force and to clarify several aspects related to the respective definition. According to the new definition, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions made by primary users on the basis of those financial statements, which supply financial information about a specific reporting entity". The amendments to these standards must be implemented in the financial years beginning on or after January 1, 2020 and must be implemented retrospectively.

Conceptual structure – "Changes in references to other IFRS". As a result of the publication of the new conceptual structure, the IASB has made changes to the wording of several standards and interpretations, as in: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the definitions of an asset and a liability and new guidelines on measurement, derecognition, presentation and disclosure. The amendments must be implemented in the financial years beginning on or after January 1, 2020 and implemented retrospectively, unless this is not practical.

2.2.4 Interest rate benchmark reform – changes to IFRS 9, IAS 39 and IFRS 7

The IASB issued in September 2019 amendments to IFRS 9, IAS 39 and IFRS 7 – "Financial Instruments: disclosures". These constitute the first phase of the on-going project regarding the effects of the IBOR reform (Interbank Offered Rates).

The amendments address mainly the hedge accounting issues arising before IBOR is replaced with an alternative reference interest rate and provide relief during this period of uncertainty.

Changes to IFRS 9 –

The changes apply to all hedging relationships that are affected by the interest rate benchmark reform. A hedge relationship is affected when the on-going reform introduces uncertainty regarding the timing or amount of the cash flows of the hedged item or the hedging instrument.

Applying the relief is mandatory and affect the following areas:

- Highly probable requirements for cash flow hedges;
- Reclassification of the amount in the cash flow hedge reserve to profit or loss;
- Assessment of the economic relationship between the hedged item and the hedging instrument.

The modified requirements rely on the assumption that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based is not altered as a result of the uncertainties of the interest rate benchmark reform.

A fourth relief states that an entity shall apply the requirements to evaluate whether the risk component is separately identifiable, only at the inception of the hedging relationship.

If the hedge is a dynamic hedge (where the hedged items and/ or the hedging instruments are frequently changed), the risk component needs to be separately identifiable only on the initial designation of the hedged item.

Should a hedging instrument be modified so it is contractually based on a RFR but the hedged item remains based on an IBOR (or vice-versa), there is no relief to measure and account for any potential ineffectiveness.

The reliefs ensure continuity in application until the uncertainty around the timing and the amount of the cash flows arising from the interest rate benchmark reform cease to exist. The possibility of continuing to apply the reliefs to the hedged items is assessed separately.

Entities are required to disclose information on the hedging relationships for which the reliefs are being applied.

2.2.5 New standards and interpretations already issued but still not endorsed

The following standards and interpretations, not yet endorsed by the European Union, had been issued by the IASB prior to the date of approval of the Group financial Statements:

IFRS 3 – "Business combinations" (amendments): Definition of a business –

The amendments clarify the minimum requirements to be considered a business, removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, adds guidance regarding the assessment of whether a substantive process has been acquired, narrow the definition of a business and of outputs and introduces an optional concentration test of the fair value of the acquired business.

Minimum requirements to be considered a business:

To be considered a business, an integrated activity should include, at a minimum, an input and a substantive process to allow the production of an output. A business combination could exist without all the necessary inputs or processes to produce an output. Put together they must have the ability to significantly contribute to create outputs, instead of having the ability to create outputs.

Ability of the market participants to substitute any missing inputs or processes:

The previous version of IFRS 3 stated that a business combination could not include all inputs or processes needed to create an output if the market participants were able to acquire or replace any missing inputs or processes. This is no longer necessary, and the assessment made to the business considers its state at acquisition date.

Evaluate if an acquired business is substantive:

If an acquired asset or processes do not create outputs, it is considered substantive if:

(a) Its critical to the process of creating an output; and

(b) Includes a work force with the necessary knowledge, skills and experience to create the output (directly or indirectly).

If an acquired asset or processes create outputs, it is considered substantive if:

(a) it is critical to the process of creating an output and the acquired inputs include a work force with the necessary knowledge, skills and experience to create the output (directly or indirectly); or

(b) It is significant to the process of creating an output or is considered unique or scarce and cannot be substituted without undue effort, time or cost.

Narrowing the definition of an output:

The definition of an output is narrowed to goods or services sold to clients, return on investment (dividends or interest) or other income generated by ordinary activities. The definition of business described in IFRS 3, Appendices A was amended to include these changes.

Optional concentration test:

The amendments to IFRS 3 add an optional concentration test that permits a simplified assessment of whether an acquired set of activities or assets are a business. Entities can choose to apply to the test at a transaction level. The test is successful if substantially the fair values of the gross assets acquired are concentrated in a unique identifiable asset or in a similar group of identifiable assets. If the test is not successful or the entity opt to not make the test, then a detailed evaluation must be performed considering the requirements of IFRS 3.

The amendments are mandatory for all business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, and is applied prospectively.

As such, acquisitions before that date do not need to be assessed. Early application is permitted and should be disclosed.

This amendment interacts with other Standards (for example, when an entity loses control of a subsidiary and early applied amendments to IFRS 10 and IAS 28 – "Sale or contributions of assets between an investor and its associate or joint venture").

The board of directors does not consider that the adoption of the above standards and interpretations will have a significant impact on equity in the preparation of the group's financial statements.

2.3. IFRS 16 – "Leases"

IFRS 16 – "Leases", which must be implemented in the financial years beginning on or after January 1, 2019 – defines the principles applicable to the recognition, measurement, presentation and disclosure of lease agreements, with the objective of ensuring pertinent information to provide an accurate description of such transactions.

IFRS 16 has made significant changes to the form of accounting for lease agreements from the viewpoint of the lessee whose balance sheet should recognise an asset based on right-of-use and a liability based on the related liabilities in these agreements, except for short term leases.

Short term lease agreements have a maturity of less than twelve months. The value of an underlying asset is presumed to be low when it does not exceed USD 5,000. The value of an underlying asset may only be low if: i) the lessee is able to benefit from the use of the underlying asset either individually or jointly with other resources immediately available to it; and ii) the underlying asset is not highly dependent upon or strongly interconnected to other assets.

On the date upon which a lease agreement comes into force, the lessee measures the right-of-use asset at cost. The asset's cost includes: i) the amount of the initial measurement of the lease liability; ii) any lease payments made on the date upon which the lease comes into force or prior thereto, net of any lease incentives received and, iii) the estimated costs payable by the lessee on the dismantling and removal of the underlying asset.

After that date, the lessee measures the right-of-use asset at cost i) net of accumulated depreciation and impairment losses; and ii) after it has been adjusted by any remeasurement of the lease liability.

Right-of-use assets are depreciated in accordance with the requirements of IAS 16 – "Tangible assets". If the ownership of the underlying asset is transferred to the lessee at the end of the lease period, or if the cost of the right-of-use asset reflects the lessee's use of a purchase option, the lessee depreciates the right-of-use asset between the dates upon which it comes into force and the end of the underlying asset's useful life. Otherwise the lessee should depreciate the right-of-use asset between the periods in which the asset comes into force and the end of the right-of-use asset's useful life or end of the lease period, if shorter.

On the date upon which it comes into force, the lessee should measure the lease liability at the present value of the lease payments which have not been liquidated at that date. The lease payments are discounted at the lease's implicit interest rate if it can be easily determined. If the rate cannot be easily determined the lessee should use the lessee's incremental borrowing rate.

The lease payments included in the measurement of the lease liability at that date include the subsequent payments for the right to use the underlying asset throughout the lease period which have not yet been made: i) the fixed payments of IFRS 16 (including the in-substance fixed lease payments described in paragraph B42), net of the lease incentives receivable; ii) the variable lease payments which are contingent upon an index or interest rate, initially measured by the use of the index or interest rate at the time of coming into force; iii) the amounts payable by the lessee to guarantee the residual value; iii) the call price of a purchase option if the lessee is reasonably certain of exercising this option; and iv) payments of penalties for lease termination when applicable.

After this date, the lessee should measure the lease liability by: i) increasing its book value to reflect the interest on the lease liability; ii) reducing the book value to reflect the lease payments made; and iii) remeasuring the book value to reflect any revaluation of or change to the lease.

CGD began work on a comprehensive, multidisciplinary project to implement IFRS 16 and ensure its homogenous, consistent application across all consolidated entities in 2018.

The IT systems that manage the lease agreements were used to implement the evolution of controls and accounting procedures in accordance with the standard's requirements.

Transition

CGD group applied the modified retrospective methodology for transition purposes with reference to January 1, 2019. The group also opted to apply the practical solution permitted by the standard of not reassessing, on the transition date of whether or not an agreement is or contains a lease, taking the new definition, in which IFRS 16 applies to agreements which have previously been identified as leases under IAS 17 – "Leases" and IFRIC 4 - "Determining whether an arrangement contains a lease" into account.

The group exercised the option of not applying the standard to leases of intangible assets as provided for in IFRS 16.

The transition adjustments did not have any impact on shareholders' equity at January 1, 2019. Information on the recognition of right-of-use assets and their respective lease liabilities in the balance sheet is as follows:

	Properties	Vehicles
Value of Assets by Right of Use at January 1, 2019	220,617	5,256
Value of lease liabilities recognized in the statement of financial position at transition date (01/01/2019)	220,617	5,256

Lease periods have generally coincided with the periods defined in the respective agreements. In the case of property, they were based on the probability of the exercising of options for extending or reducing periods, with regard to the specific market conditions for each type of asset.

Given CGD's decision to opt for the modified retrospective application, the discount rate applied corresponds to the incremental borrowing rate based on the yield curves calculated for each of the entities at January 1, 2019.

The average incremental borrowing rates on the lease liabilities recognised in the statement of financial position at the transition date were:

	Properties	Vehicles
Average Incremental Financing Rate - Applied to lease liabilities recognized in the statement of financial position at the date of transition (1 January 2019)	3.23%	0.85%

The following table provides information on the reconciliation between i) lease liabilities at December 31, 2018 disclosed regarding application of IAS 17, discounted at the incremental borrowing rate at January 1, 2019, and ii) the amount of the lease liabilities measured on adoption of IFRS 16.

	Properties	Vehicles	Others	Total
Operation lease commitments disclosed when applying IAS 17 at 31/12/2018, discounted using the incremental borrowing rate (01/01/2019)	**193,174**	**4,025**	**103**	**197,303**
Lease agreements, the underlying asset of which is of low value, not considered in lease liabilities in the transition at 01/01/2019	-	-	(103)	(103)
Operation lease commitments disclosed when applying IAS 17 at 31/12/2018, recognized as lease liabilities in the statement of financial position at 01/01/2019.	193,174	4,025	-	197,199
as lease liabilities in the statement of financial position at 01/01/2019 ,discounted using the incremental borrowing rate (01/01/2019)	162,620	3,977	-	166,597
Lease liabilities, recognized at 01/01/2019, not recognized in the operating lease commitments disclosed when applying IAS 17 at 31/12/2018.	57,996	1,279	-	59,275
Lease liabilities recognised in the statement of financial position at 01/01/2019	**220,617**	**5,256**	**-**	**225,873**

2.4. Changes to accounting policies

2.4.1 Accounting changes to services related to the banking activity

Given the nature and extent of the diverse banking services performed by the group and to ensure their appropriate presentation in its financial statements, CGD group's board of directors considered that presentation changes should be made and concluded that it would be more appropriate to recognise such services as commissions, given that these services related to the banking activity. They were therefore reclassified from the "Other operating income" to the "Income from services and commissions" caption.

The impact of this change on the group's consolidated financial statements at December 31, 2018 amounted to an increase of "Income from services and commissions" and an equivalent decrease of €9,516 thousand in "Other operating income".

The profit and loss statement for the period ended December 31, 2018 was accordingly restated, together with the reclassification of BCA under IFRS 5 as follows:

				Proform	
	31-12-2018 (Published)	IFRS5 - Reclassification BCA	Change Accounting Policy	31-12-2018	Impacts
Interest and similar income	2,072,329	30,947		2,041,382	30,947
Interest and similar expenses	(867,529)	9,261		(858,267)	9,261
Income from equity instruments	17,472	(644)		16,828	(644)
NET INTEREST INCOME	1,222,272	(22,330)		1,199,942	(22,330)
Income from services and commissions	598,514	(4,154)	9,516	603,876	5,362
Costs of services and commissions	(124,316)	529		(123,787)	529
Results from financial operations	31,669	(1,472)		30,197	(1,472)
Other operating income	57,673	(450)	(9,516)	47,707	(9,966)
TOTAL OPERATING INCOME	1,785,812	(27,876)		1,757,936	(27,876)
Employee costs	(619,171)	9,390		(609,781)	9,390
Other administrative costs	(320,056)	5,782		(314,275)	5,782
Depreciation and amortisation	(61,628)	1,725		(59,902)	1,725
Provisions net of reversals	108,787	4,913		113,700	4,913
Loan impairment, net of reversals and recoveries	(119,466)	(1,928)		(121,394)	(1,928)
Other assets impairment, net of reversals and recoveries	(25,069)	64		(25,005)	64
INCOME BEFORE TAX	749,209	(7,931)		741,279	(7,931)
Income tax	(308,284)	1,543		(306,742)	1,543
Results in associated companies and joint ventures	52,821	(539)		52,281	(539)
CONTINUING ACTIVITIES RESULTS	493,746	(6,927)		486,819	(6,927)
Results on subsidiaries held for sale	45,818	6,927		52,745	6,927
CONSOLIDATED INCOME FOR THE YEAR, OF WHICH:	539,564	-		539,564	-
Non-controlling Interests	(43,788)	-		(43,788)	-
CONSOLIDATED INCOME ATTRIBUTABLE TO CGD SHAREHOLDER	495,776	-		495,776	-

2.5. Consolidation principles

The consolidated financial statements include the accounts of CGD and entities directly and indirectly controlled by the group (note 3), including special purpose entities.

As required by IFRS 10 – "Consolidated financial statements", the group considers that it exercises control when it is exposed or has rights to the variable returns generated by a specific entity (referred to as a "subsidiary") and when it may, based on the application of the power retained by it and its capacity to direct the relevant activities of investees, take control of them (*de facto* power).

CGD group subsidiaries were consolidated by the global integration method in which significant transactions and balances between the consolidated companies were eliminated. Consolidation adjustments are also made, when applicable, to ensure the consistent application of the group's accounting principles.

The amount of third party investment in subsidiaries is recognised in "Non-controlling interests" in equity. In the specific case of investment funds included in the consolidation perimeter, any redemption options of holders of non-controlling interests on an investment at its equity value are recognised in "Other liabilities" (note 25), Their corresponding changes are recognised in the respective profit and loss account.

Consolidated profit comprises the aggregating of CGD's and its subsidiary entities' net profit, in proportion to their effective percentage holding, after consolidation adjustments have been made, i.e. the elimination of dividends received and capital gains and losses made on transactions between companies included in the consolidation perimeter.

2.6. Business combinations and goodwill

Acquisitions of subsidiaries are recognised by the purchase method. The acquisition cost comprises the aggregate fair value of assets delivered, equity instruments issued and liabilities incurred or assumed in exchange for achieving control over the acquired entity. The costs incurred on the acquisition, when directly attributable to the operation, are recognised as costs for the period on the purchase date. Upon the acquisition date, which is the date upon which the group achieves control over the subsidiary, identifiable assets, liabilities and contingent liabilities meeting the recognition requirements of IFRS 3 – "Business combinations" are recognised at their respective fair value.

Goodwill is the positive difference between the cost of a subsidiary's acquisition and the fair value attributable to the acquisition of its respective assets, liabilities and contingent liabilities on the purchase date. Goodwill is recognised as an asset and is not depreciated.

If the fair value of identifiable assets, liabilities and contingent liabilities acquired in the transaction exceeds their acquisition cost, the excess is recognised as income in profit and loss for the period.

The acquisition of non-controlling interests after control over a subsidiary has been achieved is recognised as a transaction with shareholders, upon which no additional goodwill is recognised. The difference between the value attributed to non-controlling interests and the respective acquisition cost at the transaction date is directly recognised as a charge to reserves. In the same way, the impacts of disposals of non-controlling interests which do not entail a loss of control over a subsidiary are also recognised in reserves. The group recognises profit or loss on disposals of non-controlling interests, when they entail changes in control over the subsidiary, through profit and loss on the transaction date.

The group performs impairment tests on balance sheet goodwill, at least once a year, as required by IAS 36 – "Assets impairment". For this purpose, goodwill is allocated to cash flow generating units whose respective recoverable value is based on estimated future cash flows at discount rates the group considers appropriate. Impairment losses on goodwill are recognised in profit and loss for the period and cannot be reversed.

Up to January 1, 2004, as provided for in the accounting policies defined by the Bank of Portugal, goodwill was fully deducted from shareholders' equity in the year of the acquisition of the subsidiaries. As permitted under IFRS 1 − "First-time adoption of international financial reporting standards", and as the group did not make any changes to this recognition procedure, goodwill, generated on operations, up to January 1, 2004, continued to be deducted from reserves.

Accounting of written put options on non-controlling interests

The group initially recognises liabilities resulting from written put options on non-controlling interests as a charge to "Other reserves". Subsequent changes to the fair value of the put option measured on the basis of the agreed terms, are also recognised as a charge to "Other reserves", except for the financing costs on the recognition of the liability, which are recognised in "Interest and similar costs" in profit and loss.

2.7. Investments in associates and jointly controlled enterprises

"Associates" are entities over which the group exercises significant influence but whose management it does not effectively control. Significant influence is presumed to exist whenever the group has a direct or indirect equity stake or voting rights of 20%, unless it can be clearly shown that this is not the case. In parallel, no significant influence is considered to exist whenever the investment is less than 20%, unless there is clear evidence to the contrary.

According to the requirements of IAS 28 − "Investments in associates and joint ventures", a significant influence by the group usually takes one of the following forms:

- A seat on the board of directors or equivalent management body;
- Participation in the process for defining policies, including resolutions on dividends or other appropriations;
- Material transactions between the associate and the group;
- Interchange of managerial personnel; and,
- The supply of essential technical information.

There are also situations in which the group, together with other entities, exercises control over the activity of a company in which the equity stake is held (jointly controlled enterprises), usually structured on a basis of shared voting and similar decision-making rights.

Investments in associates and jointly controlled enterprises are recognised by the equity accounting method. Under this method, equity stakes are initially valued at their respective acquisition cost which is subsequently adjusted on the basis of the group's effective percentage of changes in its associates' shareholders' equity (including their results). The equity accounting method is discontinued when the group share of accumulated losses incurred by the associate or jointly controlled enterprise, exceed balance sheet value of the investment, unless any legal or constructive obligation for such losses necessitates an additional provision.

In the event of differences that would result from compliance by investees with the group's accounting principles having a materially significant impact, adjustments are made to the investees equity.

Unrealised profit or loss on transactions with associates and jointly controlled enterprises are eliminated to the extent of the group's effective ownership interest in these entities.

2.8. Translation of balances and transactions in foreign currency

The individual accounts of each group entity included in the consolidation are prepared in accordance with the currency used in the economic environment in which they operate ("functional currency"). In the consolidated accounts, the profit and loss and financial position of each entity are expressed in euros as CGD group's functional currency.

Foreign currency transactions are recognised on the basis of the exchange rates in force on the transaction dates when preparing Caixa's and its subsidiaries' separate financial statements. Monetary assets and liabilities denominated in a foreign currency at each balance sheet date are translated into each entity's functional currency at the exchange rate in force. Non-monetary assets at fair value, are translated at the exchange rate in force on the last valuation date. Non-monetary assets carried at historical cost, including tangible and intangible assets, continue to be recognised at their original exchange rate.

Exchange rate profit/loss assessed on translation, is recognised in profit and loss for the period, except when deriving from non-monetary financial instruments, such as equity instruments, recognised at fair value. An option to classify them at fair value through other comprehensive income has been exercised and they are recognised directly in "Other reserves".

The assets and liabilities of entities with a functional currency other than the euro, in the consolidated accounts are translated at the closing exchange rate, as opposed to income and costs which are translated at the average rate for the period. Under this method, exchange rate profit/loss is recognised in "Other reserves" in equity and transferred to profit and loss on disposal of the respective subsidiaries.

As permitted by IFRS 1 − "First-time adoption of international financial reporting standards", the group opted not to recalculate and therefore did not recognise the impact of the translation of the financial statements of its subsidiaries expressed in foreign currency up to December 31, 2003 in “Other reserves”. Accordingly, in the case of the disposal or closure of subsidiaries after the said date, only exchange rate profit/loss originating after January 1, 2004 is reclassified to profit and loss for the period.

2.9. Financial instruments

a) Financial assets

The classification of financial assets depends upon the group’s business model and the characteristics of the financial instrument’s contractual cash flows, unless an option to measure the financial instrument at its fair value through profit or loss has been exercised.

The group classifies and measures a financial asset at amortised cost when it is part of a portfolio managed on the basis of a business model whose objective is achieved through the receipt of all contractual cash flows and when such cash flows may be considered as payments of principal and interest on the outstanding principal. The group also classifies and measures a financial asset at FVTOCI (fair value through other comprehensive income) when it is included in a portfolio managed on the basis of a business model whose objective is achieved either through the receipt of contractual cash flows comprising payments of principal and interest on outstanding debt or by sale. A financial asset is classified and measured at FVTPL (fair value through profit or loss) when it is neither classified nor measured at amortised cost or by FVTOCI. At the time of initial recognition, however, the group may irrevocably opt to classify and measure an investment in an equity instrument through FVTOCI (when neither held-for-trading nor comprising the recognition of a contingent payment by the acquirer in a business combination subject to IFRS 3 – “Business combinations”) which would otherwise have been classified and measured through FVTPL.

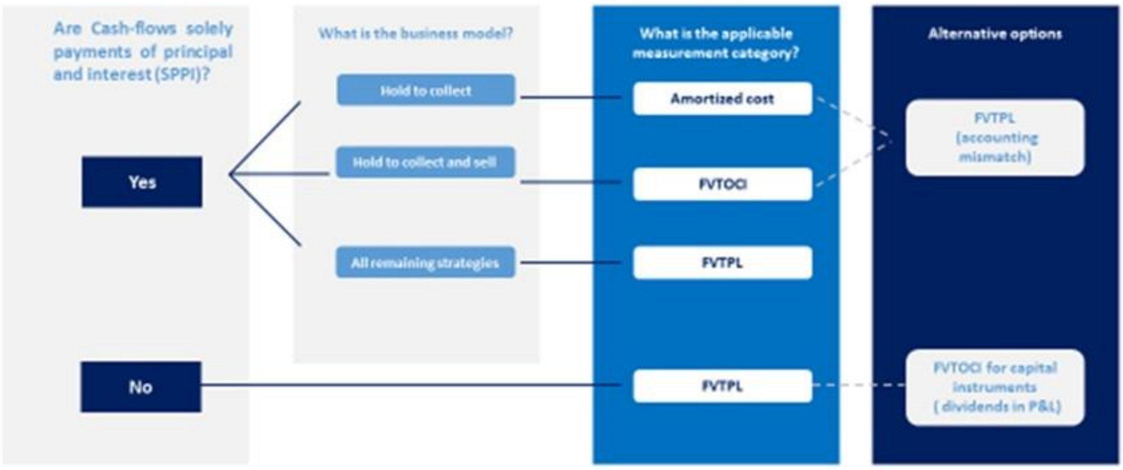
To assess the business model used for the management of a financial asset, the group defines how it expects to obtain cash flows from the financial asset. The business model is assessed at a level that reflects how a group of financial assets is managed as a whole, in order to achieve the business model’s specific objective and is not dependent upon the group’s plans for any individual financial asset. As the allocation to a business model is a fact and not an assertion, the group considers all of the relevant information enabling a conclusion to be reached on the business model to be considered for the management of its financial assets. The group accordingly considers:

- the way in which the performance of the business model and the related financial assets are assessed and communicated to management;
- the risks affecting the performance of the business model (and related financial assets) and, particularly, how such risks are managed; and,
- the way in which a company’s managers are compensated (e.g. if compensation is based on the fair value of the assets managed or receipt of contractual cash flows).

As referred to above, two criteria should be considered for the recognition and measurement of the financial assets covered by IFRS 9 – “Financial instruments”:

- The entity’s business model for managing the financial asset; and,
- The characteristics of the financial asset’s contractual cash flows: SPPI (solely payments of principal and interest).

Information on the classification process applied by the group is given below:



Derecognition

The group derecognises a financial asset when, and only when, the contractual right to receive cash flows expires or when the financial asset is transferred and the transfer is qualified for derecognition. The group is considered to transfer a financial asset if, and only when, the contractual rights to receive the cash flows from the said financial asset are transferred or if the contractual rights to receive the cash flows are retained but the group accepts a contractual commitment to deliver such cash flows to one or more beneficiaries. When the contractual rights to receive the cash flows are retained, the group only treats the operation as a transfer when all of the following conditions have been met: (i) when the group is not liable for the payment of any amounts to the beneficiary other than the amounts received from the original asset; (ii) when the group is prevented from selling the original asset under the terms of the transfer agreement; and (iii) when the group must pay the cash flows received, without any material delays and the cash flows cannot be reinvested up until such payment has been made.

When the contractual cash flows on a financial asset are renegotiated or in any other way modified and such a renegotiation or modification does not result in the financial assets derecognition, the group recalculates the financial asset's gross balance sheet amount and recognises profit or loss on the difference between the previous gross balance sheet amounts. The asset's new gross balance sheet amount is assessed as the present value of the renegotiated or modified cash flows, discounted at the asset's original effective rate (or adjusted interest rate in the case of loans acquired or originated with impairment) or, when applicable, the revised effective interest rate. Any costs or commissions incurred are included in the new gross balance sheet amount and amortised over the asset's remaining life.

A scenario in which the modification of the contractual cash flows results in the financial asset's derecognition implies the following:

a. The need for a new SPPI analysis to assess whether the contractual conditions of the modified financial asset meet SPPI criteria;

b. Initial recognition of the new financial asset at its fair value, with any difference between the net book value of the former asset being recognised in profit and loss;

c. If the contractual modifications derive from the restructuring of an asset owing to a debtor's financial difficulties, the new asset is described as POCI (purchased or originated credit impaired) upon which impairment losses are always recognised on the basis of a lifetime PD, i.e. the new asset can never be classified in stage 1;

d. The new asset's amortised cost will be measured on the basis of expected future cash flows;

e. The new financial asset recognised as the result of a contractual modification of a financial asset previously marked for forbearance (in accordance with Commission implementing regulation (EU) no. 2015/227 of

January 9, 2015 and in conformity with the internal policy defined by the group), will continue to be marked as such, with the cure period restarting from the date of the last restructuring operation; and

f. For a financial asset originally classified in stage 3 for impairment model purposes and whose contractual modification leads to its respective derecognition, the new financial asset to be recognised will continue to be classified in stage 3, and may, based on the triggers defined by the group for default definition purposes, subsequently be transferred to stage 2.

Reclassification of financial assets

The group when making changes to its financial assets' management business model (which is only expected to occur relatively infrequently and on an exceptional basis), reclassifies all of the financial assets affected, in conformity with the requirements of IFRS 9 – "Financial instruments". The reclassification is applied prospectively from the date upon which it becomes effective. Under IFRS 9 – "Financial instruments", reclassifications of equity instruments when the fair value assessment through other comprehensive income or other financial assets and liabilities at fair value under the fair value option has been exercised, are not permitted.

Fair value

As already stated, "Financial assets at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income" are measured at their fair value.

The fair value of a financial instrument comprises the amount at which an asset or financial liability can be sold or liquidated between independent, informed parties, interested in realising the transaction under normal market conditions.

The fair value of financial assets is measured by a Caixa body which is independent from the trading function, based on the following criteria:

- Closing price at the balance sheet date, for instruments traded in active markets;
- Measurement methods and techniques are used for debt instruments not traded in active markets (including unlisted securities or securities with low liquidity levels) and include:
  - (i) Bid prices published by the Bloomberg and Reuters financial information services, including market prices available on recent transactions;
  - (ii) Bid prices received from financial institutions operating as market-makers; and
  - (iii) Internal measurement models based on market data which would be used to define a financial instrument's price, reflecting market interest rates and volatility, in addition to the instrument's associated liquidity and credit risk.
- Investment funds not traded in active markets are measured on the basis of the last available NAV (net asset value). Whenever considered appropriate, NAV may be adjusted on the basis of Caixa's critical appraisal of the measurement criteria applied to the assets managed by the respective investment fund.

Amortised cost

Financial instruments at amortised cost are initially recognised at fair value, net of the income or costs directly attributable to the transaction. Interest is recognised by the effective interest rate method.

Interest on impaired financial assets (stage 3) is recognised on the basis of the rate used to discount the future cash flows inherent to the measurement of the impairment loss.

b) Financial liabilities

Financial liabilities are recognised on their agreement date, at their respective fair value, net of the costs directly attributable to the transaction. Financial liabilities are recognised in the following categories:

(i) Financial liabilities held-for-trading

Financial liabilities held-for-trading include derivatives with a negative revaluation value, in addition to the short selling of fixed and variable-income securities in active markets.

These liabilities are recognised at their respective fair value. Profit or loss on their subsequent valuation is recognised in “Income from financial operations”, and.

(ii) Other financial liabilities

This category includes the resources of credit institutions and customers, bond issuances, subordinated liabilities and liabilities incurred on payments for the provision of services or purchase of assets, recognised in “Other liabilities”.

These financial liabilities are measured at amortised cost. Any interest thereon is recognised by the effective interest rate method.

c) Derivatives and hedge accounting

Caixa’s activity includes derivative operations to meet the needs of its customers and reduce its exposure to foreign exchange, interest rate and price fluctuations.

Derivatives are recognised at their fair value at the agreement date. They are also recognised in off-balance sheet accounts at their respective notional value.

The fair value of derivatives not traded in organised markets is calculated by using models incorporating measurement techniques based on discounted cash flows which also reflect the effect of counterparty and own credit risk − CVA (credit value adjustments) and DVA (debt value adjustments).

Embedded derivatives

Derivatives embedded in other financial instruments recognised in liabilities are separated out from the host contract and processed separately, whenever:

- The embedded derivative’s economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and.
- The total combined financial instrument is not recognised at fair value, with any changes being recognised in profit and loss.

The principal impact of this procedure on the group’s activity consists of the need to separate out and measure the value of the derivatives embedded in deposits and debt instruments, i.e. instruments whose returns do not comprise interest (such as returns indexed to share prices or indices, exchange rates, etc.). At the time of separation, the derivative is recognised at its respective fair value, with the initial amount of the host contract comprising the difference between the total value of the combined contract and the derivative’s initial revaluation. No profit is therefore recognised on the operation’s initial recognition.

Trading derivatives

Trading derivatives include all derivatives not associated with effective hedge relationships, namely:

- Derivatives hedging the risk on assets or liabilities recognised at fair value through profit or loss, thus rendering hedge accounting unnecessary;
- Risk hedging derivatives which do not meet the conditions required for the use of hedge accounting under IFRS 9 − “Financial instruments” owing to the difficulty in specifically identifying the hedged elements, in cases other than micro-hedges or when the hedge relationship is not effective; and,
- Derivatives contracted for trading purposes.

Trading derivatives are recognised at fair value, with daily revaluation changes being recognised in income and costs for the period in “Income from financial operations”, except for the part relating to accrued and liquidated interest, which is recognised in “Interest and similar income” and “Interest and similar costs”. Positive and negative revaluations are recognised in “Financial assets held-for-trading” and “Financial liabilities held-for-trading”, respectively.

Hedge derivatives

Hedge derivatives are contracted to hedge the group’s exposure to the risks inherent to its activity.

At December 31, 2019 and December 31, 2018 Caixa only hedged its exposure to changes in the fair value of financial instruments recognised in its balance sheet and referred to as “Fair value hedges”.

The group prepares formal documentation when a hedge relationship is entered into, to include the following minimum aspects:

- Risk management objectives and strategy associated with the hedge operation, according to defined risk hedging policies;
- Description of the hedged risk(s);
- Identification and description of hedged and hedging financial instruments; and,
- Hedge effectiveness and how and when effectiveness will be assessed.

Hedge derivatives are recognised at fair value and their results assessed daily in income and costs for the period. If the hedge proves to be effective, the group will also recognise the change in fair value of the hedged element, attributable to the hedged risk, in “Income from financial operations” in profit and loss for the period. In the case of instruments with an interest component (e.g. interest rate swaps), accrued interest for the current period and realised cash flows are recognised in “Interest and similar income” and “Interest and similar costs” in net interest income.

Hedge accounting is discontinued whenever hedges cease to meet the hedge accounting requirements defined in the standard. In such situations the adjustments made to hedged elements up to the date upon which hedge accounting ceases to be effective or if the designation is revoked, are recognised in profit and loss up to the maturity of the corresponding financial assets or liabilities, by the effective interest rate method.

Positive and negative revaluations of hedge derivatives are recognised in specific assets and liabilities accounts, respectively.

Measurements of hedged elements are classified in the balance sheet accounts in which such instruments are recognised.

d) Impairment of financial assets

The impairment model of IFRS 9 – “Financial instruments” applies to the following financial assets:

- All financial assets measured at amortised cost (including lease agreements − IFRS 16 – “Leases”);
- Debt instruments measured at fair value through other comprehensive income − FVTOCI;
- The rights and obligations referred to in IFRS 15 − “Revenue from contracts with customers” – in cases in which this standard refers to IFRS 9 −“Financial instruments”;
- Assets which translate the right to the reimbursement of payments made by the entity when liquidating the liabilities recognised under IAS 37 – “Provisions, contingent liabilities and contingent assets”; and,
- Loan liabilities (except when measured at fair value through profit or loss).

These financial assets are divided up into 3 risk groups, depending upon the significance of the deterioration of credit risk:

- Stage 1 - assets without a significant deterioration in credit risk since the time of their initial recognition;

- Stage 2 - assets with a significant deterioration in credit risk since the time of their initial recognition; and,

- Stage 3 – impaired assets (assets in default*).*

Depending upon the classification of the operation's stage, credit losses are estimated on the basis of the following criteria:

- 12 month expected losses: the expected loss deriving from a loss event occurring in the 12 months following the calculation date, applied in stage 1 operations; and,

- Lifetime expected losses: the expected loss based on the difference between the contractual cash flows and the cash flows the entity expects to receive up to the contract's maturity. This is the expected loss resulting from all of the potential loss events up to maturity and is applied in stage 2 and 3 operations.

Although IFRS 9 - "Financial instruments" does not define the concept of default, CGD group applies the same definition as used for management purposes, on an internal credit risk level, incorporating the EBA's recommendations as defined in its "Final Report on Guidelines on Default Definition (EBA-GL-2016-07)" published on September 28, 2016.

Stage 2 classification is based on the observation of an SICR (significant increase in credit risk) since the time of initial recognition.

The quantitative measure used to assess when an asset is transferred to stage 2 is based on a comparison of the deterioration of the forward-looking probability of lifetime default between the date of initial recognition and the reporting date.

Qualitative criteria for the transfer of a financial asset to stage 2 were also considered: i.e. credit in arrears for more than 30 days (backstop), restructured credit based on financial difficulties and objective credit risk criteria noted when monitoring customers.

Although based on historical and current information, assessments of expected losses should also incorporate reliable, reasonable, justifiable and available forward-looking projections, at no cost or without the need for any unduly excessive endeavours.

The amount of the expected credit loss to be recognised therefore considers a forward-looking component based on the weighting of 3 different macroeconomic estimated loss scenarios (central, pessimistic and optimistic). The scenarios to be considered are defined on the basis of a methodological approach comprising the projection of macroeconomic variables in which the probabilities of the occurrence of each of the scenarios are internally defined.

Evidence of impairment is measured on significant individual exposures and individually or collectively for exposures which are not individually significant. If it is considered that there is no objective evidence of impairment for a certain exposure, whether or not significant, it is measured collectively.

2.10. Non-current assets held-for-sale and assets and liabilities disposal groups

IFRS 5 – "Non-current assets held-for-sale and discontinued operations" applies to individual as well as groups of assets for disposal, either by sale or another aggregate means, in a single transaction in addition to all liabilities directly associated with such assets, which may be transferred in the transaction (referred to as "assets and liabilities disposal groups").

Non-current assets or groups of assets and liabilities for disposal are classified as being held-for-sale whenever their book value is expected to be recovered on sale and not their continued use. The following requirements must be met for an asset (or group of assets and liabilities) to be classified in this account:

- There must be a strong probability of sale;

- The asset must be available for immediate sale in its present state; and,

- The sale should be expected to occur within a year from the asset's classification in this account.

Assets recognised in this account are not depreciated and their value is measured at their acquisition cost or fair value, whichever the lesser amount, net of the costs incurred on the sale. The assets' fair value is measured by appraisers.

Impairment losses are recognised in "Impairment of other assets, net of reversals and recoveries", if the assets' book value exceeds their fair value, net of sales costs.

Property and other assets which have been auctioned for overdue credit recovery purposes are also recognised in this account at the lower between (i) their bid price or (ii) the credit amount, net of impairment, that was recognized in the statement of financial position previously to the recovery.

The group periodically analyses the recoverable value of repossessed property on overdue credit or other property reclassified as non-current assets held-for-sale, based on a specially developed impairment model.

Impairment model

The impairment model for property held for sale is assessed individually or collectively, according to predefined requirements.

Impairment is measured separately for all property with a gross book value of €3 million or more. Properties with a gross book value of less than €3 million, when justified by their specific characteristics may be included on a one-off basis in this valuation segment.

Individual impairment analyses consider a property's intended disinvestment strategy and includes available information on demand, supply and other specific risks such as licences, investment needs, occupancy status and rental or other agreements which could affect its value.

Impairment on other properties is assessed on the basis of collective impairment models.

- The collective impairment model is based on an assessment of the recoverable value of each property, which considers its adjusted acquisition cost discounted for the average time lapse to sale. Both parameters depend on the type of property and the length of time it has been listed in the portfolio. The impairment is computed considering the difference between the property acquisition cost and the estimated recoverable amount.

- The collective impairment model is applied to all assets that are not individually assessed, with the exception of assets for which a purchase and sale promise contract has been signed or are agreed to an immediate sale contract, for which the recoverable amount is the already agreed sale price.

Reversal of impairments recognized in previous periods is registered whenever a sale occurs or there is no longer evidence that the estimated losses are deemed to happen. An impairment recognized in previous periods should be reversed if the estimated recoverable amount for the asset changed since the last time the assessment was made.

A property is derecognized from the statement of financial position when it is sold. The amount of the respective proceeds is measured by the difference, at the date of sale, between the sale price and its respective book value, adjusted for impairment.

2.11. Investment properties

Investment properties are properties held by the group with the objective of receiving income from rentals and/or their appreciation.

Investment properties are not depreciated and are recognised at fair value, as measured by appraisers' valuations.

Investment properties acquired on loan recovery operations are also included in the analysis of the individual and collective impairment measurement model applied to property classified as non-current assets held-for-sale (note

2.10), whose fair value balance sheet carrying amount is defined by reference to an assessment of its respective recoverable value.

Fair value changes are recognised in “Other operating income” in profit and loss.

2.12. Other tangible assets

Other tangible assets are recognised at their acquisition cost, revalued under applicable legal dispositions and net of their accumulated depreciation and impairment losses. The costs of repairs, maintenance and other costs associated with their use, when not incorporated in the assets, are recognised as a cost for the period in “Other administrative costs”.

Up to January 1, 2004, Caixa and several of its subsidiaries revalued their tangible assets under the terms of the applicable legislation. As permitted under IFRS 1 − "First-time adoption of international financial reporting standards", their book value, in the transition to IFRS, including the amount of the revaluation, was deemed to be cost, as the revalued amount generally corresponded to cost or depreciated cost under international accounting standards, adjusted to reflect changes to price indices. In the case of entities headquartered in Portugal, 40% of the increase in depreciation on these revaluations is not tax deductible and the corresponding deferred tax liabilities were recognised.

Depreciation is recognised on a straight line basis across an asset’s estimated useful life, comprising the periods in which it is expected to be available for use, as follows:

	Useful life (years)
Property for own use	50 - 100
Equipment:	
Furniture and material	8
Machines and tools	5 - 8
Computer equipment	3 - 8
Interior fittings	3 - 10
Transport material	4 - 6
Security equipment	4 - 10

Land is not depreciated.

The cost of works on and improvements to property leased by the group under operating leases is capitalised in this account and depreciated over an average period of 10 years.

Depreciation is recognised as a cost for the period.

Tests to identify signs of impairment on other tangible assets are periodically performed. An impairment loss is recognised in “Impairment of other assets net of reversals and recoveries” in profit and loss for the period whenever the net book value of tangible assets exceeds their recoverable value (value in use or fair value whichever the higher). Impairment losses may be reversed and also have an impact on profit and loss in the event of a subsequent increase in an asset’s recoverable value.

The group assesses the adequacy of its tangible assets’ estimated useful lives on an annual basis

2.13. Leases

As described in note 2.2.2. – “New standards and interpretations for the period”, the group adopted IFRS 16 – “Leases” at January 1, 2019 replacing IAS 17 – “Leases”, in force up until December 31, 2018.

IFRS 16 – “Leases” – defines the principles for the recognition, measurement, presentation and disclosure of lease agreements, with the objective of ensuring pertinent information to provide an accurate description of such transactions.

IFRS 16 made significant changes to the form of the accounting of lease agreements from the viewpoint of the lessee whose balance sheet should recognise an asset based on right-of-use and a liability for the liabilities inherent to the agreements, unless this involves a period of less than twelve months or when the underlying asset has a residual value.

Lessee

The standard defines a unique accounting procedure for lease agreements arising from the recognition of a right-to-use asset and a lease liability for all lease agreements other than agreements with a maturity of less than 12 months or leases on low value assets in which the lessee may opt to be exempted from the recognition provided for in IFRS 16, in which case it should recognise the lease payments for these agreements as costs.

Lessor

Leases continue to be classified as financial or operating leases with no significant changes from the previous definitions. Leases under financial agreements are recognised in the balance sheet as “Loans and advances to customers” and reimbursed by the repayment of principal set out in the agreements’ financial schedules. Interest included in the instalments is recognised as “Interest and similar income”.

2.14. Intangible assets

This account essentially comprises the costs of acquiring, developing or preparing software used in the group’s activities. In cases in which the requirements of IAS 38 – “Intangible assets” are met, the direct internal costs incurred on software development are capitalised as intangible assets. These costs essentially comprise employee costs.

Intangible assets are recognised at their acquisition cost, net of accumulated depreciation and impairment losses.

Depreciation is recognised on a straight line basis over the assets’ estimated useful lives, which is normally between 3 and 6 years.

Software maintenance costs are recognised for the period in which they are incurred.

2.15. Income taxes

Current tax

CGD pays tax under the fiscal regime set out in the IRC (corporate income tax) code and, beginning 2012, has been taxed under the special tax regime for corporate groupings of article 69 *et seq.* of the referred to code. The group perimeter covered by the referred to tax regime, in which CGD is the dominant entity, comprises all companies with headquarters and effective management in Portugal, whose total income is subject to the general IRC tax regime, at the highest standard rate, in whose equity capital it has had either a direct or indirect stake of at least 75%, for a period of more than a year and such an equity stake entitles it to more than 50% of the voting rights. The group’s taxable profit is calculated on the algebraic sum of the taxable profit and losses made by each of the companies in the perimeter.

Branch accounts are included in the respective headquarters’ accounts under the principle of the taxation of global profit of article 4 of the corporate tax code. In addition to being subject to IRC, in Portugal, branch net income may also be subject to local taxes in the countries/territories in which they are established. Local taxes are deductible from the group’s IRC tax bill as a tax credit under double taxation agreements and article 91 of the respective code.

Current tax is calculated on taxable profit for the period which differs from accounting income owing to adjustments resulting from costs or income which are not considered for fiscal purposes or only considered in other accounting periods. Special reference should be made to the following:

Adjustments to accounting income

- *Income earned by non-resident subsidiaries with a more favourable tax regime*

  Under article 66 of the corporate tax code, the profit made by non-resident companies which benefit from a clearly more favourable tax regime is included in Caixa's accounts, in proportion to its equity stake and independently of its appropriation, provided that Caixa has a direct or indirect equity stake of at least 25% or at least 10% if more than 50% of the non-resident company is either directly or indirectly owned by resident shareholders.

  A company is considered to benefit from a clearly more favourable regime: (i) when it is resident in a territory listed in ministerial order 150/2004 of February 13, or (ii) when it is not subject to income taxes which are identical or similar to IRC, or (iii) when the applicable rate of income tax payable on its activity is equal to or less than 60% of the IRC rate payable if the company were resident in Portugal.

  In these cases, the profit is included in Caixa's taxable income for the period in which the end of the non-resident company's tax period is included in proportion to Caixa's share of equity. The amount of the profit included is deductible from the taxable profit for the period in which the profit is actually distributed to Caixa. Caixa does not recognise any deferred taxes for this situation.

- *Impaired credit*

  During the course of 2016, owing to the application of the Bank of Portugal's *notice* 5/2015, Caixa began to prepare the financial statements on its separate activity in accordance with the international financial reporting standards as adopted, at any time, under a European Union regulation, considering the requirements of IAS 39 – "Financial instruments: recognition and measurement" on provisions for loans and other receivables from January 1 of that year.

Regulatory decree 5/2016, which, in general terms, continued to adopt the same fiscal regime for impairment losses and other value adjustments for specific credit risk in force, as in 2015, i.e. limiting tax deductions to the amounts assessed in accordance with the dispositions of the Bank of Portugal's *notice* 3/95 (subsequently revoked) provided that such loans were not collateralised by real rights over immovable assets, was published on November 18, 2016.

The extension of the application of these rules as a deductibility marker for impairment losses on credit operations deductible for fiscal purposes in 2018 and 2017, was subsequently confirmed by the publication of regulatory decrees 13/2018 and 11/2017, both published on December 28.

Beginning January 1, 2018 the estimated losses on credit risk were measured by reference to the dispositions of IFRS 9 – "Financial instruments", in replacement of IAS 39 − Financial instruments: recognition and measurement" after that date.

Law 98/2019, which changed the corporate tax code on impairment in credit institutions and other financial institutions and defined the rules on the recognition of impairment losses, which were still not tax deductible, recognised in the periods prior to January 1, 2019, was published on September 4, 2019. According to this new legislation impairment losses for credit risk on individually or collectively evaluated exposures recognised in the tax periods beginning on or after January 1, 2019, under the applicable accounting and regulatory terms (except for the exceptions provided for in no. 7 of article 28-C of the corporate tax code) are now fully deductible The deductibility rules in force up to December 31, 2018 continue to apply to the impairment losses and other value corrections for specific credit risk accounted for in prior tax periods.

According to the terms of article 4 of the new law, Caixa and other relevant entities in the domestic tax perimeter formalised their intention to apply for the new regime for the tax periods beginning January 1, 2019 and communicated to the director general for tax and customs on October 31, 2019.

- *Credit write-offs*

  At December 31, 2019 and 2018, Caixa has recorded deferred tax assets for non-tax deductible impairment on credit operations which had already been written-off from assets having expected their tax deductibility for taxation periods in which the conditions required for deduction have been met, both in terms of the delay period (24 months) and compliance with the limits provided for by the legislation in force on these dates or, additionally, on occurrence of any of the conditions provided for in article 41 of the corporate tax code (bad debts).

- Impaired financial investments

  In conformity with the dispositions of no. 2 of article 28-A of the corporate tax code, impairment losses on securities and other investments recognised in accordance with the accounting standards applicable to entities supervised by the Bank of Portugal are considered to be tax deductible.

  The publication of law 42/2016 as an addendum to no. 6 of article 51-C of the corporate tax code ruled that, for 2017 and following periods, impairment losses and other value adjustments on equity investments or other own equity instruments, included in taxable income, are considered to be positive components of taxable profit for the taxation period in which the respective sale has taken place. In line with the above, Caixa began to recognise deferred tax liabilities on the impairment of financial investments considered tax-deductible at the time of their constitution when there in an intention to sell or liquidate (or when in progress). This amounted to €39,659 thousand and €116,486 thousand, at December 31, 2019 and 2018, respectively.

  At December 31, 2019 and 2018 the amount of unrecognised deferred tax liabilities on the impairment of tax deductible financial investments, where there is no likelihood of changes to the board of directors' strategy regarding the management of such investments, i.e. no prospect of sale or liquidation in the foreseeable future, amounted to €68,586 thousand and €19,776 thousand, respectively.

- *Employee costs*

  CGD has considered the payment of its employee costs, as processed and recognised in the accounts, including costs associated with pensions and other post-employment benefits, to be tax deductible, up to the limit of the contributions effectively paid into the pension fund. This procedure is in line with the understanding of the secretary of state for fiscal affairs of January 19, 2006, according to which, the amounts recognised in costs under the terms of the applicable accounting regulations, limited by the amount of the contribution effectively made to the pension fund in the same or past periods, in line with article 43 of the corporate tax code, are tax deductible.

  Additionally as a result of the change in the accounting policy regarding the recognition of actuarial profit and loss on pension plans and other post-employment benefits, at December 31, 2011, the deferred net liabilities balance recorded in Caixa's balance sheet at that date was fully recognised as a charge to reserves. As the component of €60,837 thousand relating to pension liabilities complied with the requirements of article 183 of law 64-B/2011 of December 30, the negative equity changes originated in 2011, which were not considered for tax purposes in the period but will be recognised as a deduction from taxable profit, in equal parts, in the ten years beginning after January 1, 2012.

  Caixa had not recognised any deferred tax on actuarial or financial profit and loss on its pension plan for active workers, at December 31, 2019 and 2018.

- *Settlement result*

  Under article 92 of the corporate tax code, taxation, net of deductions for international double taxation and fiscal benefits, may not be less than 90% of the amount that would have been assessed if the taxpayer (i) had not received fiscal benefits and (ii) did not make supplementary contributions to pension funds and equivalents to cover retirement pension liabilities as a result of the application of the international accounting standards.

  This limitation does not apply to the fiscal benefits listed in no. 2 of the same article.

  CGD did not make any adjustments to the assessment of its taxable income for 2019 and 2018 as a result of the application of this article.

Deferred tax

Total income tax recognised in profit and loss includes current and deferred tax.

Deferred tax comprises the impact on tax recoverable/payable in future periods of temporary deductible or taxable differences between the book value of assets and liabilities and their fiscal basis, used to assess taxable profit.

Whereas deferred tax liabilities are normally recognised for all temporary taxable differences, deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable profits will be available to enable the use of the corresponding deductible tax differences or carry-back of tax losses. Neither are deferred tax assets recognised in cases in which their recoverability is questionable for other reasons, including issues regarding the interpretation of current tax legislation.

Neither is deferred tax on temporary differences originating on the initial recognition of assets and liabilities in transactions which do not affect accounting income or taxable profit recognised.

The principal sources of temporary differences from the group's activity are provisions, impairment and employee benefits which are temporarily non-tax deductible.

Deferred taxes are calculated on the basis of the tax rates expected to be in force at the time the temporary differences reverse, comprising the approved or substantially approved rates, at the balance sheet date.

Income tax (current or deferred) is recognised in profit and loss for the period, except for cases in which the originating transactions have been recognised in other shareholders' equity accounts. The corresponding tax, in these situations, is also recognised as a charge to equity.

2.16. Provisions and contingent liabilities

A provision is set up whenever a current (legal or constructive) obligation resulting from past events involves the probable future expenditure of resources and when this may be reliably assessed. The amount of the provision is the best estimate of the amount to be paid to settle the liability at the balance sheet date.

When not probable a future expenditure of resources is considered to be a contingent liability. Contingent liabilities are only required to be disclosed, unless the probability of their occurrence is remote.

Provisions for other risks are for:

- Liabilities for guarantees provided and other off-balance sheet liabilities, based on a risk analysis of operations and respective customers; and,

- Legal, fiscal and other contingencies resulting from the group's activity.

2.17. Employee benefits

Liabilities for employee benefits are recognised in accordance with the principles of IAS 19 – "Employee benefits". Caixa's principal benefits include retirement and survivors' pensions, healthcare costs and other long term benefits.

Pensions and healthcare liabilities

CGD group has several pension plans, including defined benefit and, in several situations, defined contribution plans. Caixa is therefore liable for the payment of its employees' retirement, disability and survivors' pensions. Other group companies, including Banco Comercial do Atlântico and Banco Nacional Ultramarino (Macau) also have liabilities for defined benefit plans.

Healthcare for CGD headquarters' active and retired employees is also provided by Caixa Geral de Depósitos's social services and funded by contributions from CGD headquarters and its employees. Caixa also has liabilities for contributions to SAMS (healthcare services) for former BNU employees retiring prior to the July 23, 2001 merger between BNU and CGD.

The liability for defined benefit plans recognised in the balance sheet comprises the difference between the present value of liabilities and fair value of pension fund assets. Total liabilities are calculated by specialised actuaries, using the unit projected credit method and appropriate actuarial assumptions. The rate used for liabilities discounting processes is based on market interest rates on investment grade corporate bonds denominated in the currencies in which the liabilities are paid and with similar periods to maturity to the average settlement period of liabilities.

Profit and loss on differences between the actuarial and financial assumptions used and the effective amounts regarding the evolution of liabilities and pension fund yield projections, as well as on changes to actuarial assumptions are recognised as a charge to “Other reserves”.

As the group does not usually assume any liability for defined contribution plans, other than its annual contributions, no additional costs are recognised.

Retirement pensions and healthcare costs for the period, including current servicing requirements and net interest costs, are aggregated and recognised in the appropriate “Employee costs” account.

The impact of employees’ early retirements, as defined in the actuarial study, is directly recognised in “Employee costs”. Caixa also recognises a specific liability for the impact of the change to inactive status of those employees with whom it has entered into redundancy agreements. This provision is also recognised as a charge to “Employee costs” in profit and loss.

Liabilities for healthcare costs are recognised in a "Provisions for the costs of employee benefits" account (note 23).

Other long term benefits

The group also has other liabilities for long term benefits to its workers, including liabilities for early retirements, seniority bonuses and death grants, prior to the standard retirement age. Death grants after the standard retirement age are the responsibility of the pension fund.

Liabilities for such benefits are also measured by actuarial assessments. All actuarial gains and losses is recognised as a charge to profit and loss for the period under IAS 19 – “Employee benefits” for the type of benefits identified.

Liabilities for the costs of seniority bonuses and death grants are recognised in "Other liabilities" (note 25) and "Provisions for the costs of employee benefits" (note 23), respectively.

Short term benefits

Short term benefits, including employees’ productivity bonuses, are recognised on an accrual basis in “Employee costs” for the respective period.

Redundancy benefits

Redundancy benefits include the costs of redundancy agreements between Caixa and its employees. These costs are also recognised in “Employee costs” in profit and loss.

2.18. Commissions

As referred to in note 2.9, commissions on credit operations and other financial instruments, i.e. commissions charged or paid on originating operations, are included in amortised cost and recognised over the course of the operation, in “Interest and similar income”.

Commissions for services provided are usually recognised as income over the period of the provision of the service or as a lump sum if resulting from single acts.

2.19. Issuance of equity instruments

The issuance of equity instruments is recognised at the fair value of the compensation received, net of the issuance’s direct costs.

Preference shares issued by the group are classified on the basis of the criteria defined in IAS 32 – “Financial instruments: disclosure and presentation”. Accordingly, in situations in which payments of dividends and/or redemptions are exclusively at the group's discretion, the securities issued are considered to be equity instruments. Preference shares issued by subsidiaries fulfilling these requirements are recognised in "Non-controlling interests" in the consolidated balance sheet.

2.20. Securities and other items held under custody

Securities and other items held under custody, i.e. customers' securities, are recognised in off-balance sheet accounts, preferably at their fair or nominal value.

2.21. Cash and cash equivalents

For the preparation of its cash flow statements, the group considers "Cash and cash equivalents" to be the "Cash and cash equivalents at central banks" and "Cash balances at other credit institutions" total.

2.22. Hyperinflationary economies

During the course of 2017, resulting from an analysis of the evolution of the key financial and behavioural indices of Angola's economy, the group concluded that the conditions of IAS 29 – "Financial reporting in hyperinflationary economies" had been met to enable it to proceed with the expected change in presentation of the financial statements of its equity stake in Banco Caixa Geral – Angola, S.A. (Caixa Angola).

One of the most significant, but not the only factor in reaching this conclusion, was the increase in the consumer price index across the period 2015 and first half 2019, as published by Angola's national statistics institute and set out in the following table:

	30-06-2019	2018	2017	2016	2015
Consumer Price Index at year end	247.50	232.02	195.63	158.19	112.09
Change	6.67%	18.60%	23.67%	41.13%	12.09%

Although the standard does not define an absolute rate based on which an economy is presumed to be hyperinflationary, the fact that the accumulated value across the last three years is close to or in excess of 100% is considered as possible evidence of this situation. The following indicators are also considered to be potential signs of a hyperinflationary economy:

(i) When the local currency is reinvested in non-monetary assets or a relatively stable foreign currency;

(ii) When purchases and sales made on credit include compensation for the loss of purchasing power, even over relatively short periods;

(iii) When the evolution of interest rates, wages and prices is linked to a price index; and,

(iv) When goods and services are priced in a stable foreign currency.

As a result the financial statements of Caixa Angola included in Caixa group's consolidated accounts, were prepared on the following basis:

- Non-monetary assets and liabilities measured at historical cost, net of accumulated amortisation or impairment, when applicable, were restated on the basis of the change in the general price index applied from the respective date of acquisition or origination and provided that this does not exceed their recoverable amount;

- Monetary assets and liabilities measured at current prices on the date on which the financial statements were filed were not restated;

- Profit or loss in the net monetary position for the period deriving from the change in purchasing power occurring between the beginning and end of the reporting period was recognised in the "Income from financial operations" aggregate (note 32) in profit and loss;

- The different income or cost components of Caixa Angola's profit and loss statement were restated on the basis of the application of a general price index from the beginning of the month in which they were recognised, except for impairment costs on financial assets and depreciation and amortisation of tangible and intangible assets; and,

- On January 1, 2017, as the date on which this standard was applied, Caixa Angola's diverse equity components, other than retained earnings from previous periods, were restated on the basis of the application of a general price index from their date of constitution or origination. All of the equity components were subsequently restated on the basis of the application of a general price index from the beginning of the month to which the financial statements refer or their date of constitution if later.

The same measurement criteria applied to non-monetary assets were also applied to the goodwill in the group's consolidated financial statements and recognised on the date of the acquisition of control over this subsidiary.

Information on the principal effects of the adoption of IAS 29 – "Financial reporting in hyperinflationary economies" on Caixa group's consolidated financial statements for 2019 and 2018 is set out below:

	2019			2018		
	Attributable to the shareholder of CGD	Non-controlling interests	Total	Attributable to the shareholder of CGD	Non-controlling interests	Total
Consolidated net income for the period, of which:						
Restatement of Caixa Angola's net income	4,660	4,477	9,137	2,605	2,503	5,108
Net monetary loss (Nota 30)	(4,884)	(4,692)	(9,576)	(16,451)	(15,806)	(32,256)
	(224)	(215)	(439)	(13,845)	(13,303)	(27,148)
Impact on equity	3,999	3,843	7,842	3,240	3,113	6,352
Total	3,776	3,628	7,403	(10,606)	(10,190)	(20,796)

The translation of Caixa Angola's restated financial statements for the years ended December 31, 2019 and December 31, 2018 (comparative balance sheet amounts) into the group's functional currency complied with the criteria of note 2.8.

The amounts for 2019 refer only to the time when IAS 29 was being applied (first semester of 2019). At that date the application of IAS 29 was discontinued. This change of characterisation of Angola's economy, is because the inflation rate remained less than 100%, for a period of 3 consecutive years.

2.23. Critical accounting estimates and most relevant judgmental aspects for the application of accounting policies

The application of the above accounting policies requires Caixa's executive committee and group companies to make estimates. The following estimates have the greatest impact on the preparation of the group's consolidated financial statements, as set out below.

a) Measurement of impairment losses on loans and advances to customers

Impairment losses on loans measured at amortised cost are based on the methodology defined in note 2.9. d). This assessment is includes the assessment of a series of factors which reflect knowledge of a customer's situation, processing of historical data and value of guarantees associated with the operations in question and, as such, is highly subjective.

The group considers that the impairment assessed using this methodology enables the risks on its loan portfolio to be appropriately recognised, in line with the rules defined in IFRS 9 – "Financial instruments".

b) Assessment of impairment losses on debt instruments at fair value through other comprehensive income

According to measurement requirements for such assets, fair value changes are recognised as a charge to other comprehensive income. Whenever the results of the analysis (note 2.9. d)), show the existence of impairment, the amount of the estimated loss is re-classified from other comprehensive income to costs for the period.

This assessment is based on available market information and includes modelling assumptions and judgements, changes to which could produce different results. The group, however, considers that the assessment of impairment based on this methodology properly reflects the risk associated with such assets, taking the rules defined in IFRS 9 – "Financial instruments" into account.

c) Measurement of financial instruments not traded in active markets

Under IFRS 9 – “Financial Instruments”, the group measures all financial instruments at fair value, except for those recognised at amortised cost. The measurement models and techniques described in note 2.9. are used to measure the value of financial instruments not traded in liquid markets. The valuations obtained comprise the best estimate of the fair value of the referred to instruments, at the date of the balance sheet. To guarantee adequate separation between functions, such financial instruments are measured by a body that is independent from the trading function.

d) Measurement of non-current assets held-for-sale – investments in subsidiaries

The measurement of investments in subsidiaries recognised in “Non-current assets held-for-sale” accounts uses measurement methodologies which are mainly based on external valuations, which employ different fair value measurement techniques, considering the board of directors’ estimates for each entity, the market conditions in which they operate and certain assumptions or judgments. Alternative methodologies and the use of different assumptions and estimates may result in a different valuation level for these investments.

e) Employee benefits

As referred to in note 2.17, above, the group’s liabilities for its employees’ post-employment and other long term benefits are measured on an actuarial basis. Actuarial calculations include financial and actuarial assumptions on mortality, disability, wages and pension growth, returns on assets used to hedge these liabilities and discount rates. The assumptions reflect the group’s and its actuaries’ best estimates of the future performance of the respective variables.

f) Income tax assessment

Income tax (current and deferred) is assessed by group companies on the basis of the rules defined in the current tax legislation of the countries in which they operate. In several cases, however, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. The amounts recognised represent the correct application to the group’s operations as determined by Caixa’s and its group companies’ responsible bodies. Nevertheless, their interpretation may be questioned by the tax authorities.

The group's recognition of deferred tax assets, including the carry-back of tax losses, is based on the expectation of future taxable profits enabling them their recovery, based on current projections of accounting income and considering the objective of reduction of non-performing assets. The fiscal income projections have been prepared on the assumption of the maintenance of the deductibility rules for impairment losses on loans and other receivables at December 31, 2018. The recoverability of deferred tax assets is contingent upon Caixa’s successful implementation of its board of directors’ strategy, namely the capacity to generate the estimated taxable income and interpretation of fiscal legislation in force in the future (note 18).

g) Property valuations

Property valuations recognised in "Non-current assets held-for-sale" and "Investment properties" accounts consider a set of judgmental assumptions which are contingent upon each asset’s specific characteristics and the group’s commercialisation strategy. The assumptions regarding future events may not occur or if they occur, their actual results could be different. By way of example, there could be changes in property market expectations, significant macroeconomic variables or on a level of the intrinsic characteristics of the actual property and its surrounding physical environment.

h) Provisions and contingent liabilities

As referred to in note 2.16. above, provisions are recognised whenever there is a present (legal or constructive) obligation which will probably require payment in the future and when this may be reliably estimated.

Contingent liabilities are not recognised in the financial statements. Details are disclosed if the possibility of payments being made is not classified as being remote.

Decisions on the recognition of provisions and their respective measurement take into account the board of directors’ assessment of the risks and uncertainties associated with the processes in progress and expectations of future cash flows, based on the best information available on the date upon which the financial statements are filed.

3. Group companies and transactions in period

The group's structure on a level of its principal subsidiaries, by sectors of activity and respective financial data taken from their separate, statutory accounts, unless otherwise expressly specified, is summarised below:

Activity / Entity	Location	31-12-2019			31-12-2018	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Holding Companies						
Caixa - Participações, SGPS, S.A.	Lisbon	100.00%	136,662	30,051	108,283	19,926
Parbanca, SGPS, S.A.	Madeira	100.00%	112,353	30,054	81,722	34,557
Partang, SGPS, S.A.	Lisbon	100.00%	112,364	17,784	129,504	4,530
Banking						
Banco Comercial do Atlântico, S.A.	Praia	58.19%	55,903	8,839	55,585	6,725
Banco Comercial e de Investimentos, S.A.R.L.	Maputo	63.05%	283,474	57,804	238,355	56,940
Banco Caixa Geral Brasil, S.A.	São Paulo	100.00%	72,547	1,669	89,653	2,462
Banco Interatlântico, S.A.R.L.	Praia	70.00%	21,845	4,329	18,696	2,725
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100.00%	838,205	70,222	774,178	53,623
Caixa - Banco de Investimento, S.A. (b)	Lisbon	99.77%	373,717	17,354	370,679	11,194
CGD Investimentos CVC, S.A.	São Paulo	100.00%	5,027	674	25,516	1,546
Banco Caixa Geral Angola, S.A.	Luanda	51.00%	143,250	53,369	202,435	73,438
Specialised Credit						
Caixa Leasing e Factoring - Sociedade Financeira de Crédito, S.A.	Lisbon	100.00%	145,172	24,807	120,365	6,048
Asset Management						
Caixagest - Técnicas de Gestão de Fundos, S.A.	Lisbon	100.00%	39,999	7,319	34,882	5,586
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100.00%	12,661	2,871	11,466	1,675
Venture Capital						
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45.33%	4,081	103	3,293	18
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99.77%	16,849	3,648	13,201	2,480
Real Estate						
Imobci, Lda.	Maputo	46.31%	173	(227)	394	301
Caixa Imobiliário, S.A.	Lisbon	100.00%	23,291	9,499	(50,981)	(805)
Inmobiliaria Caixa Geral S.A.U.	Madrid	100.00%	(78,340)	(1,760)	(76,580)	1,155

(a) Equity includes net income for the year.

(b) Data taken from consolidated financial statements.

Information on the principal movements of group subsidiaries for the period ended December 31, 2019 and in 2018 is given below:

Activity / Entity	Head office	31-12-2019			31-12-2018	
		% Effective participating interest	Equity (a)	Net income	Equity (a)	Net income
Complementary Corporate Groupings						
Groupment d'Interet Economique	Paris	100.00%	-	-	-	-
Sogrupo - Compras e Serviços Partilhados, ACE	Lisbon	90.00%	-	-	-	-
Special Purpose Entities and Investment Funds						
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	100.00%	42,779	9,407	153,319	(170)
Fundo de Capital de Risco Empreender Mais	Lisbon	100.00%	24,646	2,026	22,620	(3)
Fundo de Capital de Risco Caixa Fundos	Lisbon	100.00%	115,730	6,514	159,215	14,859
Fundo de Capital de Risco Caixa Crescimento	Lisbon	100.00%	82,483	(2,530)	85,013	(1,855)
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	32.22%	65,957	862	65,926	(405)
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	41.08%	146,538	6,173	167,220	7,765
Caixagest Infra-Estruturas - Fundo Especial de Investimento	Lisbon	18.56%	80,665	8,684	92,086	11,875
Cidades de Portugal - Fundo de Investimento fechado de Arrendamento Habitacional	Lisbon	100.00%	3,460	(58)	3,518	(2,420)
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100.00%	50,627	(1,065)	51,692	982
Fundiestamo - Fundo de Investimento Imobiliário Fechado	Lisbon	78.08%	161,043	12,920	154,123	10,831

(a) Equity includes net income for the year.

Banco Comercial e de Investimentos, S.A.

In first half 2015, Banco Comercial e de Investimentos, S.A.'s general meeting of shareholders approved a share capital increase of which MZN 3,081,274,880 comprising an incorporation of reserves and MZN 1,789,709,460 through an issuance of 72,752,418 new shares. The group's equity investment in this operation was made through Parbanca, SGPS, S.A., which has a 51% equity stake in BCI, having subscribed for MZN 912,751,820 in new shares at a unit price of MZN 24.60 (including a share issuance premium of MZN 14.60).

The company's acquisition of the subscribed and unpaid shares of the shareholder Insitec as part of the share capital increase of 2015 was approved by Banco Comercial e de Investimentos, S.A.'s general meeting of shareholders in March 2016. These shares are now part of the company's treasury stock.

An agreement was reached between Caixa Geral de Depósitos S.A., Banco BPI, S.A., Banco BPI, S.A., BCI − Banco Comercial de Investimentos, S.A., Parbanca SGPS, S.A. and Insitec SGPS, S.A., during the course of 2017, on the payment in kind of BCI shares. Under the terms of this operation Insitec Capital surrendered, as payment in kind, 110,171,080 shares held in its name, comprising 16.18069% of BCI's share capital in payment of the credit operations entered into with CGD and BPI, for the purpose of fully extinguishing its debts. CGD received 71,543,434 BCI shares comprising 10.51% of the respective share capital in payment of its credit, with the group having increased its effective equity stake in this company to 63.05%.

The general meeting of shareholders of Banco Comercial e de Investimentos, SA, approved an MZN 3,191,200,940 increase in the bank's share capital in May 2018 in a partial incorporation of existing reserves at December 31, 2017. The bank's share capital was increased from MZN 6,808,799,060 to MZN 10,000,000,000, in the form of 1,000,000,000 billion shares with a nominal value of 10 meticais each.

Banco Caixa Geral Brasil and CGD Investimentos, C.V.C., S.A.

It was decided to reduce the capital of BCG Brasil and CGD Investimentos, to €71,689 thousand and €2,732 thousand, respectively (at the December 2019 exchange rate) as part of the current disposal process.

CGD venture capital fund

The fund's capital was reduced by €169,970 thousand in 2019 by the extinguishing of 6,798 investment units. The fund now has a subscribed capital of €47,289 thousand in the form of 907 fully subscribed for investment units.

Caixa Arrendamento (FIIAH – Caixa Arrendamento) closed-end housing investment fund

During the course of 2017, the fund's general meeting of investors approved a reduction in the capital of the *Caixa Arrendamento* fund, through the extinguishing of 48,238 of the fund's investment units for an overall amount of €48,000. The fund was liquidated in 2019.

Parcaixa

The Portuguese state, as CGD's sole shareholder, passed a resolution on January 4, 2017, transferring its indirect equity stake in the company Parcaixa, SGPS, S.A., held through Parpública, SGPS, S.A., to Caixa, in the form of a capital increase, based on the delivery in kind of 490,000,000 shares comprising 49% of its respective share capital. The value attributed to the equity stake, representing its book value at that date, amounted to €498,996 thousand.

This operation was part of the agreement to recapitalise CGD, entered into between the Portuguese state and the competent European authorities (see introductory note).

This transaction gave Caixa Geral de Depósitos, S.A. full ownership of the share capital of this holding company and consequently an effective group equity stake of 100% in Caixa Leasing e Factoring – Instituição Financeira de Crédito, S.A. Pursuant to the completion of the merger in December 2018, Parcaixa became a Caixa Geral de Depósitos company.

Merger

On September 28, 2018, work began on the merger of six companies into Caixa Geral de Depósitos which now owns the full amount of the equity capital of all of the incorporated companies. These were Caixa Desenvolvimento, Wolfpart, Parcaixa, Cibergradual, Caixa Gestão de Ativos and Caixa Seguros e Saúde. The merger was preceded by Caixa's acquisition of Caixa Desenvolvimento from Caixa Banco de Investimento and the Beirafundo investment units from Caixa Imobiliário. This merger is part of CGD group's corporate reorganisation process, under the strategic plan agreed between the Portuguese state and the European Commission with the objective of simplifying CGD group's corporate structure, through a reduction of the number of companies involved in its activity. The objective of the merger was to concentrate the development of activities performed by several companies into a single entity and to eliminate the duplication of obligations and legal, fiscal, operational, financial, bureaucratic and contextual costs, simplifying CGD group's structure by closing incorporated companies and consequently concentrating all management activities and bureaucratic procedures in a single entity. The merger, effective from September 30, was registered on December 6.

The companies Caixanet and CaixaTec were also liquidated in the first few days of January 2019 as part of the restructuring process.

Imocaixa

Imocaixa was merged with Caixa Imobiliário in December 2019 which assumed all of its activities.

Fundger and Caixa Gestão de Ativos

Fundger-Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. was incorporated into Caixa Gestão de Ativos (ex-Caixagest) in December 2019 to which all of its activities were subsequently transferred.

Beirafundo e Ibéria

In October 2019, the group concluded the sale of Beirafundo and Iberia.

Caixa Geral Finance Limited

Caixa Geral Finance Limited was incorporated in 2004 as a fully owned subsidiary of Caixa Geral de Depósitos, S.A.. Its main goal was the issue of Preferential Shares eligible as Tier 1 capital instruments.

In June 2018, after obtaining authorization from BCE, CGD exercised the call for the repurchase of the Tier 1 Preferential Shares that were outstanding at that date. Following the repurchase of the Tier 1 instruments, CGD Board of Directors commenced the liquidation of Caixa Geral Finance Limited in January 2019.

Fundo de Capital de Risco Caixa Fundos

In September 2019 the fund's capital was reduced to € 84,357 in the form of 156,370 fully subscribed investment units.

Caixa Imobiliário – Fundo de Investimento Imobiliário para Arrendamento Habitacional

The fund was liquidated in November 2019.

Fundo de Investimento Imobiliário Fundimo

Fundo Fundimo is no longer a part of the Groups consolidation perimeter following the redemption of fund units in March 2019 and a payment in kind made by CGD to its Pension Fund in September 2019.

4. Cash and cash equivalents at central banks

This account comprises the following:

	31-12-2019	31-12-2018
Cash	702,191	681,595
Demand deposits in central banks	6,601,976	4,925,140
	7,304,167	5,606,735
Interest on demand deposits in central banks	(361)	-
	7,303,807	5,606,735

The objective of Caixa's sight deposits with the Bank of Portugal is to comply with the minimum cash reserves requirements of the ECBS (European central banks system). Interest is paid on these deposits which comprise 1% of deposits and debt securities with maturities of up to two years, except for the deposits and debt securities of institutions subject to the ECBS's minimum cash reserve requirements.

The funds deposited at central banks by Caixa and group banks at December 31, 2019 and December 31, 2018, complied with the minimum limits defined by the regulations in force in the countries in which they operate.

5. Cash balances at other credit institutions

This account comprises the following:

	31-12-2019	31-12-2018
Cheques for collection		
- Portugal	43,021	49,882
- Abroad	9,433	13,112
	52,454	62,994
Demand deposits		
- Portugal	158,261	209,620
- Abroad	300,911	739,813
	459,172	949,433
Accrued interest	1,854	1,671
	513,480	1,014,098

Cheques pending collection comprise cheques drawn by customers of other banks and sent for clearing. These amounts are collected in the first few days of the following period.

6. Loans and advances to credit institutions

This account comprises the following:

	31-12-2019	31-12-2018
Interbank money market	40,000	-
Term deposits		
- Portugal	180,247	79,334
- Abroad	1,191,081	1,079,922
Loans		
- Portugal	2,340	17,467
- Abroad	351,408	110,086
Other applications		
- Portugal	-	-
- Abroad	716,725	698,156
Purchase operations with resale agreement	225,783	212,382
Overdue loans and interest	27	7,152
	2,707,610	2,204,499
Adjustments to assets under hedging operations	-	-
Accrued interest	1,393	1,741
Deferred income	(2,821)	(4,209)
	2,706,182	2,202,031
Impairment (Note 37)	(1,382)	(9,009)
	2,704,800	2,193,022

"Purchase operations with resale agreements" at December 31, 2019 and December 31, 2018 related to contracts for the acquisition of financial instruments with a resale agreement at a future date at a predefined price. The financial instruments acquired in these operations are not recognised in the balance sheet and their purchase price continues to be recorded as loans to credit institutions, measured at their respective amortised cost. These operations were contracted for under GMRAs (global master repurchase agreements), which provide mechanisms to strengthen the collateral associated with such transactions on the basis of the evolution of their respective market value which is assessed on specifications agreed between the counterparties, usually in the form of surety deposits.

Information on impairment movements on loans and advances to credit institutions, for the periods ended December 31, 2019 and December 31, 2018, is set out in note 34.

7. Financial assets at fair value through profit or loss

This account comprises the following:

	31-12-2019			31-12-2018		
	Held for trading	At fair value through profit or loss	Total	Held for trading	At fair value through profit or loss	Total
Debt instruments						
- Public issuers:						
. Public debt securities	13,249	-	13,249	27,075	-	27,075
. Treasury bills	2,037,187	-	2,037,187	2,862,904	-	2,862,904
. Bonds of other public issuers						
Foreign	3,489,630	-	3,489,630	2,459,937	-	2,459,937
- Other issuers:						
. Bonds and other securities:						
Residents	1,142	96	1,238	3,804	85	3,888
Non-residents	22,327	-	22,327	9,227	-	9,227
	5,563,536	96	5,563,632	5,362,947	85	5,363,032
Equity instruments						
Residents	5,606	211,571	217,176	7,232	229,186	236,418
Non-residents	8,305	121,441	129,745	5,004	179,773	184,777
	13,910	333,011	346,922	12,236	408,959	421,194
Other financial instruments						
Residents	-	470,657	470,657	-	527,211	527,211
Non-residents	-	462,632	462,632	-	607,072	607,072
	-	933,289	933,289	-	1,134,283	1,134,283
Loans and receivables						
Investment in credit institutions	-	-	-	-	-	-
Loans and advances to customers	-	110,718	110,718	-	53,509	53,509
Other loans and receivables	-	24,038	24,038	-	31,360	31,360
	-	134,756	134,756	-	84,868	84,868
Derivatives with positive fair value (Note 10)						
- Swaps	530,280	-	530,280	522,653	-	522,653
- Futures and other forward operations	7,661	-	7,661	7,188	-	7,188
- Options - shares, currency and commodit	24,181	-	24,181	20,270	-	20,270
- Caps and floors	293,937	-	293,937	142,593	-	142,593
- Other	-	-	-	-	-	-
	856,059	-	856,059	692,705	-	692,705
	6,433,506	1,401,152	7,834,658	6,067,887	1,628,195	7,696,083

The "Other financial instruments" account, at December 31, 2019 and December 31, 2018 included €469,805 thousand and €551,110 thousand, respectively, in subscriptions for investments in vehicles set up as part of financial assets lending operations (loans and advances to customers).

Following the transfer (to the company itself or companies held by the corporate vehicle in which CGD has a stake), these assets were derecognised from the balance sheet, as it was considered that the IFRS 9 − "Financial instruments" requirements, i.e. transfer of a substantial part of the risks and benefits associated with credit operations and their respective control, had been met. The corporate vehicles in which CGD has a non-controlling interest continue to enjoy management autonomy. To ensure the neutrality of operations, at the time of performance, impairment on the estimated losses on the transferred assets was set against the equity investment in the respective associated corporate vehicles. Following their initial recognition, these positions represent the revaluation of these companies' equity.

Information on CGD's exposure to such assets at December 31, 2019 and December 31, 2018 was as follows:

	31-12-2019	31-12-2018
Fundo Imobiliário Aquarius	103,400	117,164
Fundo Recuperação, FCR	70,161	92,096
Flit-Ptrel SICAV	205,398	197,863
OXI Capital, SCR	28,100	53,887
Predicapital FEIIF	11,555	35,107
Fundo Recuperação Turismo, FCR	30,692	32,508
Fundo Imobiliário Vega	16,169	18,156
Nexponor - Sociedade Especial de Investimento Imobiliário de Capital Fixo - SICAFI	4,330	4,330
	469,805	551,110

The value of the asset transfer funds at December 31, 2019 and December 31, 2018 is based on an analysis carried out by Caixa of the recoverable value of each fund's equity, for which the amount recognised may be less than the respective NAV (net asset value) as calculated and disclosed by the management companies.

The balance sheet carrying amount of the property investment funds managed by group entities, recognised in the financial assets at fair value through profit or loss portfolio, at December 31, 2019 and December 31, 2018, was as follows:

	31-12-2019		31-12-2018	
	Securities Investment Funds	Real Estate Investment Funds	Securities Investment Funds	Real Estate Investment Funds
Book value	-	63,561	-	20,667

8. Financial assets at fair value through other comprehensive income

This account comprises the following:

	31-12-2019	31-12-2018
Debt instruments		
- Public debt	1,816,670	2,753,896
- Other public issuers	606,744	652,352
- Other issuers	1,021,664	1,200,450
	3,445,078	4,606,698
Equity instruments		
- Measured at fair value	75,686	76,920
	75,686	76,920
Other instruments	79,560	147,306
	3,600,323	4,830,924
Impairment (Note 34)		
- Debt instruments	(1,809)	(4,758)
	(1,809)	(4,758)
	3,598,515	4,826,167

The "Other instruments" account, in 2018, included €58,808 thousand in credit securities issued by the State of Cape Verde resulting from the conversion of matured treasury bonds (TCFMs – "consolidated financial investment certificates"). Under the legal framework governing the issuance of securities the State of Cape Verde undertook to purchase the TCFMs within a maximum period of 20 years. This period terminated in August 2018. The position in TCFMs was fully liquidated as of January 1, 2019.

The details on the group's exposure to this category of financial assets at fair value through other comprehensive income, at December 31, 2019 and December 31, 2018, were as follows:

	31-12-2019		31-12-2018	
	Book value	Fair value reserve	Book value	Fair value reserve
Discovery Portugal Real Estate Fund	79,274	(4,079)	88,074	6,718

CGD opted to classify and measure these equity instruments at fair value through other comprehensive income under the option provided by IFRS 9 – "Financial instruments" (note 2.9).

The fair value reserves, net of deferred tax associated with assets measured at fair value through other comprehensive income, amounted to €169,042 thousand and €136,183 thousand at December 31, 2019 and December 31, 2018, respectively (note 25).

9. Financial assets with repurchase agreements

Information on financial assets with repurchase agreements at December 31, 2019 and December 31, 2018, is set out below:

	31-12-2019	31-12-2018
At fair value through fair value reserves		
Debt instruments		
. Portuguese debt securities	-	55,009
. Foreign debt securities	10,737	-
	10,737	55,009

The group entered into sales operations on financial assets with purchase agreements at a future date at a predefined price with financial institutions and customers during the six months ended December 31, 2019 and in 2018.

Financial instruments ceded in sales operations with repurchase agreements are not derecognised from the balance sheet and continue to be measured in accordance with the accounting policies applicable to the underlying assets. The difference between their sale and repurchase prices is recognised as interest income and deferred over the period of the agreement.

Liabilities on the repurchase agreements are recognised as a liability in “Resources of other credit institutions – sales operations with repurchase agreements” (note 18) and “Customer resources and other loans – other resources – operations with repurchase agreements” (note 19).

10. Derivatives

The group's activity includes operations on derivatives to meet the needs of its customers and reduce its exposure to foreign exchange, interest rate and price fluctuations.

The group controls the risk of its derivatives activities on the basis of operations approval procedures, a definition of exposure limits per product and customer and its daily oversight of the respective results.

The value of these operations, at December 31, 2019 and December 31, 2018, was measured in conformity with the criteria set out in note 2.9.c). Information on the operations' notional and book values at the said dates is given below:

	31-12-2019							
	Notional value			Book value				
	Trading derivatives	Hedging derivatives	Total	Assets held for trading	Liabilities held for trading	Hedging derivatives: Assets	Hedging derivatives: Liabilities	Total
Forward foreign exchange transactions								
Fowards				1,004	(727)	-	-	277
Purchase	131,317	-	131,317					
Sale	131,019	-	131,019					
Swaps								
Currency swaps				2,269	(17,001)	-	-	(14,732)
Purchase	1,186,580	-	1,186,580					
Sale	1,198,754	-	1,198,754					
Equity swaps				140	(75)	-	-	65
Purchase	2,641	-	2,641					
Sale	2,641	-	2,641					
Interest rate swaps and cross currency interest rate swaps				527,822	(569,638)	7,186	(3,169)	(37,800)
Purchase	26,411,158	56,066	26,467,225					
Sale	26,356,671	61,633	26,418,304					
Futures								
Currency				-	-	-	-	-
Long positions	73,657	-	73,657					
Interest rate				-	-	-	-	-
Long positions	5,215	-	5,215					
Short positions	698,270	-	698,270					
Equity				6,656	-	-	-	6,656
Long positions	11,907	-	11,907					
Short positions	4,043	-	4,043					
Other				-	-	-	-	-
Long positions	201,444	-	201,444					
Short positions	361,158	-	361,158					
Options								
Currency				120	(71)	-	-	49
Purchase	4,200	-	4,200					
Sale	4,200	-	4,200					
Equity				24,110	(27,210)	-	-	(3,099)
Purchase	14,603	-	14,603					
Sale	11,609	-	11,609					
Interest rate (Caps & Floors)				293,937	(293,929)	-	-	8
Purchase	910,759	-	910,759					
Sale	844,142	-	844,142					
	58,565,989	117,699	58,683,689	856,059	(908,651)	7,186	(3,169)	(48,575)

	31-12-2018							
	Notional value			Book value				
	Trading derivatives	Hedging derivatives	Total	Assets held for trading	Liabilities held for trading	Hedging derivatives		Total
						Assets	Liabilities	
Forward foreign exchange transactions								
Fowards				767	(678)	-	-	89
Purchase	112,576	-	112,576					
Sale	112,440	-	112,440					
Swaps								
Currency swaps				2,140	(2,104)	-	-	36
Purchase	790,676	-	790,676					
Sale	790,051	-	790,051					
Equity swaps				-	(186)	-	-	(186)
Purchase	2,480	-	2,480					
Sale	2,480	-	2,480					
Interest rate swaps and cross currency interest rate swaps				520,513	(573,121)	5,524	(3,690)	(50,774)
Purchase	33,445,652	56,066	33,501,719					
Sale	33,391,639	60,767	33,452,406					
Futures								
Currency				-	-	-	-	-
Long positions	92,286	-	92,286					
Interest rate				-	-	-	-	-
Long positions	1	-	1					
Short positions	6,040,397	-	6,040,397					
Equity				6,422	-	-	-	6,422
Long positions	22,778	-	22,778					
Short positions	783	-	783					
Other				-	-	-	-	-
Long positions	64,249	-	64,249					
Short positions	531,206	-	531,206					
Options								
Currency				1,086	(1,107)	-	-	(20)
Purchase	169,245	-	169,245					
Sale	176,334	-	176,334					
Equity				19,184	(19,774)	-	-	(590)
Purchase	27,546	-	27,546					
Sale	15,914	-	15,914					
Interest rate (Caps & Floors)				142,593	(140,847)	-	-	1,745
Purchase	1,691,444	-	1,691,444					
Sale	1,545,062	-	1,545,062					
	79,025,240	116,833	79,142,073	692,705	(737,818)	5,524	(3,690)	(43,279)

Derivatives recognised in "Assets held-for-trading", "Liabilities held-for-trading", "Hedge derivatives - assets" and "Hedge derivatives - liabilities" at December 31, 2019 and December 31, 2018, included operations collateralised by surety accounts to hedge the fair value of lending and borrowing exposures between Caixa and various financial institutions. The balances deposited by financial institutions with Caixa and by Caixa with these financial institutions at those dates were recognised in "Other liabilities - resources - surety account" (note 25) and "Other assets - debtors and other assets - other debtors" accounts (note 19), respectively.

The balance sheet carrying amount of operations with derivatives having positive and negative fair values, collateralised by surety deposits or securities, at December 31, 2019, totalled €543,280 thousand and €860,804 thousand, respectively (€405,883 thousand and €681,301 thousand, respectively in December 2018).

Details on CVAs (credit value adjustments) and DVAs (debt value adjustments) are given in note 42.

Information on the distribution of derivatives operations, at December 31, 2019 and December 31, 2018, by periods to maturity (notional amounts) is set out below:

	31-12-2019					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Fowards						
Purchase	91,433	24,877	15,008	-	-	131,317
Sale	91,277	24,768	14,973	-	-	131,019
Swaps						
Currency swaps						
Purchase	992,225	66,915	127,440	-	-	1,186,580
Sale	1,005,302	66,998	126,454	-	-	1,198,754
Equity swaps						
Purchase	-	959	-	1,681	-	2,641
Sale	-	959	-	1,681	-	2,641
Interest rate swaps and cross currency interest rate swaps						
Purchase	544,705	722,762	2,011,999	10,405,629	12,782,130	26,467,225
Sale	544,325	722,762	2,011,855	10,355,238	12,784,124	26,418,304
Futures						
Currency						
Long positions	73,657	-	-	-	-	73,657
Interest rate						
Long positions	5,216	-	-	-	-	5,216
Short positions	698,270	-	-	-	-	698,270
Equity						
Long positions	-	-	-	11,907	-	11,907
Short positions	4,043	-	-	-	-	4,043
Other						
Long positions	43,976	14,335	73,662	69,472	-	201,444
Short positions	114,983	39,549	110,202	93,061	3,363	361,158
Options						
Currency						
Purchase	1,254	617	2,330	-	-	4,200
Sale	1,254	617	2,330	-	-	4,200
Equity						
Purchase	9,364	3,322	1,854	63	-	14,603
Sale	-	9,520	2,025	65	-	11,609
Interest rate (Caps & Floors)						
Purchase	139,691	62,700	158,907	542,088	7,373	910,759
Sale	139,691	62,776	129,288	508,415	3,972	844,142
	4,500,667	1,824,435	4,788,325	21,989,302	25,580,961	58,683,689

	31-12-2018					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Forward foreign exchange transactions						
Forwards						
Purchase	81,788	23,212	7,576	-	-	112,576
Sale	81,790	23,191	7,459	-	-	112,440
Swaps						
Currency swaps						
Purchase	755,165	35,119	392	-	-	790,676
Sale	754,440	35,202	409	-	-	790,051
Equity swaps						
Purchase	722	-	-	1,758	-	2,480
Sale	722	-	-	1,758	-	2,480
Interest rate swaps and cross currency interest rate swaps						
Purchase	1,092,488	661,990	1,744,905	13,051,325	16,951,011	33,501,719
Sale	1,093,934	661,990	1,734,985	13,055,367	16,906,129	33,452,406
Futures						
Currency						
Long positions	92,286	-	-	-	-	92,286
Interest rate						
Short positions	3,785,699	2,004,073	250,625	-	-	6,040,397
Equity						
Long positions	8,420	-	-	14,358	-	22,778
Short positions	783	-	-	-	-	783
Other						
Long positions	27,961	-	31,945	4,343	-	64,249
Short positions	197,977	-	264,829	68,399	-	531,206
Options						
Currency						
Purchase	40	75,043	94,162	-	-	169,245
Sale	39	77,371	98,924	-	-	176,334
Equity						
Purchase	7,841	2,612	7,650	9,443	-	27,546
Sale	9,463	4,759	21	1,671	-	15,914
Interest rate (Caps & Floors)						
Purchase	176,987	101,000	546,738	855,580	11,139	1,691,444
Sale	126,987	88,000	546,949	778,836	4,291	1,545,062
	8,295,532	3,793,564	5,337,569	27,842,837	33,872,571	79,142,073

Information on the distribution of derivatives operations, by counterparty type, at December 31, 2019 and December 31, 2018, is set out below:

	31-12-2019		31-12-2018	
	Notional value	Book value	Notional value	Book value
Forward foreign exchange transactions				
Fowards				
Financial institutions	108,686	161	98,664	517
Other	153,650	116	126,353	(428)
	262,335	277	225,017	89
Swaps				
Currency swaps				
Financial institutions	2,094,450	(13,723)	1,553,714	(812)
Other	290,884	(1,009)	27,014	848
	2,385,335	(14,732)	1,580,728	36
Equity swaps				
Other	5,281	65	4,959	(186)
	5,281	65	4,959	(186)
Interest rate swaps and cross currency interest rate swaps				
Financial institutions	49,700,539	(243,897)	63,184,877	(275,909)
Other	3,184,990	206,098	3,769,248	225,135
	52,885,528	(37,800)	66,954,125	(50,774)
Futures				
Currency				
Stock exchange	-	-	92,286	-
Financial institutions	73,657	-	-	-
	73,657	-	92,286	-
Interest rate				
Stock exchange	25,017	-	6,040,398	-
Customers	678,469	-	-	-
	703,486	-	6,040,398	-
Equity				
Stock exchange	(13,502)	-	9,203	-
Financial institutions	14,358	-	14,358	6,422
Customers	15,095	6,656	-	-
	15,951	6,656	23,560	6,422
Other				
Stock exchange	562,602	-	595,455	-
Options				
Currency				
Financial institutions	-	-	187,973	411
Other	8,401	49	157,606	(431)
	8,401	49	345,579	(20)
Equity				
Financial institutions	26,212	5,283	43,460	5,256
Other	-	(8,383)	-	(5,846)
	26,212	(3,099)	43,460	(590)
Interest rate (Caps & Floors)				
Financial institutions	1,349,570	(271,429)	2,895,684	(108,654)
Other	405,331	271,437	340,822	110,399
	1,754,901	8	3,236,506	1,745
	58,683,689	(48,575)	79,142,073	(43,279)

11. Investments at amortised cost

The following is a breakdown of investment balances at amortised cost at December 31, 2019 and December 31, 2018:

	31-12-2019	31-12-2018
Debt instruments		
Public debt	2,979,928	1,037,812
Other public issuers		
Other residents	-	15,132
Other non-residents	5,731,434	2,808,517
	8,711,362	3,861,460
Other international issuers	-	61,661
Other issuers		
Other non-residents	314,560	1,092
	314,560	62,752
	9,025,921	3,924,213
Impairment (Note 37)	(6,684)	(4,245)
	9,019,237	3,919,967

Investments at amortised cost, at December 31, 2019 and December 31, 2018 included Angola sovereign debt instruments of €322,007 thousand and €396,089 thousand respectively.

The "Debt instruments – issued by national entities − public debt securities" account at December 31, 2019 and December 31, 2018, included securities allocated to the issuance of covered bonds with a balance sheet carrying amount of €126,410 thousand and €126,713 thousand, respectively.

12. Loans and advances to customers

This account comprises the following:

	31-12-2019	31-12-2018
Domestic and foreign loans		
Loans	37,146,256	37,899,004
Current account loans	1,295,507	1,359,035
Other loans	2,782,807	3,165,390
Other loans and amounts receivable - securitised		
. Commercial Paper	1,848,736	2,437,916
. Other	2,716,192	3,705,184
Property leasing operations	783,333	833,642
Discounts and other loans secured by bills	228,758	646,141
Equipment leasing operations	720,945	710,272
Factoring	1,097,353	957,447
Overdrafts	214,642	237,502
	48,834,529	51,951,532
Accrued interest	112,251	128,203
Deferred income, commissions and other cost and income associated with amortised cost	(41,514)	(56,185)
	48,905,267	52,023,550
Overdue loans and interest	1,217,093	2,902,862
	50,122,360	54,926,412
Impairment (Note 34)	(2,148,816)	(3,336,927)
	47,973,544	51,589,485

"Domestic and foreign credit – other loans", at December 31, 2019 and December 31, 2018, included €41,882 thousand and €48,236 thousand, in mortgage and personal loans issued by CGD to its employees, respectively.

The "Other loans and receivables – securitised – other" account at December 31, 2018 included bonds of €1,128,369 thousand issued by Parvalorem, S.A., Parups, S.A. and Parparticipadas, S.A. as part of the liquidity re-organisation support operations for the former Banco Português de Negócios, S.A. (ex BPN). These bonds are backed by a Portuguese state guarantee, During the course of the former BPN's reprivatisation process, the ownership of the vehicles and consequently the debts contracted for by these companies from Caixa, were transferred to the Portuguese state. The state also assumed the liabilities deriving from a commercial paper programme of €1 billion subscribed for by Caixa on transfer of the contractual position between BPN and Parvalorem. This operation was recognised in "Other loans and receivables – securitised – commercial paper" at December 31, 2018.

These liabilities were fully liquidated by the vehicles during the course of 2019.

Other credit disposal operations

Caixa disposed of a series of mortgage and non-mortgage loans, mostly non-performing, with a balance sheet carrying amount, before impairment on the transaction date of around €623,265 thousand and €1,073,815 thousand, respectively during the course of 2019 and 2018. The losses made on these loans were recognised in "Impaired credit, net of reversals and recoveries" in profit and loss.

Other loans to customers in the "corporate" portfolio (excluding asset lending operations to funds), with a balance sheet carrying amount of approximately €31,876 thousand, before impairment, on the transactions' reference date, were also disposed of in 2018.

The "Loans" account, at December 31, 2019 and December 31, 2018, included mortgage loans issued by Caixa as part of its securitisation operations. Credit movements in 2019 and in 2018, were as follows:

Balances at 31-12-2017	3,677,930
Repayments	(287,288)
Repurchase	(4,134)
Other	(17,614)
Balances at 31-12-2018	3,368,894
Repayments	(281,709)
Repurchase	(2,844)
Other	(9,215)
Balances at 31-012-2019	3,075,126

The group is fully responsible for the liabilities associated with this operation which are therefore eliminated in the preparation of the consolidated financial statements.

The "Loans" account, at December 31, 2019 and December 31, 2018, included mortgage loans with a book value of €7,123,691 thousand and €7,510,594 thousand, respectively, allocated to the issuance of covered bonds.

The assets pool collateralising the these issuances, at December 31, 2019 and December 31, 2018 also included debt securities with a book value of €126,410 thousand and €126,713 thousand, respectively, at these dates (note 11).

Information on impairment movements in 2019 and in 2018, is given in note 37.

13. Non-current assets and liabilities held-for-sale

Information on non-current assets and liabilities held-for-sale balances at December 31, 2019 and December 31, 2018, is set out below:

	31-12-2019	31-12-2018
ASSETS		
Property and equipment	562,572	769,420
Subsidiaries		
Banco Caixa Geral, S.A. (Espanha)	-	4,874,456
Mercantile Bank Holdings, Ltd.	-	895,366
Banco Comercial Atlântico	787,110	-
Banco Caixa Geral Brasil, S.A.	312,367	395,763
CGD Investimentos CVC, S.A.	6,768	27,465
	1,668,817	6,962,470
Impairment (Note 37)		
Property and equipment	(263,795)	(335,990)
Subsidiaries	(71,475)	(413,263)
Subsidiaries	(77)	-
	(335,346)	(749,253)
	1,333,471	6,213,217
LIABILITIES		
Subsidiaries		
Banco Caixa Geral, S.A. (Espanha)	-	4,316,249
Mercantile Bank Holdings, Ltd.	-	748,059
Banco Comercial Atlântico	734,123	-
Banco Caixa Geral Brasil, S.A.	244,847	330,196
CGD Investimentos CVC, S.A.	1,741	1,950
	980,711	5,396,454

The income generated by held-for-sale business units, in 2019 and 2018, is included in "Results from subsidiaries held-for-sale", in consolidated profit and loss, as set out below:

	31-12-2019	31-12-2018
Results of subsidiaries held-for-sale		
Banco Caixa Geral, S.A. (Espanha)	35,143	26,508
Mercantile Bank Holdings, Ltd.	(6,920)	16,081
Banco Comercial do Atlântico, S.A.	15,392	6,927
Banco Caixa Geral Brasil, S.A.	(11,680)	1,683
CGD Investimentos CVC, S.A.	(8,962)	1,546
	22,973	52,745

	31-12-2019				
	Income for the year	Reclassification Foreign Exchange Reserves	Reclassification Fair-Value Reserves	Value Obtained	Total
Results of subsidiaries held-for-sale					
Banco Caixa Geral, S.A. (Espanha)	8,764	-	26,379	-	35,143
Mercantile Bank Holdings, Ltd.	13,230	(77,510)	(673)	58,033	(6,920)
Banco Comercial do Atlântico, S.A.	15,392	-	-	-	15,392
Banco Caixa Geral Brasil, S.A.	995	(12,674)	-	-	(11,680)
CGD Investimentos CVC, S.A.	674	(9,636)	-	-	(8,962)
					22,973

These entities are classified in the “Other” business area segment (note 38).

Subsidiaries

In the framework of the commitments for CGD’s recapitalisation, entered into between the Portuguese state, as Caixa’s sole shareholder and the competent European authorities (see introductory note), Caixa initiated a series of actions in 2016 and 2017, for the disposal of the group’s equity stake in Mercantile Bank Holdings, Ltd., Banco Caixa Geral, S.A. (Spain), Banco Caixa Geral − Brasil, S.A. and CGD Investimentos CVC, S.A., leading to the identification of and contact with potential investors, assessment of the legal aspects pertaining to the operation and communication of its intentions to the relevant supervisors.

The disposal of these companies is a significant step towards Caixa’s objectives in implementing its strategic plan. The rationalisation of the group’s international structure will enable it to focus on intervention in the domestic market, actively contributing to its development while continuing to provide services to its customers and Portuguese communities in the said geographies.

Decree law 153/2017 was published on December 22 to ensure that domestic legislation was adapted to the particularities of the disposal process on these equity stakes. This decree law regulated the terms and modalities under which the transactions should be made as well as the instruments to be used for their implementation.

Accordingly and in conformity with the dispositions of IFRS 5 – “Non-current assets held-for-sale and discontinued operations”, the assets and liabilities of these business units at December 31, 2017 were aggregated and recognised in “Non-current assets and liabilities held-for-sale – subsidiaries”. Information on the income from these equity stakes is also set out in a single line of the profit and loss statement, with prior periods restated for comparison purposes. The group did not eliminate the balances with the other companies in the consolidation perimeter in the consolidation process of the entities classified under this standard.

On November 22, 2018, as part of the disposal processes on all or part of CGD's equity shares in Mercantile Bank Holdings, Ltd and Banco Caixa Geral, S.A. (Spain), the council of ministers selected Capitec Bank Limited for the acquisition of all the equity of Mercantile Bank Holdings Limited and Abanca Corporación Bancária, S.A. for the acquisition of the 99.79% of the equity shares of Banco Caixa Geral, S.A.

The agreement for the purchase and sale of Banco Caixa Geral, S.A., together with the initial payment of €25,000 thousand, was entered into on December 19, 2018.

A decision not to oppose the sale was made by Spain's competition authority on April 16, 2019 and on September 9, 2019, the European Central Bank (ECB) declared its non-opposition to the disposal process on 99.79% of Banco Caixa Geral, S.A.'s equity capital to ABANCA Corporación Bancaria, S.A. This declaration completed the competent authorities' approval process on the sale of this subsidiary. The disposal process was completed in October 2019 under the agreed terms.

An agreement for the purchase and sale of Mercantile Bank Holdings, Ltd, together with the initial payment of €7,000 thousand, was entered into on January 23, 2019.

The equity stake in Mercantile Bank Holdings Limited was disposed of for a global amount of ZAR 3,556 thousand (or around €215,000 thousand at a EUR/ZAR exchange rate of 16.15).

The sale of these two subsidiaries resulted in a reversal of the impairment on the equity stake in Mercantile for the amount of €21,593 thousand and impairment of €135,463 thousand on the equity investment in BCG Spain (note 37).

With the conclusion of these sales, the Group completed one of the main goals established in its Strategic Plan, strengthening its capital levels by the deleveraging effect obtained.

As regards the disposal process on BCG Brasil, the period of political instability affecting the country in 2018 was responsible for various delays to the completion of several initiatives which had been initially scheduled and were only concluded during 2019.

The council of ministers' communication of August 1, 2019, approved the tender documents for the direct sale of the equity shares of Banco Caixa Geral – Brasil, S.A., directly and indirectly owned by Caixa Geral de Depósitos.

On September 4, 2019 the Portuguese State selected three investors to proceed to phase II of the sale process, which was initiated in September 25, 2019 (after the publication, on September 24, 2019 of the Ministerial Order which established the phase II calendar). During this time, a due diligence was performed and the investors interacted with CGD through strategic questions and the review of the transaction documentation.

Biding offers were made in December 16, 2019, which are being evaluated by CGD. The process is now affected by the Covid 19 Pandemic. Nevertheless, CGD Board of Directors maintains its intention to sell BCG Brasil by the end of 2020.

A decision was made to reduce the capital of BCG Brasil and CGD Investimentos to €71,689 thousand and €2,732 thousand, respectively (at the exchange rate in force in December 2019) under the terms of the disposal plan in progress.

On December 21, 2018 following the review of its strategic plan, agreed with the directorate general for competition of the European Commission, Caixa Geral de Depósitos, S.A. undertook to dispose of its equity investment in Banco Comercial do Atlântico in the Republic of Cape Verde, by the end of 2020 and to initiate the process involving the respective legal and procedural considerations on January 2019. The requirements for the application of IFRS 5 were met as a result of such developments, on that date, with BCA being reclassified as a held-for-sale subsidiary.

Impairment of €71,475 thousand were recognized to adjust the equity value of BCA and BCG Brasil to their respective fair values, net of disposal costs on the sale (note 37) at the above date.

At December 31, 2018, the impairment recognized for subsidiaries classified as held-for-sale (BCG Brasil, BCG Espanha and Mercantile) amounted to €413,263 thousand.

Mercantile Bank Holding Ltd

Information on the key financial data of Mercantile Bank Holdings, Ltd, at November 2019 (sale date) and December 31, 2018, is set out below.

ASSETS	31-12-2018
Cash balances and loans and receivables at other credit institutions	97,595
Financial assets at fair value through profit or loss	1,088
Financial assets at fair value through other comprehensive income	487
Investments at amortized cost	48,051
Other tangible assets	7,044
Intangible assets	7,782
Deferred tax assets	2,578
Loans and advances to customers	599,930
Other assets	130,811
TOTAL ASSETS	895,366
LIABILITIES AND EQUITY	
Resources of other credit institutions	12,282
Customer resources	626,623
Debt securities	74,517
Financial liabilities at fair value through profit or loss	938
Provisions for employee benefits	2,165
Current tax liabilities	347
Deferred tax liabilities	1,756
Other liabilities	29,431
TOTAL LIABILITIES	748,059
TOTAL EQUITY, of which:	147,306
Revaluation reserves	3,006
	895,366

	31-12-2019	31-12-2018
Other income and expenses		
Interest and similar income	70,094	79,327
Interest and similar expenses	(38,057)	(41,617)
Income from services rendered and commissions	31,129	37,077
Cost of services and commissions	(14,159)	(17,921)
Results from financial operations	4,992	5,262
Employee costs	(17,224)	(21,174)
Other administrative costs	(7,402)	(9,643)
Depreciation and amortisation	(4,202)	(4,646)
Provisions and impairments, net of reversals and recoveries	(3,454)	3,840
Other	(3,262)	(8,263)
	18,455	22,242
Income tax	(5,226)	(6,161)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	13,230	16,081
Non-controlling interests	-	-
NET INCOME	13,230	16,081

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2019	31-12-2018
Assets	-	10,542
Liabilities	-	500

	31-12-2019	31-12-2018
Other income	333	-
Other expenses	1,795	890

Banco Caixa Geral – Brasil, S.A.

Information on the key financial data of Banco Caixa Geral – Brasil, at December 31, 2019 and December 31, 2018, is set out below:

ASSETS	31-12-2019	31-12-2018
Cash balances and loans and receivables at other credit in	150,282	219,383
Financial assets at fair value through profit or loss	60,703	65,099
Financial assets at fair value through other comprehensive	1,913	6,469
Financial assets with repurchase agreement	10,856	10,887
Non-current assets held-for-sale	11,848	4,865
Other tangible assets	444	539
Intangible assets	14	30
Investments in associates and subsidiaries excluded from	12,065	32,961
Current tax assets	346	1,469
Deferred tax assets	15,677	11,561
Loans and advances to customers	58,389	73,610
Other assets	1,894	1,852
TOTAL ASSETS	324,431	428,724
LIABILITIES AND EQUITY		
Resources of other credit institutions	73,992	113,741
Customer resources	148,770	196,049
Financial liabilities at fair value through profit or loss	11,724	12,689
Provisions for guarantees and other commitements	466	463
Provisions for other risks	1,603	1,290
Current tax liabilities	2,920	1,018
Deferred tax liabilities	3,423	3,562
Other liabilities	1,949	1,384
TOTAL LIABILITIES	244,847	330,196
TOTAL EQUITY, of which:	79,584	98,528
Revaluation reserves	(1,069)	(1,494)
	324,431	428,724

Note: In December 31, 2019 and 2018, Banco Caixa Geral Brasil's individual balance sheet incorporates the interest it holds in CGD Investimentos, CVC, in the amount of 12,065 and 32,961mEuros.

	31-12-2019	31-12-2018
Other income and expenses		
Interest and similar income	19,886	28,525
Interest and similar expenses	(12,906)	(16,355)
Income from services rendered and commissions	878	4,747
Cost of services and commissions	(90)	(126)
Income from equity instruments (*)	377	5,272
Results from financial operations	2,019	2,523
Employee costs	(6,023)	(5,957)
Other administrative costs	(4,030)	(4,298)
Depreciation and amortisation	(152)	(164)
Provisions and impairments, net of reversals and recoveries	44	(3,553)
Other	(464)	(1,294)
	(460)	9,320
Income tax	1,832	(2,364)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	1,372	6,955
Non-controlling interests	-	-
NET INCOME	1,372	6,955

(*) - In December 31, 2019 and 2018, The caption "Income from equity instruments" includes the amount of 377 thousand Euros and 5,272 thousand Euros, respectively, of dividends distributed by CGD Investimentos, CVC, held 50% by Banco Caixa Brasil de Euros

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2019	31-12-2018
Assets	223	743
Liabilities	76,533	125,686

	31-12-2019	31-12-2018
Other income	134	224
Other expenses	2,790	4,201

Banco Caixa Geral, S.A. (Spain)

Information on the key financial data of Banco Caixa Geral at November 2019 (sale date) and December 31, 2018, is set out below:

ASSETS	31-12-2018
Cash balances and loans and receivables at other credit institutions	290,685
Financial assets at fair value through profit or loss	3
Financial assets at fair value through other comprehensive income	884,634
Financial assets with repurchase agreement	158,316
Non-current assets held-for-sale	466
Other tangible assets	5,676
Intangible assets	3,990
Current tax assets	6,475
Deferred tax assets	70,682
Loans and advances to customers	3,394,441
Other assets	59,089
TOTAL ASSETS	4,874,456
LIABILITIES AND EQUITY	
Resources of other credit institutions	990,322
Customer resources	3,185,827
Financial liabilities at fair value through profit or loss	10
Provisions for guarantees and other commitements	7,105
Provisions for other risks	3,767
Deferred tax liabilities	29,715
Other subordinated liabilities	31,077
Other liabilities	68,426
TOTAL LIABILITIES	4,316,249
TOTAL EQUITY, of which:	558,207
Revaluation reserves	22,347
	4,874,456

	31-12-2019	31-12-2018
Other income and expenses		
Interest and similar income	50,561	69,646
Interest and similar expenses	(7,054)	(8,124)
Income from services rendered and commissions	10,627	14,842
Cost of services and commissions	(1,564)	(2,804)
Income from equity instruments	10	10
Results from financial operations	9,680	21,478
Employee costs	(27,913)	(37,368)
Other administrative costs	(14,322)	(18,891)
Depreciation and amortisation	(1,775)	(2,433)
Provisions and impairments, net of reversals and recoveries	(5,122)	(2,452)
Other	515	3,965
	13,643	37,868
Income tax	(4,093)	(11,360)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	9,550	26,508
Non-controlling interests	-	-
NET INCOME	9,550	26,508

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2019	31-12-2018
Assets	-	199,105
Liabilities	-	191,881

	31-12-2019	31-12-2018
Other income	5,246	5,428
Other expenses	107	2,278

CGD Investimentos, CVC

Information on the key financial data of CGD Investimentos, CVC, at December 31, 2019 and December 31, 2018, is set out below:

ASSETS	31-12-2019	31-12-2018
Cash balances and loans and receivables at other credit institutions	6,253	19,125
Financial assets at fair value through other comprehensive income	-	2,094
Current tax assets	280	396
Other assets	234	5,851
TOTAL ASSETS	6,768	27,465
LIABILITIES AND EQUITY		
Provisions for other risks	116	172
Current tax liabilities	190	167
Deferred tax liabilities	995	1,125
Other liabilities	439	486
TOTAL LIABILITIES	1,741	1,950
TOTAL EQUITY, of which:	5,027	25,516
Revaluation reserves	-	-
	6,768	27,465

	31-12-2019	31-12-2018
Other income and expenses		
Interest and similar income	1,106	2,023
Results from financial operations	(1)	(2)
Employee costs	(28)	(77)
Other administrative costs	(209)	(254)
Depreciation and amortisation	-	(18)
Provisions and impairments, net of reversals and recoveries	(9)	313
Other	(103)	(267)
	754	1,718
Income tax	(81)	(172)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	674	1,546
Non-controlling interests	-	-
NET INCOME	674	1,546

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2019	31-12-2018
Assets	3,642	16,628
Liabilities	-	-

	31-12-2019	31-12-2018
Other income	672	1,378
Other expenses	-	-

Banco Comercial Atlântico, S.A. (Cape Verde)

Information on the key financial data of Banco Comercial do Atlântico, S.A. at December 31, 2019 is set out below.

ASSETS	31-12-2019
Cash balances and loans and receivables at other credit institutions	271,413
Financial assets at fair value through other comprehensive income	510
Non-current assets held-for-sale	13,432
Investment property	13
Other tangible assets	16,479
Intangible assets	557
Investments in associates and subsidiaries excluded from consolidation	5,465
Current tax assets	363
Deferred tax assets	1,637
Loans and advances to customers	458,044
Other assets	19,552
TOTAL ASSETS	787,465
LIABILITIES AND EQUITY	
Resources of other credit institutions	621
Customer resources	718,789
Provisions for employee benefits	2,381
Provisions for guarantees and other commitements	243
Provisions for other risks	117
Current tax liabilities	5,503
Deferred tax liabilities	1,735
Other liabilities	4,734
TOTAL LIABILITIES	734,123
TOTAL EQUITY, of which:	53,342
Revaluation reserves	274
	787,465

Note: The individual balance sheet of Banco Comercial Atlântico, S.A., incorporates the interest it holds over A Promotora, Sociedade de Venture Capital, S.A.R.L., in the amount of 355 mEuros (net impairment).

	31-12-2019
Other income and expenses	
Interest and similar income	32,000
Interest and similar expenses	(7,390)
Income from services rendered and commissions	4,344
Cost of services and commissions	(636)
Income from equity instruments	310
Results from financial operations	1,791
Employee costs	(9,686)
Other administrative costs	(5,916)
Depreciation and amortisation	(1,575)
Provisions and impairments, net of reversals and recoveries	3,953
Other	223
	17,419
Income tax	(2,641)
INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS	14,778
Non-controlling interests	614
NET INCOME	15,392

The balances set out in the preceding tables include operations with other group entities which were not eliminated in the consolidation process, details on which are given in the following table:

	31-12-2019
ASSETS	19,787
LIABILITIES	311

	31-12-2019
Other income	301
Other expenses	40

Foreign currency reserves

As referred to in note 2.8., at the time of the disposal of the equity stakes denominated in a functional currency other than the euro, profit and loss on the exchange rates previously recognised in "Other reserves" will be transferred to profit and loss for the period as they constitute an integral part of the profit or loss made on the transaction.

Additionally, and according to IAS 21 – “The effects of changes in foreign exchange rates” requirements, the repayment of investments, and specifically the ones made via capital reduction, are considered as a partial disposal. For this, the foreign currency reserves related to that investment will be reclassified to profit and loss in the proportion of the repayment made to the initial investment.

Accumulated profit and loss on foreign exchange operations, at December 31, 2019 recognised as a charge to "Other reserves" on the consolidation of units classified as non-current assets and liabilities held-for-sale, comprises losses of approximately €58,014 thousand (€153,579 thousand at December 31, 2018).

Property and equipment

As described in note 2.10, non-current assets held-for-sale also include property and other assets auctioned for credit recovery purposes.

Information on the above asset movements for 2019 and 2018 is set out below:

	Balances at 31-12-2018						Balances at 31-12-2019	
	Gross value	Accumulated impairment	Acquisitions	Sales and write-offs	Other transfers and adjustments	Impairment (Note 37)	Gross value	Accumulated impairment
Non-current assets held for sale								
Property	765,985	(333,007)	84,908	(276,107)	(14,508)	11,753	560,278	(257,514)
Other	3,435	(2,982)	11,759	(12,899)	-	-	2,294	(2,094)
	769,420	(335,989)	96,667	(289,007)	(14,508)	11,753	562,573	(259,607)

	Balances at 31-12-2017						Balances at 31-12-2018	
	Gross value	Accumulated impairment	Acquisitions	Sales and write-offs	Other transfers and adjustments	Impairment (Note 37)	Gross value	Accumulated impairment
Non-current assets held for sale								
Property	1,025,443	(461,878)	130,385	(408,162)	140,485	6,705	765,985	(333,007)
Other	3,247	(2,202)	2,337	(2,149)	(174)	(606)	3,435	(2,982)
	1,028,690	(464,080)	132,723	(410,311)	140,311	6,099	769,420	(335,989)

Net profit on non-current assets and liabilities held-for-sale, in 2019 and 2018, amounted to €91,992 thousand and €45,485 thousand, respectively (note 33), of which €3,397 thousand and €3,662 thousand, respectively, in costs for maintaining these assets in the period prior to their sale.

14. Investment properties

Information on “Investment properties” movements, in 2019 and 2018, is set out below:

Balances at 31-12-2017	897,818
Acquisitions	2,042
Revaluations (Note 33)	21,033
Sales	(129,121)
Transfers from tangible assets and non-current assets held-for-sale	(481)
Other	18,671
Balances at 31-12-2018	809,963
Acquisitions	678
Revaluations (Note 33)	2,738
Sales	(626,297)
Transfers from tangible assets and non-current assets held-for-sale	(1,406)
Other	(11)
Balances at 31-12-2019	185,666

Investment properties owned by the group, at December 31, 2019 and December 31, 2018, are recognised at fair value. Profit and loss on the revaluation of these properties is recognised as a charge to “Other operating income” (note 2.11) in profit and loss.

"Investment properties”, at December 31, 2018, included €727,490 thousand in property owned by the Fundimo and Fundiestamo funds.

In 2019, the Group reduced its exposure to Fundo Fundimo and can no longer exercise control of this entity according to IFRS 10 requirements. As such Fundo Fundimo is no longer a part of the Groups consolidation perimeter.

In December 31, 2019, Fundiestamo held €152,839 thousand in investment properties. Negative revaluations of €3,359 thousand were made on the property managed by this fund in 2019.

During 2019, the Group sold the ownership interests it held in Beirafundo and Ibéria Funds (Note 3).

The other properties recognised in this account essentially derive from overdue credit recoveries.

Measurement methodologies and fair value assessment

The measurement of the fair value of investment properties, in addition to other relevant factors, takes into consideration the nature, characteristics and geographies of the properties, with the objective of assessing the best price to be achieved on their disposal under normal market conditions. Fair value is assessed by appraisers who should employ at least two of the following methods:

- Market comparison method. The market comparison method assesses the amount of a specific transaction based on prices and other relevant information on market deals involving identical or comparable (similar) properties. It generally uses statistical methods after the various items of market data obtained are harmonised. This is the principal method used whenever there is a significant number of known transactions.

- Income method. The income method estimates the value of an item of property by capitalising the annual amount of rents or annual operating income generated by the activity being performed in the building. When, over time, changes in income are likely to be more significant than generally expected in the market, DCF (discounted cash flows) analysis techniques are used. The income method is applied in the case of the effective rental of a property, when the property is for rent, when the rental market for the type of property being valued is active or when the property is to be exploited economically.

- Cost method. The cost method estimates the value of property on the basis of the amount which would currently be needed to obtain alternative property, as a replica of the original or providing an equivalent use, adjusted for obsolescence. It is calculated on the basis of the sum of the acquisition cost of the land and construction and other costs, depreciation based on a property's present physical, functional, environmental and economic conditions plus commercialisation costs and a developer's margin/risk. This method is used as the principal approach when there is no market information on transactions of similar property and no potential income associated with it is identifiable

- Residual value method. It estimates the residual value of land, property to rehabilitate or unfinished, deducting from the transaction price of the finished property (obtained according to the market comparison method), all the costs to be incurred to make its sale possible.

The availability of relevant data and its relative subjectivity may affect the choice of valuation method/techniques. The choice, in each case, should particularly be based on those which maximise the use of relevant observable variables.

The most relevant variables considered for each of the above referred to valuation methods are as follows:

(i) Market comparison method.

- This is the presumed sales price per sqm or presumed sales price per unit (when what is relevant is not the area but rather the use given to the property e.g. car parks). In liquid markets, these variables are provided by directly or indirectly observable data in the transaction market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property being valued.

(ii) Income method.

– *Capitalisation technique*

- This is the amount of the monthly rent per sqm or monthly rent per unit (when what is relevant is not the area but rather the use given to the property, e.g. car parks). In active rental markets, these variables are provided by directly or indirectly observable data in the said market, although they may need to be adjusted (harmonised) depending on the specific characteristics of the property being valued.

- Variables contributing towards the assessment of operating income from the property. These variables may vary in line with the type of property and are generally assessed on the basis of the property's potential income generating capacity, taking into account the information available on the assumptions of market players. The data supplied by the entity operating the property may be used if there is no reasonably available information indicating that market players would not employ different assumptions.

- Capitalisation rate. This is associated with the risk on capital invested, income, liquidity, tax burden, risk-free interest rate and expectations of market evolution. In active markets, it establishes the existence of a linear relationship at a certain point of time between the rental and purchase/sales market, relating to a certain geography and a specific property product segment, with an identical risk and identical evolution of rents.

– *Discounted cash flow technique*

- Diverse variables may contribute to the cash flow projection based on the type of property. This technique is reliant on current expectations of changes in the amounts and times of future cash flows. The inclusion of a risk adjustment factor based on the uncertainty of this type of measurement is usually required.

- Discount rate. This is considered to be the value of money over time, associated with a risk-free interest rate and the price to be paid on the uncertainty involved in cash flows (risk premium).

(iii) Cost method.

- Construction cost per sqm. This variable is essentially reliant upon a property's construction characteristics although the place of construction is also a contributory factor. It is based on directly or indirectly observable construction market data.

- Investment properties acquired on credit recovery operations are also included in the analysis of the individual and collective impairment measurement model on property recognised as non-current assets held-for-sale, whose principal characteristics are described in note 2.11. The respective fair value, in these cases, is measured by reference to the assessment of the respective recoverable amount.

To meet the requirements of IFRS 13 – "Fair value measurement", the following table provides information on the investment properties in the group's portfolio, at December 31, 2019 and December 31, 2018, by type, development status in terms of their preparation for use and current occupancy, considering the methodologies used to measure fair value:

			31-12-2019			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Offices	Concluded	Rented	146,811	Market comparable method / Income capitalisation method	Discount rate	[6.25%-8.75%]
			146,811			
Housing	Concluded	Rented	592	Income capitalisation method / Market comparable method	Estimated rental value / sale value per m2	1.6-1.7 / 550-550
			394	Cost method	Estimated rental value per m2	2
		Capitalisation / sale	1,235	Income capitalisation method	Estimated rental value per m2	[20000 - 2500]
			2,221			
Stores	Concluded	Rented	16	Income capitalisation method / Market comparable method	Estimated sale value per m2	7.4 / 1440
			16			
Parking	Concluded	Rented	5,130	Market comparable method / Income capitalisation method	Discount rate	6.00% - 7.50%
			5,130			
Land	n.a.	Capitalisation / sale	14,663	Replacement cost method / Market comparable method	Estimated sale value per m2	1650-2700
			685	Replacement cost method / Market comparable method	Estimated sale value per m2	1300-1500 / 750-1100
			18	Income capitalisation method / Market comparable method	Estimated sale value per m2	175-200
			15,367			
			169,544			
Other			16,122			
			185,666			

			31-12-2018			
Property type	State development	Occupation	Book value	Measurement techniques	Relevants inputs	Reference range of relevant inputs
Offices	Concluded	Rented	26,987	Presumed transaction value method	Estimated sale value per m2	[434 -1080]
			124,605	Presumed transaction value method	Estimated sale value per m2	[1000 -2009]
						[2010 -3862]
			140,160		Discount rate	[6,25%-8,75%]
		Capitalisation / sale	6,966	Replacement cost method / DCF / Market comparable method	Estimated rental value per m2	[1350-1850]
	Under construction	Capitalisation / sale	14,338	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[1500-1900]
			448,066			
Housing	Concluded	Rented	3,915	Income capitalisation method / Market comparable method	Estimated rental value / sale value per m2	0,4 - 6,3 / 1200 - 2270
			486	Income capitalisation method / Market comparable method	Estimated sale value per m2	6,0 - 9,6 / 870 - 2070
			1,233	Income capitalisation method / Market comparable method	Estimated sale value per m2	12,0 - 32,00 / 5000 - 6000
			190	Income capitalisation method	Estimated rental value per m2	4,2
		Capitalisation / sale	5,011	Income capitalisation method	Estimated rental value per m2	[20000 - 2500]
	Under construction	Capitalisation / sale	7,718	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	[1500-1900]
			18,553			
Stores	Concluded	Rented	692	Income capitalisation method / Market comparable method	Estimated sale value per m2	5.0 / 1615
			153	Income capitalisation method / Market comparable method	Estimated sale value per m2	2.3
			22,584	Presumed transaction value method	Estimated sale value per m2	437-1120
			25,290	Presumed transaction value method	Estimated sale value per m2	938-7783
			9,724	Presumed transaction value method	Estimated sale value per m2	14784-21164
	Under construction	Capitalisation / sale	537	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	900-1100
			58,980			
Parking	Concluded	Rented	9,630	Market comparable method / Income capitalisation method	Discount rate	6,00% - 8,00%
			2,074	Presumed transaction value method	Estimated sale value per m2	[2300-10700]
			31,294	Presumed transaction value method	Estimated sale value per m2	[10200-33000]
			15,963	Presumed transaction value method	Estimated sale value per m2	[38060-48300]
			58,961			
Land	n.a.	Capitalisation / sale	6,850	Replacement cost method / Market comparable method	Estimated sale value per m2	1.650-2.700
			3,857	Replacement cost method / Market comparable method	Estimated sale value per m2	1.000-1.350 / 900-1.000
			1,157	Income capitalisation method / Market comparable method	Estimated sale value per m2	
		Rented	253	Replacement cost method / DCF / Market comparable method	Estimated sale value per m2	90-140
			6,023	Income capitalisation method / Market comparable method	Estimated sale/ rental value per m2	1.050-1.200 / 900-1.000
			12	Market comparable method	Estimated rental value per m2	6.5 - 8
			18,152			
Warehouses	Concluded	Rented	52,016	Market comparable method / Income capitalisation method	Estimated sale value per m2	1,1 / 545
			105,344	Presumed transaction value method	Estimated rental value per m2	[229 - 1084]
			39,181	Presumed transaction value method	Unit value	[1100 - 2250]
		Sale	39	Market comparable method / Income capitalisation method	Estimated sale value per m2	
			196,580			
			799,292			
Other			10,671			
			809,963			

As already stated, valuations of land and buildings maximise the use of observable market data. However, as most valuation techniques also consider non-observable data, they are classified at level 3 of the fair value ranking of IFRS 13 − "Fair value measurement".

15. Other tangible assets

Other tangible asset movements (net), in 2019 and 2018, were as follows:

	Balances at 31-12-2018											Balances at 31-12-2019	
	Gross value	Accumulated depreciation and impairment losses	IFRS 16 transition (01-01-2019)	Changes in the consolidation perimeter	Acquisitions	Exchange differences	Transfers between tangible assets	Other transfers and adjustments	Depreciation for the year	Impairment losses, net of reversals, for the year	Sales and write-offs	Gross value	Accumulated depreciation and impairment losses
Premises for own use													
Land	62,378	-	-	-	36	(47)	84	1,078	-	-	(1,093)	62,435	-
Buildings	535,115	(272,255)	-	(17,778)	26,927	(4,351)	821	(46,401)	(10,946)	13,252	(13,402)	473,498	(262,515)
Leasehold improvements	109,361	(79,844)	-	-	275	(644)	29	275	(5,071)	-	(1,165)	100,504	(77,290)
Equipment													
Fittings and office equipment	68,050	(62,096)	-	-	869	(378)	88	(510)	(1,205)	-	56	60,905	(56,031)
Machinery and tools	26,733	(23,738)	-	-	432	(4)	1	(157)	(985)	-	(183)	24,553	(22,453)
Computer equipment	248,005	(229,738)	-	-	13,373	(288)	49	(2,180)	(10,261)	-	1,941	252,496	(231,596)
Indoor facilities	344,838	(306,008)	-	-	1,961	192	67	(2,252)	(11,454)	1,029	1,409	342,503	(312,721)
Transport material	11,911	(8,625)	-	-	1,624	(301)	44	(168)	(1,301)	-	(561)	10,358	(7,734)
Safety/security equipment	47,670	(43,545)	-	-	1,646	(41)	41	(695)	(1,497)	-	(171)	46,892	(43,483)
Other equipment	6,157	(3,892)	-	-	304	(5)	29	(318)	(366)	-	(3)	5,036	(3,129)
Lease - right-of-use assets	-	-	225,873	-	5,165	267	-	3,845	(33,747)	-	(779)	234,362	(33,738)
Lease - other assets	1,174	(1,174)	-	-	-	-	-	-	-	-	-	-	-
Other tangible assets	9,331	(8,783)	-	-	13,222	(1)	-	(12,881)	(37)	-	-	9,525	(8,674)
Tangible assets in progress	15,109	-	-	-	118	(109)	(1,254)	7,840	-	119	(907)	20,916	-
	1,485,831	(1,039,697)	225,873	(17,778)	65,953	(5,710)	0	(52,524)	(76,871)	14,400	(14,858)	1,643,983	(1,059,365)

	Balances at 31-12-2017										Balances at 31-12-2018	
	Gross value	Accumulated depreciation and impairment losses	Changes in the consolidation perimeter	Acquisitions	Exchange differences	Transfers between tangible assets	Other transfers and adjustments	Depreciation for the year	Impairment losses, net of reversals, for the year	Sales and write-offs	Gross value	Accumulated depreciation and impairment losses
Premises for own use												
Land	71,043	-	-	383	-	-	(9,049)	-	-	-	62,378	-
Buildings	647,909	(299,457)	(14,046)	22,785	(35,274)	1,108	(49,247)	(9,169)	(1,435)	(313)	535,115	(272,255)
Leasehold improvements	135,981	(94,896)	-	933	(4,364)	157	6,190	(9,117)	(2,434)	(2,932)	109,361	(79,844)
Other premises	-	-	-	-	-	-	-	-	-	-	-	-
Equipment												
Fittings and office equipment	77,572	(66,714)	-	310	(2,684)	49	(838)	(1,735)	-	(6)	68,050	(62,096)
Machinery and tools	26,695	(23,002)	-	548	(170)	99	(34)	(1,141)	-	-	26,733	(23,738)
Computer equipment	249,250	(229,441)	-	10,433	(1,843)	289	1,190	(11,533)	-	(78)	248,005	(229,738)
Indoor facilities	350,780	(300,387)	-	888	2	542	1,011	(12,981)	(464)	(562)	344,838	(306,008)
Transport material	14,966	(9,501)	-	1,331	(1,459)	100	194	(1,874)	-	(471)	11,911	(8,625)
Safety/security equipment	49,010	(44,294)	-	1,481	(250)	26	45	(1,883)	-	(10)	47,670	(43,545)
Other equipment	6,409	(3,776)	-	114	(204)	(27)	207	(458)	-	-	6,157	(3,892)
Assets under finance lease	3,375	(3,370)	-	-	-	-	(5)	-	-	-	1,174	(1,174)
Other tangible assets	9,902	(9,222)	-	5	(11)	(33)	76	(166)	-	(4)	9,331	(8,783)
Tangible assets in progress	29,780	-	39	13,409	(813)	(2,312)	(24,984)	-	-	(10)	15,109	-
	1,672,672	(1,084,060)	(14,008)	52,619	(47,070)	0	(75,244)	(50,057)	(4,333)	(4,386)	1,485,831	(1,039,697)

Accumulated impairment on other intangible assets, at December 31, 2019 and 2018, totalled €23,843 thousand and €20,066 thousand, respectively (note 37).

16. Intangible assets

Movements in this account, in 2019 and 2018, were as follows:

	Balances at 31-12-2018			Write-offs					Balances at 31-12-2019	
	Gross value	Accumulated depreciation and impairment losses	Acquisitions	Gross value	Impairment	Other transfers and adjustments	Exchange differences	Depreciation for the year	Gross value	Accumulated depreciation and impairment losses
Goodwill										
Banco Caixa Geral Angola	23,733	(23,733)	-	-	-	(8,192)	8,193	-	15,540	(15,540)
Software	343,611	(312,787)	6,806	266,567	(260,964)	(3,879)	(374)	16,492	120,360	(64,888)
Other intangible assets	11,692	(4,347)	14	271	-	(2,098)	205	892	11,640	(5,009)
Intangible assets in progress	25,142	-	35,837	(7,985)	-	(40,122)	(139)	-	12,732	-
	404,177	(340,867)	42,656	258,854	(260,964)	(54,291)	7,885	17,384	160,271	(85,437)

	Balances at 31-12-2017			Write-offs					Balances at 31-12-2018	
	Gross value	Accumulated depreciation and impairment losses	Acquisitions	Gross value	Impairment	Other transfers and adjustments	Exchange differences	Depreciation for the year	Gross value	Accumulated depreciation and impairment losses
Goodwill										
CGD Investimentos CVC	27,681	(27,681)	-	(11,231)	11,231	(16,450)	16,450	-	-	-
Banco Caixa Geral Angola	41,968	(28,000)	-	-	-	(13,968)	-	-	23,733	(23,733)
Software	692,519	(655,572)	13,506	375,325	(350,768)	(53,450)	(1,347)	10,611	343,611	(312,787)
Other intangible assets	11,804	(3,464)	22,621	-	-	(24,675)	100	960	11,692	(4,347)
Intangible assets in progress	21,422	-	-	-	-	3,688	31	-	25,142	-
	795,394	(714,717)	36,126	364,094	(350,768)	(455,623)	15,234	11,571	404,177	(340,867)

Intangible assets in progress, at December 31, 2019 and 2018, essentially refer to the costs incurred on the development of software which had not come into operation on these dates.

During 2019 and 2018, write-offs of software refer to discontinued or obsolete assets.

Accumulated impairment on intangible assets, at December 31, 2019 and December 31, 2018 totalled €15,779 thousand and €23,971 thousand, respectively (note 37).

Following the completion of the disposal of the equity investment and as the group had no intention of using this vehicle in its activity, it was decided to write-off the goodwill in CGD Investimentos CVC, which did not represent any additional cost in 2018 as this asset was already fully provisioned at December 31, 2017.

Changes in goodwill refer to the effects of foreign exchange rates.

Research and development costs

Caixa spent €2,298 thousand and €1,169 thousand on research, development and innovation projects, in 2019 and 2018, respectively.

17. Investments in associates and jointly controlled enterprises

The composition of this account, at December 31, 2019 and December 31, 2018 is set out below:

	31-12-2019			31-12-2018	
	Effective participating interest (%)	Book Value	Contribution to the results of the group	Effective participating interest (%)	Book Value
Jointly controlled entities					
Locarent, S.A.	50.00	19,439	1,462	50.00	19,019
Esegur, S.A.	50.00	8,699	565	50.00	8,639
		28,138	2,026		27,658
Associated companies					
Fidelidade – Companhia de Seguros, S.A	15.00	359,456	30,543	15.00	290,719
Fidelidade Assistence Consolidated (a)	20.00	8,254	668	20.00	7,538
Multicare - Seguros de Saúde, S.A.	20.00	19,147	1,969	20.00	16,910
SIBS - Sociedade Interbancária de Serviços, S.A.	22.97	38,340	6,650	22.97	33,818
Banco Internacional de São Tomé e Príncipe, S.A.	27.00	4,505	597	27.00	4,301
Other	-	4,319	668	-	8,070
		434,020	41,094		361,355
Impairment (Note 37)		(439)			(469)
		461,719	43,121		388,544

(a) Ex-Cares - Companhia de Seguros, S.A.

Information on the statutory financial data (unaudited financial statements) of the principal associates and jointly controlled enterprises, at December 31, 2019 and December 31, 2018 was as follows:

Business sector / Entity	Registered office	31-12-2019				
		Assets	Liabilities	Equity (a)	Net income	Total income
<u>Insurance</u>						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	18,402,544	15,250,135	3,152,409	188,598	3,555,556
Fidelidade Assistence Consolidated	Lisbon	58,628	19,418	39,210	3,338	53,748
Multicare - Seguros de Saúde, S.A.	Lisbon	190,995	98,088	92,907	10,017	324,648
<u>Other</u>						
Esegur, S.A.	Lisbon	40,943	23,546	17,398	1,150	42,678
Locarent, S.A.	Lisbon	284,105	245,228	38,878	2,923	73,512
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	322,411	155,472	166,940	34,881	211,445

(a) Equity includes net income for the year and excludes non-controlling interests.
(b) Data taken from the consolidated financial statements.

Business sector / Entity	Registered office	31-12-2018				
		Assets	Liabilities	Equity (a)	Net income	Total income
<u>Insurance</u>						
Fidelidade – Companhia de Seguros, S.A (b)	Lisbon	17,847,823	15,161,676	2,686,147	271,441	3,507,991
Fidelidade Assistence Consolidated	Lisbon	52,332	16,707	35,626	5,842	54,389
Multicare - Seguros de Saúde, S.A.	Lisbon	172,268	90,544	81,724	9,172	295,358
<u>Other</u>						
Esegur, S.A.	Lisbon	36,796	19,584	17,213	869	47,343
Locarent, S.A.	Lisbon	262,145	224,091	38,054	4,199	128,934
SIBS - Sociedade Interbancária de Serviços, S.A.	Lisbon	212,856	65,606	147,250	30,708	175,719

(a) Equity includes net income for the year and excludes non-controlling interests.
(b) Data taken from the consolidated financial statements.

The group received dividends of €4,683 thousand and €4,312 thousand from these entities in 2019 and 2018 respectively.

18. Income tax

Tax assets and liabilities balances on income, at December 31, 2019 and 2018, were as follows:

	31-12-2019	31-12-2018
Current tax assets		
Income tax recoverable	40,937	32,414
Tax credits	420,575	-
Other	2,016	12,206
	463,528	44,620
Current tax liabilities		
Income tax payable	31,951	34,869
Other	1,050	2,961
	33,001	37,830
	430,527	6,790
Deferred tax assets		
Temporary differences	1,393,877	2,077,032
Reported tax losses	12,348	30,663
	1,406,225	2,107,695
Deferred tax liabilities	127,414	189,965
	1,278,811	1,917,730

Deferred tax movements, for the periods ended December 31, 2019 and 2018 were as follows:

	Balance at 31-12-2018	Change in		Transfers	Other	Balance at 31-12-2019
		Equity	Profit or loss			
Impairment losses on credit	1,643,052	-	(242,253)	(411,893)	(108)	988,799
Employee benefits	265,250	1,775	(9,448)	-	1,020	258,597
Impairment and adjustments to property and tangible and intangible assets	32,520	554	(3,628)	-	114	29,559
Measurement of available-for-sale financial assets	(52,463)	(17,392)	-	-	551	(69,304)
Impairment and other value changes in equity investments and other securitie	(42,582)	-	84,214	-	(14,525)	27,107
Other provisions and impairment not tax deductible	23,770	-	(4,821)	-	(2)	18,947
Tax loss carry forward	30,663	-	(18,315)	-	-	12,348
Other	17,518	-	757		(5,517)	12,758
	1,917,730	(15,064)	(193,494)	(411,893)	(18,467)	1,278,811

	Balance at 31-12-2017	Change in		Transfers	Other	Balance at 31-12-2018
		Equity	Profit or loss			
Impairment losses on credit	1,822,036	-	(191,203)	18,945	(6,725)	1,643,052
Employee benefits	224,405	26,102	14,039	-	704	265,250
Impairment and adjustments to property and tangible and intangible assets	4,227	1,232	(14,997)	-	42,058	32,520
Measurement of available-for-sale financial assets	(94,818)	1,919	-	40,700	(264)	(52,463)
Impairment and other value changes in equity investments and other securitie	(33,414)	-	279	5	(9,452)	(42,582)
Other provisions and impairment not tax deductible	24,605	-	(835)	-	-	23,770
Tax loss carry forward	24,625	-	6,038	-	-	30,663
Other	38,351	-	(22,616)	-	1,783	17,518
	2,010,019	29,253	(209,295)	59,650	28,103	1,917,730

The “Transfers to current tax – impaired credit” column in 2019 in the table of deferred tax movements included €420,575 thousand for deferred tax assets convertible into tax credit under the special regime approved by law 61/2014.

The “Other” column, in the same year, included €964 thousand on the transfer of BCA’s assets and liabilities to non-current assets and liabilities held-for-sale categories (note 13) under IFRS 5 – “Non-current assets held-for-sale and discontinued operations” to this business unit.

Special regime applicable to deferred tax assets

Caixa Geral de Depósitos and Caixa - Banco de Investimento applied for the special deferred tax assets regime, in 2014, following the resolutions in favour of their respective general meetings of shareholders.

This regime, approved by law 61/2014 of August 26 (and latter amendments) applies to deferred tax assets on the non-deduction of costs and negative equity changes with impairment losses on loans (as provided for in nos. 1 and 2 of article 28-A of the corporate tax code and respective exclusions) and with the post-employment or long term benefits of employees.

The changes to the timeframe of the amendments to the regime of law 23/2016 of August 19, excluded the costs and negative equity changes accounted for in the taxation periods beginning on or after January 1, 2016, in addition to their associated deferred taxes. The deferred taxes protected by this regime therefore solely correspond to the assessment of costs and negative equity changes up to December 31, 2015.

Deferred tax assets on the non-deduction of costs and negative equity changes with impairment losses on loans and with the post-employment or long term benefits of employees are converted into tax credit when the taxpayer’s net income in the respective tax period is negative or, in the event of liquidation based on voluntary dissolution or a court ordered insolvency. In the case of a conversion resulting from negative net income, the amount of the tax credit to be attributed will be the result of the proportion of such negative net income for the period to the taxpayer’s total equity (assessed prior to the deduction of the result) plus the value of CoCo bonds, applied to the eligible deferred tax assets balance. The full amount of the deferred tax assets is converted into tax credit when the conversion derives from liquidation or insolvency, or the taxpayer’s equity is negative.

In the conversion into tax credit (other than in cases of liquidation or insolvency), a special reserve, plus 10%, should be created for the amount of the respective credit when shareholders’ equity is less than share capital adjusted by the quotient between the former and latter which is deducted from the amount of the increased tax credit, together with the issuance of securities in the form of conversion rights to be attributed to the state that, in the case of Caixa, is also its sole shareholder. The consequence of exercising conversion rights is to increase the taxpayer’s share capital through the incorporation of the special reserve and issuance of new ordinary shares for free delivery to the state. This special reserve cannot be appropriated. On the date of the issuance of the conversion rights, shareholders enjoy the potestative right to their acquisition in proportion to their respective investment.

Information on the type of deferred tax assets recognised by the group and considered eligible under the regime, at December 31, 2019 and 2018, is set out below:

Deferred Tax within the scope of the special regime for deferred tax assets	31-12-2019	31-12-2018
Impairment losses on credit	334,498	957,623
Employee benefits	159,545	168,626
	494,043	1,126,249

As a consequence of Caixa Geral de Depósitos's assessment of negative net income on its separate activity in 2016, the deferred tax assets eligible at the close of the referred to period were converted into tax credit, based on the proportion of net income to shareholders' equity. The amount in question totalled €420,575 thousand.

Under the terms of the applicable legislation, the conversion of the deferred tax assets was preceded by the recognition of a special reserve of €681,571 thousand, for the amount of the tax credit assessed in the conversion, plus 10% and adjusted to meet the requirements of no. 3 of article 11 of law 61/2014 (note 25). The recognition of the special reserve was accompanied by the issuance and simultaneous attribution of conversion rights for an equivalent amount to the state. As specified in article 12 of the appendix to law 61/2014 (of which it is an integral part), the previously described corporate acts and the amount of the converted tax credit were certified by the statutory auditors.

As Caixa's sole shareholder, the issuance and attribution of the conversion rights to the state did not entail any dilution of its equity position.

Income tax as a charge to shareholders' equity

The group changed its accounting policy on the recognition of actuarial profit and loss on pension plans and other post-employment benefits in 2011, pursuant to which actuarial profit and loss on revaluations of pensions and healthcare liabilities and pension fund yield projections were fully recognised as a charge to a shareholders' equity account. Up to 2010 such profit and loss had been accounted for by the corridor method.

The amount of tax on the contribution of the actuarial deviations component from the date upon which the accounting policy was changed, considered deductible under the terms of the limits of nos. 2 and 3 of article 43 of the corporate tax code or under number 8 of the referred to article is recognised in an equity account in conformity with the recognition basis for its originating liabilities.

Income tax as a charge to profit and loss

Information on income tax costs recognised in profit and loss, in addition to the fiscal burden measured by the tax appropriation and profit for the period before tax for the periods ended December 31, 2019 and 2018, is set out below.

		Proform
	31-12-2019	31-12-2018
Current tax		
For the year	107,292	67,291
Extraordinary contribution of the banking sector	27,029	32,860
Prior year adjustments (net)	4,230	(2,704)
	138,551	97,447
Deferred tax	193,494	209,295
Total income tax	332,045	306,742
Consolidated income before tax and non-controlling interests	1,091,784	741,279
Tax charge	30.41%	41.38%

Information on the composition of the "Adjustments for past years" account at December 31, 2019 and 2018 is set out below:

	31-12-2019	31-12-2018
Insufficiency / (excess) of estimated tax for 2017 and 2016	4,107	492
Adjustments to previous years taxable income	198	(3,187)
Other	(76)	(9)
	4,230	(2,704)

The following is an analysis of the reconciliation between the tax assessment based on the nominal rate /(income) and income tax rates for the periods ended December 31, 2019 and 2018.

			Proform	
	31-12-2019		31-12-2018	
	Rate	Tax	Rate	Tax
Income before tax		1,091,784		741,279
Tax at the nominal rate	27.35%	298,603	27.35%	202,740
Impact of companies with tax rates different from the nominal rate in	(0.75%)	(8,211)	(0.01%)	(97)
Permanent difference to be added:				
Non deductable provisions and impaiment	0.00%	-	0.52%	3,849
Other	(0.08%)	(821)	0.16%	1,208
Other permanent differences to be deducted				
Non deductable provisions and impaiment	0.23%	2,457	(1.51%)	(11,225)
Other	0.17%	1,851	(0.59%)	(4,367)
Impairment on available-for-sale financial assets, net of write-offs	(2.95%)	(32,187)	(2.57%)	(19,058)
Annulment of tax losses considered non recoverable	0.04%	481	13.31%	98,693
Differential of tax rate on tax losses carry forward (*)	0.00%	-	1.08%	8,037
Autonomous taxation	0.04%	393	0.18%	1,371
Contribution of the banking sector	2.48%	27,029	4.43%	32,860
Change in the net monetary position of Caixa Angola under IAS 29	0.24%	2,619	1.19%	8,822
Other	0.15%	1,662	(1.06%)	(7,855)
	26.92%	293,877	42.49%	314,978
Tax adjustments relative to prior years				
Insufficiency / (excess) of tax estimate, net of deferred tax	3.50%	38,244	(1.11%)	(8,228)
Other	(0.01%)	(76)	(0.00%)	(9)
	3.50%	38,168	(1.11%)	(8,237)
	30.41%	332,045	41.38%	306,742

(*) The computation of deffered taxes relating to tax losses carry forward is based on a regulatory tax rate of 21% and does not include State or Municipal subcharges

CGD's nominal tax rate, for the years ended December 31, 2019 and December 31, 2018, considering the surcharge rates applicable to its operations, was 27.35%.

The assessment of CGD's nominal tax rate considers the increase in the municipal and state surcharges on taxable profit.

Article 51-C of the corporate tax code was amended by the publication of law 42/2016, on the basis of an addendum to no. 6, which, for 2017 and following years, ruled that impairment losses and other value adjustments to equity investments or other own equity instruments included as part of taxable profit under no. 2 of article 28-A, are considered to be positive components of taxable profit for the taxation period in which the respective sale takes place.

The group, therefore, recognised deferred tax liabilities for impairment on financial investments, deductible as a tax expense at the time of their constitution when the intention involves a sale or liquidation (or when in progress), for €39,659 thousand and €116,449 thousand, at December 31, 2019 and 2018, respectively.

Tax deductibility of impairment losses on loans and other value adjustments

During the course of 2016, owing to the application of the Bank of Portugal's *notice* 5/2015, Caixa and other significant financial institutions in Portugal now prepare financial statements on their separate activity in accordance with the dispositions of the international financial reporting standards as adopted at any time under a European Union regulation, considering IAS 39 − "Financial instruments: recognition and measurement" requirements on provisions for loans and other receivables from January 1 of that year.

Regulatory decree 5/2016, published on November 18, 2016, defined the maximum limits on impairment losses and other value adjustments for specific credit risk, deductible for the calculation of taxable corporate profit, extending the framework deriving from *notice* 3/95 to the taxation period beginning January 1, 2016, for fiscal purposes.

The maintenance of the application of these rules as a reference for the deductibility of impairment losses on credit operations considered relevant for fiscal purposes in 2017 and 2018, was subsequently confirmed by the publication of regulatory decrees 13/2018 and 11/2017, both of December 28.

Beginning January 1, 2018, the estimated losses on credit risk were measured by reference to the dispositions of IFRS 9 – "Financial instruments", which replaced IAS 39.

Law 98/2019, which changed the corporate tax code on impairment in credit institutions and other financial institutions and defined the rules on the recognition of impairment losses, which were still not tax deductible, recognised in the periods prior to January 1, 2019, was published on September 4, 2019. According to this new legislation impairment losses for credit risk on exposures individually or collectively examined recognised in the tax periods beginning on or after January 1, 2019, under the applicable accounting and regulatory terms (except for the exceptions provided for in no. 7 of article 28-C of the corporate tax code) are now fully deductible The deductibility rules in force up to December 31, 2018 continue to apply to the impairment losses and other value corrections for specific credit risk accounted for in prior tax periods.

According to the dispositions of article 4 of the new law, Caixa and other significant entities in the domestic tax perimeter communicated their intention to apply for the new regime for the tax periods beginning January 1, 2019, to the director general for tax and customs on October 31, 2019.

In light of developments, the group applied the deductibility rules under this law in its analysis of the recoverability of deferred tax assets in its balance sheet with reference to December 31, 2019.

Analysis of recoverability of deferred tax assets

Based on the requirements of IAS 12 − "Income taxes", deferred tax assets are recognised on the basis of the group's expectations regarding their future recoverability which is fundamentally based on, (i) an assessment of its capacity to generate sufficient taxable profit, and (ii) its interpretation of the legal framework in force in the relevant analysis period.

This assessment was made on the basis of the implementation of its strategic plan which was developed under the agreement between the Portuguese state and the European authorities for the period 2017-2020, allowing the group to achieve adequate profitability and capital levels over this timeframe as well as to achieve its objectives of reducing non-performing assets as communicated to the supervisors.

The expectation of generating future taxable profit is based on profitability projections prepared in conformity with the referred to plan, based on a highly conservative approach. Reference should be made to the following factors:

(i) The positive evolution of net interest income, attributable to a sustained reduction of borrowing costs, consistent with its commercial policy and current market situation, namely the continuation of very low interest rates;

(ii) An increase in revenue from services, aligned with a commercial strategy essentially geared to value creation for customers;

(iii) A decrease in the cost of risk to levels comparable to those of other leading European banks, based on a major restructuring of its toxic assets management policy as well as adapting loan-making and oversight processes to a duly sustainable risk appetite policy;

(iv) Sharp cost reductions, aligned with measures to rationalise its operational structure to be implemented over the coming years, based on the size, type and expected evolution of business in which digital era considerations will play a decisive role in the intended improvements to the ever increasing efficiency of resource management; and,

(v) Alignment of profitability and solvency levels with the objectives and assumptions involved in CGD's recent recapitalisation process. Based on a conservative approach, income before tax considered relevant for this purpose, was kept constant across all taxation periods after 2024.

The following assumptions of relevance to the conclusions reached on the recoverability of deferred tax assets, were also considered:

(i) Application of the rules on the deductibility of impairment on credit risk defined by law 98/2019;

(ii) Incorporation of the estimated fiscal profit/loss deriving from the restructuring strategy on international operations and deleveraging process of non-performing assets agreed with the supervisory bodies; and,

(iii) Projection of the deductibility of the costs of present and future employee benefits based on an estimate of the tax period for realising the respective payments.

Any changes to the assumptions employed or significant variables for the assessment of taxable profit projections may lead to substantially different results and conclusions.

The group also tested the sensitivity of the results of its assessment on the recoverability of deferred tax assets considering a 15% decrease in profit before tax applicable to all of the years in the projection. No losses in comparison to balance sheet entries were recognised.

In December 2018, the group had already derecognised deferred tax assets associated with the carry-back of tax losses and tax credit based on the application of the international double taxation mechanism for 2017, comprising a global amount of €93,824 thousand given that it considered that recoverability up to the end of the regulatory period available for the purpose (end of 2022) was remote.

Banking sector contribution

Deriving from the dispositions of article 141 of the state budget law for 2011 (Law 55-A/2010 of December 31), which introduced a new contribution regime applicable to the banking sector, the group recognised costs of €27,029 thousand and €32,860 thousand for the periods ended December 31, 2019 and 2018, respectively, relating to the total costs to be paid in the respective tax periods. The tax, regulated under the terms of ministerial order 121/2011 of March 30, is levied on the liabilities of credit institutions headquartered on Portuguese territory, net of own and complementary funds therein included, as well as deposits covered by the deposit guarantee fund and the notional amount of derivatives other than hedge derivatives. The tax is also levied on the subsidiaries of credit institutions headquartered outside Portuguese territory and the branches in Portugal of credit institutions headquartered outside the European Union.

The tax authorities are normally entitled to review the tax situation across a certain period, which, in Portugal, is four years (unless tax losses have been carried back, in addition to any other deduction or tax credit expiring in the same year as this right). Owing to different interpretations of the legislation, this may result in the possibility of adjustments being made to the taxable profit for past years (2017 to 2019 in the case of most entities headquartered in Portugal). Any possible adjustments, given the nature thereof, cannot be quantified at present. Caixa’s board of directors considers, however, that any adjustments for the above years are unlikely to have a significant effect on the consolidated financial statements.

19. Other assets

This account comprises the following:

	31-12-2019	31-12-2018
Other assets		
Debt certificates of the Territory of Macau	1,040,769	973,371
Gold, precious metals, numismatics and medals	3,433	3,476
Other receivables	15	25
Other	5,633	5,655
Debtors and other investments		
Central and local government	39,705	45,016
Shareholders' loans	7,169	47,770
Debtors - futures contracts	15,333	21,024
Grants receivable from		
The State	18,832	13,041
Other entities	16,354	17,483
Amount receivable from the sale of assets recovered as settlement of defaulting loans	2,405	489
Other past due debtors	17,132	34,474
Other debtors	1,024,635	869,255
Commitments with pension and other employee benefits		
Excess responsabilities coverage		
Caixa Geral de Depósitos	-	1,105
Other	2	20
Income receivable	54,469	42,952
Deferred costs		
Rent	257	3,322
Other	15,256	15,889
Operations pending settlement	160,379	176,750
Stock exchange operations	17,229	44,017
	2,439,006	2,315,134
Impairment (Note 37)	(138,732)	(203,289)
	2,300,274	2,111,845

Information on impairment movements on debtors and other assets for the periods ended December 31, 2019 and December 31, 2018 is set out in note 37.

The “Debtors and other assets – other debtors” account at December 31, 2019 and December 31, 2018 included the amounts of €538,865 thousand and €502,224 thousand, respectively, for surety accounts in several financial institutions. These sureties derive from the liquidity injection operations collateralised by financial assets and IRS (interest rate swap) agreements with these entities (note 10).

The “Debtors and other assets – other debtors” account, at December 31, 2019 and December 31, 2018 included €16,320 thousand and €12,977 thousand, respectively, for sureties in the form of an irrevocable commitment for contributions to the European single resolution fund (note 33).

Under the contract to issue notes entered into between Banco Nacional Ultramarino, S.A. (Macau) and the Administrative Region of Macau, the bank provides the region with convertible currency corresponding to the countervalue of notes in circulation, receiving, in turn, a debt certificate for an equivalent amount to cover the liability resulting from the currency issuance (note 25). The amounts to be provided to the territory by the bank are reconciled on a monthly basis in the first fifteen days of each month, based on the preceding month’s average daily balances. The government of Macau’s debt certificate at December 31, 2019 and December 31, 2018 totalled €1,040,769 thousand and €973,371 thousand, respectively.

The "Debtors and other assets - other overdue debtors" account, at December 31, 2019 and December 31, 2018 included outstanding balances for the calling in of guarantees provided to customers and other costs directly associated with such operations of €14,336 thousand and €25,684 thousand, respectively. Accumulated impairment associated with these operations on these dates amounted to €3,512 thousand and €17,065 thousand, respectively.

The amounts of “Other lending operations pending settlement” at December 31, 2019 and December 31, 2018, essentially refer to stock market derivative operations, means of payment and bank transfers whose financial settlement had not yet occurred.

Shareholders’ loans, at December 31, 2019 and December 31, 2018, comprised the following:

	31-12-2019	31-12-2018
Relating to financial assets transferred (Note 7)		
Moretextile, SGPS, S.A.	-	38,722
Other	7,169	9,048
	7,169	47,770

Caixa made shareholders’ loans of €31,182 thousand to Moretextile, SGPS, S.A. under the financial restructuring agreement for the Coelima, JMA - José Machado de Almeida and AAF – António Almeida & Filhos textile groups, entered into in first half 2011. The shareholders’ loans were used to pay off a part of Coelima’s debt to its creditors (including CGD). Interest thereon is payable at the 6 month Euribor rate plus a spread of 2.5%. Under the agreement, the principal and interest on the debt would be paid off in full on May 13, 2018, with an option to renew for an additional five years which was exercised. The repayment of these partners’ loans is subordinated to Moretextile’s and its subsidiaries’ settlement of overdue, unpaid credit to other creditors. Caixa recognised impairment of €39,040 thousand on its losses on this asset, €317 thousands of which in first half 2019. These partners’ loans for the amount of €39,040 thousand were written-off in 2019. The decision was based on a strategy of reducing non-performing loans.

20. Resources of credit institutions’ and central banks

This account comprises the following:

	31-12-2019	31-12-2018
Resources of central banks		
Resources of other central banks		
Deposits and other resources		
Of domestic credit institutions	427	248
Of foreign credit institutions	29,074	247,878
Other resources	644	525
Interest payable	0	445
	30,145	249,096
Resources of other credit institutions		
Deposits and other resources		
Of domestic credit institutions	188,642	241,930
Of foreign credit institutions	779,255	1,045,120
Interbank money market resources	12,600	15,700
Immediate short term resources		
Of domestic credit institutions	46,586	113,382
Of foreign credit institutions	430	18,412
Loans		
Of domestic credit institutions	210	-
Of foreign credit institutions	2,485	3,908
Resources of international financial entities	9,986	5,511
Sale operations with repurchase agreement	-	55,202
Interest payable	7,327	10,281
	1,047,523	1,509,447
	1,077,668	1,758,542

The “Sales operations with repurchase agreements” account, at December 31, 2019 and December 31, 2018, refers to contracts for loan operations on financial assets with an agreement to purchase at a future date at a predefined price, entered into between the group and various financial institutions.

The assignment of financial instruments in sales operations with repurchase agreements is not derecognised in the balance sheet and continues to be measured in accordance with the accounting policies applicable to the underlying assets (note 9). The difference between the sales and repurchase prices is recognised as interest expense and deferred over the contract's lifetime.

These operations were contracted for under GMRAs (global master repurchase agreements) or bilateral liquidity injection agreements, whose mechanisms strengthen the collateral associated with these transactions based on the evolution of the respective market value, assessed in accordance with the specifications agreed between the counterparties, usually in the form of surety deposits.

21. Customer resources and other loans

This account comprises the following:

	31-12-2019	31-12-2018
Savings deposits	2,433,998	2,381,617
Other debts		
Repayable on demand	31,877,980	28,701,749
Term		
Deposits	29,455,483	30,403,904
Mandatory deposits	273,960	258,226
Other resources:		
Cheques and orders payable	74,526	88,065
Operations with repurchase agreement	11,004	-
Other	1,605,354	1,507,311
	31,420,329	32,257,506
	63,298,309	60,959,255
Interest payable	64,078	87,387
Deferred costs net of deferred income	(1,437)	(2,228)
Commissions associated with amortised cost (deferred)	(3,400)	(3,514)
Adjustments to liabilities under hedging operations	8	7
	59,248	81,652
	65,791,555	63,422,525

22. Debt securities

This account comprises the following:

	31-12-2019	31-12-2018
Bonds in circulation:		
Bonds issued under the EMTN Programme		
- Remuneration indexed to interest rates	40,000	12,498
- Fixed interest rate	93,301	108,066
- Remuneration indexed to exchange rates	32,991	76,861
	166,292	197,425
Covered bonds	2,244,050	2,993,450
	2,410,342	3,190,875
Other		
Issues under the Euro Commercial Paper and Certificates of Deposit Programme		
- Commercial Paper	594	-
	594	-
Adjustments to liabilities under hedging operations	3,752	1,569
Deferred costs net of income	688	(2,122)
Interest payable	48,046	69,999
	2,463,422	3,260,321

The breakdown of the debt securities account, at December 31, 2019 and December 31, 2018, is net of the accumulated debt balances repurchased in the meantime, as follows:

	31-12-2019	31-12-2018
Bonds issued under the EMTN programme	55,000	78,000
Covered bonds	3,005,550	3,006,550
	3,060,550	3,084,550

CGD uses the following specific programmes to diversify its funding sources:

(i) Euro commercial paper and certificates of deposit (ECP and CCP)

Under the "€10 billion euro commercial paper and certificates of deposit" programme, CGD (either directly or through its France branch) is entitled to issue certificates of deposit and notes with a maximum maturity of 5 years and 1 year, respectively, denominated in euros, US dollars, sterling, Japanese yen or any other currency agreed between the parties. Fixed or variable-rate interest is payable on these issuances which may also be indexed to the performance of indices or shares.

(ii) Euro medium term notes (EMTN)

CGD group, through CGD (either directly or through its France branch) are entitled to issue a maximum amount of €15 billion in debt securities under this programme.

Bonds with minimum maturities of one month and 5 years in the case of non-subordinated and subordinated issuances, respectively, may be issued in any currency. There are no maximum maturities on these operations.

These securities may be issued at a discount. Fixed or variable-rate interest is payable on these issuances which may also be indexed to the performance of indices or shares.

(iii) Covered bonds

CGD initiated a covered bonds programme, for direct issuance, up to a current maximum amount of €15 billion, in November 2006. The bonds to be issued are backed by a mortgage loan portfolio which must, at any point of time, comply with the minimum conditions required by the regulation applicable to issuances of such assets, i.e. decree law 59/2006, *notices* 5, 6, 7 and 8 and Bank of Portugal *instruction* 13.

The bonds, which have a minimum term of 2 and maximum term of 50 years may be issued in any currency. Fixed or variable-rate interest is payable on these issuances which may also be indexed to the performance of indices or shares.

These bonds entitle their holders to special credit rights – over any other creditors – on assets which have been set aside in the issuing entity's balance sheet to guarantee the debt and to which bondholders enjoy access in the event of insolvency.

Residential mortgage or commercial loans in a European Union member state or, alternatively, loans and advances to central governments or the regional and local authorities of a European Union member state and loans with an express and legally binding guarantee upon such entities are assets eligible for the constitution of an asset pool. Mortgage loans cannot exceed 80% of the mortgaged assets given as collateral for residential property (60% for other property).

In accordance with the programme's issuance conditions, the following criteria must also be complied with across the period of the issuance:

- The total nominal value of covered bonds in circulation may not exceed 95% of the total value of mortgage loans and other assets allocated to the referred to bonds;
- The average maturity of covered bonds issuances may not, for issuances as a whole, exceed the average life of the associated mortgage loans;
- The total amount of interest payable on the covered bonds may not, for issuances as a whole, exceed the amount of interest charged to borrowers of the mortgage loans allocated to the referred to bonds; and.
- The present value of the covered bonds may not exceed the present value of the assets allocated to them, which ratio must be maintained for parallel shifts of 200 basis points on the yield curve.

Up to a maximum of 20% of the asset pool's value may also include autonomous assets, namely deposits at the Bank of Portugal or securities eligible for Eurosystem credit and other operations defined by law.

The nominal value of covered bonds issued by Caixa at December 31, 2019 and December 31, 2018, as described below, totalled €5,250,000 thousand and €6,000,000 thousand, respectively:

DESIGNATION	Nominal amount 31-12-2019	Nominal amount 31-12-2018	Date of issue	Date of redemption	Interest payment	Remuneration	Interest rate at 31-12-2019	Interest rate at 31-12-2018
Hipotecárias Série 4 2007/2022	250.000	250.000	2007-06-28	2022-06-28	Quarterly, on March 28, June, September and December	3 month Euribor rate + 0.05%	0,000%	0,000%
Hipotecárias Série 10 2010/2020 (b)	1.000.000	1.000.000	2010-01-27	2020-01-27	Annually, on January 27	Fixed rate	4,250%	4,250%
Hipotecárias Série 14 2012/2022 (a)	1.500.000	1.500.000	2012-07-31	2022-07-31	Quarterly, on January 31, April, July and October	3 month Euribor rate + 0.75%	0,337%	0,432%
Hipotecárias Série 16 2014/2019 (b)	-	750.000	2014-01-15	2019-01-15	Annually, on January 15	Fixed rate	-	3,000%
Hipotecárias Série 17 2015/2022	1.000.000	1.000.000	2015-01-27	2022-01-27	Annually, on January 27	Fixed rate	1,000%	1,000%
Hipotecárias Série 18 2018/2028 (a)	1.500.000	1.500.000	2018-12-19	2028-12-19	Quarterly, on March 19, June, September and December	3 month Euribor rate + 0.6%	0,200%	0,289%
	5.250.000	6.000.000						

(a) Issue fully repurchased by CGD. These securities are collaterising liquidity providing operations with the European Central Bank
(b) Issue partially repurchased by CGD.

The assets pool collateralising the issuances includes mortgage loans issued in Portugal with a book value of €7,123,691 thousand and €7,510,594 thousand (note 12), at December 31, 2019 and December 31, 2018, respectively.

The assets pool used as collateral for the issuances also included debt securities, with a book value of €126,410 thousand and €126,713 thousand (note 11) at December 31, 2019 and December 31, 2018, respectively.

Moody's and DBRS ratings on these covered bonds, at December 31, 2019 were Aa3 and AA Low, respectively.

Details on bond issuances, by type of interest and period to maturity at December 31, 2019 and December 31, 2018 are given below:

	31-12-2019					
	Type of asset or underlying index used to calculate the remuneration			Covered bonds	Other bonds	Total
	Exchange rate	Interest rate	Sub total			
Up to one year	4,640	39,359	44,000	994,050	594	1,038,644
One to five years	6,000	83,941	89,941	1,250,000	-	1,339,941
Five to ten years	12,301	-	12,301	-	-	12,301
Over ten years	10,050	10,000	20,050	-	-	20,050
	32,991	133,301	166,292	2,244,050	594	2,410,936

	31-12-2018				
	Type of asset or underlying index used to calculate the remuneration			Covered bonds	Total
	Exchange rate	Interest rate	Sub total		
Up to one year	45,000	(16,139)	28,861	749,000	777,861
One to five years	35,097	95,498	130,595	2,244,450	2,375,045
Five to ten years	17,919	-	17,919	-	17,919
Over ten years	10,050	10,000	20,050	-	20,050
	108,066	89,359	197,425	2,993,450	3,190,875

Derivatives to convert the amounts of most EMTN programme issuances into euros and their respective interest into 3 or 6 month Euribor rates, net of a spread, were contracted for.

23. Provisions and contingent liabilities

Provisions

Movements in provisions for employee benefits and for other risks, for the years ended December 31, 2019 and December 31, 2018 were as follows:

	Balance at 31-12-2018	Changes in the consolidation perimeter	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 31-12-2019
Provision for employee benefits (Note 35)	758,492		(20,167)	(65,237)	40	80,179	753,307
Provision for litigation	16,697		3,303	(150)	-	129	19,980
Provision for guarantees and other commitments	211,769		(9,897)	-	321	(299)	201,893
Provision for other risks and charges	128,941	(2,387)	4,273	(16,152)	(485)	(44,929)	69,260
	357,408	(2,387)	(2,322)	(16,302)	(164)	(45,099)	291,133
	1,115,900	(2,387)	(22,489)	(81,539)	(124)	35,080	1,044,440

	Balance at 31-12-2017	Changes in consolidation perimeter	Additions and reversals	Write-offs	Exchange differences	Transfers and other	Balance at 30-06-2018
Provision for employee benefits (Note 35)	814,064	-	(41,727)	(62,283)	(626)	49,064	758,492
Provision for litigation	17,464	-	3,902	(979)	-	(3,690)	16,697
Provision for guarantees and other commitments	328,437	-	(76,897)	(22,621)	(633)	8,334	211,769
Provision for other risks and charges	128,326	-	5,934	(3,784)	(2,613)	1,078	128,941
	474,227	-	(67,061)	(27,383)	(3,246)	5,722	357,408
	1,288,291	-	(108,787)	(89,667)	(3,872)	54,786	1,115,900

The provisions for the costs of employee benefits, in the periods ended December 31, 2019 and December 31, 2018 totalling €66,187 thousand and €59,028 thousand, respectively, included:

- €23,967 thousand for the healthcare plan and €32,112 thousand for the *Horizonte* plan and other redundancy agreements for 2019 and €10,108 thousand for voluntary redundancies, in 2019,

- €22,656 thousand for the healthcare plan, €29,327 thousand for the *Horizonte* plan and other redundancy agreements and €7,045 thousand for voluntary redundancies in 2018.

	31-12-2019	31-12-2018
Provisions recognised as employee costs:		
Healthcare – CGD (Note 34 and 35)	15,298	15,933
Labour suspension agreements and Plano Horizonte (Note 34 and 35)	32,112	29,327
Mutually agreed terminations (Note 34 and 35)	10,108	7,045
Other entities	1,309	1,896
	58,827	54,201
Provisions recognised by charges to reserves		
Actuarial and financial gain and loss (Note 35)	67,078	(4,962)
Transfer of BCA pension liabilities to the Cape Verdean State	(61,068)	-
Other (Note 35)	15,343	(175)
	80,180	49,064

Provisions for other risks and liabilities are for contingencies arising from the group's activity.

Provisions for legal contingencies comprise the group's best estimate of any amounts to be spent on their resolution, based on the legal department's own estimates and those of lawyers advising on specific cases.

Contingent liabilities and commitments

Contingent liabilities associated with banking activity are recognised in off-balance sheet accounts, as follows:

	31-12-2019	31-12-2018
Contingent liabilities		
Assets given as collateral	12,816,078	13,426,227
Guarantees and sureties	2,714,130	2,821,574
Open documentary credits	351,774	287,643
Stand by letters of credit	83,628	50,391
Other contingent liabilities	9,548	9,548
	15,975,158	16,595,383
Commitments		
Revocable commitments	8,045,427	7,948,168
Securities subscription	868,827	1,291,400
Irrevocable lines of credit	1,096,019	351,363
Term liabilities relating to annual contributions to the Deposit Guarantee Fund	155,553	155,553
Investor Compensation System	46,260	45,543
Other irrevocable commitments	61,320	12,997
Forward deposit agreements		
Receivable	16,455	140,006
To be created	255	117,336
Other	225,783	192,500
	10,515,900	10,254,865
Deposit and custody of securities	49,196,474	46,987,976

The composition of asset-backed guarantees is as follows:

	31-12-2019	31-12-2018
Debt Instruments		
Consigned resources		
EIB - European Investment Bank	1,130,000	1,662,500
Council of Europe Development Bank	15,000	17,500
Bank of Portugal (*)	11,487,215	11,467,376
Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E.	-	-
Deposit Guarantee Fund	157,740	157,740
Royal Bank of Scotland	-	-
Banco Português de Investimento	-	-
CECABANK	-	45,000
Interbank Deposit Market - MIC Market	-	50,000
Investor Compensation System (futures)	20,500	20,500
Euronext	5,000	5,000
Other Assets		
European Central Bank	-	-
Other	623	611
	12,816,078	13,426,227

(*) Includes the securities portfolio associated with liquidity-taking with the European Central Bank, as well as the securities given to the Bank of Portugal as collateral, in the scope of the "Daily Market Credit Agreement" in the amount of EUR 500 million and other interbank money market transactions.

Asset-backed guarantees at December 31, 2019 and December 31, 2018, refer to debt instruments recognised in assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, loans and advances to customers and debt securities accounts (note 22).

Asset-backed guarantees are not available for Caixa's free use in its operations and are recognised at their nominal value in off-balance sheet accounts.

The market value of debt instruments given as collateral, at December 31, 2019 and December 31, 2018 was €16,482,967 thousand and €15,698,771 thousand, respectively.

The market value of securities collateralising the group's term liabilities for its annual contributions to the deposit guarantee fund and the investors' indemnity system was €194,231 thousand and €197,147 thousand, at December 31, 2019 and December 31, 2018 respectively.

The object of the deposit guarantee fund is to guarantee customers' deposits in conformity with the limits defined by the general credit institutions regime. This takes the form of regular annual contributions. In past years a part of the liabilities took the form of an irrevocable commitment to make the contributions when requested by the fund, with the amount not being recognised as a cost. Commitments assumed since 1996 total €155,553 thousand. The group recognised liabilities of €1,617 thousand and €730 thousand, at December 31, 2019 and December 31, 2018 respectively for its annual contribution to the deposit guarantee fund.

Caixa Brasil, SGPS, S.A.

In 2009, CGD was notified by the Portuguese tax authorities of their inspection report for 2005 which found for an adjustment of €155,602 thousand to taxable income for the year. In addition to other situations, this amount included an adjustment of €135,592 thousand because Caixa had benefited from the elimination of double taxation on its share of Caixa Brasil SGPS, S.A.'s results in that period. Caixa contested these adjustments, considering that the procedure adopted was in compliance with the fiscal legislation in force. The Lisbon tax court issued a ruling, in 2014, included the rejection of the adjustments on the component allocated to the profit made on the liquidation of Caixa Brasil made by the tax and customs authority during the said year.

The contents of the ruling of the southern central administrative court made the decision, in the second instance, to revoke the ruling decreed in the first instance by the Lisbon tax court were announced in April 2015. In response to this ruling, Caixa decided to file for an appeal and review in first half 2015. Based on the arguments submitted, the appeal for a review was accepted on the basis of the legal framework governing the allegations made.

In December 2016, Caixa decided to apply for the exceptional fiscal debt and social security contributions settlement regime ("PERES" – special programme for the reduction of debt to the state), approved by decree law 67/2016 of November 3. An amount of €34,071 thousand in tax associated with the current legal action was settled in full at that time.

Caixa was notified of the ruling on its appeal for a review by the supreme administrative court, on May 31, 2017. The ruling accepted the arguments put forward and consequently ordered the procedural documents to be returned to the southern administrative central court which, in July 2018, in following up these recommendations, rejected the appeals filed by the tax authorities and upheld the ruling in the first instance of the Lisbon tax court in favour of Caixa.

In light of the fact that the decision was not contested and based on the above events, impairment on the risk of the non-recovery of the tax balance paid to the state under its PERES application and recognised in "Other assets", as declared in 2016, was fully reversed in 2018.

CGD was fully reimbursed in January 2020.

Competition authority

On June 3, 2015, in addition to fourteen other credit institutions, CGD was informed of the statement of objections raised against it by the competition authority, with performing certain practices, namely exchanging information with several other credit institutions which, the competition authority characterised as collusion with the aim of significantly distorting market competition.

Based on the requests submitted by several of these credit institutions, the initial period was extended on more than one occasion and has still not expired. CGD has, nevertheless, prepared its defence to comply with the initial period expiring on November 17, 2015.

On March 14, 2017, CGD was formally notified by the competition authority of its board of directors' resolution to lift the suspension concerning the offence with which it has been charged, although the suspension of the decision period on the statement of objections was retained. A new resolution passed by the competition authority's board of directors subsequently terminated suspension of the decision period, which ended on September 27, 2017. CGD submitted its defence on September 26, 2017, having requested complementary evidentiary hearings which took place on December 5 and 6, 2017. In June, July and October 2018 CGD replied to the competition authority's requests for additional information. In March 2019, CGD was notified of the resolution of the competition authority which extended the process's investigation period up to December 31, 2019.

CGD was notified of the unprecedented final decision of the competition authority on September 10, 2019 which levied a fine of €82,000 thousand (calculated, by law, on the basis of its business revenue in the credit segments in question). The other institutions involved in this process were also notified of similar decisions.

As opposed to the statements made in its decision, the AdC did not state the existence of price fixing, market share quotas or other types of combinations commonly known as a cartel in the mortgage lending sphere.

As stated by the competition authority itself, the issue at stake is an alleged "concerted practice involving an exchange of sensitive commercial information" that, according to the competition authority provided companies with information on the market strategies of their competitors or anticipated their conduct. This would facilitate the alignment of their respective market behaviour, preventing consumers from benefiting from a level of competition that would exist in the absence of such an interchange."

As stated by Caixa in its announcement of September 10, 2019, mortgage lending has always been the banking business area in Portugal with the largest number of competitors, with the periodic entry of new players and aggressive commercial proposals, both in terms of communication as in price, and always compared most competitively with most European markets.

The alleged violation translates what is referred to in competition law as "restriction of competition by object", i.e. unlawful conduct, depending upon its aptitude to produce anti-competitive effects, is not directly dependent thereon.

The competition authority's decision cannot therefore be interpreted as a conclusion regarding the existence of negative effects for consumers, which conclusion is, in any event, neither affirmed nor much less proved.

There is, in any event, nothing unlawful about the benchmarking exercises which effectively took place and which are recommended by good practice. Such exercises are fundamental for the improvement of the services provided and from which, in the last instance consumers, benefit.

On October 21, 2019, CGD filed an appeal decision with the court of competition, regulation and supervision, under Article 84.º of the Competition Law (Regime Jurídico da Concorrência), since it believes that several flaws and omissions undermine the AdC resolution, not only in the specifications of the ruling but also in the definition of the penalties.

Resolution fund

The resolution fund was created by decree law 31-A/2012 of February 10. It is funded by resources from the payment of contributions by the institutions participating in the fund and the banking sector contribution. Other sources of funding may also be used whenever such resources are shown to be insufficient to meet liabilities, namely: (i) special contributions from credit institutions; and (ii) amounts deriving from loans.

Application of resolution measure to Banco Espírito Santo, S.A.

On August 3, 2014, the board of trustees of the Bank of Portugal decided to apply a resolution measure to Banco Espírito Santo, S.A. (BES), pursuant to which most of BES's activity and assets were transferred to Novo Banco S.A., a new transitional banking institution created for the purpose and fully owned by the resolution fund.

Following the resolution measure, Novo Banco, S.A. was deemed to have capital requirements of €4,900,000 thousand to be paid up by the sole shareholder under the terms of the legislation in force. Considering that the resolution fund's own resources were insufficient for the operation at the said date, the capital was subscribed for on the basis of two loans:

- €3,900,000 thousand from the Portuguese state; and,
- €700,000 thousand from eight fund member institutions (of which €174,000 thousand from CGD).

In September 2015, the Bank of Portugal suspended the sales process on the resolution fund's investment in Novo Banco, initiated in 2014 and completed the process in progress without accepting any of the three binding proposals received, considering that their respective terms and conditions were not satisfactory. In its announcement of December 21, 2015, the Bank of Portugal disclosed information on the agreement reached with the European Commission, including providing for an extension to the period for the full disposal of the resolution fund's equity stake in Novo Banco.

On December 29, 2015 the Bank of Portugal announced the approval of a series of decisions to complete the resolution measure applied to BES. The Bank of Portugal decided to reassign liability for the non-subordinated bonds issued by it for institutional investors to BES. The nominal amount of the bonds reassigned to BES was €1,941,000 thousand, comprising a balance sheet carrying amount of €1,985,000 thousand. In addition to this measure, the Bank of Portugal also clarified that the resolution fund is responsible for neutralising any negative effects of future decisions resulting in liabilities or contingencies deriving from the resolution process, by compensating Novo Banco.

The disposal process on the resolution fund's equity stake in Novo Banco was re-launched in January 2016.

In July 2016, deriving from the completion of the independent assessment process on the level of recovery of loans in each category of BES creditors, in a hypothetical liquidation scenario in August 2014, as an alternative to the application of the resolution measure, the Bank of Portugal clarified that in the event of the closure or liquidation of BES its creditors whose loans had not been transferred to Novo Banco, S.A., would incur a greater loss than would otherwise have been the case and should be compensated for the difference by the resolution fund.

On August 4, 2016, the resolution fund communicated that it had changed the conditions of the loans obtained to fund the application of the resolution measure (both with a maximum maturity of August 4, 2016) which would now mature on December 31, 2017, without prejudice to early redemption or other changes being agreed.

On September 28, 2016, the resolution fund announced that it had reached an agreement with the ministry of finance on a review of the conditions attached to the loans obtained to fund the BES resolution measure. According to the resolution fund’s announcement, the agreed revision "would permit an extension of the maturity in order to guarantee the resolution fund’s capacity to fully comply with its obligations based on its regular revenue, notwithstanding any positive or negative contingencies to which the resolution fund was exposed.” On the same date, the office of the ministry of finance also announced that: “in the sphere of the agreement with the resolution fund and bases already established, any increases or reductions of liabilities deriving from any future contingencies, shall entail an adjustment to the maturity of the state’s and banks’ loans to the resolution fund, with the contributions required from the banking sector remaining at their current levels."

On March 21, 2017, the resolution fund announced the formalisation of the above contractual changes, including an extension of the maturity period to December 31, 2046. The objective behind the review of the loan conditions was to ensure the resolution fund’s sustainability and financial balance, based on stable, foreseeable, manageable costs for the banking sector.

On March 31, 2017, the Bank of Portugal selected Lone Star for the completion of the Novo Banco sales operation. This agreement required two capital increases, the first of which for €750,000 thousand in October of that year and the second of €250,000 thousand in December 2017.

The sale was preceded by an LME (liability management exercise) on 36 bond series with a book value of €3,000,000 thousand. The success of this operation translated into the purchase and redemption of bonds representing 73% of book value, with immediate proceeds of €209,700 thousand.

The sales process was followed by the creation of a contingent capital mechanism enabling Novo Banco to receive compensation of up to €3,890,000 thousand on the recognition of any losses on some of its assets under resolution fund management.

On October 18, 2017, the resolution fund complied with the operation’s final formalities in implementing the resolutions of the national resolution authority, with the Bank of Portugal, retaining a 25% equity stake in Novo Banco and Lone Star taking 75%. This operation increased Novo Banco’s share capital from €4,900,000 thousand to €5,900,000 thousand.

Following the completion of this operation, the transitional institutions regime ceased to be applied to Novo Banco, which initiated its normal operations, albeit subject to several measures limiting its activity as imposed by the European competition authority.

On March 28, 2018, following the bank’s announcement of its results for 2017, the contingent capitalisation mechanism, provided for in the agreements entered into at the time of sale was activated, requiring the resolution fund to pay €792,000 thousand to Novo Banco.

The above payment was made on May 24, 2018, following the issue of Novo Banco’s statutory audit certificate and completion of the necessary certification procedures, resulting in confirmation of the existence of the conditions requiring the payment to be made under the agreement, in addition to the exact amount to be paid by the resolution fund.

The resolution fund used its own financial resources from the contributions paid by the banking sector, complemented by a €430,000 thousand loan from the Portuguese state.

On July 6, 2018, the resolution fund, at a general meeting of Oitante, held on July 3, approved the submission of a proposal to the Bank of Portugal regarding the appointment of members of the company's board of directors for the term of office 2018-2020, owing to the term of the preceding mandate. A proposal to reappoint the members of the supervisory board of Oitante and the company's statutory auditor in addition to the members of the board of the general meeting was also submitted to the Bank of Portugal. Oitante's accounts for 2017, showing a profit of €30,100 thousand, were also approved at the same general meeting.

Novo Banco announced its results for 2018, on March 1, 2019. This resulted in the activation of the contingent capitalisation mechanism provided for in the agreements entered into in 2017, regarding the sale of the bank. According to the results announced by Novo Banco, an amount of €1,149,000 thousand was paid by the resolution fund in 2019.

The amount owed by the resolution fund in 2019 was paid following the statutory certification of the accounts of Novo Banco and following a verification procedure undertaken by an independent entity to confirm if the amount to be paid by the fund had been correctly assessed. The resolution fund used, for this purpose, as in 2018, its own available financial resources from the contributions paid by the banking sector and complemented by a loan from the Portuguese state with a maximum annual limit of €850,000 thousand.

Application of resolution measure to Banif - Banco Internacional do Funchal, S.A.

Following the Bank of Portugal's announcement of December 20, 2015, a decision was made to sell off the activity of Banif – Banco Internacional do Funchal, S.A. (Banif) and most of its assets and liabilities to Banco Santander Totta for €150,000 thousand. According to this announcement, the impositions of European institutions and the unfeasibility of the voluntary sale of Banif led to the disposal taking the form of a resolution measure.

Most of the unsold assets were transferred to Oitante, S.A. (Oitante) an asset management vehicle which was specifically created for the purpose, with the resolution fund as its sole shareholder. Oitante issued debt bonds all of which were acquired by Banco Santander Totta, with a guarantee having been issued by the resolution fund and counter guaranteed by the Portuguese state.

The operation involved a state loan of around €2,255,000 thousand to cover future contingencies of which €489,000 thousand from the resolution fund and €1,766,000 thousand directly from the Portuguese state, as a result of the options for the delimitation of the disposal perimeter on the assets and liabilities, as agreed between the Portuguese authorities, European instances and Banco Santander Totta.

On July 21, 2016, the resolution fund made a payment of €163,120 thousand to the state as a part early repayment of the resolution measures applied to Banif – Banco Internacional do Funchal, S.A. (Banif), enabling the debt to be reduced from €489,000 thousand to €353,000 thousand.

The amount not transferred to the single resolution fund will be paid by the institutions covered by the UMR (unique mechanism of resolution) regulation to the same single resolution fund across a period of eight years (ending 2024), as provided for in the Council's implementing resolution 2015/81(EU) of December 19, 2014.

On March 21, 2017, the resolution fund announced a change to the conditions of the loans obtained to fund the Banif resolution measure, similar to the funding of the BES resolution measure.

In light of the above developments: (i) as the resolution fund is unlikely to propose the creation of a special contribution to finance the above resolution measures, the probability of any special contribution being charged is therefore remote, and (ii) any resolution fund deficits are expected to be financed by periodic contributions under article 9 of decree law 24/2013 of February 19, which stipulates that the periodic contributions to the resolution fund should be paid by the participating institutions that are active on the last day of the month of April of the year to which the periodic contribution refers. Such contributions, in addition to the banking sector contribution, are recognised in costs for the period in accordance with IFRIC 21 – "Levies".

Any alterations to the application of the resolution fund's financing mechanisms may have a significant impact on CGD's future financial statements.

24. Other subordinated liabilities

This account comprises the following:

	31-12-2019	31-12-2018
Bonds	1,100,000	1,136,729
Interest payable	20,041	26,266
Deferred income net of charges	(3,583)	(3,174)
	1,116,458	1,159,821

On June 29, 2012, CGD issued €900,000 thousand in hybrid financial instruments eligible as core tier 1 own funds, fully subscribed for by the Portuguese state (as defined in ministerial order 8840-C/2012 of June 28, 2012). These bonds were convertible into shares in the following circumstances:

- CGD's full or part cancellation or suspension of the payment of interest on the hybrid financial instruments;
- A materially significant violation of the recapitalisation plan;
- CGD's failure to repurchase the full amount of the hybrid financial instruments up to the term of the investment period of five years;
- Exercising of the conversion right specified by the state in the issuance conditions; and,
- If the hybrid financial instruments cease to be eligible as core tier 1 own funds.

Following authorisation from the European Central Bank and the Bank of Portugal on December 6, 2016, in the sphere of the new recapitalisation process negotiated with the European authorities, Caixa Geral de Depósitos, S.A., received the hybrid financial instruments eligible as core tier 1 own funds (CoCo bonds), in the form of a capital increase in kind plus their corresponding accrued and unpaid interest up to January 4, 2017, as the date upon which the capital increase was realised.

Following this process, the European Commission also lifted the existing ban on the payment of discretionary coupons on subordinated debt. Caixa resumed payment of the respective coupons in first quarter 2017.

Caixa completed the last stage of the procedure agreed with the European institutions in first quarter 2018, through its issuance of €500,000 thousand in tier 2 subordinated debt (see introductory note).

The following is a summary of the principal issuance conditions:

Issuer	Bonds	Issuer	Bonds	Currency	Value of issue	Book value at 31-12-2019	Book value at 31-12-2018	Date of issue	Date of redemption	Interest rate/ payment	Early redemption clause
Caixa Geral de Depósitos	Fixed Rate Reset Callable Subordinated Notes	Caixa Geral de Depósitos	Step Up Switchable Subordinated Notes due May 2019	EUR	500,000	500,000	500,000	2018-06-28	2028-06-28	5.75%. Annual interest payment on 28 June.	In the payment date of the coupons as from 28 June, 2023.
Caixa Geral de Depósitos	Step Up Switchable Subordinated Notes due May 2019		Fixed Rate Reset Callable Subordinated Notes	EUR	538,552	-	536,729	2009-05-11	2019-05-13	12 month Euribor rate + 1.15%. If there is no early redemption, 12 month Euribor rate + 1.65%. Annual interest payment on 11 May.	With prior authorisation of the Bank of Portugal in the payment date of the coupons as from 11 May, 2014.
Caixa Geral de Depósitos	Lower Tier 2 due March 3, 2028	Caixa Geral de Depósitos	Lower Tier 2 due March 3, 2028	EUR	100,000	100,000	100,000	2008-03-03	2028-03-03	5.980%. Annual interest payment on 3 March.	N/A.
Caixa Geral de Depósitos	Senior Non-Preferred Fixed Rate Notes due 2024	Caixa Geral de Depósitos	Floating Rate Undated Subordinated Notes	EUR	500,000	500,000	-	2019-11-25	2024-11-25	1.25%. Annual interest payment on 25 November.	N/A.
CGD - Sucursal de França	Subordinated loans	CGD (France branch)	Subordinanted bonds BCI 2008-2018	EUR	350,000	-	44,885	2005-09-30	2005-09-30	3 month Euribor rate + 0.77%. If there is no early redemption, 3 month Euribor rate + 1.77%. Quarterly interest payment on 30 March, June, September and December.	With prior authorization from Banco de Portugal and requirements of the Cayman Islands, on the dividend payment dates, as of September 30, 2015.
CGD - Sucursal de França	Subordinated loans	CGD (France branch)	Bonds BI 2014	EUR	250,000	-	65,843	2004-06-28	2004-06-28	3 month Euribor rate + 0.80%. If there is no early redemption, 3 month Euribor rate + 1.80%. Quarterly interest payment on 28 March, June, September and December.	With prior authorization from Banco de Portugal and requirements of the Cayman Islands, on the dividend payment dates, as of June 28, 2014.

25. Other liabilities

This account comprises the following:

	31-12-2019	31-12-2018
Creditors		
Consigned resources	724,918	967,404
Resources - collateral account	65,636	31,906
Resources - subscription account	13,919	24,972
Resources - secured account	-	1,281
Suppliers of finance leasing assets	208,257	10,397
Creditors for factoring ceded	90,811	93,664
Caixa Geral de Aposentações	7,137	4,059
CGD's Pension Fund	222,165	129,593
Creditors for futures contracts	-	899
Creditors for transactions in securities	70	506
Creditors for sale of assets recovered as settlement of defaulting loans	11,270	24,663
Other suppliers	52,698	41,883
Other creditors	136,556	186,882
Other liabilities		
Notes in circulation - Macau (Note 17)	1,089,154	1,001,247
Withholding taxes	24,708	22,032
Social Security contributions	3,822	3,297
Other taxes payable	5,875	3,742
Collections on behalf of third parties	385	385
Other	9,362	5,433
Accrued costs	189,420	209,850
Deferred income	45,832	57,107
Liabilities pending settlement	753,496	899,442
Stock exchange operations	8,071	2,464
	3,663,564	3,723,106

The “Resources – surety account” account at December 31, 2019 and December 31, 2018 included €33,202 thousand and €28,905 thousand respectively relating to interest rates swap (IRS) contracts deposits made in CGD by several financial institutions.

The "Lending operations pending settlement" account at December 31, 2019 and December 31, 2018 included financial liabilities of €196,632 thousand and €519,715 thousand, respectively, to non-controlling interest investors in the unit trust investment funds included in CGD group's consolidation perimeter.

The "Costs payable" account at December 31, 2019 and December 31, 2018, included €35,041 thousand and €35,613 thousand for employees' seniority bonuses, respectively.

Amounts of €221,474 thousand and €129,212 thousand owed to CGD's pension fund at December 31, 2019 and 2018 were settled in February 2020 and March 2019, respectively (note 35).

The following is a summary of the conditions attached to the "Consigned resources" account, at December 31, 2019 and December 31, 2018:

DESIGNATION	COUNTERPARTY	Balances at 31-12-2019	Balances at 31-12-2018	Start date	Payment date
CGD Loan for SMES and other PRIO II	European Investment Bank	300,000	300,000	10-04-2015	06-04-2023
CGD Loan for SMES and other PRIO III - A	European Investment Bank	150,000	150,000	21-07-2017	21-07-2025
CGD Loan for SMES and other PRIO III - B	European Investment Bank	150,000	150,000	07-03-2018	06-03-2026
CGD Empréstimo Global XI	European Investment Bank	-	66,667	25-06-2003	15-06-2023
CGD Empréstimo Global X	European Investment Bank	-	53,333	21-11-2002	15-09-2022
Projeto Scut Açores	European Investment Bank	42,857	45,714	14-12-2007	15-09-2034
Mid-Cap I taxa revisível	European Investment Bank	29,268	38,563	29-11-2007	15-09-2022
CGD - Empréstimo Global XII - B	European Investment Bank	-	37,500	19-11-2004	13-09-2024
CGD - Empréstimo Global XIII	European Investment Bank	32,813	37,500	12-10-2006	15-09-2026
Projeto Tejo Energia CCGT	European Investment Bank	-	26,797	09-12-2009	15-09-2026
CGD Reabilitação Urbana	European Investment Bank	-	24,722	11-12-2003	15-12-2023
Hospital Braga	European Investment Bank	-	13,929	03-06-2009	09-06-2020
CEB - PARES	CEB - Council of Europe Development Bank	7,687	9,224	23-12-2009	23-12-2024
CEB - Educação	CEB - Council of Europe Development Bank	4,915	6,144	21-11-2008	21-11-2023
Operations carried out by Banco Comercial e de Investimentos, S.A.R.L.		7,342	7,265		
Other		36	46		
		724,918	967,404		

Interest on the "Consigned resources" account, at December 31, 2019 and December 31, 2018 was paid at an average annual rate of 0.804% and 0.636%, respectively.

26. Capital and other instruments

CGD's share capital, at December 31, 2019 and December 31, 2018, was totally owned by the Portuguese state, as follows (in euros):

	31-12-2019	31-12-2018
Number of shares	768,828,747	768,828,747
Unit price (Euros)	5	5
Share capital	3,844,143,735	3,844,143,735

As referred to in greater detail in the introductory note, the Portuguese state, under the March 2017 agreement with the European authorities as part of CGD's recapitalisation process, decided, on January 4, 2017, to perform the following operations:

a) An increase in CGD's share capital to €7,344,144 thousand, comprising the issuance of 288,828,747 ordinary shares with a nominal value of €5 each via the transfer in kind of 490,000,000 Parcaixa, SGPS, S.A. equity shares for the amount of €498,996 thousand and the transfer in kind of €900,000 thousand in CoCo bonds (note 22), plus respective accrued interest for the amount of €45,148 thousand; and,

b) A €6,000,000 thousand reduction in CGD's share capital through the extinguishment of 1,200,000,000 shares to cover negative retained earnings of €1,404,506 thousand and to set up free reserves for the amount of €4,595,494 thousand.

Subsequently, on March 30, 2017, the state issued a resolution to undertake a new capital increase of €2,500,000 thousand, through the issuance of 500,000,000 new ordinary shares with a nominal value of €5 each, fully subscribed for by the sole shareholder.

Caixa issued €500,000 thousand in additional tier 1 shares, fully subscribed for by private professional investors on the same date. Interest of 10.75% is paid on this issuance.

27. Reserves, retained earnings and profit attributable to CGD's shareholder

Reserves and retained earnings, at December 31, 2019 and December 31, 2018, were as follows:

	31-12-2019	31-12-2018
Revaluation reserves		
Legal revaluation reserve of fixed assets	110,425	110,425
Fair value reserve, net of deferred tax		
Financial assets at fair value trough other comprehensive income (Note 8)	169,042	136,183
Assets with repurchase agreement	(148)	3,742
Other revaluation reserves	1,939	7,142
	281,259	257,492
Other reserves and retained earnings		
- Legal reserve - CGD	72,488	4,928
- Special reserve associated with the special regime applicable to deferred tax assets (Note 15)	681,571	-
- Other reserves	3,639,164	4,357,270
- Retained earnings	(1,464,456)	(1,507,207)
	2,928,767	2,854,992
Net income attributable to the shareholder of CGD	775,928	495,776
	3,985,954	3,608,259

As stated in Note 18, following the requirements of Law n.º 61/2014, the procedures for the conversion of deferred tax assets in a tax credit following the loss recognized in its financial statements by CGD in 2016 were concluded during 2019. The converted tax assets amounted to €420,575 thousand.

The conversion was preceded by the allocation of a Special Reserve of €681,571 thousand, which corresponds to the amount of the converted tax asset increased by 10%, and adjusted by the specifications of article 11º, n.º 3, of Law n.º 61/2014. The Special Reserve was complemented by the issue to the Portuguese State of conversion rights of the same amount.

The Special reserve is recorded in the "Other reserves" caption.

The "Fair value reserve" recognises unrealised capital gains and losses on debt instruments measured at fair value through other income.

The currency translation reserve, which recognises the effect of the translation of subsidiaries' financial statements in foreign currency, is included in "Other reserves".

The legal revaluation reserves on fixed assets may only be used to cover accumulated losses or increase capital. For this reason, CGD's non-distributable reserves totalled €110,425 thousand in compliance with the following legislation:

Tangible fixed assets	
Decree-Law nº 219/82, of June 2	1,752
Decree-Law nº 399 - G/84, of December 28	1,219
Decree-Law nº 118 - B/86, of May 27	2,304
Decree-Law nº 111/88, of April 2	8,974
Decree-Law nº 49/91, of January 25	22,880
Decree-Law nº 264/92, of November 24	24,228
Decree-Law nº 31/98, of February 11	48,345
Financial fixed assets	723
	110,425

The net contribution to CGD's consolidated results made by branches and subsidiaries, at December 31, 2019 and December 31, 2018 was as follows:

	31-12-2019	*Proform* 31-12-2018
Caixa Geral de Depósitos, S.A.		
Caixa Geral de Depósitos	442,025	205,942
France Branch	20,136	16,179
East Timor Branch	5,122	3,393
Luxembourg Branch	1,503	(2,864)
Spain Branch	2,391	(8,403)
New York Branch	-	(1,203)
Zhuhai Branch	-	(1,651)
	471,177	211,394

	31-12-2019	*Proform* 31-12-2018
Contribution to net income from subsidiaries:		
Banco Nacional Ultramarino, S.A.	68,714	61,517
Caixa Seguros e Saúde, SGPS, S.A.	-	37,625
Caixa Banco de Investimento, S.A. (a)	14,829	36,433
Banco Comercial e de Investimentos, S.A.	34,451	35,758
Banco Caixa Geral, S.A.	8,744	26,453
Partang, SGPS	(3,345)	(17,803)
Mercantile Bank Holdings, Ltd.	13,230	16,081
Banco Caixa Geral Angola, S.A.	20,048	15,445
Fundo de Capital de Risco Caixa Fundos	6,258	11,161
Fundimo - Fundo de Investimento Imobiliário Aberto	6,697	10,575
Fundiestamo - Fundo de Investimento Imobiliário Fechado	10,088	8,457
Parcaixa, SGPS, S.A.	-	7,378
Caixa Gestão de Ativos - Soc. Gestora de Fundos de Investimento, S.A.	7,319	4,642
Banco Comercial do Atlântico, S.A.	8,957	4,031
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	2,536	3,051
Caixa Leasing e Factoring – SFC, S.A.	25,908	2,967
Caixagest Infra-Estruturas - Fundo Especial de Investimento	1,588	2,491
Banco Interatlântico	1,979	1,887
Ibéria - Fundo Especial de Investimento Imobiliário Fechado	5,644	(1,779)
Banco Caixa Geral Brasil, S.A.	995	1,683
CGD Pensões, S.A.	2,906	1,666
CGD Investimentos CVC, S.A.	674	1,546
Fundo Investimento Imobiliário Fechado para Arrendamento Habitacional - Caixa Arrendamento	1,208	(1,450)
Fundo de Capital de Risco Caixa Crescimento	(1,838)	(1,348)
Caixa Imobiliário - Fundo Investimento Imobiliário Fechado para Arrendamento Habitacional	78	1,223
Inmobiliaria Caixa Geral, S.A.U.	(1,760)	1,155
Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	-	1,067
Caixa Imobiliário, S.A.	4,139	984
Beirafundo - Fundo de Investimento Imobiliário Fechado	14,002	(810)
Fundolis - Fundo de Investimento Imobiliário Fechado	(774)	(743)
Caixagest Estratégias Alternativas - Fundo Especial Investimento Aberto	(9)	(614)
Cibergradual, Investimento Imobiliário, S.A.	-	(507)
Fundo de Capital de Risco – Grupo CGD - Caixa Capital	5,305	(470)
Imocaixa - Gestão Imobiliária, S.A.	-	338
Parbanca, SGPS, S.A.	491	178
Caixagest Private Equity - Fundo Especial de Investimento	278	(132)
Imobci, Lda.	(105)	130
Fundo de Capital de Risco Empreender Mais	1,603	43
Fundo de Investimento Imobiliário de Arrendamento Habitacional - Cidades de Portugal	330	(5)
Other	659	(36)
	261,827	270,268
Associates and jointly controlled entities:	42,924	14,114
Consolidated net income attributable to the shareholder of CGD	775,928	495,776

(a) Data taken from the consolidated financial statements.

These amounts were assessed prior to the elimination of the intragroup operations performed in the consolidation process.

Several initiatives were defined to rationalise the group's international presence under the commitments agreed for CGD's recapitalisation between the Portuguese state and the competent European authorities. To pursue these objectives, Caixa closed down its financial activities in its New York and Zhuhai branches. Caixa continued to implement this process in 2019 with the sale of Banco Caixa Geral, S.A. and Mercantile Bank Holdings, S.A.

Appropriation of results for the period

2018

A resolution was passed at the general meeting of shareholders of May 31, 2019, to pay in the amount of 20% of separate net profit of €67,560 thousand into the legal reserve, include €70,238 thousand in the "Other reserves and retained earnings" account and make a dividend payment of €200,000 thousand. The respective approval of the competent supervisory entities, under European and domestic legislation in force was obtained.

2017

A resolution was passed at the general meeting of shareholders, held in May 2018, to include the amount of €24,642 thousand in profit made in 2017 in the "Other reserves and retained earnings" balance sheet account.

28. Non-controlling interests

Third party investments in subsidiaries are distributed among the following entities:

	31-12-2019	31-12-2018
Banco Comercial e de Investimentos, S.A.	100,423	84,287
Banco Caixa Geral Angola, S.A.	69,037	92,818
Fundiestamo - Fundo de Investimento Imobiliário Fechado	35,302	33,785
Banco Comercial do Atlântico, S.A.	21,692	16,105
Banco Interatlântico, S.A.R.L.	6,525	5,630
A Promotora - Sociedade de Capital de Risco, S.A.R.L.	1,971	1,540
Banco Caixa Geral, S.A.	-	1,149
Caixa – Banco de Investimento, S.A.	869	907
Caixa Geral Finance	-	96,245
Other	90	576
	235,909	333,042

Caixa Geral Finance was founded in 2004 as a wholly owned Caixa Geral de Depósitos, SA (CGD) subsidiary with the principal objective of issuing shares eligible as tier 1 preference shares. During the course of its activity the group repurchased the preference shares issued by Caixa Geral Finance.

CGD obtained the respective authorisation from the European Central Bank (ECB) on its request to repurchase its two tier 1 issuances made in June 2018, having exercised its early redemption option on these two issuances. After having exercised the early redemption options on the two tier 1 issuances, CGD's executive committee, on January 30, 2019, decided to close down the activity of Caixa Geral Finance, having repurchased the shares and applied for the company's dissolution. This was concluded on September 30, 2019.

Information on the amount of consolidated profit attributable to non-controlling interests for the periods ended December 31, 2019 and December 31, 2018 is set out below:

		Proform
	31-12-2019	31-12-2018
Banco Comercial e de Investimentos, S.A.R.L.	20,186	20,952
Banco Comercial do Atlântico, S.A.R.L.	6,435	2,896
Banco Caixa Geral Angola, S.A.	19,226	14,839
Fundiestamo - Fundo de Investimento Imobiliário Fechado	2,832	2,374
Banco Interatlântico, S.A.R.L.	856	809
Caixa Geral Finance	-	1,633
Other	369	285
	49,904	43,788

(a) Includes the activity of Caixa Leasing e Factoring – IFIC, S.A.

29. Interest and income and interest and similar costs

These accounts are made up as follows:

	31-12-2019	*Proform* 31-12-2018
Interest and similar income		
Interest on loans and advances to domestic credit institutions	2,295	404
Interest on loans and advances to foreign credit institutions	63,209	65,747
Interest on domestic credit	555,049	603,450
Interest on foreign credit	424,129	425,571
Interest on overdue credit	39,521	55,674
Interest on financial assets held-for-trade		
- Derivatives	320,250	390,821
- Securities	9,381	903
Interest on financial assets at fair value through profit or loss	4,428	1,464
Interest on financial assets at fair value through other comprehensive income	136,016	187,405
Interest on hedging derivatives	1,247	1,151
Interest on hedging derivatives	1,133	-
Interest on debtors and other investments	2,648	4,964
Interest on cash equivalents	3,416	2,866
Interest on other loans and other amounts receivable	100,717	135,416
Other interest and similar income	50	1,025
Commissions received relating to amortised cost	112,546	134,845
Other	52,054	29,676
	1,828,091	2,041,382
Interest and similar costs		
Interest on deposits of		
- Central and local government	14	22
- Other residents	35,867	74,054
- Emigrants	6,979	8,974
- Other non-residents	151,504	183,766
- Fixed rate products - insurance	-	-
- Other	-	-
Interest on resources of foreign credit institutions	28,653	32,957
Interest on resources of domestic credit institutions	15,304	18,944
Interest on swaps	319,857	395,288
Interest on other trading liabilities	7,667	7,513
Interest on unsubordinated debt securities	56,540	78,227
Interest on hedging derivatives	(93)	(75)
Interest on subordinated liabilities	38,247	33,754
Other interest and similar costs	18,584	13,029
Commissions paid relating to amortised cost	16,910	11,814
Other	-	-
	696,033	858,267

30. Income from equity instruments

This account comprises the following:

	31-12-2019	*Proform* 31-12-2018
Income received from investment funds	30,569	15,328
Other	927	1,500
	31,496	16,828

31. Income and costs of services and commissions

These accounts are made up as follows:

	31-12-2019	*Proform* 31-12-2018
Income from services rendered and commissions:		
On guarantees provided	40,857	41,128
On commitments to third parties	8,628	11,411
On operations on financial instruments	788	697
On services provided		
Deposit and safekeeping of valuables	23,863	24,082
Collection of valuables	7,061	6,867
Management of securities	14,379	17,323
Collective investment in transferable securities	46,802	32,161
Transfer of valuables	18,059	15,950
Cards management	17,623	14,752
Annuities	38,753	51,718
Structured Operations	219	747
Credit operations	37,214	35,204
Other services rendered	231,220	211,323
On operations carried out on behalf of third parties	4,997	8,111
Other commissions received	139,887	132,402
	630,352	603,876
Cost of services and commissions:		
On guarantees received	142	388
On operations on financial instruments	205	169
On banking servicers rendered by third parties	110,402	106,653
On operations carried out by third parties	5,474	3,726
Other commissiond paid	12,227	12,850
	128,449	123,787

32. Income from financial operations

These accounts are made up as follows:

	31-12-2019	*Proform* 31-12-2018
Result from foreign exchange operations:		
Revaluation of foreign exchange position	108,447	39,379
Results from currency derivatives	(17,142)	25,573
	91,305	64,952
Result from financial assets and liabilities held-for-trading:		
Securities:		
Debt instruments	2,538	2,844
Equity instruments	2,383	(1,233)
	4,921	1,611
Derivatives:		
Interest rate	(150,152)	(47,068)
Equity	(746)	2,781
Other	10,357	196
	(140,541)	(44,090)
	(135,620)	(42,479)
Result from other financial assets at fair value through profit or loss:		
Debt instruments	(12)	10
Equity instruments	25,806	28,529
Other securities	(22,927)	23,259
Loans and other amounts receivable	1,764	(2,293)
	4,630	49,504
Result from financial assets at fair value through other comprehensive income :		
Debt instruments	160,513	21,631
	160,513	21,631
Result of hedging operations:		
Hedging derivatives	742	(1,980)
Value adjustments of hedged assets and liabilities	(2,183)	(927)
	(1,442)	(2,906)
Other		
Net monetary loss (IAS 29)	(9,576)	(32,256)
Other	(27,282)	(28,248)
	(36,857)	(60,504)
	82,529	30,197

The "Other" account, at December 31, 2019 and December 31, 2018, included losses of €26,103 thousand and €26,687 thousand, respectively, on income with minority investors in the investment funds included in CGD group's consolidation perimeter.

33. Other operating income

These accounts are made up as follows:

	31-12-2019	*Proform* 31-12-2018
Other operating income:		
Rendering of services	23,293	24,020
Expense reimbursement	8,096	7,142
Gains on subsidiaries and jointly controlled entities	4,833	-
Lease income under operating lease agreements	41,363	51,652
Gains on non-financial assets:		
- Non-current assets held-for-sale	103,453	55,901
- Other tangible assets	797	313
- Investment property	54,406	54,807
- Other	885	837
Secondment of employees to Caixa Geral de Aposentações	815	210
Sale of cheques	5,397	6,758
Other	35,057	52,521
	278,393	254,159
Other operating costs:		
Donations and subscriptions	8,517	9,094
Losses on non-financial assets:	2,125	-
Losses on non-financial assets:		
- Non-current assets held-for-sale	11,461	10,416
- Other tangible assets	14,988	28,046
- Investment property	16,764	47,089
- Other	2	44
Other taxes	20,069	27,318
Contribution to the Deposit Guarantee Fund	1,617	730
Contribution to the Resolution Fund	31,285	36,984
Administrative expenditure under the Single Resolution Board	515	732
Fines and penalties	1,016	2,059
Other	33,973	43,941
	142,333	206,453
	136,060	47,707

The resolution fund, created by decree law 31-A/2012 of February 10, introduced a resolution regime under the general credit institutions and financial corporations' regime, approved by decree law 298/92 of December 31.

The measures provided for in the new regime have been designed, as appropriate, to recover or prepare the orderly liquidation of credit institutions and certain investment companies in financial distress. They comprise three Bank of Portugal intervention stages, in the form of corrective intervention, provisional administration and resolution.

The resolution fund's principal mission is to provide financial support to the application of the resolution mechanisms adopted by the Bank of Portugal.

The transposition of the bank recovery and resolution directive (directive 2014/59/EU) into domestic legislation introduced a common European Union resolution regime providing for the internalising of losses on the bankruptcy processes of banking institutions by their shareholders and creditors. It will be financed by mandatory contributions to the single resolution fund.

The group contributed €22,629 thousand and €29,640 thousand to the single European resolution fund in 2019 and 2018, respectively of which €18,831 thousand and €24,046 thousand, respectively, in cash and €3,323 thousand €4,243 thousand, respectively, in the form of an irrevocable commitment comprising a surety for the said purpose (note 19).

The group’s periodic contribution to the domestic resolution fund at December 31, 2019 and December 31, 2018 totalled €11,970 thousand and €11,588 thousand, respectively.

During 2019, the caption “Gains with subsidiaries and joint ventures” includes €78,715 thousand related to the sale of Mercantile Banks Holding.

During 2019, the caption “Gains with non-financial assets – assets held-for-sale”” includes €50,012 thousand related to the sale proceeds of a property located in Rua do Ouro.

34. Employee costs and average number of employees

This account comprises the following:

	31-12-2019	*Proform* 31-12-2018
Remuneration of management and supervisory bodies	11,888	15,072
Remuneration of employees	380,892	410,548
Provision for suspension of labour agreements (Note 23)	32,112	29,327
Pre-retirement program	-	-
Mutually agreed terminations (Note 23)	10,108	7,045
	435,000	461,992
Other charges relating to remunerations	30,554	30,056
Healthcare - CGD		
- Normal cost (Note 23)	15,298	15,933
- Contributions relating to current employees	12,969	15,412
Pension Liabilities - CGD		
- Normal cost	61,995	63,395
- Retirements before the normal retirement age	8,280	5,400
- Gains associated with termination by mutual agreement	(9,235)	(8,407)
Other pension costs	735	674
Other mandatory social charges	8,535	8,521
	129,131	130,984
Other employee costs	19,242	16,805
	583,373	609,781

A staff adjustment programme was created following the approval of CGD's restructuring plan, providing for a substantial reduction of operating costs with an adjustment to CGD's structure and resources to the current and future size of its business. The programme was based on retirements, early retirements and voluntary redundancies in the group's domestic perimeter across the period 2018-2020.

Pursuant to the above, CGD recognised an overall amount of €40,392 thousand in employee costs, in 2019 of which €32,112 thousand was associated with the provision for early retirements and voluntary redundancy agreements (around €22,947 thousand deriving from a reclassification of costs associated with the PPR2020 early retirement programme − 2019) with the remainder referring to an additional €8,280 thousand recognised in the "Early retirement" component of the "Pensions liabilities'' caption. A net loss of €873 thousand was also recognised in employee costs owing to the combination of the costs of around €10,108 thousand incurred on voluntary redundancies and profit of around €9,235 thousand associated with this agreement.

The average number of employees in Caixa and its subsidiaries, for the periods ended December 31, 2019 and December 31, 2018 by type of function, was as follows:

	31-12-2019	31-12-2018
Senior management	491	506
Management	2,599	2,704
Technical staff	5,002	5,100
Administrative staff	5,301	5,551
Auxiliary	213	431
	13,606	14,293
Number of employees at the end of the period	12,348	14,000

These numbers, at December 31, 2019 and December 31, 2018 did not include the employees of the Caixa Geral de Aposentações support department (229 and 218 respectively), employees assigned to CGD's social services (27) and employees in other situations i.e. secondments or extended absences (132 and 149 respectively).

35. Retirement pensions and other long term benefits

<u>Retirement pensions and post-retirement death grants:</u>

<u>Liabilities to CGD employees</u>

Under article 39 of decree law 48.953 of April 5, 1969 and decree law 161/92 of August 1, CGD is responsible for the payment of employees' retirement pensions for sickness, disability or old age and the survivors' pensions of employees hired after January 1, 1992. Caixa Geral de Aposentações ("CGA") was responsible for the survivors' pensions of employees engaged prior to January 1, 1992. These employees paid 2.5% of their remuneration to CGA, for this purpose.

In conformity with the vertical collective wage bargaining negotiations in force in the banking sector, the former BNU had also undertaken to make cash payments to its employees for their early retirement and old age, disability and survivors' pensions. These payments comprised an increasing percentage in line with the number of years' service, applied to wage scales, negotiated annually with banking employees' unions. Pension liabilities for BNU employees were transferred to CGD in 2001, following BNU's incorporation into CGD. Former BNU employees, still active at the date of the merger, were therefore included in the pension and benefits plan in force in CGD. The pension plan in force at the date of the respective retirements continued to be applied to BNU retirees and pensioners at the date of the merger.

With reference to November 30, 2004 all retirement pension liabilities for Caixa staff, for their length of service up to December 31, 2000, under decree laws 240-A/2004 of December 29 and 241-A/2004 of December 30, were transferred to CGA with reference to November 30, 2004. The transfer included the liability for death grants after the standard retirement age, relative to the length of service.

Caixa's pension liabilities, at December 31, 2017, therefore comprised the following:

1. Liabilities for the services of active employees, after December 31, 2000;
2. Part share of liabilities on the length of service provided in the period, for employees retiring between January 1, 2001 and December 31, 2017;
3. Liabilities for the retirement and respective survivors' pensions of BNU employees already being paid at the date of the merger; and
4. Liabilities for death grants for the length of service provided after December 31, 2000.

Pension payments are based on employees' length of service and their respective remuneration upon their retirement date and are revised on the basis of the remuneration in force for active employees.

CGD's pension plan does not apply to current employees who were hired by CGD after January 1, 2006. Caixa makes the necessary payments to cover its pensions liabilities, for which it set up a pension fund, in December 1991. Caixa's employees pay the following percentages of their remuneration into the pension fund:

- Employees hired before January 1, 1992 - 7.5%
- Employees hired after January 1, 1992 - 11.0%

The latter's contribution is fully paid into the pension fund given that it is responsible for the respective survivors' pensions regime.

The transfer of liabilities to CGA required the transfer of an equivalent amount in assets from the pension fund.

The liability for defined benefit plans recognised in the balance sheet comprises the difference between the present value of liabilities and fair value of pension fund assets. Total liabilities are calculated annually by specialised actuaries, using the unit projected credit method and appropriate actuarial assumptions. The rate used for liabilities discounting procedures is based on market interest rates on investment grade corporate bonds denominated in the currencies in which the liabilities are paid and with similar periods to maturity to the average settlement period on liabilities.

Profit and loss on differences between the actuarial and financial assumptions used and the effective amounts of liabilities and the pension fund's expected yield, as well as the income on changes to actuarial assumptions are recognised directly in a shareholders' equity account.

The annual cost of retirement and survivors' pensions, including current servicing and interest costs, net of the expected yield, comprises the net amount of the "Employee costs" account.

The impact of employees' early retirements, as defined in the actuarial study, is directly recognised in "Employee costs".

Assessment of liabilities for retirement pensions and post-retirement death grants.

Actuarial studies on the assessment of liabilities for the current payment of retirement pensions and past services of active employees, at December 31, 2019 and December 31, 2018, have been carried out by specialised entities.

The following assumptions and technical bases were used:

	31-12-2019	31-12-2018
Actuarial method	Projected Unit Credit	Projected Unit Credit
Mortality table		
. Men	TV 88/90	TV 73/77 (-2 year)
. Women	TV 88/90 (-3 year)	TV 88/90 (-2 year)
Disability table	EKV 80	EKV 80
Discount rate	1.400%	2.075%
Salary growth rate	1% on 2020 and 0.75% on following years	1%
Pension growth rate	0.5% on 2020 and 0.4% on following years	0.50%
Retirement age	36 years of service with at least 60 years of age, with a maximum of 70 years of age. There is also the possibility of retirement at 59 years of age with 39 years of service or 58 years of age with 42 years of service.	36 years of service with at least 60 years of age, with a maximum of 70 years of age. There is also the possibility of retirement at 59 years of age with 39 years of service or 58 years of age with 42 years of service.

The studies carried out in 2018 and 2017, considered that the standard retirement age would be 36 years of service and an age of at least 60 with a maximum age limit of 70. There is also the possibility of retiring at the age of 59 with 39 years' service or 58 with 42 years' service.

As defined under IAS 19 – "Employee benefits", the discount rate is assessed on the basis of market rates on low risk bonds, with a similar maturity to Caixa's liabilities (19 years). The economic environment and sovereign debt crisis, essentially in southern Europe, implied significant instability in eurozone debt markets and a consequently very large drop in market yields on the debt of the companies with the best ratings, as well as a reduction of the available bonds basket. To reflect these circumstances and maintain the representativeness of the discount rate, at December 31, 2018 and 2017, Caixa's assessment incorporated information on yields which can be obtained on bonds issued by eurozone entities considered to be of high quality in terms of their credit risk.

During the course of 2019, CGD changed the discount rate from 2.075% to 1.4%, changed the men's mortality rate table from TV 73/77 to TV 88/90, changed the women's mortality rate table from TV 88/90 (-2 years) to TV 88/90 (-3 years), changed the rate of wage growth for 2021 and following years from 1.0% to 0.75% and changed the growth rate of pensions for 2021 and following years from 0.5% to 0.4%.

A comparison between the actuarial and financial assumptions used to assess CGD's pension costs, for 2019 and 2018 and effective amounts is set out in the following table:

	31-12-2019		31-12-2018	
	Assumption	Real	Assumption	Real
Rate of return of fund asset	1.400%	6.530%	2.075%	-2.200%
Salary growth rate	1.000%	1.080%	1.000%	2.060%
Pension growth rate	0.500%	0.000%	0.500%	0.000%

Wage growth, in 2017, is related to the restoring of the conditions defined in the company agreement under which merit and seniority-based promotions are mandatory as well as the resumption of merit-based promotions.

Mandatory, seniority-based promotions and continuity payment projections are autonomously and directly considered in the estimate of the evolution of wages and are not considered in wage growth assumptions. The wage growth rate based on continuity payments was 0.34% at December 31, 2019 and December 31, 2018, respectively.

Wage growth assumptions reflect other changes in remuneration in the form of increases in wage scales and merit-based promotions.

Liabilities for the group's past services in accordance with the actuarial studies and the funds and provisions available for their cover, at December 31, 2019 and December 31, 2018, were:

	31-12-2019			31-12-2018		
	CGD	Other	Total	CGD	Other	Total
Past service liability:						
Current employees	1,665,036	6,778	1,671,814	1,438,361	26,422	1,464,783
Retired and early retired employees	1,561,012	1,186	1,562,198	1,301,692	27,614	1,329,306
	3,226,048	7,964	3,234,012	2,740,053	54,036	2,794,089
Autonomous pension funds	3,004,575	1,061	3,005,636	2,611,946	947	2,612,893
Extraordinary contribution - Liability	221,474	-	221,474	129,212	-	129,212
Provision for pensions and similar charges	-	6,904	6,904	-	53,109	53,109
	3,226,049	7,966	3,234,015	2,741,158	54,056	2,795,214
Difference	1	2	3	1,105	20	1,125
Funding level	100.00%	100.02%	100.00%	100.04%	100.04%	100.04%

The Bank of Portugal's *notice* 4/2005 of February 28, sets out an obligation to fully finance liabilities for retirees and pre-retirees with a minimum financing level of 95% on liabilities for the past services of active employees.

At December 31, 2019, the pension fund was worth €3,004,575 thousand based on the assessment of its management company. Caixa assessed the need for an extraordinary contribution of €221,474 thousand to fully fund its liabilities to retirees and pre-retirees, in addition to funding its liabilities for the past services of its active employees, paid into the pension fund in February 2020. The sum of the fund's worth, calculated by the management company plus the extraordinary contribution represents 100% funding of total liabilities.

CGD had €221,474 thousand in liabilities related to past services (note 25) at December 31, 2019.

CGD's assets covered liabilities for past services of €1,105 thousand at December 31, 2018 (note 19), originating from its surplus funding of pension plan liabilities.

The sensitivity analysis on a change of the principal actuarial assumptions applied to the period covered by the actuarial analysis, at December 31, 2019, would lead to the following impacts on the present value of liabilities for past services.

	%	Value
Change in discount rate		
Increase of 0,25%	(4.54%)	(146,435)
Decrease of 0,25%	4.86%	156,646
Change in salary growth rate		
Increase of 0,25%	1.06%	34,290
Decrease of 0,25%	(1.03%)	(33,316)
Change in pension growth rate		
Increase of 0,25%	3.22%	104,032
Decrease of 0,25%	(3.08%)	(99,327)
Change in mortality table		
Increase of 1 year in life expectancy	3.40%	109,626

Liabilities for the future services of active CGD employees, at December 31, 2019 and December 31, 2018 totalled €1,006,599 and €941,280 thousand, respectively.

At December 31, 2019 and December 31, 2018, the provisions for pensions and similar costs of “Other entities”, included €15,907 thousand and €12,713 thousand to cover healthcare costs and other post-employment benefits respectively.

Information on the number of beneficiaries, in 2019 and 2018, was as follows:

	31-12-2019	31-12-2018
Current employees	5,020	5,471
Retired and early retired employees	8,868	8,484
	13,888	13,955

Pension funds and pension provisions and similar costs movements, in 2019 and 2018, were:

	CGD	Other	Total
Balances at December 31, 2017	2,650,808	47,649	2,698,457
Contributions paid			
Regular contributions			
By employees	20,294	147	20,441
By the entity	61,709	249	61,958
Change in provisions for pensions and similar charges	-	8,473	8,473
Pensions paid	(62,451)	(3,026)	(65,477)
Net income of the pension fund	(58,414)	(20)	(58,434)
Other changes	0	583	583
Extraordinary contribution	129,212	-	129,212
Balances at December 31, 2018	2,741,158	54,056	2,795,214
Contributions paid			
Regular contributions			
By employees	19,323	126	19,449
By the entity	57,983	294	58,277
Outstanding contributions	208,876	-	208,876
Change in provisions for pensions and similar charges		10,920	10,920
Change in mathematical provisions			-
Pensions paid	(67,904)	(2,448)	(70,352)
Net income of the pension fund	174,352	95	174,447
Other changes	-	5,991	5,991
Effect of cuts or liquidations - Transfer of BCA's liabilities to the Cape Verdean State		(61,068)	(61,068)
Payment of Extraordinary contribution - Liability of previous year	(129,212)	-	(129,212)
Balances at December 31, 2019	3,004,575	7,966	3,012,541
Extraordinary contribution	221,474	-	221,474
Balances including extraordinary contribution	3,226,049	7,966	3,234,015

The estimated contribution to be made by Caixa's workers in 2020 is €19,516 thousand. An amount of €68,420 thousand is payable by Caixa.

CGD's pension fund, at December 31, 2019 and December 31, 2018 was managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A.

The component parts of Caixa employees' pension fund, at December 31, 2019 and December 31, 2018 were as follows:

	31-12-2019	31-12-2018
Equity investments presented by activity sector:		
Consumer industry	26,774	35,159
Manufacturing industry	65,434	43,669
Financial institutions	25,016	25,451
Health Care	523	10,035
Energy	20,276	15,981
Telecoms	12,092	13,548
subtotal	150,114	143,842
Debt investments presented by issuer' credit rating:		
AAA	17,196	318,035
AA	792,554	125,652
A	161,417	220,379
BBB	234,067	559,229
Not rated	84,608	4,976
subtotal	1,289,843	1,228,272
Equity instrument funds	774,610	590,341
Deposits in credit institutions	333,051	249,510
Real Estate	411,553	393,486
Others	45,404	6,495
Balances at the end of the year	3,004,574	2,611,946
Extraordinary contribution - liability	221,474	129,212
Balances including extraordinary contribution	3,226,048	2,741,158

At December 31, 2019, CGD's pension fund, as calculated by CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A. was worth €3,004,575 thousand.

The following is an analysis of shares and bonds at December 31, 2019 and December 31, 2018:

	31-12-2019	31-12-2018
Portuguese shares	74,799	68,993
Listed	100.00%	100.00%
Foreign shares	75,316	74,849
Listed	100.00%	100.00%
Fixed rate bonds	872,883	787,985
Listed	100.00%	100.00%
Floating rate bonds	416,961	440,287
Listed	100.00%	100.00%

CGD's pension fund rented out buildings to Caixa Geral de Depósitos for €320,949 thousand and €320,055 thousand, at December 31, 2019 and December 31, 2018, respectively in addition to holding securities, issued by Caixa Geral de Depósitos and investment units in funds managed by CGD group companies of €438,543 thousand and €246,457 thousand, respectively.

CGD's pension fund had deposits of €333,051 thousand and €249,510 thousand with Caixa Geral de Depósitos, at December 31, 2019 and December 31, 2018, respectively.

The fund's assets are subject to interest rate, credit, equity market, property market, liquidity and foreign exchange risk.

The fund's investment policy involves exposure to the equities, bonds and property market as well as alternative investments such as private equity and infrastructure funds.

The investment policy implemented by the fund aims to mitigate a part of interest rate and inflation risks. This protection takes the form of allocating investments to long term, variable-rate bonds in order to provide part protection from oscillations in the financial market's yield curve over the long term.

The fund may use futures and options on share indices and forward exchange rates to mitigate market and foreign exchange risks.

The economic environment over the last few years, allied with the scarcity of alternative, longer term maturity investments, has not enabled different asset categories to be matched to the average maturity of liabilities, based on an ALM (asset liability matching) approach.

The evolution of the liabilities and balance of CGD employees' pension fund in addition to its actuarial profit and loss across the present and over the last 4 years is analysed below:

	31-12-2019		31-12-2018		31-12-2017		31-12-2016		31-12-2015	
	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan	Retirement pensions	Medical plan
Liabilities	3,226,048	511,287	2,740,053	452,878	2,636,188	464,475	2,540,514	491,352	2,287,699	512,756
Value of the fund	3,004,575		2,611,946	-	2,650,808	-	2,358,869	-	2,301,561	-
Provisions	221,473	511,287	129,212	452,878	-	464,475	-	491,352	-	512,756
Under (Over) financed liabilities	-	-	(1,105)	-	(14,620)	-	181,645	-	(13,862)	-
Gains / (Losses) resulting from liabilities	(417,396)	(67,078)	(29,767)	4,874	(14,061)	21,120	(149,432)	19,704	39,776	(13,445)
Gains / (Losses) resulting from the fund's assets	118,211	-	(114,281)	-	83,436	-	(36,383)	-	51,631	-
	(299,185)	(67,078)	(144,048)	4,874	69,376	21,120	(185,815)	19,704	91,407	(13,445)

Information on changes in the spread between the group's liabilities for past services and respective coverage and corresponding impact in its financial statements, at December 31, 2019 and December 31, 2018, is given below:

	CGD	Other	Total
Situation at December 31, 2017	14,620	148	14,769
Current service cost	(63,924)	(5,290)	(69,214)
Interest cost (net)	529	(18)	511
Normal cost for the year (Note 34)	(63,395)	(5,308)	(68,703)
Increase in liabilities due to early retirements (Note 34)	3,007	(3,316)	(309)
Changes with impact in net income	(60,388)	(8,624)	(69,012)
Liability	(29,767)	(969)	(30,736)
Income	(114,281)	9,216	(105,065)
Actuarial gains and losses	(144,048)	8,246	(135,801)
Contributions made by the entity	61,709	249	61,958
Situation at December 31, 2018 before Extraordinary Contribution	(128,107)	19	(128,087)
Extraordinary contribution - liability	129,212	-	129,212
Situation at December 31, 2018 after extraordinary contribution	1,105	19	1,125
Current service cost	(61,993)	(16)	(62,009)
Interest cost (net)	(2)	0	(2)
Normal cost for the year (Note 34)	(61,995)	(16)	(62,011)
Other changes (Note 34)	955	(813)	142
Changes with impact in net income	(61,040)	(829)	(61,870)
Liability	(417,396)	(999)	(418,395)
Income	118,211	1,731	119,942
Actuarial gains and losses	(299,185)	731	(298,454)
Contributions made by the entity	266,859	80	266,939
Extraordinary Contribution - last year liability	(129,212)	-	(129,212)
Situation at December 31, 2019 before Extraordinary Contribution	(221,473)	1	(221,471)
Extraordinary contribution - liability	221,474	-	221,474
Situation at Decembe 31, 2019 after extraordinary contribution	1	1	3

The liability of CGD changed in 2019 and 2018, as a consequence of:

	31-12-2019	31-12-2018
Change in the salary growth rate	29,005	-
Change in pension growth rate	34,598	-
Change in the discount rate	(374,149)	(24,600)
Other actuarial gains and losses	(106,850)	(5,167)
	(417,396)	(29,767)

Medical – social care

Caixa Geral de Depósitos's social services are responsible for medical care services for Caixa Geral de Depósitos headquarters' active employees and pensioners. CGD makes an annual contribution to its social services, which since 2018 amounts to 6.50% of wages and pensions. Caixa is also responsible for making contributions to SAMS (medical care services) for former BNU employees, retiring by July 23, 2001.

Medical-social care liabilities for past services were assessed on the basis of actuarial studies by specialised entities, using identical actuarial assumptions to those for the above referred to pension liabilities.

Liabilities for past services, totalling €511,287 thousand and €452,878 thousand, at December 31, 2019 and December 31, 2018, respectively, are recognised in "Provisions"

At December 31, 2019, a 0.25% reduction in the actuarial discount rate applied to the period under assessment would lead to an increase of €19,362 thousand in the present amount of liabilities for past services with the medical plan. In the event of an increase of the same magnitude in the discount rate, the reduction of liabilities would be €18,223 thousand.

Other long term benefits

Caixa pays a bonus of one, two or three months' wages to all employees with ten, twenty or thirty years of full time service, in the year of completion. A bonus is also paid to employees reaching retirement, an amount proportional to what they would have received had they continued to be employed until the next bonus milestone. The corresponding liabilities of €35,041 thousand and €35,613 thousand, respectively, were recognised in "Other liabilities" at December 31, 2019 and December 31, 2018 (note 25).

Caixa pays a death grant for its active workers prior to the standard retirement age.

France branch also pays long term benefits to employees. Liabilities of €15,907 thousand and €12,713 thousand were assessed, at December 31, 2019 and December 31, 2018, respectively.

Provisions

Provisions for the costs of employee benefits, at December 31, 2019 and December 31, 2018 comprised the following:

	31-12-2019	31-12-2018
CGD		
Provision for post-employment healthcare	511,287	452,878
Provision for labour suspension agreements (PH and ASPT)	62,506	59,989
Provisions for early retirement (PPR)	149,206	169,587
Provisions for mutually agreed terminations	1,848	2,128
France branch liability	15,907	12,713
	740,755	697,295
Provision for pension and other liabilities		
Banco Comercial do Atlântico, S.A.	-	47,038
Banco Comercial de Investimento (Moçambique)	2,356	1,468
Caixa Leasing Factoring, SFC	4,548	4,603
Caixa Banco de Investimento	3,281	4,296
Caixagest	1,204	1,050
Caixa Imobiliária	221	226
Caixa Serviços Partilhados	942	297
	12,552	58,977
Provision for post-employment healthcare		
Banco Comercial do Atlântico, S.A.	-	2,220
	753,307	758,492

Caixa recognises a specific liability on the impact of the change to “inactive” status of employees with whom it has entered into redundancy agreements. CGD set up a provision for its early retirement programme covering the three year period 2018-2020, as an extension to the early retirement programme set up in 2017 to facilitate the exit of CGD and CGD group employees who, not being eligible for voluntary retirement, were interested in the possibility of early retirement.

The respective liability recognised by Caixa, at December 31, 2019 and December 31, 2018 amounted to €213,561 thousand and €231,704 thousand, respectively and recognised in "Provisions". Provisions movements for employee benefits, in 2019 and 2018, were as follows (note 23):

	31-12-2019	31-12-2018
Balances at the beginning of the year	758,492	814,064
Provisions recognised as employee costs:		
Healthcare – CGD (Note 34)	15,298	15,933
Labour suspension agreements (Note 34)	32,112	29,327
Mutually agreed terminations	10,108	7,045
Other expenses from other Group entities	1,309	1,896
Actuarial gains and losses on post-employment healthcare liability	67,078	(4,874)
Other actuarial gains and losses	-	(88)
Other	40	(626)
	125,945	48,613
Increase, net of reversals, recorded by corresponding entry to "Provisions"	(20,167)	(41,727)
Payments to SAMS and CGD's Social Services	(23,967)	(22,656)
Payment of labour suspension agreements	(39,983)	(39,627)
Other payments	(1,287)	-
Transfer of BCA pension liabilities to the Cape Verdean State	(61,068)	-
Other	15,343	(175)
Balances at the end of the year	753,307	(46,525)

36. Other administrative costs

This account comprises the following:

	31-12-2019	*Proform* 31-12-2018
Specialised services		
- IT services	56,968	55,110
- Safety and security	6,140	6,502
- Information services	5,607	5,196
- Cleaning	4,928	5,156
- Contracts and service fees	4,717	4,385
- Studies and consultancy	1,437	1,934
- Other	80,931	67,394
Operating leases	7,204	47,653
Communications and postage	26,402	24,265
Maintenance and repairs	31,689	32,422
Advertising and publications	15,268	16,006
Water, energy and fuel	14,631	15,887
Transport of cash and other values	8,991	9,305
Travel, lodging and representation expenses	5,157	5,722
Standard forms and office supplies	4,714	4,595
Other	12,377	12,743
	287,162	314,275

The decrease in “Rents and hires” derives from the changes to the recognition of the right-to-use associated with property and other rented premises for Caixa’s activities deriving from the implementation of IFRS 16 – “Leases” (note 2.3).

Information on the statutory auditors’ fees, for their statutory audit of the annual accounts and provision of other services, in 2019 and 2018, is detailed below:

	31-12-2019	31-12-2018
Statutory audit of annual accounts	2,212	1,987
Other services	1,270	1,830
	3,483	3,816

37. Asset impairment

Information on impairment movements for the periods December 31, 2019 and December 31, 2018 is set out below:

	Balances at 31-12-2018	Changes in the consolidation perimeter	Addition and reversals	Write-offs	Exchange differences	Transfers and other	Balances at 31-12-2019	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 12)	3,336,927	2,577,612	(2,923,649)	(787,323)	764	(55,515)	2,148,816	(108,551)
Impairment of loans and advances to credit institutions (Note 6)	9,009	1,086	(1,352)	(7,125)	-	(264)	1,354	
Impairment of financial assets at fair value through other comprehensive income (Note 8)	4,758	20,244	(21,683)	-	2	(1,512)	1,809	
Impairment of financial assets at amortised cost	4,245	3,997	(17)	-	-	(1,541)	6,684	
Impairment of other tangible assets	20,066	20,677	(6,277)	(470)	-	(10,152)	23,843	
Impairment of intangible assets	23,971	-	-	-	-	(8,192)	15,779	
Impairment of non-current assets held-for-sale (Note 13)								
Properties	333,008	97,360	(109,821)	(57,614)	-	(1,231)	261,701	
Equipment	2,269	1,180	(290)	(2,108)	-	-	1,051	
Other tangible assets	713	-	(182)	-	-	512	1,043	
Subsidiaries	413,263	6,227	(163,465)	(2,427)	-	(182,123)	71,475	
Other assets	-	77	-	-	-	-	77	
Impairment of investments in associates and jointly controlled entities (Note 15)	469	786	(234)	(30)	-	(552)	439	
Impairment of other assets (Note 17)	203,289	83,942	(34,730)	(113,762)	-	(8)	138,732	
	1,015,059	235,574	(338,050)	(183,537)	2	(205,064)	523,986	-
	4,351,986	2,813,186	(3,261,699)	(970,859)	766	(260,579)	2,672,801	(108,551)

		Transition to IFRS 9								
	Balances at 31-12-2017	With impacts on equity (Note 2.3.)	Transfers	Changes in consolidation perimeter	Addition and reversals	Write-offs	Exchange differences	Transfers and other	Balances at 31-12-2018 (unaudited)	Credit recovery, interest and expenses
Impairment of loans and advances to customers (Note 12)	4,555,961	96,256	(94,837)	-	217,381	(1,309,861)	(9,741)	(118,231)	3,336,927	(97,915)
Impairment of loans and advances to credit institutions (Note 6)	7,125	896	-	-	1,321	-	(286)	(47)	9,009	
Impairment of financial assets at fair value through other comprehensive income (Note 8)										
Equity instruments	111,268	-	(111,268)	-	-	-	-	-	-	
Debt instruments	3,622	-	7,235	-	(2,924)	(2,772)	(1)	(404)	4,758	
Other instruments	374,694	-	(374,694)	-	-	-	-	-	-	
Impairment of financial assets at amortised cost	-	4,454	-	-	1,614	-	(2,164)	341	4,245	
Impairment of other tangible assets	13,980	-	-	-	6,422	-	(308)	(28)	20,066	
Impairment of intangible assets	55,919	-	-	-	-	(27,681)	(4,267)		23,971	
Impairment of non-current assets held-for-sale (Note 13)										
Properties	461,878	-	-	-	(6,705)	(55,126)	(114)	(66,926)	333,008	
Equipment	2,202	-	-	-	606	(539)	-	-	2,269	
Other tangible assets	-	-	-	-	-	-	6	707	713	
Subsidiaries	408,263	-	-	-	5,000	-	-	-	413,263	
Impairment of investments in associates and jointly controlled entities (Note 15)	469	-	-	-	(1)	-	-	1	469	
Impairment of other assets (Note 17)	287,643	3,508	(28,992)	-	19,735	(72,274)	17	(6,347)	203,289	
	1,727,063	8,858	(507,719)	-	25,069	(158,391)	(7,117)	(72,704)	1,015,059	-
	6,283,024	105,113	(602,556)	-	242,450	(1,468,252)	(16,858)	(190,935)	4,351,986	(97,915)

The following impairment movements were recognised under the transition to IFRS 9 – “Financial instruments”:

1. The use of €94,837 thousands of accumulated impairment for operations classified as “Loans and advances to customers”, measured at amortised cost under IAS 39 and reclassified to “Financial assets at fair value through profit or loss”;

2. The use of €485,962 thousands of accumulated impairment for “Equity instruments” and “Other instruments”, recognised in “Financial assets at fair value through other comprehensive income” categories, whose balance sheet carrying amount was presented net of accumulated impairment, whether remaining in this assets category or having been transferred to “Financial assets at fair value through other comprehensive income”; and,

3. A €7,235 thousand increase in impairment on “Debt instruments” recognised in “Financial assets at fair value through other comprehensive income” as a charge to the reduction of the respective “Fair value reserves”.

Credit disposals, in 2019 and 2018 gave rise to the use of €334,879 thousand and €744,899 thousand in impairment, respectively.

Recoveries and cancellations of impairment in 2019 for subsidiaries classified as non-current assets held-for-sale included €135,463 thousand and €21,593 thousand, respectively, for value adjustments on the amount of the disposals of the equity investments in BCG Spain and Mercantile (note 13).

38. Segment reporting

The group adopted the following business segments to comply with IFRS 8 − "Operating segments" and measurement of own funds requirements to cover operational risk, using the standard method under the terms of regulation (EU) 575/2013 of June 26, 2013 of the European Parliament and of the Council:

- *Trading and sales*. Trading and sales include banking activity related to the management of the treasury shares portfolio, management of issuances of debt instruments, money and foreign exchange market operations, repo type operations, securities lending operations and wholesale brokerage. The segment includes loans and advances to and cash balances at other credit institutions and derivatives;

- *Retail banking.* Retail banking comprises banking activities for personal customers, the self-employed and micro enterprises. This segment also includes consumer finance, mortgage lending, credit cards and deposits taken from personal customers;

- *Commercial banking.* Commercial banking includes lending activities and resource-taking from major enterprises and SMEs. The segment includes loans, current accounts, investment project finance, bills discounting operations, venture capital, factoring, equipment and property leasing, syndicated loans underwriting and loans to the public sector;

- *Asset management.* Asset management includes activities associated with customer portfolio management, open-ended or closed end unit trust and property funds and discretionary wealth management funds;

- *Corporate finance.* Corporate finance includes activities related to acquisitions, mergers, restructuring operations, privatisations, subscriptions for and sales of securities (primary market), securitisations, preparation and organisation of syndicated loans (merchant banking – loan sales), investment management, market and corporate financial analyses and advisory services; and,

- *Other.* This includes all activity segments not described in the above business areas.

Information on the appropriation of results and principal balance sheet aggregates, by business areas and geographies, at December 31, 2019 and December 31, 2018, is given below:

Business areas

	31-12-2019						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	511,547	332,576	177,200	(9)	107,240	3,503	1,132,058
Income from equity instruments	47	-	614	30,812	23	-	31,496
Income from services rendered and commissions	12,134	207,001	54,627	53,474	17,426	285,690	630,352
Cost of services and commissions	(30,566)	(1,847)	(2,182)	(7,529)	(19)	(86,308)	(128,450)
Results from financial operations	61,493	202	794	(7,091)	14,265	12,866	82,529
Other net operating income	(6,547)	42,139	5,594	45,700	(89,552)	138,726	136,060
Net operating income from banking	548,108	580,072	236,647	115,358	49,383	354,477	1,884,045
Other income and expenses							1,108,116
Net income attributable to the shareholder of CGD							775,928
Cash balances and loans and advances to credit institutions (net)	10,063,193	458,434	3	132	63	261	10,522,087
Investments in securities and derivatives (net)	23,257,036	(3,253,077)	21,358	251,419	-	182,859	20,459,595
Loans and advances to customers (net)	-	31,546,645	11,990,488	-	4,436,412	-	47,973,544
Non-current assets held for sale	-	-	-	-	-	1,333,471	1,333,471
Investments in associates by the equity method	-	-	-	-	-	461,719	461,719
Total net assets	36,633,281	30,398,770	12,745,310	932,529	4,776,509	289,662	85,776,060
Resources of central banks and credit institutions	1,067,903	2,256	7,509	-	-	-	1,077,668
Customer resources	-	56,555,076	9,236,474	-	-	5	65,791,555
Debt securities	2,401,875	61,547	-	-	-	-	2,463,422

	31-12-2018						
	Trading and sales	Retail banking	Commercial banking	Asset management	Corporate Finance	Other	Total
Net interest income	548,415	364,897	178,480	(9)	87,709	3,622	1,183,114
Income from equity instruments	13	-	1,134	15,572	109	-	16,828
Income from services rendered and commissions	27,049	199,056	55,149	40,821	20,041	261,760	603,876
Cost of services and commissions	(29,977)	(2,194)	(1,635)	(5,776)	(1)	(84,204)	(123,787)
Results from financial operations	32,157	585	1,016	(19,262)	(406)	16,107	30,197
Other net operating income	(3,324)	19,990	42,785	36,670	69,341	(117,755)	47,707
Net operating income from banking	574,333	582,334	276,929	68,016	176,793	79,531	1,757,936
Other income and expenses							(1,262,160)
Net income attributable to the shareholder of CGD							495,776
Cash balances and loans and advances to credit institutions (net)	8,385,099	426,024	324	392	-	2,015	8,813,855
Investments in securities and derivatives (net)	15,931,670	-	219	311,254	-	259,606	16,502,749
Loans and advances to customers (net)	17,540	30,821,434	20,629,714	55	120,742	-	51,589,485
Non-current assets held for sale	-	-	-	-	-	6,213,217	6,213,217
Investments in associates by the equity method	-	-	-	-	-	388,544	388,544
Total net assets	25,480,027	31,470,988	20,793,319	1,243,591	120,745	9,982,748	89,091,418
Resources of central banks and credit institutions	1,748,846	-	7,299	-	-	2,397	1,758,542
Customer resources	53,117	50,743,266	12,623,443	-	-	2,699	63,422,525
Debt securities	3,260,321	-	-	-	-	-	3,260,321

The financial information provided for each segment was prepared on the basis of the same assumptions as used for the preparation of the information analysed by the executive committee, in conformity with the accounting policies in force (note 2).

Operations between group entities are performed at market prices. Investments in associated and jointly controlled companies measured by the equity accounting method are included in the “Other” segment.

Non-current assets and liabilities held-for-sale have been allocated to the “Other” segment.

Geographies

	31-12-2019						
	Portugal	Rest of European Union	Latin America	Asia	Africa	Other	Total
Net interest income	726,818	74,816	-	104,747	219,055	6,622	1,132,058
Income from equity instruments	107,516	-	-	23	21,733	(97,776)	31,496
Income from services rendered and commissions	557,373	37,399	-	37,048	53,163	(54,632)	630,352
Cost of services and commissions	139,306	9,583	-	18,574	12,110	(308,022)	(128,449)
Results from financial operations	73,054	464	-	8,953	44,598	(44,541)	82,529
Other net operating income	222,928	(1,376)	-	1,100	790	(87,382)	136,060
Net operating income from banking	1,826,996	120,886	-	170,445	351,449	(585,731)	1,884,045
Other income and expenses							(1,108,116)
Net income attributable to the shareholder of CGD							775,928
Cash balances and loans and advances to credit institutions (net)	11,348,603	652,505	-	2,175,295	1,392,320	(5,046,636)	10,522,087
Investments in securities and derivatives (net)	22,618,319	15,511	-	618,291	741,756	(3,523,545)	20,470,332
Loans and advances to customers (net)	41,468,251	5,649,573	-	2,702,397	1,333,794	(3,180,472)	47,973,544
Total net assets	81,250,805	6,421,387	331,199	6,600,154	4,635,577	(13,463,062)	85,776,060
Resources of central banks and credit institutions	4,397,938	990,252	-	321,089	24,142	(4,655,754)	1,077,668
Customer resources	56,159,125	2,627,088	-	4,431,677	2,927,258	(353,593)	65,791,555
Debt securities	2,402,277	3,270,715	-	-	-	(3,209,571)	2,463,422

Proform

	31-12-2018						
	Portugal	Rest of European Union	Latin America	Asia	Africa	Other	Total
Net interest income	788,658	74,516	-	91,201	221,526	7,212	1,183,114
Income from equity instruments	90,114	-	-	109	10,043	(83,438)	16,828
Income from services rendered and commissions	524,073	37,526	-	35,769	51,791	(45,283)	603,876
Cost of services and commissions	126,341	8,988	-	18,300	11,091	(288,505)	(123,786)
Results from financial operations	65,819	779	-	13,025	24,821	(74,247)	30,197
Other net operating income	(26,967)	(25,487)	-	(3,068)	6,202	97,027	47,707
Net operating income from banking	1,568,038	96,322	-	155,336	325,474	(387,233)	1,757,936
Other income and expenses							(1,262,160)
Net income attributable to the shareholder of CGD							495,776
Cash balances and loans and advances to credit institutions (net)	9,906,368	768,371	-	1,895,192	1,417,103	(5,173,179)	8,813,855
Investments in securities and derivatives (net)	19,294,914	22,898	-	536,355	858,938	(4,210,356)	16,502,749
Loans and advances to customers (net)	44,248,157	6,198,229	-	2,924,192	1,735,303	(3,516,396)	51,589,485
Non-current assets held for sale	-	-	-	-	-	6,213,217	6,213,217
Investments in associates by the equity method	-	-	-	-	-	388,544	388,544
Total net assets	80,983,628	11,965,617	456,189	6,382,691	5,343,526	(16,040,233)	89,091,418
Resources of central banks and credit institutions	4,763,503	1,376,652	-	371,701	46,321	(4,799,635)	1,758,542
Customer resources	53,703,440	2,513,473	-	4,309,814	3,391,669	(495,871)	63,422,525
Debt securities	3,202,221	3,583,067	-	-	-	(3,524,967)	3,260,321

The "Other" column includes balances between group companies eliminated in the consolidation process, in addition to other consolidation adjustments.

The following is a breakdown of the contribution to the group's income by business area, based on internal management criteria, for the periods ended December 31, 2019 and December 31, 2018:

	31-12-2019					
	Banking business in Portugal	International business	Investment banking	Insurance	Other	Total
Interest and similar income	1,312,426	586,288	26,537	-	(97,160)	1,828,091
Interest and similar costs	(627,265)	(188,526)	(17,414)	-	137,173	(696,033)
Income from equity instruments	286	313	328	-	30,569	31,496
Net interest income	685,447	398,075	9,451	-	70,581	1,163,553
Income from services rendered and commissions	473,807	127,610	23,291	-	5,643	630,352
Cost of services and commissions	(86,629)	(39,411)	(6,780)	-	4,370	(128,449)
Results from financial operations	45,818	54,015	16,709	-	(34,013)	82,529
Other net operating income	53,272	514	1,098	-	81,177	136,060
Net operating income	486,268	142,729	34,318	-	57,177	720,491
NET OPERATING INCOME FROM BANKING	1,171,715	540,803	43,769	-	127,758	1,884,045
Other income and expenses	(729,689)	(357,338)	(17,612)	33,179	(36,656)	(1,108,116)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	442,025	183,466	26,156	33,179	91,102	775,928

	31-12-2018					
	Banking business in Portugal	International business	Investment banking	Insurance	Other	Total
Interest and similar income	1,501,395	626,553	112,774	-	(199,340)	2,041,382
Interest and similar costs	(769,494)	(239,720)	(89,634)	-	240,581	(858,267)
Income from equity instruments	280	366	855	-	15,328	16,828
Net interest income	732,180	387,199	23,994	-	56,569	1,199,942
Income from services rendered and commissions	451,718	125,567	20,432	-	6,160	603,876
Cost of services and commissions	(81,915)	(37,536)	(5,689)	-	1,353	(123,787)
Results from financial operations	(15,166)	38,623	19,825	-	(13,084)	30,197
Other net operating income	(15,725)	707	12,680	(44)	50,088	47,707
Net operating income	338,912	127,361	47,248	(44)	44,516	557,994
NET OPERATING INCOME FROM BANKING	1,071,092	514,560	71,242	(44)	101,085	1,757,936
Other income and expenses	(865,150)	(359,823)	(25,421)	43,581	(55,348)	(1,262,160)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER OF CGD	205,942	154,738	45,821	43,538	45,737	495,776

The "Other" column includes balances between group companies eliminated in the consolidation process. Reference should also be made to the effects of the group's property sector activities in the business segments.

39. Related entities

Associates, jointly controlled enterprises, the group's management bodies and other entities controlled by the Portuguese state are considered to be related entities.

The group's financial statements, at December 31, 2019 and December 31, 2018, included the following balances and transactions with related entities, excluding management bodies:

	31-12-2019			31-12-2018 (Proform)		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:						
Securities and derivatives held-for-trading	7,039,621	268,655	3,649	7,165,001	230,451	5,008
Loans and advances to customers	-	390,790	67,377	2,041	2,665,876	99,414
Impairment for loans and advances to customers	-	-	-	-	-	-
Other assets	11,505	82,996	315,567	226,031	80,771	310,618
Liabilities:						
Customer resources	17,156	433,278	171,644	29,719	463,677	462,398
Financial liabilities held-for-trading	1,444	16,216	80	1,444	20,935	46
Other liabilities	58,620	122,110	886	118,004	107,656	847
Guarantees given	3,810	179,433	46,338	1,500	82,757	35,149
Net income:						
Interest and similar income	52,267	51,506	4,306	65,494	98,668	3,794
Interest and similar costs	-	7,444	2,284	10,323	12,096	1,545
Income from services rendered and commissions	219	63,667	5,396	73	55,856	8,688
Cost of services and commissions	28	926	431	26	1,075	400
Results from financial operations	234,855	81,922	(1,370)	(268,223)	5,254	(786)
Other operating income	(4)	1,058	266	(546)	3	50
General administrative costs	-	59	1,894	378	76	2,508

Transactions with related entities are generally made on the basis of market values on the respective dates.

The "Other Portuguese state entities" column, at December 31, 2019 and December 31, 2018, does not include balances with regional or local government.

40. Lease agreements

Lease agreements, at December 31, 2019, were recognised as follows:

31-12-2019			
Leases	Property	Vehicles	Other
Amortization costs of right-of-use assets in the period	31,233	2,514	-
Interest costs of lease liabilities in the period	6,839	55	-
Costs related to low-value leases	696	-	994
Carrying amount of right-of-use assets at the end of the period	195,812	4,812	-
Carrying amount of lease liabilities at the end of the period	(199,019)	(4,823)	-
Maturity of lease liabilities			
Up to one year	33,272	2,399	-
One to five years	92,818	2,495	-
Over five years	106,089	-	-

41. Provision of insurance brokerage services

Total remuneration from the provision of insurance brokerage services, for the periods 2019 and 2018, amounted to €56,825 thousand and €48,377 thousand, respectively, all of which cash commissions.

All remuneration, in 2019 and 2018, derived from the provision of insurance brokerage services by associate company Fidelidade - Companhia de Seguros S.A., as itemised below:

	31-12-2019	31-12-2018
Life insurance	47,526	40,945
Non-life insurance	9,299	7,432
	56,825	48,377

Caixa recognised all commissions received for the life and non-life insurance brokerage services of Fidelidade - Companhia de Seguros S.A. on its branch office network as profit for the period, at the time of origination, recognised in "Income from services and commissions" (note 31).

The balances receivable by Caixa from Fidelidade - Companhia de Seguros S.A. for commissions from brokerage services amounted to €3,705 thousand and €3,647 thousand, at December 31, 2019 and December 31, 2018, respectively. Caixa's activity as an insurance broker does not involve any collections related to customers' payments of insurance contracts.

The nominal value of Fidelidade's financial insurance in force, sold over Caixa counters totalled €8,527,687 thousand and €8,586,469 thousand at December 31, 2019 and December 31, 2018, respectively, mainly in respect of PPRs (retirement savings plans).

In spite of retaining a non-controlling equity stake in Fidelidade, CGD group does not have any direct interference in the company's investment policy nor does it assume any contractual liability with customers for these products.

42. Disclosures relating to financial instruments

Management policies on the financial risks inherent to the group's activity

CGD adopted a centralised risk management model, in 2001, encompassing the assessment and control of all of the group's credit, market and liquidity risks, based on the principle of the separation of functions between commercial and risk areas.

Credit risk -

The credit risk attached to CGD's customer portfolio is overseen and controlled by the monitoring of indicators which are split up by type of product, customer segment, maturities, types of guarantee, level of exposure to the financial system, sector of activity and geography. The amount of large exposures *vis-à-vis* the maximum limits defined by supervisors is also analysed. CGD has implemented a system for the identification, assessment and control of risk on its credit portfolio, beginning at the time the loan is made, and continually monitored over the lifetime of the operations.

CGD assesses the amount of impairment on each credit sub-portfolio on a monthly basis in the sphere of the implementation of the international accounting standards by splitting it up into like-for-like risk segments and use of PD (probability of default) and migration to default and recoveries after default (LGD - loss given default) annually updated on the basis of historical information.

The credit portfolio was monitored by DGR (credit risk division), which reviewed the credit oversight and recovery policy and incorporation of default and non-performing exposure concepts, in alignment with the definitions published by the European Banking Authority (EBA) as part of the operational system used for the daily monitoring operations on the credit portfolio. This system incorporates a series of rules and functionalities designed to promptly recognise risk events and enabling work to begin on a series of corrective actions designed to regularise and recover credit:

1. All customers have an associated risk level which is updated daily;

2. Retail customers for whom more serious risk levels are identified are automatically allocated to specialised recovery areas; and

3. The measures taken to regularise the loan are identified, enabling their level of efficiency to be assessed.

The process is monitored in a monthly report produced by DGR.

As part of the lending process, the credit risks division (DRC) which has corporate functions and reports directly to the executive committee, is responsible for decision-making and/or credit analysis functions for corporates, financial institutions, institutionals and retail customers.

The analysis of lending to corporates, in addition to natural portfolio oversight, is geared to customer credit risk, respective economic group and the proposed operations. Its functions are separate from those of the commercial area which is responsible for submitting the proposals containing the conditions attached to the operations.

The analysis is based on the ratings issued by rating agencies and internal assessment models as well as quantitative and qualitative weighting factors on the customer/economic group and the specific operation. The market and the economy in which the entities operate and any aspects/conditions which could mitigate credit risk are also taken into account.

Market risk –

Market risk management rules have been defined for each portfolio or business unit to ensure that the risk levels incurred on CGD Group's credit portfolios are commensurate with its risk appetite. They include the relevant types of market risk, including concentration of exposure (by name, sector, rating and country), asset market liquidity indicators, the composition of authorised assets and instruments and also define maximum acceptable loss levels.

Portfolio changes are subject to an exhaustive examination on a daily basis for the purpose of identifying changes of profile or any segments meriting special attention. The use of the defined limits is overseen by the risk management function on a daily basis and communicated to the management boards and officers responsible for each portfolio.

Market risk hedging operations are decided by portfolio or business unit managers, based on the necessary compliance with market risk management rules in the form of authorised instruments and defined limits.

The most common market risk metric used for all types of market risk is value at risk (VaR) calculated for all types of market risk (interest rates (and spread), shares, exchange rates and volatility), using the historical simulation method, whose confidence levels used in the simulation are contingent upon portfolio retention objectives. Additional metrics such as expected shortfall and third worst measurements are also monitored on certain portfolios. Other market risk measurements, such as sensitivity to the price changes of underlying assets (basis point value − bpv, on interest rates) and other sensitivity indicators commonly used for share portfolios (usually referred to as “Greeks”), are also applied,

The reliability of the VaR (value at risk) model is monitored daily on the basis of a comparative analysis between value at risk and theoretical and real backtesting results. The number of exceptions obtained enables the model’s accuracy to be assessed and any necessary adjustments or calibrations made. Backtesting operations also include hypotheses, excess and normality tests.

CGD group also performs stress tests on its market and foreign exchange risk at least once a month. Stress tests aim to measure the impact of adverse risk exposure events, based on their impact on the fair value of investments and quantitative and qualitative suitability of CGD group’s own funds. Stress tests are based on risk factor scenarios that, as a whole, represent situations that could cause extraordinary losses on portfolios subject to market risk. These factors specifically include events with a low possibility of occurrence associated with the principal types of risk, including the various market and foreign exchange risk components. The scenarios used aim to identify the potential risk of extreme market conditions and the probabilities of occurrence not covered by VaR. Several of the scenarios aim to replicate the behaviour of financial variables to past events (i.e. crises) whereas others correspond to sensitivity analyses to one or more risk factors.

Executory functions on market operations and their associated risk control are completely separate.

Foreign exchange risk –

Foreign exchange risk is controlled and assessed daily on a separate basis for domestic operations and for each of the branch offices and subsidiaries and monthly, on a consolidated level, for the group as a whole. VaR amounts and limits are calculated as total open and currency positions.

Liquidity and balance sheet interest risk –

Liquidity and balance sheet interest risk management policies are defined by the ALCO (asset-liability) committee. The risk management division’s liquidity and balance sheet interest rate risk function measures, monitors and reports on the two types of risk.

The specialised capital, assets and liabilities management board is the executive committee’s decision-making arm responsible for the integrated assets and liabilities management process (ALM- asset-liability management), which aims to implement proactive balance sheet management and promote CGD group’s profitability. In the risk management domain, the ALM process is geared to liquidity and balance sheet interest rate risk, as a space for the rapid dissemination of group-wide management information.

Liquidity risk management includes an analysis of the periods to maturity of different balance sheet assets and liabilities, evidencing cash inflow/outflow volumes for each bucket and respective liquidity gaps (spreads).

Liquidity risk management also includes stress tests based on an internally developed methodology articulated with the existing liquidity contingency plan, designed to assess the funding situation at any point in time, strengthening CGD’s resistance to adverse shocks and examining funding alternatives.

Caixa group has endeavoured to guarantee a sustainable financing structure for its activity, across the year as a whole, based on the liquidity and period to maturity of its assets and off-balance-sheet exposures.

The measurement methodology adopted for interest rate management risk includes a short term or accounting perspective and a long term or economic perspective.

The short term or accounting perspective for interest rate risk assessments aims to estimate the effect of adverse changes in interest rates on interest margin. The methodology used for this purpose aggregates all assets and liabilities sensitive to interest rate changes into time bands, in accordance (i) with their periods to maturity for fixed-rate financial instruments, and; (ii) periods between the repricing of interest rates for variable-rate financial instruments. The respective interest rate gaps for these time bands are then calculated to enable the effects of interest rate changes to be matched to net interest income.

Net interest income simulations are also used to improve the reliability of the estimates obtained for interest rate gaps on the sensitivity of interest margin. They include projections of the evolution of the group's balance sheet, integrating behaviours and trends relevant to banking activity in addition to scenarios on the evolution of different market rates and expectations as reflected in the yield curves.

The long term or economic perspective on the assessment of interest rate risks aims to estimate the effect of adverse changes in interest rates on the economic value of capital. The methodology used for the purpose involves the calculation of the effective duration of assets and liabilities sensitive to changes in interest rates, in addition to the respective duration gap, enabling the effect of interest rate changes to be matched to the economic value of capital.

Simulation techniques are also used to improve the reliability of the estimates obtained from the duration gap of the sensitivity of the economic value of capital They include the assessment and respective estimate of all of the future cash flows from assets and liabilities sensitive to interest rate changes (i.e. full valuation).

Liquidity and balance sheet interest rate risks are managed by a set of guidelines approved by the ALCO committee. The guidelines include the defining of limits on a collection of significant exposure variables to such types of risk. The guidelines aim to ensure that CGD Group is able to manage the return-risk trade-off for balance sheet management purposes and that it is also able to define a convenient exposure level and control the results of its assumption of risk policies and positions.

Maximum exposure to credit risk

In December 31, 2019 and 2018, the maximum exposure to credit risk was as follows:

	31-12-2019	31-12-2018
Trading securities		
Public debt	5,540,067	5,349,916
Private debt	23,469	13,031
	5,563,536	5,362,947
Financial assets at fair value through profit or loss		
Private debt	96	85
Credit and securities	134,756	84,868
	134,852	84,953
Financial assets at fair value through other comprehensive income *		
Public debt	2,423,414	3,404,871
Private debt	1,019,855	1,197,070
	3,443,269	4,601,941
Financial assets at amortised cost *		
Public debt a)	8,711,362	3,861,460
Private debt	307,875	58,507
	9,019,237	3,919,967
Financial assets with repurchase agreement		
Public debt	10,737	55,009
	10,737	55,009
	18,171,631	14,024,817
Derivatives	863,245	698,228
Cash balances at other credit institutions	513,480	1,014,098
Loans and advances to credit institutions*	2,707,621	2,197,232
Loans and advances to customers*	48,015,058	51,645,671
Other debtors*	2,098,073	1,862,722
Other operations pending settlement	177,608	220,766
	54,375,085	57,638,717
Other commitments		
Personal/ Institutional guarantees given:**		
Guarantees and sureties**	2,512,237	2,609,805
Stand-by letters of credit	83,628	50,391
Open documentary credits	351,774	287,643
Other personal guarantees given and other contingent liabiliti	9,548	9,548
Forward deposit agreements	255	117,336
Irrevocable lines of credit	1,096,019	351,363
Securities subscription	868,827	1,291,400
Other irrevocable commitments	61,320	12,997
	4,983,608	4,730,483
Maximum exposure to credit risk	77,530,325	76,394,016

[*] Balances net of impairment

[**] Balances net of provisions

[a)]Includes debt acquired from the European Union's Financial Stabilization Mechanism, in the amount of 101,366 mEuros.

The amount of exposure to derivatives, set out in the above table, does not include the risk mitigation effect of surety accounts (note 23) and netting agreements.

Credit quality of loans and advances to credit institutions

The risk classification of loans and advances to credit institutions incorporated the following requirements:

→ The counterparty credit rating was the lower of that assigned by international credit rating houses, capped by the rating of the country where the credit institution is located or the rating of the Group it is associated with, when applicable. For financial institutions without credit rating but Government controlled, the Government rating was used as a proxy.

→ Reduced risk ("AAA"-"BBB" or investment grade) / Average risk ("BB+" – "B-") / High risk ("CCC+" – "C")

The following table splits up the balance sheet amounts of loans and advances to credit institutions, with reference to December 31, 2019 and 2018, considering the risk aggregate categories (reduced, average and high) associated with external ratings and the counterparty's country of origin:

	31-12-2019						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	219,092	1,186,902	48,868	655,086	-	186,469	2,296,417
Medium risk	150	-	-	-	-	35,301	35,450
No Rating	-	22,127	-	9,727	76,430	38,076	146,360
Central and Supranational banks	-	-	-	-	-	226,574	226,574
	219,241	1,209,029	48,868	664,813	76,430	486,419	2,704,800

	31-12-2018						
	Portugal	Rest of European Union	North America	Asia	Brazil	Other	Total
Reduced risk	78,442	516,595	225,375	574,495	-	101,475	1,496,382
Medium risk	-	-	-	611	8,841	42,702	52,154
No Rating	174,504	71,492	-	694	4,586	166,927	418,202
Central and Supranational banks	-	-	-	13,362	-	212,923	226,284
	252,947	588,086	225,375	589,161	13,427	524,026	2,193,022

Credit quality of debt securities

The following table provides a breakdown of the book value of debt securities in the portfolio, net of impairment (excluding matured securities) based on the allocation of a rating (on a scale equivalent to Standard & Poor's and Fitch), by type of guarantor or issuing entity and by the guarantor's or issuing entity's geographic location, at December 31, 2019 and 2018:

	31-12-2019				
	Portugal	Resto da União Europeia	América do Norte	Outros	Total
Financial assets at fair value through profit or loss					
A+ to A-	-	849	599	-	1,447
BBB+ to BBB-	103	3,505,498	1,421	-	3,507,022
BB+ to BB-	2,050,437	-	2,304	-	2,052,740
Not rated	1,135	1,287	-	-	2,422
	2,051,675	3,507,634	4,324	-	5,563,632
Issued by:					
Governments and local authorities	2,050,437	3,489,630	-	-	5,540,067
Corporates	1,142	13,734	2,024	-	16,900
Othet issuers	96	2,976	2,300	-	5,371
	2,051,674	3,507,634	4,324	-	5,563,632
Financial assets at fair value through revaluation reserves					
AAA	-	25,851	11,408	-	37,258
AA+ to AA-	8,910	119,427	15,796	64,968	209,101
A+ to A-	17,216	478,651	51,673	156,632	704,172
BBB+ to BBB-	509,300	400,662	18,192	13,759	941,913
BB+ to BB-	1,317,796	8,854	-	4,767	1,331,416
Lower than B-	-	-	-	82,549	82,549
Not rated	22,079	35,456	83,538	6,525	147,597
	1,875,301	1,068,900	180,606	329,198	3,454,006
Issued by:					
Governments and local authorities	1,819,716	449,237	85,968	88,242	2,443,163
Corporates	5,725	121,930	19,149	18,535	165,339
Financial institutions	37,956	445,082	72,483	218,804	774,325
Othet issuers	11,904	52,651	3,006	3,618	71,179
	1,875,301	1,068,900	180,606	329,198	3,454,006
Held-to-maturity investments					
AAA	-	71,419	-	-	71,419
AA+ to AA-	-	755,443	-	-	755,443
A+ to A-	-	764,340	-	37,637	801,978
BBB+ to BBB-	1,778,626	3,631,283	-	61,771	5,471,681
BB+ to BB-	1,188,247	6,865	-	47,801	1,242,914
	2,979,928	5,229,351	-	809,959	9,019,237
Issued by:					
Governments and local authorities	2,979,928	5,120,620	-	668,792	8,769,340
Corporates	-	-	-	107,815	107,815
Financial institutions	-	108,730	-	33,351	142,082
	2,979,928	5,229,351	-	809,959	9,019,237

	31-12-2018				
	Portugal	Rest of European Union	North America	Other	Total
Financial assets at fair value through profit or loss					
A+ to A-	-	2,243	-	2,529	4,772
BBB+ to BBB-	5,990	2,464,392	-	-	2,470,383
BB+ to BB-	2,886,442	-	-	-	2,886,442
Not rated	1,435	-	-	-	1,435
	2,893,868	2,466,635	-	2,529	5,363,032
Issued by:					
Governments and local authorities	2,890,089	2,459,937	-	-	5,350,026
Corporates	3,694	6,404	-	2,529	12,627
Othet issuers	85	294	-	-	379
	2,893,868	2,466,635	-	2,529	5,363,032
Financial assets at fair value through revaluation reserves					
AAA	-	7,394	-	-	7,394
AA+ to AA-	4,459	330,860	17,810	77,455	430,584
A+ to A-	18,568	376,071	74,808	186,936	656,383
BBB+ to BBB-	362,315	369,075	30,901	29,295	791,586
BB+ to BB-	2,473,605	13,709	792	2,757	2,490,864
B+ to B-	-	-	-	-	-
Lower than B-	-	-	-	76,159	76,159
Not rated	27,774	69,997	106,209	-	203,980
	2,886,720	1,167,106	230,521	372,601	4,656,949
Issued by:					
Governments and local authorities	2,814,858	468,920	106,209	76,710	3,466,697
Corporates	23,850	188,061	30,164	23,942	266,017
Financial institutions	33,608	453,576	92,676	265,322	845,181
Othet issuers	14,404	56,550	1,472	6,627	79,053
	2,886,720	1,167,106	230,521	372,601	4,656,949
Held-to-maturity investments					
AA+ to AA-	-	411,202	-	-	411,202
A+ to A-	-	109,912	-	32,560	142,473
BBB+ to BBB-	168,944	1,610,824	-	-	1,779,768
BB+ to BB-	883,999	-	-	-	883,999
	1,052,943	2,131,939	-	735,085	3,919,967
Issued by:					
Governments and local authorities	1,052,943	2,131,939	-	728,092	3,912,974
	1,052,943	2,131,939	-	735,085	3,919,967

Exposure to the sovereign debt of peripheral eurozone countries

Information on the principal characteristics of these issuances within Caixa group, at December 31, 2019 and December 31, 2018, is set out below:

	Book value net of impairment at 31-12-2019			Fair value	Fair value reserve	Rating
	Residual maturities					
	2020	after 2020	Total			
Financial assets at fair value through profit or loss						
Portugal	2.037.187	13.249	2.050.437	2.050.437	-	
Ireland	-	-	-	-	-	
Spain	986.987	-	986.987	986.987	-	
Italy	2.502.643	-	2.502.643	2.502.643	-	
	5.526.817	13.249	5.540.067	5.540.067	-	
Financial assets at fair value through revaluation reserves						
Portugal	-	1.819.716	1.819.716	1.819.716	165.030	
Ireland	-	141.515	141.515	141.515	6.591	
Spain	-	260.663	260.663	260.663	7.172	
Italy	20.033	-	20.033	20.033	35	
	20.033	2.221.894	2.241.927	2.241.927	178.828	
Held-to-maturity investments						
Portugal	-	2.938.157	2.951.211	2.966.873	-	
Ireland	-	436.325	436.325	440.034	-	
Spain	-	2.359.165	2.359.165	2.382.249	-	
Italy	950.602	591.476	1.542.078	1.543.983	-	
	950.602	6.325.123	7.288.779	7.333.139	-	
Total						
Portugal	2.037.187	4.771.122	6.821.364	6.837.026	165.030	BBB
Ireland	-	577.840	577.840	581.549	6.591	A+
Spain	986.987	2.619.827	3.606.815	3.629.899	7.172	A-
Italy	3.473.278	591.476	4.064.754	4.066.659	35	BBB
	6.497.453	8.560.266	15.070.772	15.115.132	178.828	

	Book value net of impairment at 31-12-2018			Fair value	Fair value reserve	Rating
	Residual maturities					
	2019	after 2019	Total			
Financial assets at fair value through profit or loss						
Portugal	2.862.904	27.185	2.890.089	2.890.089	-	
Greece	-	-	-	-	-	
Ireland	-	-	-	-	-	
Spain	1.711.477	-	1.711.477	1.711.477	-	
Italy	748.460	-	748.460	748.460	-	
	5.322.841	27.185	5.350.026	5.350.026	-	
Financial assets at fair value through revaluation reserves						
Portugal	1.147	2.813.711	2.814.858	2.814.858	128.380	
Greece	-	-	-	-	-	
Ireland	-	20.242	20.242	20.242	49	
Spain	-	191.146	191.146	191.146	365	
Italy	29.913	-	29.913	29.913	69	
	31.060	3.025.099	3.056.159	3.056.159	128.863	
Held-to-maturity investments						
Portugal	15.000	1.029.076	1.044.076	1.052.943	-	
Greece	-	-	-	-	-	
Ireland	-	108.250	108.250	109.912	-	
Spain	-	1.000.874	1.000.874	1.016.794	-	
Italy	-	592.121	592.121	594.030	-	
	15.000	2.730.321	2.745.321	2.773.680	-	
Total						
Portugal	2.879.051	3.869.972	6.749.024	6.757.891	128.380	BBB
Greece	-	-	-	-	-	
Ireland	-	128.492	128.492	130.154	49	A+
Spain	1.711.477	1.192.020	2.903.497	2.919.417	365	A-
Italy	778.373	592.121	1.370.493	1.372.403	69	BBB
	5.368.901	5.782.605	11.151.506	11.179.865	128.863	

The evolution of these markets reflects the consequences of the serious liquidity crisis and generally high level of insecurity regarding the perception of risk associated with sovereign debt issuances in this economic are and particularly in the case of the European Central Bank, International Monetary Fund and European Union bail-out countries (Greece and Ireland in 2010 and Portugal in 2011).

Measurement criteria

The sovereign debt issuances of the peripheral eurozone countries considered in the above table were measured at observable market prices, when applicable, or, in the absence of an active market, prices supplied by external counterparties. These portfolios were segmented into levels 1 and 2 of the fair value ranking at December 31, 2019 and December 31, 2018. Greater detail on the distinguishing elements of these categories along with the principal premises upon which they were based are given in the "Fair value" column.

Quality of loans and advances to customers

Disclosures on asset quality and credit risk management are set out below and are essentially based on the practice of CGD headquarters.

Qualitative

1. Credit risk management policy

1.1 Credit risk management

In its response to diverse legal and regulatory requirements and with the objective of using best credit risk management practice, Caixa Geral de Depósitos has implemented a credit risk management process based on an organisational structure guaranteeing that the commercial (risk acceptance), recovery, decision-making and risk areas are independent from each other.

1.1.1 Issuance of loans

Lending activity is aligned with the credit risk management strategy and policy defined by CGD's competent bodies.

CGD has defined a new centralised decision-making model on credit in which its credit risks division (DRC) is responsible for making decisions on loans to corporates, financial institutions and institutionals as well as to personal customers. The governance model for the decisions to issue loans, including the limits on the delegating of authority have been defined in internal regulations. DRC's principal functions also include: (i) the prior, mandatory issuance of a risk opinion on the attribution of internal limits or consideration of operations not covered by the limits for customers whenever justified by the level of exposure (in terms of economic groups), rating or specific operational characteristics (or its proponent) in accordance with internal regulations; (ii) to submit the redefinition of credit limits to a more senior level whenever deemed advisable under the circumstances; and, (iii) to approve the constitution/alteration of economic groups.

Credit decisions on the most significant exposures are the responsibility of the board of directors, credit risks executive committee or credit board, depending upon the amounts of the exposure in question. Other operations are the responsibility of credit risk committees on a DRC level.

The submission of operations/limits for a decision of the board of directors requires the advance favourable opinion of the financial risks committee.

The risk management division (DGR) intervenes in the credit risk control and monitoring process, lending stages and latter oversight, on both a customer/operation and a credit portfolio approach based on: i) the definition, development and maintenance of internal rating and scoring models; ii) the monitoring and global control of CGD group's credit risk by credit portfolios, products and business units; iii) the identification of customers at greater risk of default based on early warning signs; iv) the assessment and validation of individual impairment; v) assessment of impairment on all credit portfolio segments; vi) assessment of compliance with the limits defined for major risks and, vii) the allocation of ratings, based on an opinion on the qualitative assessment of companies.

DGR may also submit the group's credit risk management policies and guidelines for approval and review at a more senior level.

1.1.2 <u>Credit portfolio oversight</u>

Credit portfolio oversight permits early warnings of potential default situations, enabling decisions for optimising debt recovery to be made. The oversight process is regulated by an internal credit oversight and recovery policy regulation.

CGD has implemented a workflow process across commercial, recovery and credit risk areas. The workflow classifies a customer's creditworthiness daily on the basis of pre-defined events and by the level of severity of the probability of a default situation, automatically identifying customers in financial distress and in default. All portfolio customers are segmented into one of the following categories:

1. Performing customers without any additional risk events having been identified;
2. Performing customers but with early warnings which may indicate a greater probability of customer default;
3. Customers registering serious events and a high probability of default who are classified as being in financial distress;
4. Customers in a 24 months' probation period following the occurrence of a restructuring operation owing to the customer's financial difficulties;
5. Customers classified as being in default; and
6. Customers classified as being in quarantine following actions taken to remedy a default situation.

The workflow process incorporates operational measures which vary in line with the severity of the event and provides the first line of defence based on the use of mechanisms designed to actively prevent potential future defaults. An automatic process immediately transfers customers from commercial to recovery areas in situations in which more serious events have been identified, to ensure that potentially more problematic cases are handled by specialised credit recovery managers. When such more serious events involve corporate customers with significant exposures, the decision to maintain customer management in commercial structures or to transfer them to specialised recovery areas is the responsibility of the credit risks executive committee and credit board, depending on an analysis of the customers' level of liabilities, based on a specific report to be produced by the risk management division.

The credit risk management division diagnoses the process as a whole as part of the credit portfolio oversight process and makes any necessary changes in line with its analysis of metrics and indicators, based on monthly monitoring reports on credit portfolio quality for the executive committee.

1.1.3 <u>Credit recovery</u>

As soon as any arrears of payment have been noted, appropriate steps are taken to recover the overdue credit to settle the situation in compliance with the dispositions of decree law 227/2012 (PARI and PERSI) as regards loans and advances to personal customers.

Credit recovery consists of a series of CGD group actions on arrears of payment of one or more instalments of a credit operation. It is a fundamental function of CGD group's credit management and is implemented at the time of the first overdue payment of an instalment and across the whole of the rest of the loan's lifetime up to its settlement. Negotiated credit recoveries comprise three types of action by order of priority in terms of their application:

- Collection of payments in arrears
- Restructuring solutions; and,
- Terminal solutions not involving legal proceedings.

Contacts with customers with a view to the settlement of overdue amounts at the initial credit collection phase are made by the call centre and the commercial area. If the initial contacts are not successful and the customer is in arrears for more than 30 days, the case is re-allocated to a recovery area with the objective of finding the most appropriate credit recovery solution.

In cases in which the negotiating process with a customer is not producing the desired effect for CGD group and its customers, credit recovery should move on to legal/pre-legal proceedings. This solution consists of the executing of assets or rights either mortgaged or pledged as loan collateral for the purpose of their judicial sale.

As an alternative credit recovery measure, CGD group also considers the disposal of credit portfolios or individual loans whenever considered to be the most efficient solution, following an appropriate cost/benefit appraisal.

1.2 Concentration risk management

Credit concentration risk management within CGD group is the responsibility of its risk management division (DGR) which identifies, measures and controls significant exposures.

Risk appetite statement metrics have been developed to monitor concentration risk. They require that the portfolio segments considered most critical in terms of credit risk be controlled on a monthly basis.

Decisions to enter into agreements for operations entailing materially significant exposures (as defined in an internal regulation) require the opinion of DGR. The limit naturally includes the amount of CGD group's total exposure to a significant customer and/or group of customers.

2. Loan write-off policy

The decision to write-off a loan, based on the write-off policy as formalised in an internal regulation, is taken at a senior level when expectations of credit recovery are nil or highly residual and when all of the negotiating and, when applicable, legal proceedings have been taken with all of the parties involved in a loan agreement. Loans eligible for write-offs, when implying the recognition of 100% provisions and impairment, also include: i) loans in arrears for more than 24 months; ii) loans without a real guarantee.

3. Impairment reversal policy

The quantification of impairment losses is conditioned by the identification of events indicating the deterioration of a counterparty's creditworthiness when having an impact on the loan's future cash flows.

In situations involving the occurrence of significant improvements in a debtor's creditworthiness and/or an adequate strengthening of real guarantees, the previously recognised loss is reduced to the level of the new calculated loss with a direct reversal of impairment.

Impairment is also reversed when loans are sold for a higher amount than their net impairment exposure.

4. Description of the restructuring measures applied and respective associated risks, in addition to their respective control and monitoring mechanisms

A credit restructuring operation is understood to be any changes to the conditions in force on operations involving loans and advances to customers in financial distress when resulting in any modification of the parties' rights or duties.

Specialised oversight and recovery areas endeavour to apply the best solutions to protect CGD group and its customers' interests in any given situation, pursuant to the terms of the delegated decision and the limits defined in internal regulations.

Recovery solutions always consider a customer's individual circumstances and CGD's best interests, in line with three basic principles.

. Impact on capital and cash flows. The first aspect to consider is the impact of the specific procedure on CGD group's invested capital and cash flows produced by the operation in the future. This impact should be measured by calculating the incremental NPV on processing the operation as opposed to a legally imposed solution (considered to be a last resort in terms of credit recovery);

. Impact on customer. Secondly, the impact of the processing solution on the customer should be considered, based on two fundamental criteria:

- *Payment capacity*. The customer must to be able to meet its financial commitments in the new scenario, based on its expected income; and,

- *Sustainability*. The process must be sustainable over time, i.e. the customer, with a high level of probability, must be able to make all necessary payments and should not relapse into a default situation.

. Impact of complexity. The processing strategy should, lastly, consider several factors which may add to the complexity of default situations, with a different treatment from that proposed based only on the two principles above. Even if the financial impact of the solution may not be optimal, other parameters such as a customer's specific characteristics, the impact of its treatment on CGD group's public image, reputational risk or a customer's willingness to negotiate are also part of the decision-making rules on the respective treatment.

Most credit which is restructured owing to a customer's financial difficulties is subject to a specific impairment calculation process, across the whole of the minimum surveillance period of 24 months as defined in Commission implementing regulation (EU) 2017/1443 of June 29, 2017.

5. Description of collateral valuation and management process

Property

The following types of property are considered for valuation purposes:

- Constructions:
  - Finished constructions; and
  - Unfinished constructions.
- Land
  - Land with construction potential (its prime and best use comprising its construction potential); and
  - Land without construction potential as its prime and best use.

The principal components of the property valuation methodology within CGD group are:

i. *Inspection of property.* Property is inspected when all new mortgage lending operations are entered into, with the objective of assessing its estimated transaction price in a free market.

   Certification of the value of a property asset is documented and includes copies of the plans, property registration booklet and its description in the land registry, when supplied. These valuations are complemented by individual direct *site* visits.

ii. *Review of the valuation of the property's value by an expert appraiser*. Mortgage lending operations whose contractual terms have been changed usually require a new valuation which is performed as if they were new operations.

   In the case of non-productive credit, the amounts of real guarantees are examined and/or revised in line with the frequency defined in internal regulations; and

iii. *Review of indexed amount*. The property prices are reviewed by an internal CMVM-registered property appraiser, who uses the information contained in the preceding valuation report and does not involve a personal visit to the property. This methodology is exclusively used for residential properties, non-productive credit with a debtor balance of less than €300 thousand and, in the case of performing credit, a debtor balance of more than €500 thousand.

Property valuation procedures:

- The staff of CGD's property valuation area has engineers and architects with significant experience in valuations. Those with technical approval functions have complementary training by way of property valuation courses and are registered with and certified by the CMVM as property appraisers.

- CGD's network of external service providers in its property valuation area comprises external corporate and individual appraisers, registered with the CMVM and spread over the whole of the country based on the area in which they perform their professional activity. There are several appraisers for each municipal district to ensure adequate diversification and rotation.

- Valuation requests are received by CGD in digital format and accompanied by the essential documentation for property valuation purposes. An internal technical operative is responsible for the approval process by type of valuation and the municipal district in which the property is located, and,

- The appraisers are set out on a list defining the priority municipal districts for operational purposes, based on criteria of efficiency in terms of travel and in-depth knowledge of the local market. Valuation requests are delivered to appraisers via a CGD property portal. The appraiser records the date of the visit and appraisal report in the portal in a standardised format which includes the documents relevant to the valuation and photographs of the property.

Other collateral

In addition to the property, the following collateral is eligible for mitigating the calculation of credit impairment:

- Pledges over term deposits – assessed on the amount of the pledge;

- Pledges over bonds issued by CGD – assessed on the nominal value of the bonds; and,

- Pledges over listed shares – assessed at market value at the calculation's reference date.

6. <u>Type of principal judgments, estimates and hypotheses used to measure impairment</u>

CGD's credit impairment model uses appropriate, applicable methodologies to ensure that impairment is calculated in conformity with IFRS 9 − "Financial instruments".

There are several modelling approaches CGD considers to be more appropriate for assessing impairment but which involve judgments in defining the processes, namely:

i. Historical information considered for modelling purposes (PDs, LGDs, collateral haircuts);

ii. Workout period for the calculation of LGDs and multiple default assessment methodologies;

iii. Portfolio segmentation criteria:

    a) *Loans to personal customers* – type of product (e.g. housing), purpose of loan, type of collateral, present and past performance of the operation, length of current performance; and,

    b) *Corporate lending* – type of company, amount of exposure, sector of economic activity, quality and amount of collateral, present and past performance of the operation, length of current performance.

iv. Loan conversion factors applied to off-balance sheet exposures;

v. Defined exposure level for individual impairment assessments;

vi. Criteria used to measure significant risk increases, from the time of the financial instrument's initial recognition, incorporating prospective information; and,

vii. The credit loss is measured on the basis of three probable macroeconomic scenarios (optimistic, pessimistic and basic) which are reviewed every six months and whose respective risk factors are adjusted to each scenario upon which the expected losses are calculated.

7. <u>Description of impairment calculation methodologies, including the way in which portfolios are segmented to reflect different loan characteristics</u>

The credit impairment model used in CGD includes loans to corporate and personal customers, provision of bank guarantees and irrevocable and revocable lines of credit and assesses each operation's risk profile which it classifies in the credit portfolio sub-segments defined on the basis of the operation's current and past performance.

The following concepts are used to calculate credit impairment:

i) *Individual impairment* based on an assessment of customers with individually significant exposures by completing an impairment form and the estimated discounted future cash flows schedule at the agreement's original interest rate; and

ii) *Collective or parametric impairment* which is automatically assessed by the credit impairment model. The parametric calculation is performed by dividing the portfolio up into risk sub-segments, including assets with a similar risk:

IFRS 9 − "Financial instruments" defines principles for the recognition of operations and assets in the bank's portfolio, in accordance with their associated credit risk.

The following three risk stages, depending upon the deterioration of credit quality since the time of initial recognition, are considered:

a) *Stage 3*: exposures for which there is objective evidence of credit impairment, for operations in default;

b) *Stage 2*: exposures with an SICR (significant increase in credit risk) since initial recognition or with objective criteria of signs of impairment; and,

c) *Stage 1*: exposures not classified in stages 2 or 3;

Stage 3 classification

- For securities and investment portfolios in other credit institutions, the definition of stage 3 is in alignment with the ratings issued by external rating agencies and considers all exposures with a D rating.
- The definition of stage 3 for the credit portfolio is in alignment with CGD's definition of default. The following events are considered:
    1. Contractual defaults to CGD group, particularly credit materially overdue for more than 90 consecutive days;
    2. Existence of a material impairment provision resulting from an individual analysis of customers with individually significant exposures;
    3. Declaration of insolvency;
    4. An insolvency application, including PERs (special revitalisation programmes) submitted by the debtor or CGD;
    5. Operations at a pre-legal/legal stage in CGD;
    6. Contamination of loans based on the identification of loss events on other operations involving the same customer. In the case of loans and advances to personal customers, if the amount in default represents more than 20% of a customer's total exposure, the other operations are also classified as being in default;
    7. Restructured operations owing to the financial difficulties of a customer in a probation period, with new restructuring operations during the surveillance period of 2 years, when classified as a non-performing exposure prior to the beginning of the probation period;

8. Restructured operations owing to a customer's financial difficulties, in a probation period, when more than 30 days in arrears and classified as a non-performing exposure prior to the beginning of the probation period;

9. Restructuring operations owing to the financial difficulties of customers in the event of loss events (in accordance with the defined materiality); and,

10. Existence of asset write-offs or cancelled interest.

Although IFRS 9 does not define the concept of default, CGD applies the same definition as used for management purposes, on an internal credit risk level, incorporating the EBA's recommendations in its "Final Report on Guidelines on Default Definition" (EBA-GL-2016-07), published on September 28, 2016. Past events for modelling purposes reflect the definition of default to-date.

Stage 2 classification

Stage 2 classification is based on an SICR since the time of initial recognition. The significant increase is generally measured on the variation of the probability of default associated with the rating between the date of initial recognition and the reporting date. More specifically, a significant increase in credit risk is considered to exist in comparison to the initial recognition when one of the following criteria is noted:

a) An absolute variation of the forward-looking lifetime PD since origination, weighted by a residual maturity exceeding a certain threshold; and,

b) A relative variation of the forward-looking lifetime PD since origination exceeding a certain threshold.

Stage 2 classification also considers objective criteria of signs of default, classifying an exposure in this stage, whatever the deterioration in credit risk, as follows:

- Credit in arrears to CGD for more than 30 days but not classified as being in default;
- Operations restructured on account of financial difficulties which do not meet stage 3 classification criteria;
- POCI (purchased or originated credit-impaired) operations which do not meet stage 3 classification criteria;
- Attribution of individual impairment of up to 20%;
- Bank of Portugal indicators (amounts overdue to other credit institutions for more than 90 days and when customers are barred from using cheques);
- Cheques returned to CGD;
- Collectability of less than 90%, assessed in the quarterly survey sent to commercial areas. This process is performed for companies not included in the individual analysis and with an exposure of more than €250 thousand;
- Identification of debts to the tax authorities and social security services;
- A 20% decline in the value of real guarantees when resulting in an LTV of more than 80% (applicable to property projects);
- Interim grace periods;
- Insolvency procedures other than a declaration of insolvency and PER procedures;
- A rating corresponding to the lowest rating level (excluding default); and,
- Three months' quarantine in stage 2.

Stage 1 classification

Stage 1 includes all credit not meeting stages 2 or 3 classification criteria.

Securities portfolio exposures that, in accordance with the defined estimated credit losses approach are not subject to impairment calculations are also classified in stage 1.

The following risk factors must be assessed for calculating impairment losses in the collective analysis:

1. *Probability of default within 12 months (PD12m).* This is the probability of a performing loan registering a default event over the next 12 months. The impairment model incorporates PDs on a portfolio scoring and rating basis and PDs by sub segment (purpose of loans and advances to personal customers and CAE (classification of economic activity) segment for loans to corporates and type of card for credit cards) applicable to unrated portfolios;

2. *Lifetime default probability (PDLT)*. This is the probability of a loan defaulting prior to the maturity of an agreement. Lifetime PDs are different for rated and unrated portfolios. In the case of rated portfolios, lifetime PDs are distinguished by a customer's or operation's ratings. In unrated portfolios lifetime PDs are differentiated between customers or operations with (i) external signs accompanied by arrears of less than 30 days (ii) arrears of between 30 and 90 days and (iii) restructuring operations owing to financial difficulties with arrears of up to 30 days.

3. *Loss given default (LGD).* A loss when an operation or customer defaults. LGD assessments involve observations of recoveries of operations or customers who default within the defined historical period, assessed in accordance with the length of default on each operation and each month of the historical period. The fact that *LGDs* are differentiated in line with the length of time the loan has been in default enables impairment losses to be differentiated by length of default. Some *LGDs* are differentiated on the basis of the type of collateral existing when impairment is declared, and,

4. *Exposure at default* (EAD). EAD is the amount of exposure of each operation upon the date of default and comprises the sum of the equity and off-balance sheet exposures following the CCF (credit conversion factor). The CCF measures the proportion of the off-balance sheet exposure which is converted into an equity exposure up to the date of default.

Estimates of risk factors, namely probabilities of default, include a forward-looking component.

8. <u>Indication of thresholds defined for individual analyses</u>

The limits on individual impairment assessments, as defined in an internal CGD group standard, take the specific characteristics of the diverse credit portfolios of each group unit into account, with the objective of assessing all exposures considered to be individually significant by each unit and the group. In the case of CGD and with reference to December 31, 2018, an individual analysis is performed on customers with an overall balance sheet exposure of €3,000 thousand or more.

9. <u>Policy relating to internal risk levels, specifying the treatment of a borrower classified as being in default</u>

Pursuant to internal regulations, defaulting customers are allocated to specialised credit oversight and recovery areas. The allocation decision may be made by the credit board or credit risks executive committee.

Owing to the innovation introduced by the customer oversight workflow process (item 1.1.2. above) as most defaulting customers had previously been allocated to recovery area managers, there were no breaks in the negotiating process at the time of the transfer of customers from commercial to recovery areas.

The recovery solution considered most appropriate to customers' and CGD's interests is applied, on the basis of an analysis, with legal action for credit recovery purposes as a last resort.

10. <u>General description of the form of calculating the present value of future cash flows for individual and collective impairment loss assessments</u>

<u>Individual assessment</u>

The assessment of estimated future cash flows on loans considers the extent to which a customer will generate free cash flows for debt payment purposes. A loan's recoverable amount is the sum of the expected future cash flows, estimated in accordance with the contractual terms in force (maturity, interest rate, repayment method, etc.), discounted at the agreement's original effective interest rate in accordance with the underlying expectations of its collectability.

An assessment is made as to whether the estimated future cash flows of customers with signs of loss are less than the contractual cash flows. The amount of the impairment, in such cases, is consequently adjusted.

One of the following approaches is used to assess a company's future cash flows:

1. A going concern approach which considers the continuation of a company's activity based on estimates of future operating cash flows to assess whether they are sufficient to ensure the payment of the debt to all creditors. The sale or execution of collateral for debt settlement purposes may also be considered provided that this does not have any influence and impact on a company's estimated future cash flows (i.e. provided that they are non-operating assets). This going concern approach is used if:

    a) The company's future operational cash flows are material and may be reasonably estimated; and,

    b) The repayment of the debt does not involve the execution of collateral which is decisive for the company's normal operation.

    An independent valuation of the asset portfolio showed a deterioration of the former scenarios of analyses on going concern customers on which the sensitivity analysis of several business plans was based, including, by way of example, estimated cash flows from emerging markets. In the case of several customers, impairment was also measured on the basis of indicative market bids in a credit disposal scenario.

2. A gone concern approach associated with a scenario of the ending of a company's activity in which the collateral is executed and the company's operating cash flows cease to exist. The application of this approach is considered in the occurrence of at least one of the following situations:

    a) When the customer's exposure has been overdue for a considerable length of time with the presumption that the gone concern approach should be applied when the loan has been overdue for more than 18 months;

    b) When estimated future operating cash flows are residual or negative or less than the estimated amount of the collateral and clearly insufficient to enable the customer to service its debt;

    c) When the exposure is highly collateralised and the collateral is essential for producing cash flow;

    d) When the application of a going concern approach would have a material, negative impact on the recoverable amount as opposed to a gone concern approach;

    e) When there is a high level of uncertainty over estimated future cash flows, namely when EBITDA over the last few years has been negative; and,

    f) When the available information for a going concern analysis is insufficient.

A mixed approach can be adopted in several situations in consideration of the cash flows produced by a company's activity, which may be complemented by cash flows originating from disposals of the company's assets, assuming that the company will continue to operate as a going concern. If the disposal of the assets has an impact on the company's future operating cash flows a respective adjustment will be made to assess the recoverable amounts.

<u>Collective impairment</u>

For stage 1 operations, the ECL (expected credit loss) considers a 12 months loss and is calculated by the following formula:

$$ECL_{\text{Stage 1}} = EAD \times PD_{\text{12months}} \times LGD$$

For stage 2 operations lifetime credit losses are calculated by the following formula:

$$ECL_{Stage\ 2} = \sum_{k=t}^{Prazo} \frac{EAD_k \times LGD_k \times SR_{k-1} \times PD_k}{(1+r)^k} \quad (1)$$

In which r is the original interest rate and SR is the probability of surviving the default

Given that the stage 3 concept is aligned with the internal default concept, a lifetime PD of 100% is considered. Expected losses on stage 3 operations are therefore given by the following formula:

$$ECL_{\text{Stage 3}} = EAD \times LGD_{\text{Time from default entry}}$$

Credit losses should also result from losses calculated on the basis of three possible macroeconomic scenarios (central, pessimistic and optimistic), weighted by the probabilities of each scenario's occurrence.

Quantitative

The following tables provide information on the loans and advances to customers portfolio and property received in kind or repossessed, based on the contents applicable to the group's activity:

Information on exposures and impairment, by segment, at December 31, 2019 and December 31, 2018 is set out below:

	Exposure in 31-12-2019				Impairment in 31-12-2019			
	Assets without a significant increase in credit risk (Stage 1)	Assets with a significant increase in credit risk but not impairment (Stage 2)	Assets with impairment (Stage 3)	Total	Assets without a significant increase in credit risk (Stage 1)	Assets with a significant increase in credit risk but not impairment (Stage 2)	Assets with impairment (Stage 3)	Total
Segment								
Government	2,947,720	206,366	21,815	3,175,902	1,316	6,325	12,954	20,595
Other financial institutions	158,365	117,771	2,112	278,248	968	17,611	1,332	19,912
Non-financial institutions	14,560,118	2,052,947	1,800,381	18,413,446	140,875	294,507	1,148,991	1,584,373
Small and medium institutions	6,850,088	1,522,113	1,340,845	9,713,046	86,370	183,913	821,184	1,091,467
Commercial real estate	2,346,222	525,941	530,512	3,402,675	13,242	86,247	333,333	432,822
Others	4,503,866	996,172	810,333	6,310,371	73,128	97,666	487,851	658,645
Other institutions	7,710,030	530,834	459,536	8,700,400	54,504	110,594	327,808	492,907
Commercial real estate	1,053,732	79,340	63,577	1,196,648	6,407	13,127	41,028	60,563
Others	6,656,298	451,495	395,959	7,503,752	48,097	97,467	286,780	432,344
Households	25,443,506	1,941,376	869,882	**28,254,764**	18,308	95,067	410,560	**523,935**
Mortgage loans with property mortgage	23,854,678	1,685,355	526,715	26,066,747	10,658	72,896	149,864	233,418
Consumption and other purposes	1,058,535	137,755	55,185	1,251,476	5,486	12,512	29,873	47,871
Others	530,293	118,266	287,982	936,541	2,164	9,659	230,823	242,646
	43,109,709	**4,318,461**	**2,694,191**	**50,122,360**	**161,467**	**413,511**	**1,573,838**	**2,148,816**

	Exposure in 31-12-2018				Impairment in 31-12-2018			
	Assets without a significant increase in credit risk (Stage 1)	Assets with a significant increase in credit risk but not impairment (Stage 2)	Assets with impairment (Stage 3)	Total	Assets without a significant increase in credit risk (Stage 1)	Assets with a significant increase in credit risk but not impairment (Stage 2)	Assets with impairment (Stage 3)	Total
Segment								
Government	5,408,755	248,909	36,269	5,693,933	1,757	884	10,356	12,997
Other financial institutions	217,350	7,815	263,258	488,422	3,106	379	145,863	149,348
Non-financial institutions	13,875,587	2,274,756	3,075,278	19,225,622	247,655	87,887	1,939,235	2,274,777
Small and medium institutions	6,494,026	1,537,034	2,146,451	10,177,511	107,023	56,461	1,311,388	1,474,872
Commercial real estate	1,958,584	348,647	1,156,431	3,463,663	33,812	12,803	671,179	717,793
Others	4,535,442	1,188,387	990,019	6,713,848	73,211	43,658	640,209	757,079
Other institutions	7,381,562	737,722	928,827	9,048,111	140,632	31,426	627,848	799,906
Commercial real estate	1,058,223	156,640	236,190	1,451,053	6,245	15,864	174,456	196,564
Others	6,323,338	581,083	692,638	7,597,059	134,387	15,563	453,392	603,342
Households	25,593,874	2,194,251	1,730,310	**29,518,435**	16,808	39,628	843,368	**899,804**
Mortgage loans with property mortgage	23,831,734	1,920,653	1,109,930	26,862,316	9,592	30,654	356,196	396,441
Consumption and other purposes	1,184,081	156,181	80,667	1,420,929	5,215	5,675	44,510	55,400
Others	578,059	117,418	539,713	1,235,190	2,001	3,300	442,662	447,963
	45,095,566	**4,725,732**	**5,105,115**	**54,926,412**	**269,325**	**128,778**	**2,938,823**	**3,336,927**

Information on exposures and impairment, between performing and non-performing operations, at December 31, 2019 and December 31, 2018 is set out below:

	Exposure in 31-12-2019										Impairment in 31-12-2019							
	Performing			Non-Performing							At Performing Expositions	At Non-Performing Expositions						
	Not expired or expired <= 30 days	Expired > 30 days <= 90 days "		Not expired or expired <= 90 days	Expired > 90 days <= 180 days "	Expired > 180 days <= 1 year	Expired > 1 year <= 5 years "	Expired > 5 years "				Not expired or expired <= 90 days	Expired > 90 days <= 180 days "	Expired > 180 days <= 1 year	Expired > 1 year <= 5 years "	Expired > 5 years "		
Segment																		
Government	**3,153,651**	**435**	**3,154,087**	**7,184**	**0**	**0**	**3,604**	**11,026**	**21,815**	**3,175,902**	**7,641**	**16**	**-**	**-**	**2,448**	**10,490**	**12,954**	**20,595**
Other financial institutions	**275,865**	**270**	**276,136**	**285**	**47**	**261**	**842**	**677**	**2,112**	**278,248**	**18,580**	**32**	**13**	**132**	**554**	**601**	**1,332**	**19,912**
Non-financial institutions	**16,451,914**	**157,670**	**16,609,584**	**926,282**	**98,312**	**81,554**	**499,031**	**198,683**	**1,803,862**	**18,413,446**	**433,855**	**621,763**	**51,223**	**37,728**	**309,152**	**130,652**	**1,150,518**	**1,584,373**
Small and medium institutions	8,257,125	112,908	8,370,033	625,296	76,437	70,452	406,333	164,495	1,343,013	9,713,046	268,968	420,119	34,910	30,070	229,599	107,801	822,499	1,091,467
Commercial real estate	2,858,243	13,348	2,871,591	119,684	33,294	16,674	246,659	114,773	531,084	3,402,675	99,105	96,084	18,583	6,756	140,016	72,277	333,717	432,822
Others	5,398,882	99,560	5,498,442	505,612	43,143	53,778	159,674	49,722	811,929	6,310,371	169,863	324,035	16,327	23,314	89,583	35,523	488,782	658,645
Other institutions	8,194,789	44,761	8,239,551	300,985	21,875	11,103	92,698	34,188	460,849	8,700,400	164,887	201,644	16,313	7,659	79,553	22,851	328,019	492,907
Commercial real estate	1,129,720	2,068	1,131,787	16,193	0	3,109	22,472	23,087	64,861	1,196,648	19,324	8,168	0	1,128	16,963	14,981	41,239	60,563
Others	7,065,070	42,694	7,107,763	284,793	21,875	7,993	70,226	11,102	395,988	7,503,752	145,563	193,476	16,313	6,531	62,590	7,870	286,780	432,344
Households	**27,225,648**	**153,483**	**27,379,130**	**286,300**	**47,027**	**44,625**	**363,453**	**134,229**	**875,634**	**28,254,764**	**112,095**	**131,377**	**7,192**	**10,775**	**203,366**	**59,130**	**411,840**	**523,936**
Mortgage loans with property mortgage	25,400,284	135,123	25,535,408	209,442	33,399	26,225	155,311	106,962	531,339	26,066,747	82,705	76,293	2,697	2,019	27,480	42,223	150,713	233,418
Consumption and other purposes	1,184,638	11,045	1,195,683	10,379	6,208	12,906	23,014	3,286	55,793	1,251,476	17,501	7,933	2,967	6,832	9,916	2,722	30,370	47,871
Others	640,725	7,314	648,040	66,479	7,419	5,494	185,129	23,981	288,502	936,541	11,889	47,151	1,528	1,924	165,970	14,185	230,758	242,646
	47,107,079	**311,858**	**47,418,937**	**1,220,050**	**145,386**	**126,441**	**866,931**	**344,615**	**2,703,423**	**50,122,360**	**572,171**	**753,188**	**58,428**	**48,636**	**515,520**	**200,872**	**1,576,645**	**2,148,816**

	Exposure in 31-12-2018										Impairment in 31-12-2018							
	Performing			Non-Performing							At Performing Expositions	At Non-Performing Expositions						
	Not expired or expired <= 30 days	Expired > 30 days <= 90 days "		Not expired or expired <= 90 days	Expired > 90 days <= 180 days "	Expired > 180 days <= 1 year	Expired > 1 year <= 5 years "	Expired > 5 years "				Not expired or expired <= 90 days	Expired > 90 days <= 180 days "	Expired > 180 days <= 1 year	Expired > 1 year <= 5 years "	Expired > 5 years "		
Segment																		
Government	**5,628,772**	**28,892**	**5,657,664**	**18,345**	**-**	**-**	**3,497**	**14,426**	**36,269**	**5,693,933**	**2,641**	**110**	**-**	**-**	**2,360**	**7,885**	**10,356**	**12,997**
Other financial institutions	**223,866**	**1,299**	**225,165**	**940**	**1,634**	**167**	**116,283**	**144,234**	**263,258**	**488,422**	**3,484**	**170**	**1,355**	**43**	**5,822**	**138,473**	**145,863**	**149,348**
Non-financial institutions	**15,918,077**	**168,410**	**16,086,487**	**1,408,132**	**126,462**	**245,424**	**831,936**	**527,182**	**3,139,136**	**19,225,622**	**315,393**	**793,492**	**67,328**	**198,487**	**556,346**	**343,731**	**1,959,384**	**2,274,777**
Small and medium institutions	7,863,482	120,866	7,984,348	892,682	96,874	138,249	664,057	401,301	2,193,162	10,177,511	158,843	465,236	39,431	100,862	452,384	258,115	1,316,028	1,474,872
Commercial real estate	2,294,117	13,065	2,307,181	447,362	33,019	30,282	368,148	277,670	1,156,482	3,463,663	46,614	217,894	11,983	22,326	247,310	171,666	671,179	717,793
Others	5,569,366	107,801	5,677,167	445,320	63,855	107,967	295,908	123,631	1,036,681	6,713,848	112,230	247,342	27,449	78,537	205,073	86,448	644,849	757,079
Other institutions	8,054,594	47,544	8,102,138	515,450	29,588	107,175	167,879	125,881	945,973	9,048,111	156,550	328,256	27,897	97,625	103,962	85,617	643,356	799,906
Commercial real estate	1,212,869	1,994	1,214,863	78,828	16,847	19,387	53,874	67,254	236,190	1,451,053	22,108	38,644	16,377	19,357	48,636	51,442	174,456	196,564
Others	6,841,725	45,550	6,887,275	436,622	12,741	87,789	114,005	58,627	709,784	7,597,059	134,441	289,612	11,520	78,268	55,327	34,174	468,900	603,342
Households	**27,624,099**	**156,072**	**27,780,171**	**392,197**	**78,569**	**75,763**	**725,300**	**466,436**	**1,738,264**	**29,518,435**	**55,893**	**151,754**	**22,510**	**27,686**	**426,166**	**215,795**	**843,911**	**899,804**
Mortgage loans with property mortgage	25,604,391	141,179	25,745,570	306,177	46,843	36,812	331,634	395,281	1,116,746	26,862,316	39,842	100,737	6,231	4,796	76,429	168,406	356,600	396,441
Consumption and other purposes	1,332,124	7,950	1,340,075	21,805	6,431	12,531	34,617	5,470	80,854	1,420,929	10,831	14,385	2,975	8,108	14,987	4,114	44,569	55,400
Others	687,584	6,942	694,526	64,215	25,296	26,420	359,048	65,684	540,664	1,235,190	5,221	36,632	13,303	14,782	334,750	43,275	442,742	447,963
	49,394,813	**354,673**	**49,749,486**	**1,819,614**	**206,664**	**321,355**	**1,677,015**	**1,152,278**	**5,176,926**	**54,926,412**	**377,412**	**945,527**	**91,193**	**226,216**	**990,695**	**705,884**	**2,959,515**	**3,336,927**

Information on the credit portfolio, by segment and year of production at December 31, 2019, is given below:

	Government			Other financial institutions			Non-financial institutions			Non-financial institutions - Commercial real estate			Households - Loans with mortgage Property			Households - Consumption and other purposes			Total		
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
Year of production																					
2004 and before	1,018	389,857	19	10	392	207	3,203	569,711	124,622	496	132,519	43,951	227,348	5,299,838	74,328	16,665	121,366	23,809	248,244	6,381,163	222,983
2004 and before	199	48,377	6,412	6	72	0	463	125,556	51,989	100	32,198	23,034	37,284	1,788,393	21,098	23,092	54,687	16,603	61,044	2,017,085	96,102
2005	138	57,809	6,385	7	37,390	2,660	1,316	352,837	93,203	297	74,196	42,788	34,035	1,842,161	22,337	87,709	106,384	3,841	123,205	2,396,582	128,427
2006	111	419,928	4,559	35	9,488	566	2,126	635,237	324,121	462	308,832	144,746	40,050	2,081,272	36,511	21,930	125,593	171,187	64,252	3,361,519	536,945
2007	85	668,890	91	31	34,992	5,627	1,896	837,388	188,225	431	314,007	65,543	34,373	1,852,601	24,226	22,628	64,180	3,835	59,013	3,458,051	222,004
2008	58	55,977	38	20	346	64	1,905	709,277	57,663	428	387,953	33,981	30,512	1,914,620	19,023	29,519	62,178	3,878	62,014	2,742,399	80,665
2009	48	40,684	94	22	494	107	2,178	418,827	33,893	424	194,374	10,556	22,983	1,629,809	14,440	32,911	71,561	5,060	58,142	2,161,376	53,594
2010	19	59,027	1	24	352	64	1,838	364,321	36,232	328	78,513	10,685	10,375	725,991	4,737	24,038	56,245	2,826	36,294	1,205,936	43,860
2011	13	6,916	1	15	5,870	369	2,049	247,713	44,372	363	51,156	20,979	4,648	322,046	2,945	21,336	46,281	8,958	28,061	628,826	56,645
2012	29	118,370	745	17	4,690	265	3,141	387,570	63,401	485	66,620	6,971	4,771	381,873	2,037	76,698	79,746	3,918	84,656	972,248	70,368
2013	46	225,525	132	33	2,224	70	6,080	1,100,303	165,186	922	145,286	15,205	6,082	567,816	2,515	32,249	90,833	5,413	44,490	1,986,701	173,316
2014	58	201,139	508	72	29,941	1,965	11,430	1,971,259	130,479	1,669	220,754	17,750	10,700	972,117	2,263	58,211	140,041	10,803	80,471	3,314,497	146,017
2016	114	511,398	946	68	41,661	6,369	12,770	1,759,655	62,290	1,754	309,312	12,991	12,039	1,143,720	2,452	60,502	144,141	7,171	85,493	3,600,573	79,228
2017	76	107,657	42	50	23,371	314	15,010	1,573,351	97,963	2,066	409,301	14,518	13,228	1,344,208	1,429	60,396	190,334	6,104	88,760	3,238,921	105,852
2018	82	77,420	498	83	22,495	152	15,290	2,284,729	61,134	2,003	585,983	14,679	16,846	1,896,653	1,486	82,833	305,897	10,844	115,134	4,587,195	74,114
2019	102	186,927	123	148	64,470	1,112	28,064	5,075,715	49,600	3,804	1,288,318	15,007	20,295	2,303,627	1,593	188,243	438,549	6,268	236,852	8,069,287	58,695
	2,196	**3,175,902**	**20,595**	**641**	**278,248**	**19,912**	**108,759**	**18,413,446**	**1,584,373**	**16,032**	**4,599,323**	**493,385**	**525,569**	**26,066,747**	**233,418**	**838,960**	**2,188,017**	**290,517**	**1,476,125**	**50,122,360**	**2,148,816**

Information on the amount of gross credit exposure and impairment by segment at December 31, 2019 and December 31, 2018, is as follows:

	31-12-2019													
	Government		Other financial institutions		Non-financial institutions		Non-financial institutions - Commercial real estate		Households - Loans with mortgage Property		Households - Consumption and other purposes		Total	
	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment
Avaliation														
Individual	13,723	12,879	0	0	1,092,158	802,243	361,993	240,528	12,606	3,617	211,248	185,260	1,329,736	1,003,998
Collective	3,162,179	7,716	278,248	19,912	17,321,288	782,130	4,237,330	252,856	26,054,141	229,801	1,976,769	105,258	48,792,624	1,144,818
	3,175,902	**20,595**	**278,248**	**19,912**	**18,413,446**	**1,584,373**	**4,599,323**	**493,385**	**26,066,747**	**233,418**	**2,188,017**	**290,517**	**50,122,360**	**2,148,816**

	31-12-2018													
	Government		Other financial institutions		Non-financial institutions		Non-financial institutions - Commercial real estate		Households - Loans with mortgage Property		Households - Consumption and other purposes		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Avaliation														
Individual	13,633	10,206	145,260	139,559	1,807,008	1,317,555	878,960	579,340	5,213	3,062	398,570	361,287	2,369,684	1,831,670
Collective	5,680,299	2,791	343,163	9,789	17,418,615	957,222	4,035,756	335,017	26,857,103	393,379	2,257,548	142,076	52,556,728	1,505,256
	5,693,933	**12,997**	**488,422**	**149,348**	**19,225,622**	**2,274,777**	**4,914,716**	**914,357**	**26,862,316**	**396,441**	**2,656,119**	**503,363**	**54,926,412**	**3,336,927**

Information on the amount of gross credit exposure and impairment by activity sector at December 31, 2019 and December 31, 2018, is as follows:

	31-12-2019			
	Credit exposure			
	Gross carrying amount	Of which with renegotiation measures	Of which Non performing	Accumulated impairment
Activity sector				
Agriculture, forestry and fishing	344,901	26,232	52,255	24,688
Extraction industries	89,933	8,365	4,206	3,832
Manufacturing	2,589,236	124,801	224,879	164,433
Production and distribution of electricity, gas, steam and air conditioning	512,705	13,562	111	3,310
Water supply	286,024	65,784	16,836	29,174
Construction	2,233,925	350,107	315,209	399,917
Wholesale and retail trade	2,088,744	114,606	172,323	127,892
Transport and storage	1,025,438	283,549	75,867	118,807
Accommodation and food service activities	690,223	110,087	82,971	48,913
Information and communication	150,932	7,249	7,737	8,807
Real estate activities	2,443,628	333,199	316,191	219,126
Consulting, scientific, technical and similar activities	3,701,166	265,982	305,304	314,296
Administrative and support services activities	403,150	9,321	13,549	17,123
Public administration and defense, compulsory social security	2,271	63	64	45
Education	116,568	30,702	31,246	10,882
Human health services and social action activities	216,384	15,986	16,911	10,899
Arts, entertainment and recreation	161,074	8,952	110,859	46,691
Other services	1,357,145	78,600	57,345	35,587
Public administrations	3,175,902	352,481	21,815	20,595
Other financial activities	278,248	70,960	2,112	19,912
Households - housing with mortgage of the property	26,066,747	1,166,972	531,339	233,421
Households - housing	1,251,476	37,664	55,793	47,868
Households - others	936,541	283,872	288,502	242,598
	50,122,360	**3,759,095**	**2,703,423**	**2,148,816**

	31-12-2018			
	Credit exposure			
	Gross carrying amount	Of which with renegotiation measures	Of which Non performing	Accumulated impairment
Activity sector				
Agriculture, forestry and fishing	374,936	47,582	64,739	25,843
Extraction industries	85,546	10,820	8,807	4,207
Manufacturing	2,819,548	160,354	309,318	239,918
Production and distribution of electricity, gas, steam and air conditioning	543,464	17,642	204	3,460
Water supply	312,369	58,147	58,632	33,961
Construction	2,908,253	601,349	888,466	678,812
Wholesale and retail trade	2,238,589	136,979	303,750	202,247
Transport and storage	1,204,478	261,587	163,196	97,968
Accommodation and food service activities	1,154,591	150,341	165,647	71,423
Information and communication	181,201	8,187	15,114	14,550
Real estate activities	2,311,321	452,404	556,974	318,786
Consulting, scientific, technical and similar activities	3,282,422	319,896	406,841	456,588
Administrative and support services activities	418,849	12,690	25,172	24,292
Public administration and defense, compulsory social security	27,011	25,209	77	545
Education	154,572	17,326	68,264	25,973
Human health services and social action activities	259,576	14,505	24,244	13,106
Arts, entertainment and recreation	179,605	43,801	20,660	36,155
Other services	769,290	42,874	59,030	26,944
Public administrations	5,693,933	401,923	36,269	12,997
Other financial activities	488,422	71,247	263,258	149,348
Households - housing with mortgage of the property	26,862,316	1,325,169	1,116,746	396,441
Households - housing	1,420,929	51,386	80,854	55,400
Households - others	1,235,190	464,962	540,664	447,963
	54,926,412	**4,696,381**	**5,176,926**	**3,336,927**

Information on the fair value of collateral underlying the non-financial corporations and households credit portfolio: of which mortgage loans with a pledge on the property at December 31, 2019 and December 31, 2018, is as follows:

	31-12-2019													
	<0.5 M€		≥ 0.5 M€ e < 1 M€		≥ 1 M€ e < 5 M€		≥ 5 M€ e < 10 M€		≥ 10 M€ e < 20 M€		≥ 20 M€ e < 50 M€		>= 50 M€	
	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals
Fair value														
Non-financial institutions	7,048,925	429,865	809,050	288,946	3,037,903	949,088	1,128,274	416,090	978,011	396,843	1,284,243	690,690	1,272,454	370,071
Non-financial institutions - Commercial real estate	368,868	131,276	229,843	91,456	817,313	331,257	344,220	138,786	523,388	229,829	700,540	386,403	909,287	316,544
Households - Loans with mortgage Property	53,452,543	37,743,219	2,006,486	849,432	563,866	222,853	203,671	8,898	217,257	1,802	180,952	731	78,339	44
	60,870,336	**38,304,360**	**3,045,379**	**1,229,835**	**4,419,082**	**1,503,197**	**1,676,165**	**563,774**	**1,718,655**	**628,474**	**2,165,735**	**1,077,824**	**2,260,080**	**686,659**

	31-12-2018													
	<0.5 M€		≥ 0.5 M€ e < 1 M€		≥ 1 M€ e < 5 M€		≥ 5 M€ e < 10 M€		≥ 10 M€ e < 20 M€		≥ 20 M€ e < 50 M€		>= 50 M€	
	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals	Properties	Other real collaterals
Fair value														
Non-financial institutions	790,968	553,577	624,891	368,773	2,031,455	1,112,152	896,320	452,417	634,694	406,731	1,265,952	693,088	940,014	323,883
Non-financial institutions - Commercial real estate	256,131	227,489	207,571	130,786	733,605	401,559	342,245	152,995	344,173	266,740	675,505	355,017	660,014	323,715
Households - Loans with mortgage Property	51,222,515	38,813,726	1,388,577	813,190	439,050	193,538	202,752	3,949	248,417	5,229	180,952	808	78,339	44
	52,269,615	**39,594,793**	**2,221,038**	**1,312,750**	**3,204,110**	**1,707,249**	**1,441,318**	**609,361**	**1,227,283**	**678,700**	**2,122,409**	**1,048,913**	**1,678,368**	**647,641**

Details on the restructured loan portfolio by the application of the deferral method (Forborne) at December 31, 2019 and December 31, 2018, are as follows:

	31-12-2019									
	Performing loans			Non-performing loans				Total			
	Number of operations	Exposure	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective
Measure										
Credit term extension	1,476	420,380	10,482	1,997	343,463	87,925	55,954	3,473	763,842	87,925	66,436
Grace period	192	160,127	2,498	386	50,620	2,009	14,036	578	210,748	2,009	16,534
Interest rate changes	168	624,854	82,236	353	347,415	245,190	16,316	521	972,269	245,190	98,552
Other	3,973	1,061,637	49,265	7,819	750,600	301,733	162,508	11,792	1,812,237	301,733	211,773
	5,809	**2,266,998**	**144,480**	**10,555**	**1,492,098**	**636,857**	**248,814**	**16,364**	**3,759,095**	**636,857**	**393,294**

	31-12-2018									
	Performing loans			Non-performing loans				Total			
	Number of operations	Exposure	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective	Number of operations	Exposure	Impairment individual	Impairment colective
Measure										
Credit term extension	1,322	397,786	5,930	3,258	538,818	140,735	82,435	4,580	936,604	140,735	88,365
Grace period	269	198,326	1,683	707	101,740	10,226	23,873	976	300,067	10,226	25,556
Interest rate changes	196	452,701	2,963	619	866,360	548,681	28,984	815	1,319,060	548,681	31,947
Other	3,592	1,016,691	24,217	8,002	1,123,957	386,501	198,223	11,594	2,140,649	386,501	222,439
	5,379	**2,065,505**	**34,792**	**12,586**	**2,630,876**	**1,086,144**	**333,516**	**17,965**	**4,696,381**	**1,086,144**	**368,308**

Information on inclusions in and exits from the deferred credit portfolio (Forborne) for the period ended December 31, 2019, is given below:

Balance of restructured loans at 31-12-2017	**6,205,417**
New restructured loans	460,325
Accrued interest of the restructured loans	16,859
Restructured loans liquidation (partial or total)	(1,553,139)
Reclassifyed loans from "restructured" to "normal"	(72,601)
Other	(360,482)
Balance of restructured loans at 31-12-2018	**4,696,381**
New restructured loans	429,822
Accrued interest of the restructured loans	6,086
Restructured loans liquidation (partial or total)	(1,179,375)
Reclassifyed loans from "restructured" to "normal"	(69,358)
Other	(124,461)
Balance of restructured loans at 31-12-2019	3,759,095

Details on the credit portfolio by LTV ratio at December 31, 2019 and December 31, 2018, are set out below:

	31-12-2019					
	Exposure			Impairment		
Segment / Ratio	Performing	Non-Performing		Performing	Non-Performing	
Non-financial institutions	**16,609,584**	**1,803,862**	**18,413,446**	**433,855**	**1,150,518**	**1,584,373**
With no associated collateral	8,042,217	454,001	8,496,218	249,374	377,231	626,605
< 60%	6,369,276	1,050,734	7,420,010	159,060	615,301	774,362
>= 60% and < 80%	717,033	70,783	787,816	8,462	35,959	44,420
>= 80% and < 100%	532,687	97,432	630,119	8,590	67,044	75,635
>= 100%	948,371	130,912	1,079,282	8,368	54,983	63,351
Commercial real estate	**4,003,378**	**595,945**	**4,599,323**	**118,429**	**374,956**	**493,385**
With no associated collateral	1,040,834	39,184	1,080,018	35,000	62,577	97,577
< 60%	2,166,282	445,184	2,611,467	74,307	245,740	320,047
>= 60% e < 80%	203,923	41,615	245,538	3,618	27,751	31,368
>= 80% e < 100%	205,663	23,857	229,520	2,600	11,062	13,662
>= 100%	386,676	46,104	432,781	2,904	27,825	30,730
Households - Loans with property mortgage	**25,535,408**	**531,339**	**26,066,747**	**82,705**	**150,713**	**233,418**
With no associated collateral	138,747	10,188	148,935	59,763	33,396	93,160
< 60%	12,416,341	217,862	12,634,202	11,846	45,027	56,873
>= 60% and < 80%	5,404,667	75,388	5,480,055	3,917	11,357	15,274
>= 80% and < 100%	7,175,747	139,894	7,315,641	4,742	28,749	33,492
>= 100%	399,906	88,007	487,914	2,437	32,183	34,620
Households - Consumption and other purposes	**1,843,723**	**344,295**	**2,188,017**	**29,390**	**261,128**	**290,517**
With no associated collateral	892,857	48,876	941,733	17,857	44,046	61,903
< 60%	423,722	210,221	633,943	4,734	178,755	183,489
>= 60% and < 80%	143,589	36,846	180,435	946	20,127	21,073
>= 80% and < 100%	127,876	28,192	156,068	813	8,818	9,631
>= 100%	255,679	20,160	275,839	5,039	9,383	14,422
Other financial institutions	**276,136**	**2,112**	**278,248**	**18,580**	**1,332**	**19,912**
With no associated collateral	87,477	505	87,982	6,721	353	7,073
< 60%	134,913	1,581	136,495	5,711	979	6,690
>= 60% and < 80%	8,086	26	8,112	24	0	24
>= 80% and < 100%	4,046	144	4,190	113	-	113
>= 100%	41,613	(144)	41,469	6,012	-	6,012
Government	**3,154,087**	**21,815**	**3,175,902**	**7,641**	**12,954**	**20,595**
With no associated collateral	817,551	4,983	822,534	2,409	4,061	6,471
< 60%	616,242	9,957	626,199	46	8,878	8,924
>= 60% and < 80%	163,539	6,875	170,414	3,674	15	3,689
>= 80% and < 100%	701,488	-	701,488	52	-	52
>= 100%	855,267	-	855,267	1,460	-	1,460
	47,418,937	2,703,423	50,122,360	572,171	1,576,645	2,148,816

Segment / Ratio	31-12-2018					
	Exposure			Impairment		
	Performing	Non-Performing		Performing	Non-Performing	
Non-financial institutions	**16,086,487**	**3,139,136**	**19,225,622**	**315,393**	**1,959,384**	**2,274,777**
With no associated collateral	7,496,851	638,835	8,135,687	213,328	521,490	734,818
< 60%	6,437,590	1,942,266	8,379,856	71,074	1,148,472	1,219,546
>= 60% and < 80%	625,392	201,560	826,952	5,081	117,486	122,566
>= 80% and < 100%	549,503	115,923	665,426	5,155	53,868	59,023
>= 100%	977,150	240,551	1,217,702	20,756	118,067	138,824
Commercial real estate	**3,522,044**	**1,392,671**	**4,914,716**	**68,722**	**845,635**	**914,357**
With no associated collateral	972,405	96,802	1,069,207	36,613	107,432	144,045
< 60%	1,943,439	1,012,687	2,956,125	26,796	584,933	611,729
>= 60% e < 80%	239,081	95,654	334,735	2,362	44,521	46,883
>= 80% e < 100%	200,082	64,468	264,551	1,555	29,549	31,104
>= 100%	167,038	123,060	290,098	1,396	79,200	80,596
Households - Loans with property mortgage	**25,745,570**	**1,116,746**	**26,862,316**	**39,842**	**356,600**	**396,441**
With no associated collateral	124,543	29,131	153,674	829	17,577	18,406
< 60%	13,949,475	456,500	14,405,974	22,095	162,106	184,201
>= 60% and < 80%	4,876,305	128,633	5,004,938	4,189	19,885	24,074
>= 80% and < 100%	6,259,443	269,747	6,529,190	9,439	62,219	71,658
>= 100%	535,804	232,736	768,540	3,290	94,812	98,102
Households - Consumption and other purposes	**2,034,601**	**621,518**	**2,656,119**	**16,052**	**487,311**	**503,363**
With no associated collateral	864,360	88,584	952,944	6,289	68,794	75,083
< 60%	588,763	416,715	1,005,479	4,399	360,997	365,396
>= 60% and < 80%	144,574	37,047	181,622	755	22,053	22,808
>= 80% and < 100%	155,522	37,129	192,651	813	14,106	14,920
>= 100%	281,381	42,042	323,423	3,795	21,362	25,156
Other financial institutions	**225,165**	**263,258**	**488,422**	**3,484**	**145,863**	**149,348**
With no associated collateral	53,558	114,954	168,512	299	109,007	109,306
< 60%	78,827	5,274	84,100	1,647	2,397	4,044
>= 60% and < 80%	40,489	141,521	182,011	165	33,056	33,221
>= 80% and < 100%	51,324	1,499	52,822	1,368	1,355	2,722
>= 100%	967	10	977	5	48	54
Government	**5,657,664**	**36,269**	**5,693,933**	**2,641**	**10,356**	**12,997**
With no associated collateral	3,032,101	5,587	3,037,687	878	3,019	3,896
< 60%	810,986	15,270	826,257	204	7,232	7,436
>= 60% and < 80%	180,991	8,852	189,843	406	65	471
>= 80% and < 100%	694,857	5,640	700,496	203	41	244
>= 100%	938,729	920	939,649	951	-	951
	49,749,486	5,176,926	54,926,412	377,412	2,959,515	3,336,927

Details on the fair value and net accounting value of property received in kind or repossessed by type of assets and seniority are set out below:

Asset	31-12-2019 Number of real estate	31-12-2019 Fair value of assets	31-12-2019 Book value
Land			
Urban	291	132,819	40,417
Rural	39	7,835	7,146
Under construction buildings			
Commercial	-	-	-
Housing	247	18,647	13,776
Other	61	17,240	9,619
Concluded buildings			
Commercial	-	-	-
Housing	2,323	179,660	135,169
Other	1,321	192,041	116,185
	4,282	548,243	322,311

Time elapsed since the initial recognition / repossesssion	31-12-2019 < 1 year	>= 1 year e < 2.5 years	>= 2.5 years e < 5 years	>= 5 years	Total
Land					
Urban	1,871	19,578	9,356	9,612	40,417
Rural	5,736	111	1,287	12	7,146
Under construction buildings					
Commercial	-	-	-	-	-
Housing	2,220	4,253	3,272	4,031	13,776
Other	518	3,637	5,156	309	9,619
Concluded buildings					
Commercial	-	-	-	-	-
Housing	42,644	44,369	28,657	19,500	135,169
Other	36,367	34,425	18,101	27,291	116,185
	89,356	106,372	65,828	60,755	322,311

Asset	31-12-2018 Number of real estate	31-12-2018 Fair value of assets	31-12-2018 Book value
Land			
Urban	397	157,695	72,091
Rural	45	2,575	874
Under construction buildings			
Commercial	2	673	174
Housing	297	25,845	18,170
Other	75	13,678	11,426
Concluded buildings			
Commercial	341	98,473	29,059
Housing	2,690	238,593	179,323
Other	1,380	219,013	122,313
	5,227	756,545	433,430

Time elapsed since the initial recognition / repossesssion	31-12-2018 < 1 year	>= 1 year e < 2.5 years	>= 2.5 years e < 5 years	>= 5 years	Total
Land					
Urban	2,792	21,217	18,701	29,381	72,091
Rural	63	662	40	108	874
Under construction buildings					
Commercial	-	-	-	174	174
Housing	3,494	7,210	3,458	4,007	18,170
Other	1,979	8,979	352	116	11,426
Concluded buildings					
Commercial	4,289	3,767	7,505	13,498	29,059
Housing	76,972	49,307	40,120	12,924	179,323
Other	34,055	74,295	13,963	-	122,313
	123,644	165,439	84,139	60,208	433,430

Explanatory notes on the quantitative disclosures:

Common definitions

Segmentation - The segments used are based on the definitions provided in the Bank of Portugal's monetary and financial statistics publication:

1. "Government" – the local and central government sector which includes institutional units whose principal activity consists of the production of non-mercantile goods and services for individual or collective consumption and/or the redistribution of income and national wealth;

2. "Corporate" – non-financial corporations, comprising institutional units having their own legal personality whose principal activity consists of producing non-financial goods and services; and

3. "CRE construction" – non-financial corporations (corporates) whose economic activity is related to the "construction" or "property activities" sectors, according to the respective CAE (classification of economic activities) release 3.

4. Households sector – includes individuals or groups, in their capacity as consumers, producers of goods and services for their own end use or producers of financial or non-financial goods and services, provided that such activities are not performed by quasi-companies.

Also included are the self-employed in individual companies and companies of persons not having a legal personality which are mercantile producers.

5. “Individuals − housing” – household sector comprising mortgage loans;
6. “Individuals − consumption and other purposes” – household sector not comprising mortgage loans (usually consumer credit); and,
7. “Other – other financial corporations” − financial institutions sector which includes institutional units having their own legal personality which are mercantile producers and whose principal activity consists of producing financial services, excluding financial brokerage and other institutions or individuals.

“Performing/non-performing loans” − follow the default criteria defined in item 8 of the qualitative information.

“Restructured credit” − follows the criteria defined in item 4 of the qualitative information.

“Individual and collective analysis” – difference between credit with individual and collective impairment in accordance with the impairment model.

- *Liquidity and balance sheet interest rate risk*

Liquidity and balance sheet interest rate risk management policies are defined by the ALCO (asset-liability) committee. The risk management division’s liquidity and balance sheet interest rate risk group measures, monitors and reports on the two types of risk.

The specialised capital, assets and liabilities management board is the executive committee’s decision-making arm responsible for the integrated assets and liabilities management process (ALM – asset-liability management), which was designed to achieve proactive balance sheet management and promote CGD group’s profitability. In the risk management domain, the ALM process normally concentrates on liquidity and balance sheet interest rate risk, as a space for the rapid dissemination of group-wide management information.

Liquidity risk management comprises an analysis of the periods to maturity of different balance sheet assets and liabilities, evidencing cash inflow/outflow volumes for each bucket and respective liquidity gaps (spreads).

Liquidity risk management also includes stress tests based on internally developed methodologies articulated with the existing liquidity contingency plan, designed to assess the funding situation at any point in time, strengthening CGD’s resistance to adverse shocks and examining funding alternatives.

Caixa group has endeavoured to guarantee a sustainable resource-taking structure for its activity, across the year as a whole, based on the liquidity and period to maturity of its assets and off-balance-sheet exposures.

The measurement methodology adopted for interest rate risk management includes a short term or accounting perspective and a long term or economic perspective.

The short term or accounting perspective for interest rate risk assessments aims to estimate the effect of adverse changes in interest rates on interest margins. The methodology used for this purpose aggregates all assets and liabilities sensitive to interest rate changes into time bands, in accordance: (i) with periods to maturity in the case of fixed-rate financial instruments, and (ii) periods between the repricing of interest rates in the case of variable-rate financial instruments. The respective interest rate gaps for these time bands are then calculated and enable the effects of interest rate changes to be matched to net interest income.

Net interest income simulations are also used to improve the reliability of the estimates on the sensitivity of interest margin obtained from interest rate gaps. They include projections on the evolution of the group’s balance sheet, integrating behaviours and trends relevant to the banking activity in addition to scenarios of evolution of different market rates and expectations as reflected in the yield curves.

The long term or economic perspective on the assessment of interest rate risk endeavours to estimate the effect of adverse changes in interest rates on the economic value of capital. The methodology used involves a calculation of the effective duration of assets and liabilities sensitive to changes in interest rates, in addition to the respective duration gap, enabling the effect of interest rate changes to be matched to the economic value of capital.

Simulation techniques are also used to improve the reliability of the estimates obtained from the duration gap on the sensitivity of the economic value of capital They include an assessment and respective estimate of all future cash flows from assets and liabilities sensitive to interest rate changes (i.e. full valuation).

The management of liquidity and balance sheet interest rate risks is based on a set of guidelines approved by the ALCO committee, which includes limits on a collection of significant exposure variables to such types of risk. The guidelines aim to ensure that CGD group is able to manage the return-risk trade-off for balance sheet management purposes and that it is also able to define an acceptable exposure level and control the results of its assumption of risk policies and positions.

Liquidity risk

Liquidity risk results from the possibility of difficulties (i) in obtaining resources to finance assets, normally leading to higher borrowing costs but which may also imply a restriction on asset growth, and (ii) the prompt settlement of obligations to third parties caused by significant mismatches between the periods to maturity of an institution's financial assets and liabilities. Liquidity risk may be exemplified by the impossibility of achieving a quick sale of a financial asset at close to its fair value.

According to the requirements of IFRS 7 - "Financial instruments: disclosures", the contractual periods to maturity of financial instruments, at December 31, 2019 and December 31, 2018, were as follows:

	31-12-2019									
	Residual term to contractual maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	7,304,167	-	-	-	-	-	-	-	-	7,304,167
Cash balances at other credit institutions	511,626	-	-	-	-	-	-	-	-	511,626
Loans and advances to credit institutions	1,925,647	392,197	137,820	126,811	4,582	35	97	38,836	85,959	2,711,985
Securities										
Trading	752,093	1,704,087	794,338	2,281,560	14,287	8,174	10,763	3,180	868,708	6,437,189
Other (net of impairment)	227,874	98,184	289,399	1,347,197	2,482,687	1,720,073	6,892,852	381,447	2,122,475	15,562,187
Loans and advances to customers (gross)	2,493,101	2,352,011	3,396,582	3,114,990	9,641,393	7,318,958	11,008,913	19,290,130	130,847	58,746,925
Assets with repurchase agreement	-	-	-	-	-	-	-	-	10,737	10,737
Hedging derivatives	-	-	-	-	-	-	-	-	7,186	7,186
	13,214,508	4,546,478	4,618,139	6,870,558	12,142,950	9,047,239	17,912,624	19,713,594	3,225,912	91,292,002
Liabilities										
Resources of central banks and credit institutions	(415,574)	(89,669)	(6,528)	(54,575)	(475,771)	(28)	(20)	(210)	(72,227)	(1,114,602)
Customer resources and other loans	(38,458,875)	(9,964,746)	(13,692,911)	(2,502,172)	(960,013)	(72,405)	(188,191)	(6,052)	(92,124)	(65,937,490)
Debt securities	(1,046,710)	(3,897)	(2,916)	(43,096)	(1,356,520)	(6,000)	(12,301)	(20,050)	2,544	(2,488,946)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(908,651)	(908,651)
Hedging derivatives	-	-	-	-	-	-	-	-	(3,169)	(3,169)
Subordinated liabilities	-	(5,980)	-	(6,250)	(24,460)	(1,124,811)	(123,934)	-	-	(1,285,435)
Consigned resources	(7,410)	(194)	(1,258)	(21,943)	(48,018)	(326,819)	(343,283)	(14,751)	(41)	(763,717)
	(39,928,568)	(10,064,488)	(13,703,612)	(2,628,036)	(2,864,781)	(1,530,063)	(667,730)	(41,064)	(1,073,668)	(72,502,010)
Derivatives	2,486	2,300	(2,124)	9,607	49,791	53,687	23,780	(15,594)	-	123,931
Difference	(26,711,574)	(5,515,710)	(9,087,598)	4,252,128	9,327,959	7,570,863	17,268,674	19,656,936	2,152,244	18,913,924

	31-12-2018									
	Residual term to contractual maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	5,606,735	-	-	-	-	-	-	-	-	5,606,735
Cash balances at other credit institutions	1,012,427	-	-	-	-	-	-	-	-	1,012,427
Loans and advances to credit institutions	1,492,770	214,753	148,064	279,899	2,821	2,647	6,654	42,134	28,930	2,218,674
Securities										
Trading	154	810,477	736,040	3,750,834	2,572	14,671	19,872	2,758	736,683	6,074,061
Other (net of impairment)	90,094	158,951	278,019	446,387	1,397,661	2,749,880	4,286,902	283,816	1,964,454	11,656,164
Loans and advances to customers (gross)	2,643,588	2,313,091	4,273,176	3,148,324	10,446,542	7,688,406	12,186,533	20,881,089	168,863	63,749,613
Assets with repurchase agreement	-	-	-	2,258	4,523	49,517	-	-	10,009	66,307
Hedging derivatives	-	-	-	-	-	-	-	-	5,524	5,524
	10,845,768	3,497,273	5,435,299	7,627,703	11,854,120	10,505,121	16,499,961	21,209,797	2,914,464	90,389,505
Liabilities										
Resources of central banks and credit institutions	(666,261)	(175,213)	(60,682)	(361,738)	(135,958)	(415,723)	-	-	(7,538)	(1,823,113)
Customer resources and other loans	(35,165,108)	(8,636,540)	(12,986,433)	(4,005,902)	(2,084,587)	(252,357)	(435,553)	(9,614)	1,248	(63,574,845)
Debt securities	(823,730)	(76)	(452)	(34,292)	(1,191,256)	(1,260,166)	(17,919)	(20,050)	3,139	(3,344,803)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(737,818)	(737,818)
Hedging derivatives	-	-	-	-	-	-	-	-	(3,690)	(3,690)
Subordinated liabilities	-	(6,063)	(573,619)	-	(70,521)	(70,425)	(776,255)	-	-	(1,496,883)
Consigned resources	(7,988)	(1,721)	(19,543)	(54,367)	(138,903)	(410,203)	(354,372)	(17,685)	(53)	(1,004,834)
	(36,663,088)	(8,819,612)	(13,640,729)	(4,456,298)	(3,621,224)	(2,408,874)	(1,584,099)	(47,348)	(744,712)	(71,985,985)
Derivatives	755	7,467	14,720	30,760	72,395	81,914	179,381	390,963	-	778,355
Difference	(25,816,565)	(5,314,872)	(8,190,709)	3,202,164	8,305,290	8,178,161	15,095,243	21,553,411	2,169,751	19,181,875

The above tables also include estimates of future cash flows on capital and interest and are not therefore directly comparable to the accounting balances at December 31, 2019 and 2018. Interest projections on variable-rate operations incorporate the forward rates implicit in the current yield curve in force on the respective references dates.

In the special case of mortgage loans, the distribution of capital flows and interest took into consideration expectations of early repayment rates assessed on an analysis of the past performance of operations.

The following tables, which contain information on CGD group's "structural" (as opposed to contractual) periods to maturity in its balance sheet, at December 31, 2019 and 2018, differ from the former tables in their use of the following assumptions:

- Debt and equity securities: reallocation of amounts with adequate liquidity to the "up to 1 month" bucket, except for collateralised debt securities which are allocated to buckets corresponding to the maturity of operations they are collateralising;
- Customers' sight deposits and savings accounts without a defined maturity (CGD headquarters): distribution of the balance in period-to-maturity buckets based on internally developed studies and models;
- Customers' sight accounts (CGD group entities): distribution of core deposits balance (i.e. deposits comprising a stable funding source for lending operations) from the "up to 1 month" bucket to the up to 6 years buckets based on a uniform distribution of balances. This approach endeavours to comply with the recommendations of the BCBS (Basel Committee on Banking Supervision), on the average and maximum maturity of core deposits.

The amounts presented also correspond to outstanding capital balances and do not include interest projections or accrued interest.

	31-12-2019									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	7,304,167									7,304,167
Cash balances at other credit institutions	511,626	-	-	-	-	-	-	-	-	511,626
Loans and advances to credit institutions	1,852,398	463,811	137,357	113,660	15,555	4	13	38,827	85,959	2,707,584
Securities										
Trading	3,408,685	295,528	137,708	395,665	2,197	1,355	1,769	1,994,756	195,844	6,433,506
Other (net of impairment)	2,139,564	53,825	211,898	1,168,945	1,339,347	978,292	5,088,773	1,265,661	1,713,426	13,959,730
Loans and advances to customers (gross)	1,892,415	2,496,558	3,277,039	2,558,727	8,001,790	6,107,115	8,797,964	15,508,091	194,830	48,834,529
Assets with repurchase agreement	-	-	-	-	-	-	-	-	10,737	10,737
	17,108,855	3,309,721	3,764,002	4,236,997	9,358,888	7,086,765	13,888,518	18,807,335	2,200,797	79,761,879
Liabilities										
Resources of central banks and credit institutions	(388,309)	(88,766)	(3,066)	(46,163)	(466,739)	(9,239)	(4,620)	(210)	(63,228)	(1,070,341)
Customer resources and other loans	(18,765,496)	(5,335,228)	(3,451,267)	(15,012,439)	(11,876,298)	(2,688,905)	(3,451,068)	(5,255,096)	103,491	(65,732,307)
Debt securities	(994,450)	(3,000)	(2,498)	(41,640)	(1,333,541)	(6,000)	(12,301)	(20,050)	2,544	(2,410,936)
Financial liabilities at fair value through profit or loss	(2)	-	-	-	-	-	-	-	(908,648)	(908,651)
Subordinated liabilities	-	-	-	-	-	(1,000,000)	(100,000)	-	-	(1,100,000)
Consigned resources	(7,337)	-	-	(19,402)	(39,262)	(319,393)	(325,198)	(14,286)	(41)	(724,918)
	(20,155,595)	(5,426,994)	(3,456,830)	(15,119,644)	(13,715,840)	(4,023,537)	(3,893,188)	(5,289,642)	(865,882)	(71,947,152)
Difference	(3,046,740)	(2,117,273)	307,172	(10,882,647)	(4,356,952)	3,063,228	9,995,331	13,517,693	1,334,915	7,814,727

	31-12-2018									
	Remaining maturity									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Unspecified	Total
Assets										
Cash and cash equivalents at central banks	5,606,735									5,606,735
Cash balances at other credit institutions	1,012,416	-	-	-	-	-	10	-	-	1,012,427
Loans and advances to credit institutions	1,490,059	213,148	146,752	279,229	184	3	18	39,013	28,941	2,197,348
Securities										
Trading	3,311,062	143,643	110,590	640,567	120	1,934	2,646	2,086,768	(229,442)	6,067,887
Other (net of impairment)	2,839,241	62,865	143,751	244,901	517,860	1,428,960	2,159,261	1,793,914	1,150,659	10,341,411
Loans and advances to customers (gross)	2,512,982	2,148,846	4,012,040	2,685,165	8,876,007	6,308,877	9,208,783	16,039,969	158,863	51,951,532
Assets with repurchase agreement	55,009	-	-	-	-	-	-	-	-	55,009
	16,827,505	2,568,501	4,413,132	3,849,861	9,394,171	7,739,774	11,370,719	19,959,664	1,109,021	77,232,348
Liabilities										
Resources of central banks and credit institutions	(664,129)	(165,006)	(59,388)	(349,217)	(101,994)	(400,544)	-	-	(7,538)	(1,747,816)
Customer resources and other loans	(18,648,733)	(9,061,408)	(13,657,392)	(5,364,075)	(7,580,300)	(5,756,988)	(3,181,938)	(2,701)	(87,337)	(63,340,873)
Debt securities	(749,000)	-	-	(32,000)	(1,125,045)	(1,249,600)	(17,919)	(20,050)	3,139	(3,190,476)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	(737,818)	(737,818)
Subordinated liabilities	-	-	(536,729)	-	-	-	(600,000)	-	-	(1,136,729)
Consigned resources	-	-	-	-	-	-	-	-	(967,404)	(967,404)
	(20,061,862)	(9,226,414)	(14,253,508)	(5,745,292)	(8,807,340)	(7,407,132)	(3,799,857)	(22,751)	(1,796,959)	(71,121,115)
Difference	(3,234,357)	(6,657,913)	(9,840,376)	(1,895,431)	586,831	332,642	7,570,862	19,936,913	(687,938)	6,111,233

Interest rate risk

Interest rate risk derives from the possibility that the cash flows associated with a certain financial instrument, or its fair value, may change as the result of a change in market interest rates.

Short term or accounting perspective

Interest rate gap

Information on financial instruments exposed to interest rate risk, based on their maturity or interest repricing date, at December 31, 2019 and 2018, is set out in the following tables:

	31-12-2019								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	6,761,277	542,891	-	-	-	-	-	-	7,304,167
Cash balances at other credit institutions	511,626	-	-	-	-	-	-	-	511,626
Loans and advances to credit institutions	1,177,127	748,377	391,490	137,356	113,659	15,553	38,062	85,959	2,707,584
Trading	0	751,963	1,705,590	794,000	2,281,329	12,270	19,646	12,649	5,577,447
Other (net of impairment)	22,803	322,857	279,742	400,339	1,271,391	1,576,016	7,794,602	1,269,590	12,937,340
Loans and advances to customers (gross)	4,219,388	8,740,099	14,297,423	11,565,350	3,790,604	1,752,025	4,425,820	43,822	48,834,529
Assets with repurchase agreement	-	-	-	-	-	-	-	10,737	10,737
	12,692,220	11,106,186	16,674,245	12,897,045	7,456,983	3,355,864	12,278,130	1,422,756	77,883,430
Liabilities									
Resources of central banks and credit institutions	(237,564)	(179,970)	(561,218)	(1,914)	(26,361)	(28)	(42)	(63,246)	(1,070,341)
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	(908,651)	(908,651)
Customer resources and other loans	(34,376,555)	(4,243,856)	(9,963,373)	(13,673,609)	(2,491,950)	(963,981)	(123,005)	104,023	(65,732,307)
Debt securities	-	(994,500)	(286,941)	(2,498)	(46,000)	(1,083,541)	-	2,544	(2,410,936)
Subordinated liabilities	-	-	-	-	-	-	(1,100,000)	-	(1,100,000)
Consigned resources	(7,337)	-	(12,602)	-	(72,761)	(21,892)	(610,286)	(41)	(724,918)
	(34,621,456)	(5,418,326)	(10,824,134)	(13,678,021)	(2,637,072)	(2,069,442)	(1,833,332)	(865,370)	(71,947,152)
Derivatives									
Interest Rate Swaps (IRSs)	(621,598)	147,551	(13,031)	206,586	994,664	(153,691)	(511,560)		48,921
Interest rate futures	-	-	(23,635)	-	-	-	(679,851)		(703,486)
Forward Rate Agreements (FRAs)	-	-	-	-	-	-	-		-
Interest rate options	-	-	-	(76)	29,619	16,773	20,301		66,617
	(621,598)	147,551	(36,666)	206,510	1,024,283	(136,918)	(1,171,110)	-	(587,948)
Net exposure	(22,550,833)	5,835,411	5,813,445	(574,466)	5,844,194	1,149,505	9,273,688	557,387	5,348,330

	31-12-2018								
	Repricing dates / Maturity dates								
	<= 7 days	>7 days <= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 12 months	> 12 months <= 3 years	> 3 years	Unspecified	Total
Assets									
Cash and cash equivalents at central banks	5,606,735	-	-	-	-	-	-	0	5,606,735
Cash balances at other credit institutions	1,012,426	0	-	-	-	-	-	0	1,012,427
Loans and advances to credit institutions	924,203	566,856	213,126	146,751	279,228	2,672	38,062	26,450	2,197,348
Securities									
Trading	-	100	810,245	736,000	3,750,250	1,692	33,790	43,105	5,375,183
Other (net of impairment)	14,259	201,670	84,210	219,944	284,434	818,706	6,494,438	886,805	9,004,467
Loans and advances to customers (gross)	2,603,753	12,378,956	15,491,537	12,360,868	3,281,915	1,964,176	3,504,748	365,579	51,951,532
Assets with repurchase agreement	-	-	-	-	-	-	45,000	10,009	55,009
	10,161,376	13,147,583	16,599,117	13,463,564	7,595,828	2,787,246	10,116,038	1,331,949	75,202,700
Liabilities									
Resources of central banks and credit institutions	(381,230)	(283,754)	(715,006)	(59,388)	(298,790)	(1,566)	(544)	(7,538)	(1,747,816)
Customer resources and other loans	(30,078,218)	(5,072,692)	(9,699,864)	(13,155,760)	(3,269,922)	(1,855,069)	(112,926)	(96,423)	(63,340,873)
Debt securities	-	(749,000)	(250,000)	-	(72,000)	(1,085,045)	(1,037,569)	3,139	(3,190,476)
Subordinated liabilities	-	-	-	(536,729)	-	-	(600,000)	-	(1,136,729)
Consigned resources	(7,258)	-	(238,316)	-	(16,840)	(34,365)	(670,573)	(53)	(967,404)
	(30,466,706)	(6,105,446)	(10,903,185)	(13,751,876)	(3,657,551)	(2,976,046)	(2,421,611)	(838,693)	(71,121,115)
Derivatives									
Interest Rate Swaps (IRSs)	2,244,608	59,712	(858,905)	293,137	686,792	(142,566)	(2,233,465)	-	49,312
Interest rate futures	-	-	(32,977)	(2,505,489)	(2,254,645)	-	(1,247,284)	-	(6,040,396)
Interest rate options	-	8,649	46,211	6,383	-	63,346	21,793	-	146,382
	2,244,608	68,361	(845,672)	(2,205,969)	(1,567,853)	(79,220)	(3,458,957)	-	(5,844,702)
Net exposure	(18,060,721)	7,110,497	4,850,260	(2,494,282)	2,370,424	(268,020)	4,235,470	493,256	(1,763,117)

The above tables include the amounts of outstanding capital, excluding accrued interest and value adjustments.

These disclosures were prepared based on the following assumptions:

- The balances of cash and cash equivalents at central banks, excluding the amount of minimum cash reserves and customers' sight deposits were classified in the "<= 7 days" column;

- The difference between the nominal and market value of debt securities recognised at fair value is considered in the "indeterminate" column and includes the accrued interest component; and

- Equity instruments were classified in the "indeterminate" column.

Sensitivity analysis

The following table demonstrates the effect of a parallel shift on benchmark interest rate yield curves of ±50, ±100 e ±200 bps on CGD group's net interest income projections for 2020 and 2019, respectively. The estimates were obtained from the interest rate gap and are therefore, particularly conservative, in a macroeconomic environment of interest rates in negative territory.

ESTIMATED CHANGE IN NET INTEREST INCOME

	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
2019	(265,238)	(132,619)	(66,310)	66,310	132,619	265,238
2020	(282,293)	(141,147)	(70,573)	70,573	141,147	282,293

The information set out in the preceding table does not take into consideration structural balance sheet changes or interest rate risk management policies which may be adopted as a consequence of the sensitivity analyses.

Long term or economic perspective – fair value

The following tables set out information on the balance sheet and fair value of the principal financial assets and liabilities, at amortised cost, at December 31, 2019 and 2018.

	Fair Value						
	31-12-2019						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	6,936,576	6,935,973	6,935,669	6,935,366	6,935,062	6,934,758	6,934,151
Loans and advances to credit institutions	3,469,092	3,467,011	3,465,560	3,462,035	3,458,482	3,455,038	3,448,456
Securities							
Trading	5,634,080	5,610,096	5,597,986	5,585,526	5,572,731	5,560,010	5,534,779
Other	4,053,980	4,039,054	4,024,113	3,950,142	3,855,817	3,765,122	3,593,942
Held-to-maturity investments (gross)	9,415,080	9,402,624	9,382,962	9,181,619	8,926,906	8,681,689	8,218,210
Assets with repurchase agreement	13,978	13,971	13,967	13,964	13,960	13,956	13,948
Loans and advances to customers	52,297,855	52,405,893	52,284,751	51,984,099	51,560,855	51,157,816	50,406,430
Asset	**81,820,641**	**81,874,622**	**81,705,009**	**81,112,750**	**80,323,812**	**79,568,388**	**78,149,917**
Resources of central banks	(31,457)	(31,456)	(31,456)	(31,455)	(31,455)	(31,454)	(31,453)
Resources of other credit institutions	(1,023,576)	(1,022,390)	(1,021,763)	(1,022,415)	(1,021,277)	(1,020,145)	(1,017,893)
Customer resources and other loans	(67,260,886)	(67,186,885)	(67,143,660)	(67,101,382)	(66,302,374)	(65,541,463)	(64,124,031)
Debt securities	(2,505,764)	(2,504,627)	(2,503,107)	(2,498,814)	(2,482,112)	(2,465,676)	(2,433,565)
Subordinated liabilities	(1,889,002)	(1,888,412)	(1,887,942)	(1,875,646)	(1,842,990)	(1,811,018)	(1,749,055)
Liabilities	**(72,710,685)**	**(72,633,771)**	**(72,587,927)**	**(72,529,712)**	**(71,680,208)**	**(70,869,756)**	**(69,355,998)**
Market value	**9,109,956**	**9,240,852**	**9,117,081**	**8,583,038**	**8,643,605**	**8,698,633**	**8,793,919**

	Fair Value						
	31-12-2018						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	5.636.845	5.636.187	5.635.861	5.635.537	5.635.214	5.634.893	5.634.256
Loans and advances to credit institutions	3.102.173	3.097.434	3.096.593	3.093.808	3.090.366	3.087.031	3.080.662
Securities							
Trading	5.468.462	5.434.439	5.417.096	5.399.539	5.382.032	5.364.710	5.330.604
Other	5.187.126	5.155.426	5.085.260	4.976.818	4.859.959	4.747.656	4.535.819
Held-to-maturity investments (gross)	3.755.813	3.746.261	3.709.599	3.636.590	3.553.731	3.473.845	3.322.452
Assets with repurchase agreement	68.463	68.428	68.411	67.375	66.163	64.986	62.728
Loans and advances to customers	51.830.735	51.848.737	51.691.266	51.541.325	51.392.260	51.262.714	51.026.040
Asset	**75.049.616**	**74.986.912**	**74.704.086**	**74.350.991**	**73.979.726**	**73.635.836**	**72.992.561**
Resources of central banks	(254.746)	(253.657)	(253.118)	(252.584)	(252.055)	(251.529)	(250.489)
Resources of other credit institutions	(1.293.102)	(1.291.920)	(1.291.335)	(1.292.778)	(1.292.304)	(1.291.830)	(1.290.886)
Customer resources and other loans	(64.053.094)	(63.874.013)	(63.776.968)	(63.546.805)	(63.237.608)	(62.935.192)	(62.349.382)
Debt securities	(3.351.174)	(3.337.468)	(3.330.164)	(3.315.006)	(3.290.484)	(3.267.208)	(3.222.001)
Subordinated liabilities	(1.824.024)	(1.818.838)	(1.799.015)	(1.773.154)	(1.743.107)	(1.714.190)	(1.659.525)
Liabilities	**(70.776.139)**	**(70.575.895)**	**(70.450.601)**	**(70.180.327)**	**(69.815.558)**	**(69.459.949)**	**(68.772.282)**
Market value	**4.273.476**	**4.411.017**	**4.253.485**	**4.170.664**	**4.164.168**	**4.175.887**	**4.220.279**

Fair value was assessed applying the following assumptions:

- The book value of balances payable on demand corresponds to their fair value;
- The fair value of Caixa's listed debt issuances corresponds to their respective market price;
- The fair value of the remaining financial instruments is measured on the basis of discounted cash flow models up to the maturity of the operations for both fixed and variable interest rate instruments. The contractual conditions of the operations as well as, for the estimated variable-rate instruments, the future cash flows, incorporating the forward rates implicit in the yield curve in force on the respective reference dates were considered for the purpose in question together with the use of discount curves appropriate to the type of instrument, including:

  → Market interest rates, incorporating average spreads on new investment operations and credit institutions' resources; and,

  → Market interest rates incorporating average spreads on new lending operations and customer deposits on like-for-like loans and deposits.

- The "Balances not analysed" column essentially includes:

  → Overdue credit, net of impairment;

Sensitivity analysis

The impact of parallel shifts of ±50, ±100 and ±200 bps on the reference interest rates yield curves on the fair value of financial instruments sensitive to interest rate risk, excluding derivatives, at December 31, 2019 and 2018, is set out in the following tables:

	Fair Value						
	31-12-2019						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	6,936,576	6,935,973	6,935,669	6,935,366	6,935,062	6,934,758	6,934,151
Loans and advances to credit institutions	3,469,092	3,467,011	3,465,560	3,462,035	3,458,482	3,455,038	3,448,456
Securities							
Trading	5,634,080	5,610,096	5,597,986	5,585,526	5,572,731	5,560,010	5,534,779
Other	4,053,980	4,039,054	4,024,113	3,950,142	3,855,817	3,765,122	3,593,942
Held-to-maturity investments (gross)	9,415,080	9,402,624	9,382,962	9,181,619	8,926,906	8,681,689	8,218,210
Assets with repurchase agreement	13,978	13,971	13,967	13,964	13,960	13,956	13,948
Loans and advances to customers	52,297,855	52,405,893	52,284,751	51,984,099	51,560,855	51,157,816	50,406,430
Asset	**81,820,641**	**81,874,622**	**81,705,009**	**81,112,750**	**80,323,812**	**79,568,388**	**78,149,917**
Resources of central banks	(31,457)	(31,456)	(31,456)	(31,455)	(31,455)	(31,454)	(31,453)
Resources of other credit institutions	(1,023,576)	(1,022,390)	(1,021,763)	(1,022,415)	(1,021,277)	(1,020,145)	(1,017,893)
Customer resources and other loans	(67,260,886)	(67,186,885)	(67,143,660)	(67,101,382)	(66,302,374)	(65,541,463)	(64,124,031)
Debt securities	(2,505,764)	(2,504,627)	(2,503,107)	(2,498,814)	(2,482,112)	(2,465,676)	(2,433,565)
Subordinated liabilities	(1,889,002)	(1,888,412)	(1,887,942)	(1,875,646)	(1,842,990)	(1,811,018)	(1,749,055)
Liabilities	**(72,710,685)**	**(72,633,771)**	**(72,587,927)**	**(72,529,712)**	**(71,680,208)**	**(70,869,756)**	**(69,355,998)**
Market value	**9,109,956**	**9,240,852**	**9,117,081**	**8,583,038**	**8,643,605**	**8,698,633**	**8,793,919**

	Fair Value						
	31-12-2018						
	- 200 bp	- 100 bp	- 50 bp	Base scenario	+ 50 bp	+ 100 bp	+ 200 bp
Cash and cash equivalents at central banks	5.636.845	5.636.187	5.635.861	5.635.537	5.635.214	5.634.893	5.634.256
Loans and advances to credit institutions	3.102.173	3.097.434	3.096.593	3.093.808	3.090.366	3.087.031	3.080.662
Securities							
Trading	5.468.462	5.434.439	5.417.096	5.399.539	5.382.032	5.364.710	5.330.604
Other	5.187.126	5.155.426	5.085.260	4.976.818	4.859.959	4.747.656	4.535.819
Held-to-maturity investments (gross)	3.755.813	3.746.261	3.709.599	3.636.590	3.553.731	3.473.845	3.322.452
Assets with repurchase agreement	68.463	68.428	68.411	67.375	66.163	64.986	62.728
Loans and advances to customers	51.830.735	51.848.737	51.691.266	51.541.325	51.392.260	51.262.714	51.026.040
Asset	**75.049.616**	**74.986.912**	**74.704.086**	**74.350.991**	**73.979.726**	**73.635.836**	**72.992.561**
Resources of central banks	(254.746)	(253.657)	(253.118)	(252.584)	(252.055)	(251.529)	(250.489)
Resources of other credit institutions	(1.293.102)	(1.291.920)	(1.291.335)	(1.292.778)	(1.292.304)	(1.291.830)	(1.290.886)
Customer resources and other loans	(64.053.094)	(63.874.013)	(63.776.968)	(63.546.805)	(63.237.608)	(62.935.192)	(62.349.382)
Debt securities	(3.351.174)	(3.337.468)	(3.330.164)	(3.315.006)	(3.290.484)	(3.267.208)	(3.222.001)
Subordinated liabilities	(1.824.024)	(1.818.838)	(1.799.015)	(1.773.154)	(1.743.107)	(1.714.190)	(1.659.525)
Liabilities	**(70.776.139)**	**(70.575.895)**	**(70.450.601)**	**(70.180.327)**	**(69.815.558)**	**(69.459.949)**	**(68.772.282)**
Market value	**4.273.476**	**4.411.017**	**4.253.485**	**4.170.664**	**4.164.168**	**4.175.887**	**4.220.279**

The analysis set out in the above table, at December 31, 2019, excludes the effect of the parallel shifts in the reference interest rates curve on net interest income for the operations of the Timor branch. At December 31, 2018, the sensitivity analysis also excluded the operations of the Zhuhai branch.

The information set out in the preceding table does not take into consideration structural balance sheet changes or interest rate risk management policies which may be adopted as a consequence of the sensitivity analyses.

Long term or economic perspective – fair value

The following tables set out information on the balance sheet and fair value of the principal financial assets and liabilities, at amortised cost, at December 31, 2019 and December 31, 2018.

	31-12-2019					
	Balances analysed				Balances not analysed	Total book value
	Book value	Fair value		Difference	Book value	
		Level 1	Level 3			
Assets						
Cash and cash equivalents at central banks	7,303,807	0	7,303,806	-	-	7,303,807
Cash balances at other credit institutions	513,480	-	513,480	-	-	513,480
Loans and advances to credit institutions	2,620,399	-	2,625,083	4,684	84,401	2,704,800
Financial assets with repurchase agreement	-	-	-	-	10,737	10,737
Held-to-maturity investments	8,993,694	7,813,654	838,731	(341,308)	25,543	9,019,237
Loans and advances to customers	48,816,666	-	49,953,285	1,136,619	(843,122)	47,973,544
	68,248,046	7,813,654	61,234,386	799,994	(722,441)	67,525,605
Liabilities						
Resources of central banks and other credit institutions	(1,006,295)	-	(1,002,187)	4,108	(71,373)	(1,077,668)
Customer resources and other loans	(65,745,484)	-	(65,749,939)	(4,455)	(46,071)	(65,791,555)
Debt securities	(2,458,213)	(2,068,817)	(420,574)	(31,178)	(5,209)	(2,463,422)
Subordinated liabilities	(1,116,458)	(1,089,411)	(103,059)	(76,012)	-	(1,116,458)
Consigned resources	(724,882)	-	(723,480)	1,402	(36)	(724,918)
	(71,051,331)	(3,158,228)	(67,999,238)	(106,135)	(122,689)	(71,174,020)

	31-12-2018					
	Balances analysed				Balances not analysed	Total book value
	Book value	Fair value		Difference	Book value	
		Level 1	Level 3			
Assets						
Cash and cash equivalents at central banks	5,606,735	-	5,606,735	-	-	5,606,735
Cash balances at other credit institutions	1,014,098	-	1,014,098	-	-	1,014,098
Loans and advances to credit institutions	2,175,741	-	2,188,194	12,454	17,282	2,193,022
Assets with repurchase agreement	55,009	-	55,009	-	-	55,009
Held-to-maturity investments	3,794,165	-	3,732,157	(62,008)	125,802	3,919,967
Loans and advances to customers	51,695,350	-	51,095,366	(599,984)	(105,864)	51,589,485
	64,341,097	-	63,691,559	(649,538)	37,219	64,378,317
Liabilities						
Resources of central banks and other credit institutions	(1,750,977)	-	(1,754,982)	(4,006)	(7,565)	(1,758,542)
Customer resources and other loans	(63,305,639)	-	(63,349,205)	(43,566)	(116,886)	(63,422,525)
Debt securities	(3,253,881)	(2,881,284)	(422,981)	(50,385)	(6,440)	(3,260,321)
Subordinated liabilities	(1,159,505)	(1,068,135)	(116,838)	(25,467)	(316)	(1,159,821)
Consigned resources	(967,397)	-	(989,194)	(21,797)	(7)	(967,404)
	(70,437,398)	(3,949,419)	(66,633,200)	(145,221)	(131,215)	(70,568,613)

Fair value was assessed on the following assumptions:

- The book value of balances payable on demand corresponds to their fair value;
- The net fair value of Caixa's listed debt issuances corresponds to their respective market price;
- The fair value of the remaining financial instruments is measured on the basis of discounted cash flow models up to the maturity of the operations for both fixed and variable interest rate instruments. The contractual conditions of the operations as well as, for the variable-rate instruments, estimated future cash flows, incorporating the forward rates implicit in the yield curve in force on the respective reference dates were also considered together with the use of discount curves appropriate to the type of instrument, including:
  - → Market interest rates, incorporating average spreads on new investment operations and credit institutions' resources; and,
  - → Market interest rates incorporating average spreads on new lending operations and customer deposits on like-for-like loans and deposits;
- The "Balances not analysed" column essentially includes:

→ Overdue credit, net of impairment; and,

→ The balances of several branches not included in Caixa's centralised calculation.

The form of measuring the fair value of financial instruments recognised in the financial statements, at fair value, at December 31, 2019 and December 31, 2018 may be summarised as follows:

	31-12-2019			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held-for-trading	5,576,435	1,012	-	5,577,447
Securities at fair value through profit or loss	191,728	-	1,209,425	1,401,152
Available-for-sale financial assets	3,169,944	171,483	257,088	3,598,515
Assets with repurchase agreement	-	-	10,737	10,737
Trading derivatives	-	(31,948)	(12,783)	(44,731)
Hedging derivatives	-	4,017	-	4,017
	8,938,106	144,564	1,464,466	10,547,136

	31-12-2018			
	Measurement techniques			Total
	Level 1 Market prices	Level 2 Market inputs	Level 3 Other measurement techniques	
Securities held-for-trading	5,371,778	3,405	0	5,375,183
Securities at fair value through profit or loss	172,335	-	1,455,860	1,628,195
Available-for-sale financial assets	4,233,701	227,328	365,138	4,826,167
Assets with repurchase agreement	55,009	-	-	55,009
Trading derivatives	-	(54,625)	9,511	(45,114)
Hedging derivatives	-	1,834	-	1,834
	9,832,822	177,942	1,830,510	11,841,274

The preparation of the above table was based on the following criteria:

- **Level 1** – Market prices – this column includes financial instruments measured on the basis of prices in active markets;

- **Level 2** – Measurement techniques – observable market input – this column includes financial instruments whose value is measured on the basis of internal models using observable market input (interest rates, exchange rates, ratings of external entities, other). It also includes financial instruments measured on the basis of the bid prices supplied by external counterparties; and

- **Level 3** – Other measurement techniques – this column includes financial instruments whose value is measured on the basis of internal models, prices supplied by external entities including non-observable market parameters or their NAV (net asset value) as supplied by restructuring or closed-end fund management companies.

Movements in financial instruments, classified in the "Other measurement techniques" column, in first half 2019, were as follows:

	Financial assets at fair value through profit or loss			Available-for-sale financial assets				Derivatives financial instruments	Total
	Equity instruments	Debt instruments	Subtotal	Equity instruments	Debt instruments		Subtotal		
		Corporate bonds			Asset-backed securities	Corporate bonds			
Book value (net) at 31-12-2018	1,410,791	85	1,410,875	182,327	4,459	178,352	365,138	9,511	1,785,525
Acquisitions	157,188	-	157,188	9,870	-	67,076	76,946	(12,059)	222,075
Sales	(271,615)	-	(271,615)	(75,131)	(662)	(176)	(75,969)		(347,584)
Amortisations	(8,524)	-	(8,524)	-	-	(84,182)	(84,182)		(92,705)
Gains / (losses) recognised as a charge to net income - alienated instruments	5,665	-	5,665	33	-	(7,519)	(7,485)		(1,820)
Gains / (losses) recognised as a charge to net income - portfolio instruments [*]	(86,147)	11	(86,136)	(2,330)	1	4,252	1,923	(987)	(85,200)
Impairment for the year			-	-	-	(280)	(280)		(280)
Gains / (losses) recognised as a charge to fair value reserves			-	(17,195)	53	(3,398)	(20,540)		(20,540)
Transfers from / (to) other levels (Levels 1 and 2)			-	-	-	607	607	(9,247)	(8,641)
Transfers from / (to) other accounting captions	(142)	-	(142)	(812)	-	10,737	9,924		9,782
Exchange differences	2,112	-	2,112	187	-	1,555	1,742		3,854
Other			-				-		-
Book value (net) at 31-12-2019	1,209,329	96	1,209,425	96,949	3,851	167,025	267,825	(12,783)	1,464,466

	Financial assets at fair value through profit or loss			Available-for-sale financial assets				Derivatives financial instruments	Total
	Equity instruments	Debt instruments	Subtotal	Equity instruments	Debt instruments		Subtotal		
		Corporate bonds			Asset-backed securities	Corporate bonds			
Book value (net) at 31-12-2017	423,412	-	423,412	842,982	141,911	430,290	1,415,183	414,533	2,253,128
Transition to IFRS9	733,493	82	733,575	(675,018)	(806)	-	(675,824)	-	57,751
Acquisitions	653,285	-	653,285	15,741	4,320	184,601	204,662	9,248	867,194
Sales	-	-	-	-	(2,410)	(259,079)	(261,489)	-	(261,489)
Amortisations	(324,837)	-	(324,837)	(58,693)	(140,816)	(17,400)	(216,909)	(368,196)	(909,942)
Gains / (losses) recognised as a charge to net income - alienated instruments	22,128	-	22,128	7,377	4,355	(4,085)	7,647	-	29,775
Gains / (losses) recognised as a charge to net income - portfolio instruments [*]	(95,079)	3	(95,077)	(775)	(1,656)	3,281	850	(46,073)	(140,299)
Gains / (losses) recognised as a charge to fair value reserves	(654)	-	(654)	3,724	(439)	(28,116)	(24,831)	-	(25,485)
Transfers from / (to) other levels (Levels 1 and 2)	(1,059)	-	(1,059)	43,875	-	(1,510)	42,366	-	41,307
Transfers from / (to) other accounting captions	-	-	-	26	-	(133,618)	(133,592)		(133,592)
Exchange differences	102	-	102	598	-	3,580	4,178	-	4,280
Other	-	-	-	2,490	-	409	2,898	-	2,898
Book value (net) at 31-12-2018	1,455,776	85	1,410,875	182,327	4,459	178,352	1,455,861	9,511	1,830,510

A positive shift of 100 bps on the interest rate curve used to discount estimated future flows on debt instruments measured by internal models, at December 31, 2019 and December 31, 2018, would result in decreases of around €2 thousand and €4 thousand in fair value in the balance sheet and revaluation reserves and results, respectively.

Equity instruments measured by other measurement techniques (Level 3), at December 31, 2019, essentially included investment structures measured on the basis of data on the net value of the underlying assets (net asset value) supplied by the management bodies or other information services providers.

Transfers between levels 1 and 2 of the fair value ranking, in first half 2019, were as follows:

	31-12-2019		31-12-2018		
	Securities at fair value through other comprehensive income		Securities at fair value through profit or loss	Securities at fair value through other comprehensive income	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Debt instruments	55,714	41,909	-	81,357	47,149
Equity investments	-	-	269	-	-
	55,714	41,909	269	81,357	47,149

Derivatives

Derivatives are traded in organised and OTC markets.

Listed derivatives operations are measured on prices taken from financial information systems (Reuters/Bloomberg).

OTC derivatives are measured using commonly accepted theoretical, reasonably complex models, depending on the characteristics of the product in question:

- Discounted future cash flows based on an appropriate yield curve; and
- Valuations based on statistical models, accepted in the market, such as Black & Scholes.

The type of input necessary for the measurement also depends upon the characteristics of the operations, but generally includes yield curves, volatility curves, equity/indices prices, exchange rates and dividend yields.

Yield curves are produced on Reuters/Bloomberg deposit rates and swap prices. An adjustment based on interest rate futures or FRAs is applied to currencies with the highest exposure levels. Different future yield curves are available for future cash flows, depending on the time period of the operations.

Volatility curves are produced on the basis of implicit volatilities in the prices of listed options on the underlying asset. Past volatility is calculated on the basis of the historical price series of its component parts if there are no listed options for an underlying asset.

Prices of shares/indices, exchange rates and dividend yields are taken from Reuters/Bloomberg.

Based on IFRS 13 − "Fair value measurement" requirements, Caixa incorporated add-ons to its measurement of financial instruments to reflect its own credit risk based on a market discount curve considered to reflect the associated risk profile. Based on its current exposure, the group also adopted a similar methodology to reflect counterparty credit risk on derivatives with positive fair value. The fair value thus obtained comprises the risk-free measurement taking into account this addition.

CVAs/DVAs are assessed on a methodology implemented on a Caixa Geral de Depósitos group level. This methodology is based on the estimated exposure at the time of default − EAD − for each operation and the application of risk parameters on EAD estimates in order to assess CGD's (CVA) and the counterparty's (DVA) expected loss. In the case of interest rate swaps, EAD is estimated for various future dates by modelling swaptions, thus enabling the future potential exposure of the operations to be incorporated. For the remaining products, EAD usually corresponds to the instrument's fair value on the reference date.

The risk parameters consist of PDs (probabilities of default) and LGDs (loss given defaults) and are centrally assessed by the group on the basis of the following criteria:

- For counterparties or projects with listed debt or available credit default swap prices, the group infers the prices' underlying risk parameters which it uses in the calculation; and,
- The remaining counterparties or projects are classified on the basis of their creditworthiness based on a set of quantitative and qualitative criteria, resulting in an internal rating the group matches to a historical PD.

The value of CVAs, as recognised in "Financial assets held-for-trading", and DVAs as recognised in "Financial liabilities held-for-trading" at December 31, 2019 totalled €16,125 thousand and €1,390 thousand respectively (€19,294 thousand and €1,952 thousand, respectively at December 31, 2018).

Debt instruments of financial and non-financial entities

Whenever possible, these securities are measured at market prices, based on an internally developed algorithm. This algorithm endeavours to obtain the most appropriate price for each security in accordance with a range of contributors defined internally by CGD. Price changes are analysed daily with the aim of ensuring the quality of the prices used.

In general, the input used for internal valuations is obtained from Bloomberg and Refinitiv (ex: Thomson Reuters) systems.

There are several securities for which market prices cannot be obtained: assets classified at levels 2 and 3. The prices of these securities are measured by the use of theoretical internal/external valuation techniques. The measurements are generally based on estimated future discounted cash flows. They may be forecast by a reasonably complex model ranging from simple discounted cash flows resulting from forward rates (obtained from the most appropriate yield curve, which, in turn, is produced on the basis of money market rates and swap prices, whose money market component is adjusted by FRAs (interest rate futures) to a CLO (collateralised loan obligation) cascade payment.

For discount purposes, internal measurements use a listed credit curve complying with the currency/sector/rating trinomial to consider the risk attached to each issuance. Segmentation between levels 2 and 3 is essentially associated with the viability of the direct observation of input sources for measurement purposes. The valuations provided by structurers, issuing entities or counterparties (external measurements) are generally allocated to level 3. Securitisations with reduced liquidity are also allocated to level 3.

Yield curves are calculated on money market rates and swap prices. Euro, GBP and USD yield curves are adjusted by the market price of interest rate futures and/or FRAs.

The values of the curves of the currencies with the highest exposure, at December 31, 2019 and December 31, 2018, were as follows

	31-12-2019			31-12-2018		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	-0.4700	1.4900	0.7650	-0.4300	2.2700	0.7450
1 month	-0.4700	1.7200	0.7400	-0.4100	2.5900	0.8200
2 months	-0.4491	1.7800	0.8000	-0.3872	2.6400	0.8800
3 months	-0.4274	1.7880	0.8135	-0.3633	2.6854	0.9190
6 months	-0.3647	1.7621	0.7847	-0.2913	2.7064	0.9349
9 months	-0.3565	1.7395	0.7701	-0.2765	2.7105	0.9624
1 year	-0.3394	1.7183	0.7640	-0.2562	2.7136	0.9873
2 years	-0.3021	1.6545	0.7626	-0.1890	2.6444	1.0666
3 years	-0.2360	1.6560	0.8585	-0.0733	2.5910	1.2051
5 years	-0.1104	1.7010	0.9272	0.1965	2.6010	1.2895
7 years	0.0146	1.7670	0.9862	0.4668	2.6450	1.3492
10 years	0.2038	1.8630	1.0632	0.8089	2.7340	1.4281
15 years	0.4638	1.9700	1.1401	1.1669	2.8240	1.5109
20 years	0.5958	2.0250	1.1644	1.3239	2.8530	1.5415
25 years	0.6338	2.0450	1.1636	1.3702	2.8550	1.5450
30 years	0.6298	2.0480	1.1552	1.3792	2.8520	1.5368

Credit curve values are obtained from Bloomberg/Refinitiv (ex: Thomson Reuters) systems and are assessed on the prices of a series of securities complying with the currency/sector/rating trinomial.

The values of the credit curve of the Portuguese and German governments, at December 31, 2019 and December 31, 2018, were as follows:

	31-12-2019		31-12-2018	
	Portuguese Government	German Government	Portuguese Government	German Government
3 months	-0.5156	-0.7300	-0.4820	-1.0110
6 months	-0.5058	-0.6605	-0.4172	-0.8410
9 months	-0.5330	-0.7160	-0.3995	-0.6725
1 year	-0.5600	-0.6540	-0.4004	-0.6160
2 years	-0.4674	-0.6045	-0.2622	-0.6190
3 years	-0.3089	-0.5726	-0.0449	-0.5489
5 years	0.0102	-0.4765	0.5999	-0.2784
7 years	0.2644	-0.3625	1.2311	-0.0592
10 years	0.5243	-0.1925	1.7767	0.2285
15 years	0.9006	-0.0435	2.2529	0.5095
20 years	1.2316	0.1089	2.7324	0.6063
25 years	1.4553	0.2245	2.9353	0.7374
30 years	1.4733	0.3400	3.0001	0.8685

Foreign exchange rates are assessed on the prices set by the central bank. The following table provides information on the foreign exchange rate pairings of several of the most significant currencies at December 31, 2019 and December 31, 2018:

	31-12-2019	31-12-2018
EUR/USD	1.1234	1.1450
EUR/GBP	0.8508	0.8945
EUR/CHF	1.0854	1.1269
EUR/AUD	1.5995	1.6220
EUR/JPY	121.9400	125.8500
EUR/BRL	4.5157	4.4440

Market risk

Market risk comprises the risk of an adverse change in fair value or the cash flows of financial instruments deriving from changes in market prices, including foreign exchange, interest rate and price risks.

Market risk is assessed on the basis of the following methodologies:

- Value at risk (VaR) on the following portfolios:
  - Held-for-trading portfolio – perimeter of positions and held-for-trading transactions originating in CGD group;
  - Trading portfolio – includes securities and derivatives traded with the objective of detecting business opportunities over the short term;

- Own portfolio – securities acquired for investment purposes upon which deleveraging operations are currently being performed;
- Investment portfolio – with the aim of setting up a value and liquidity reserve including the remaining securities in Caixa's own portfolio and associated hedges, except for equity stakes and securitised credit;
- Treasury management activity – comprising money market funding, derivatives associated with this activity and debt issuances exposed to market risk;
- Branches − France; and,
- Subsidiaries – Caixa Banco de Investimento, BCG Brasil, BCI and BNU.

. Sensitivity analysis on all financial instruments sensitive to interest rate risk, managed by the trading room and recognised in Caixa's separate financial statements and following group units;

- Caixa - Banco de Investimento;
- BCI; and,
- BNU
- Stress tests.

VaR (value at risk) analysis – market risk

VaR (value at risk) is an estimate of the maximum unrealised loss on a specific assets portfolio over a given timeframe, considering a given confidence level based on normal market patterns.

The calculation methodology is based on historical simulation, i.e. future events are totally explained by past events, based on the following assumptions:

- holding period: 10 days (investment and own portfolios and subsidiaries) and 1 day (trading portfolio and treasury management activity);
- confidence level: 99% (investment and own portfolios, branches and subsidiaries) and 95% (trading portfolio and treasury management activity);
- price sample period: 730 calendar days; and,
- decay factor =1, i.e. all past observations carry the same weight.

The theoretical price for options is calculated by the use of appropriate models and implied volatility. Given the methodology used, correlations are not calculated but empirical.

The following is a breakdown of VaR, at December 31, 2019 and December 31, 2018:

Activity of Caixa Geral de Depósitos

Held-for-Trading portfolio (VaR 99%, 10 days)

	31-12-2019	Maximum	Minimum	31-12-2018
VaR by type of risk	14,822	34,554	13,853	22,387

Held-for-Trading portfolio (VaR 95%, 1 day)

	31-12-2019	Maximum	Minimum	31-12-2018
VaR by type of risk				
Interest rate	842	1,179	459	503
Foreign exchange rate	66	209	2	36
Price	17	124	13	21
Volatility	6	17	5	17
Diversification effect	(83)			(65)
	847			512

Treasury management (VaR 95%, 1 day)

	31-12-2019	Maximum	Minimum	31-12-2018
VaR by type of risk				
Interest rate	138	153	94	110
Foreign exchange rate	1,597	4,917	365	2,113
Diversification effect	(92)			(78)
	1,643			2,145

Own portfolio (VaR 99%, 10 days)

	31-12-2019	Maximum	Minimum	31-12-2018
VaR by type of risk				
Interest rate	603	936	580	780
Foreign exchange rate	216	408	3.4	23
Price	2,257	2,471	1,896	2,045
Diversification effect	(646)	-		(554)
	2,431			2,294

Investment portfolio (VaR 99%, 10 days)

	31-12-2019	Maximum	Minimum	31-12-2018
VaR by type of risk				
Interest rate	33,326	60,817	33,326	50,434

Investment banking activity

Caixa - Banco de Investimento (VaR 99%, 10 days)

	31-12-2019	Maximum	Minimum	31-12-2018
VaR by type of risk				
Interest rate	2,897	4,534	2,198	4,557
Foreign exchange rate	942	2,283	938	1,724
Price	111	198	2	86
Volatility	-	2	-	2
Diversification effect	(1,191)			(1,892)
	2,759			4,476

The diversification effect is calculated implicitly. Total VaR refers to the combined effect of interest rate, price, foreign exchange and volatility risks.

Foreign exchange risk

Breakdown of financial instruments by currency

Financial instruments were broken down into the following currencies, at December 31, 2019 and December 31, 2018:

	31-12-2019												
	Currency												
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Angola Kwanzas	Other	Book value of trading derivatives	Total
Assets													
Cash and cash equivalents at central banks	6,338,215	225,158	4,754	1,567	121,027	189,288	315,968	3,602	6,831	76,837	20,559		7,303,807
Cash balances at other credit institutions	237,069	178,635	4,001	3,651	30,864	35,205	91	766	731	-	22,467		513,480
Loans and advances to credit institutions	478,664	451,913	148,063	83,593	542,457	136,043	225,894	26,051	27,522	-	585,982		2,706,182
Financial assets at fair value though profit or loss	6,879,412	72,390	439	30	-	69	-	-	3,388	21,316	1,554	856,059	7,834,658
Available-for-sale financial assets	2,998,603	502,621	15,301	-	74	623	73,509	-	592	127	8,871		3,600,323
Loans and advances to customers (gross)	45,949,681	426,886	489	68	1,416,816	1,150,337	781,568	7,421	168,759	184,264	36,071		50,122,360
Held-to-maturity Investments	8,196,777	190,816	-	-	33,410	-	311,070	-	-	249,436	44,413		9,025,921
Assets with repurchase agreement	-	-	-	-	-	-	10,737	-	-	-	-		10,737
Other assets	893,898	1,200,457	(99,378)	(83,633)	1,002,211	47,660	15,719	3,280	1,584	4,628	(547,419)		2,439,006
Accumulated impairment (financial instruments)	(2,138,111)	(14,956)	-	-	(27,490)	-	(83,105)	(1)	(9,090)	(24,655)	(14)		(2,297,423)
	-	-	-	-	-	-	-	-	-	-	-	-	81,259,051
Liabilities													
Resources of central banks and other credit institutions	(671,530)	(333,617)	(18,713)	(1,126)	(15,956)	(17,931)	(10,990)	(1)	(497)	(3,606)	(3,700)		(1,077,668)
Customer resources and other loans	(57,840,756)	(2,557,840)	(61,123)	(3,524)	(2,306,928)	(870,777)	(1,398,458)	(37,559)	(193,692)	(363,735)	(157,162)		(65,791,555)
Debt securities	(2,435,337)	-	-	(28,085)	-	-	-	-	-	-	-		(2,463,422)
Financial liabilities at fair value through profit or loss												(908,651)	(908,651)
Subordinated liabilities	(1,116,458)	-	-	-	-	-	-	-	-	-	-		(1,116,458)
Consigned resources	(717,576)	-	-	-	-	-	(7,342)	-	-	-	-		(724,918)
Other	(1,422,258)	(37,079)	(19,920)	27,542	(1,311,929)	(113)	(114,655)	(2,071)	(34,109)	(21,856)	(2,198)		(2,938,646)
	-	-	-	-	-	-	-	-	-	-	-	-	(75,021,317)
Derivatives (Notional)													
Currency swaps	(174,524)	589,564	(78,713)	(44,284)	(264)	147,655	-	3,360	-		(454,968)	(14,732)	(26,906)
Interest rate swaps	(290,516)	311,554	-	27,883	-	-	-	-	-		-	(37,800)	11,121
Other swaps	-	-	-	-	-	-	-	-	-		-	65	65
Futures	(771,247)	-	-	-	-	-	-	-	-		-	6,656	(764,590)
Options and Caps & Floors	71,041	(18)	-	-	-	-	-	-	-		(1,412)	(3,042)	66,569
Forward foreign exchange transactions	(1,565)	(2,769)	5,758	3	-	-	-	167	-		(1,296)	277	575
Net exposure	(1,166,811)	898,331	(72,955)	(16,398)	(264)	147,655	-	3,527	-		(457,676)	(48,575)	(713,166)

	31-12-2018												
	Currency												
	Euros	US Dollars	Pounds Sterling	Yen	Macau Patacas	Hong Kong Dollar	Mozambican Meticais	South African Rand	Cape Verde Escudo	Angola Kwanzas	Other	Book value of trading derivatives	Total
Assets													
Cash and cash equivalents at central banks	4,634,413	174,301	4,583	1,632	124,146	165,456	314,089	7,518	82,368	76,218	22,012		5,606,735
Cash balances at other credit institutions	525,536	341,458	3,257	6,838	44,625	58,770	328	2,842	1,086	-	29,360		1,014,098
Loans and advances to credit institutions	215,511	444,052	77,366	75,825	499,950	14,490	212,708	17,505	166,476	78,457	399,691		2,202,031
Financial assets at fair value though profit or loss	6,793,098	159,508	2,148	21	-	59	-	-	2,533	44,985	1,026	692,705	7,696,083
Available-for-sale financial assets	4,025,223	639,877	18,385	-	1,080	-	75,587	-	59,581	-	11,192		4,830,924
Loans and advances to customers (gross)	50,052,634	549,747	5,103	198	1,296,060	1,546,776	656,240	5,646	627,613	180,844	5,551		54,926,412
Held-to-maturity Investments	3,185,974	83,724	-	-	32,574	-	273,971	-	-	318,883	29,086		3,924,213
Assets with repurchase agreement	55,009	-	-	-	-	-	-	-	-	-	-		55,009
Other assets	758,724	983,877	6,285	(79,519)	976,953	(13,041)	11,563	(890)	22,230	7,810	(358,858)		2,315,134
Accumulated impairment (financial instruments)	(3,344,727)	(20,033)	(151)	-	(26,193)	-	(94,897)	-	(41,859)	(30,349)	(18)		(3,558,228)
	66,901,395	3,356,511	116,976	4,994	2,949,195	1,772,509	1,449,589	32,620	920,028	676,847	139,043	692,705	79,012,411
Liabilities													
Resources of central banks and other credit institutions	(850,417)	(617,569)	(54,994)	(1,287)	(15,932)	(182,876)	(26,844)	(1,906)	(789)	-	(5,928)		(1,758,542)
Customer resources and other loans	(55,093,122)	(2,460,324)	(62,033)	(3,121)	(2,334,821)	(790,120)	(1,269,589)	(29,717)	(863,994)	(377,882)	(137,802)		(63,422,525)
Debt securities	(3,233,107)	-	-	(27,214)	-	-	-	-	-	-	-		(3,260,321)
Financial liabilities at fair value through profit or loss												(737,818)	(737,818)
Subordinated liabilities	(1,159,821)	-	-	-	-	-	-	-	-	-	-		(1,159,821)
Consigned resources	(960,139)	(7)	-	-	-	-	(7,258)	-	-	-	-		(967,404)
Other	(1,245,945)	36,038	(5,998)	26,655	(1,260,481)	(11,368)	(96,042)	(129,219)	(39,908)	(20,392)	(9,043)		(2,755,702)
	(62,542,551)	(3,041,861)	(123,025)	(4,967)	(3,611,234)	(984,364)	(1,399,734)	(160,842)	(904,690)	(398,274)	(152,773)	(737,818)	(74,062,134)
Derivatives (Notional)													
Currency swaps	(29,288)	45,722	8,672	-	-	312,364	3,154	(950)	-		(339,049)	36	661
Interest rate swaps	(440,780)	463,076	-	27,016	-	-	-	-	-		-	(50,774)	(1,462)
Futures	(6,392,308)	201	(964)	-	-	-	-	-	-		-	6,422	(6,386,649)
Options and Caps & Floors	210,196	(59,233)	-	(39)	-	-	-	-	-		-	1,135	152,058
Forward foreign exchange transactions	3,248	(3,012)	2,815	-	-	-	-	-	-		(2,915)	89	225
	(6,648,932)	446,754	10,523	26,977	-	312,364	3,154	(950)	-	-	(341,964)	(43,279)	(6,235,353)
Net exposure	(2,290,088)	761,404	4,474	27,004	(662,039)	1,100,509	53,009	(129,172)	15,338	278,573	(355,694)	(88,393)	(1,285,076)

VaR analysis – foreign exchange risk

To guarantee the control and measurement of foreign exchange risk, Caixa calculates and monitors value at risk (VaR) on its total open and currency positions for each relevant group unit on a daily basis and consolidates the amounts monthly.

Information on CGD group management perimeter's VaR (10 days with a 99% confidence level) by currency, at December 31, 2019 and 2018, is shown in the following table:

	VaR	
	31-12-2019	31-12-2018
Hong Kong Dollar	3	13,827
Macau Pataca	39	4,982
South African Rand	242	11,176
US Dollar	286	1,653
Mozambican Meticais	834	12,612
Pound Sterling	103	89
Japanese Yen	10	47
Other currencies	11,335	39,699
Diversification effect	(5,386)	(29,353)
Total	7,466	54,731

Based on the application of the above referred to methodology the diversification effect is calculated implicitly.

43. Capital management

Capital management objectives

Capital management objectives, in Caixa Geral de Depósitos, are in line with the following general principles:

- To comply with the regulatory requirements established by the supervisors, i.e. European Central Bank, Bank of Portugal and National Council of Financial Supervisors;

- To generate an adequate level of return for the company, creating value for its shareholder and return on capital employed;

- To sustain the development of operations that CGD is legally authorised to perform, maintaining a solid capital structure, capable of providing for the growth of activity and in line with its respective risk profile; and,

- To protect the bank's and group's reputation, maintaining the integrity of the operations performed during the course of their activities.

Caixa Geral de Depósitos plans its short and medium term capital requirements to finance its operations in order to achieve the above objectives, particularly based on the use of its own and other resources. This planning is based on internal estimates of the evolution of balance sheet operations and borrowings primarily raised from subordinated debt issuances, including complementary own funds within certain limits.

Regulatory framework

The activity of credit institutions in Portugal is governed by the general credit institutions and financial corporations' regime approved by decree law 298/92, which plays a primary role in Portuguese prudential regulation, largely reflecting Community directives applicable to the financial system (directives 2006/48/EC, 2006/49/EC and 2010/76/EU).

With the coming into force, in January 2014, of the new Basel III regulatory framework (regulation (EU) 575/2013 and directive 2013/36/EU of the European Parliament and of the Council both of which dated June 26), applicable to all European Union member states and defining the prudential requirements for credit institutions and investment firms, the regulatory framework provided for a series of transitional dispositions permitting the staged application of the new capital requirements, with more restrictive requirements on the calculation of capital quality and risk-weighted assets, with the competent authorities of the member states able to maintain or accelerate their implementation.

The principal impacts of regulation (EU) 575/2013 (CRR/CRD IV) on capital ratios were on deferred tax assets (DTAs), dispositions relative to impairment deficits based on loss projections, pension fund corridor, non-controlling interests in consolidated subsidiaries, significant equity stakes in non-consolidated financial institutions and additional requirements for market and counterparty risk.

The Bank of Portugal issued *notice* 6/2013 which regulates the transitional regime provided for in regulation (EU) 575/2013, having established the transitional implementation relating to own funds components.

With the coming into force of regulation (EU) 2016/445 of the European Central Bank, on October 1, 2016, credit institutions ceased to consider the percentage applicable to unrealised profit as defined by article 468, no. 1 of regulation (EU) 575/2013 for the calculation of their principal CET1 components and included the profit in respect of risk positions in central governments classified in the "Available-for-sale" category, thus accelerating the application of the transitional dispositions.

In November 2016, the European Commission published a draft of the new CRR and CRD IV, incorporating different Basel standards including the "Fundamental review of the trading book for market risk, net stable funding ratio (NSFR) for liquidity risk, interest rate risk in the banking book, and modifications relating to the treatment of central counterparties, the MDA (minimum distributable amount), Pillar 2, leveraging ratio and Pillar 3.

The most significant change was the implementation of the TLAC (total loss absorbing capacity) term sheet, internationally defined by the Financial Stability Board (FSB) in the capital structure. Consequently, systemically important banks must comply with MREL/TLAC requirements under Pillar 1, whereas banks that are not systemically important need only comply with MREL in the sphere of Pillar 2 to be decided by the resolution authority on a case by case basis.

The Bank of Portugal published its *notice* 10/2017, revoking *notice* 6/2013 and defining a new structure for the gradual application of deductions from own funds in December 2017. It particularly included, on account of their significance, deferred tax assets which are contingent upon future returns, beginning January 1, 2018.

Regulation (EU) 2017/2395 of the European Parliament and of the Council, amending regulation (EU) 575/2013 on a transitional regime to reduce the impact of the introduction of IFRS 9 - "Financial instruments" on own funds and for the treatment of the major risks of certain risk positions in the public sector in the domestic currency of any member state was also published in the same period.

CGD did not opt for the possibility of the progressive application of a transitional regime as provided for in the above regulation. The estimated impact on both the phased-in and fully implemented CET 1, is -25 bps.

In April 17, 2019 the European Parliament and the Council issued regulation (EU) 630/2019, amending regulation (EU) 575/2013 as regards minimum loss coverage for non-performing exposures (NPEs), with the aim to prevent any excessive build-up of NPEs in the future and the emergence of systemic risks in the non-banking sector.

Regulation (EU) 630/2019, complements the existing prudential rules in regulation (EU) 575/2013 relating to own funds with provisions requiring a deduction from own funds where NPEs are not sufficiently covered by provisions or other adjustments.

According to the regulation, institutions should deduct from Common Equity Tier 1 items the insufficient cover of NPEs, for exposures originating after April 26, 2019.

In May 2019, regulation (EU) 876/2019 (commonly known as CRR II) was issued, with amendments to regulation (EU) 575/2013 and Directive 878/2019 (CRD V).

The amendments introduced by CRR II cover the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures and reporting and disclosure requirements.

CRD V is in force since June 27, 2019, but its application is not yet mandatory since the member States have until December 28, 2020 to transpose the Directive into National Law.

CRR will be mandatory from June 28, 2021 onwards, with some exceptions that are made binding during a transitional period started January 1, 2019. Special notice is made to several changes in own funds and credit risk (IRB and Standardized approach), in force since June 27, 2019.

Requirement to set up a capital buffer

In September 2015, the Bank of Portugal, in its *notice* 1/2015, required credit institutions headquartered in Portugal to bring forward the application of the own funds conservation reserve of 2.5%, under article 138-D of the general credit institutions and financial corporations regime.

The context of the single supervisory mechanism (SSM) in which credit institutions' capital decisions are assessed and adopted for the whole of the euro area and in which the capital operations deriving from such decisions should essentially be made with recourse to the market, required domestic credit institutions to operate under the same conditions as the majority of institutions in the same space. As such, the Bank of Portugal issued *notice* 6/2016 of May 31, revoking *notice* 1/2015, as it considered that bringing forward the application of the own funds conservation reserve, under the terms of *notice* 1/2015 could prejudice the existence of such conditions and imply the subjection of the entities to the transitional regime of nos. 1 to 4 of article 23 of decree law 157/2014 of October 24.

Requirement to set up a capital buffer for “Other systemically important institutions”

Pursuant to article 138-Q of the general credit institutions and financial corporations regime and in accordance with European Banking Authority (EBA) guidelines on the identification of “Other systemically important institutions – OSIIs), the Bank of Portugal identified CGD as an O-SII and informed the European Banking Authority and the European Central Bank of its conclusion.

The practical consequence of this decision for CGD consists of the obligation to set up an O-SII buffer totally covered by CET 1, on a consolidated basis.

The amount of this capital buffer for CGD was set at 1% by the Bank of Portugal although it will be implemented in stages, with the application of 25% in 2018, 50% in 2019, 75% in 2020 and 100% of the defined amount in 2021, in line with the decision of November 30, 2017.

CGD’s consolidated accounts should therefore incorporate a capital buffer of 0.25% in 2018, 0.50% in 2019, 0.75% in 2020 and 1.00% in 2021, pursuant to its status as an OSII.

Requirement to set up a countercyclical buffer

According to the Basel Committee, the principal objective of the countercyclical buffer is to ensure that banks have a sufficiently large capital buffer to enable them to absorb unexpected losses when facing a negative systemic shock and therefore not compromising their lending to the real economy.

The Bank of Portugal, in exercising its competence as the national macroprudential entity, may force credit institutions to set up an additional own funds buffer with the objective of protecting the banking sector in periods of increased cyclical systemic risk owing to excessive credit growth.

The countercyclical buffer (measured as a percentage of the total amount of risk positions) will be set at between 0% and 2.5%, unless a higher percentage is justified by exceptional circumstances.

The buffer’s percentage for each institution, i.e. the “percentage of an institution’s specific countercyclical buffer" is a weighted average of the countercyclical buffer’s percentages applicable in the countries in which the institution’s credit risk positions are located.

For 2019, the Bank of Portugal set the countercyclical reserve at 0% of the total amount at risk positions.

It should be pointed out that a default on any of the previously identified buffers (O-SII, countercyclical buffer and specific buffer) does not call the continuity of an institution’s activity into question.

It does, however, imply restrictions on the payment of dividends and repurchase of treasury shares, in addition to a requirement for institutions to submit a properly scheduled own funds conservation plan to the Bank of Portugal in order to fully comply with the combined own funds requirement. The Bank of Portugal is responsible for defining the timeframe for the production of the plan.

ECB’s capital requirements in 2019 and 2020

Requirements in 2019

The ECB, as authorised by regulation (EU) no. 1024/2013 of October 15, carries out reviews and evaluations on institutions, including stress tests, and, based on this SREP (supervisory review and evaluation process) may require credit institutions to comply with specific additional own funds requirements as well as specific information disclosure requirements.

CGD’s minimum phased-in CET 1 requirement, on a consolidated basis, is 9.75% and includes: i) the minimum CET 1 ratio of 4.5% required under Pillar 1 ii) the minimum CET 1 ratio of 2.25% required under Pillar 2 (P2R); iii) the capital conservation buffer (CCB) of 2.50%; iv) the 0.50% reserve for “Other Systemically Important Institutions” and v) the own funds countercyclical buffer of 0% (as defined by the Bank of Portugal for fourth quarter 2019).

In 2019, the Bank of Portugal set the countercyclical capital buffer at 0% of the total amount of risk positions.

2019					
Ratios	Total	of which:			
		Pillar 1	Pillar 2	buffers	
				Conservation	O-SII
CET1	9.750%	4.500%	2.250%	2.500%	0.500%
TIER 1	11.250%	6.000%	2.250%	2.500%	0.500%
Total Capital	13.250%	8.000%	2.250%	2.500%	0.500%

Requirements in 2020

As a result of SREP 2019 requirements that were formalised in December 2019, CGD must ensure, in 2020 the minimum requirements presented below, which have no additional impositions when compared to 2019. As such CGD has to accommodate the 0.25% increase in requirements owing to the staged increase of the O-SII (other systemically important institutions) buffer requirements, to be fully covered by CET 1, in conformity with the Bank of Portugal's resolution of November 11, 2017 with the systemic O-SII buffer being 0.75% (ending the staged implementation period in 2021, with a ratio of 1%):

2020					
Ratios	Total	of which:			
		Pillar 1	Pillar 2	buffers	
				Conservation	O-SII
CET1	10.000%	4.500%	2.250%	2.500%	0.750%
TIER 1	11.500%	6.000%	2.250%	2.500%	0.750%
Total Capital	13.500%	8.000%	2.250%	2.500%	0.750%

The above requirements were changed considering subsequent events as detailed below.

The Bank of Portugal announced, at December 31, 2019 that the own funds countercyclical buffer for first quarter 2020, would remain at 0% (applicable from January 1).

Following from the Covid 19 Pandemic, the ECB put in place several measures to mitigate this crisis and assist the banks in maintaining their lending capacity to the economy.

The ECB will allow temporary relief in Pillar 2 Guidance (P2G) capital requirements, in the capital conservation buffer (CCB) and in the liquidity coverage ratio (LCR). It will also allow banks the partial use of financial instruments which are not CET 1 eligible to cover Pillar 2 requirements (P2R). This relief anticipates several measures that were initially scheduled to be adopted in January 2021 according to the last revision of CRD V.

In this context, ECB confirmed on April 8, 2020 an amendment to SREP dated December 4, 2019, which allows a total ratio (TSCR) of 10.25% (of which 8% Pillar 1 and 2.25% Pillar 2 – P2R). With this decision CGD can now cover its P2R with 56.25% CET 1 instruments, 18.75% with AT1 instruments and 25% with Tier 2 instruments, when previously it should have been exclusively CET 1 instruments.

The minimum ratios after the amended SREP applicable to CGD from March 2020 onwards are shown below:

2020 (*)					
Ratios	Total	of which:			
		Pillar 1	Pillar 2	buffers	
				Conservation	O-SII
CET1	9.016%	4.500%	1.266%	2.500%	0.750%
TIER 1	10.938%	6.000%	1.688%	2.500%	0.750%
Total Capital	13.500%	8.000%	2.250%	2.500%	0.750%

(*) with application from March 2020, inclusive.

Regulatory capital

The Basel regulatory framework is based on three pillars:

- Pillar 1: defines the minimum capital requirements for credit, market and operational risks, permitting the use of classifications and internal models. The objective is to make regulatory requirements more sensitive to the real risks faced by financial institutions in performing their activities;
- Pillar 2: defines a supervisory review system to improve internal risk management and the assessment of the adequacy of banks' capital in accordance with their risk profile; and,
- Pillar 3: deals with disclosures and aims to improve market discipline by developing a series of disclosure requirements to enable market agents to assess the key information related to the application of Basel III, on capital, risk exposures, risk appraisal processes and, consequently the bank's capital adequacy. Pillar 1 regulatory capital in CGD's consolidation perimeter includes the following components:

a) Common equity tier 1 (CET1)

The net equity components making a positive contribution to CET 1 in December 2019 were:

- Paid up capital;
- Other reserves and retained earnings;
- Net profit for the period[6]
- Revaluation reserves; and,
- Non-controlling interests[7]

Deductions from CET1 essentially comprise:

- The book value of intangible assets, net of their associated deferred tax liabilities;
- Deferred tax assets(on fiscal losses), net of their related deferred tax liabilities;
- Any excess of prudential limits deriving from deferred tax assets (temporary differences) net of related deferred tax liabilities and equity investment in credit institutions and insurance companies;
- Defined benefit pension fund assets;

[6] The inclusion of net profit for the period in own funds in conformity with decision (EU) 2015/656 of the European Central Bank, with no. 2 of article 26 of regulation (EU) 575/2013 (ECB/2015/4) and approved by the supervisor.

[7] Different from the accounting amount as a resultt of the application of articles 81, 84, 85 and 87 of regulation (EU) 575/2013 (ECB/2015/4). The reconciling of these amounts in explained in the market discipline report for the period which is available of CGD, SA's website.

- AVA (additional valuation adjustments) resulting from the application of articles 34 and 105 of regulation (EU) 575/2013: – on the prudent assessment applicable to all trading portfolio positions; and,

- Amounts of the irrevocable commitments associated with the deposit guarantee fund and resolution fund, according to the SREP decision of 2017.

The framework of the amount of own funds, in addition to the deductions applied is explained in the market discipline report for the period, which is available on CGD, S.A.'s website.

b) AT1- additional tier 1 capital

According to CRR/CRD4 regulations, highly subordinated instruments issued directly by the bank and which fulfil the following criteria are eligible as additional tier 1 funds:

- They must be perpetual and comprise highly subordinated bonds;

- They must have a trigger point (attaining the CET1 ratio of 5.125%), as an essential condition for consideration as additional tier 1 own funds. If the trigger point is reached, the respective nominal values of securities may be temporarily or permanently reduced;

- They cannot include an increase in interest or any other redemption incentive;

- They must have a loss absorption capacity; and,

- They must be approved in advance by the European Central Bank, with CGD having the option to redeem these instruments on certain dates, but not within five years from their issuance date.

c) Tier 2 capital

Instruments eligible as tier 2 capital, include:

- Instruments issued or contracted for and fully paid up subordinated loans; and,

- Issuance premiums related to the above instruments.

Details on instruments eligible as tier 1 and tier 2 capital are given in the market discipline report which is available online on CGD's website.

Own funds and capital ratios

Following the completion of the recapitalisation plan (detailed information provided in the reports on preceding periods), Caixa Geral de Depósitos continued to achieve significant improvements in the evolution of its solvency indicators, in 2019, as set out below, in the comparative table of own funds and capital ratios, between December 2019 and December 2018.

	CRD IV / CRR (Phasing-in) Rules		
	31-12-2019 [Corep] (3)	31-12-2018 [Corep] (1)	31-12-2018 Proform (4)
Capital			
Common equity tier I (CETI)	*7,120,653*	6,535,521	6,884,015
Tier I	*7,629,283*	7,038,659	7,387,153
Tier II	*636,949*	661,041	661,041
Total	8,266,232	7,699,700	8,048,194
Risk weigthed assets	44,185,050	48,417,652	48,548,356
Solvency ratios			
CET I	16.1%	13.5%	14.2%
Tier I	17.3%	14.5%	15.2%
Total	18.7%	15.9%	16.6%

Notas:
(1) The values presented refer to both Phasing-in and Full implementation
(2) In December 2019, the Corep value (Corep - Common report) includes the positive net result, w ith prior approval from the Supervisor and pursuant to Article 26 (2) of Regulation (EU) No. 575/2013.
(3) In December 2018, the amount reported to the Supervisor did not include the positive net result for the period.
(4) The December 2018 Proform version includes the positive net result of 296.2 M€ (of w hich, 496.2 M€ referring to the positive net result for the period and -200 M€ referring to dividends delivered to the Shareholder), made available for comparison purposes. 2019 figures.

Disposal of equity investments in subsidiaries under the strategic plan 2017 - 2020

In its compliance with the strategic plan 2017 - 2020, agreed with the directorate general for competition of the European Union, Caixa Geral de Depósitos, S.A. continued its endeavours to reduce its international presence with the disposal of its equity investments in Banco Caixa Geral, S.A. and Mercantile Bank.

Caixa Geral de Depósitos formalised, the definitive sale of 99.79% of the equity capital of the Spanish company Banco Caixa Geral, S.A. (BCG), to the Spanish banking group ABANCA, for €384 million in October 2019.

The disposal of BCG Spain resulted in an overall positive impact of around 110 bps in CGD's consolidated CET 1 ratio of which 30 bps were recognised in the June 2019 consolidated accounts based on the estimated value of the equity stake. The remaining 80 bps derived from the deleveraging of this equity stake.

Caixa Geral de Depósitos completed the disposal process on 100% of the equity capital of Mercantile Bank Holdings Limited, to Capitec Bank Limited (Capitec), in November 2019 for R3,056,000 thousand South African rands (ZAR) − around €215,000 thousand at an exchange rate of 16.5 rands to the euro

The disposal of Mercantile produced an estimated global positive impact of around 37 bps on CGD's consolidated CET1 ratio, of which 13 bps from capital gains and the remaining 24 bps from the deleveraging of this equity stake.

Composition of regulatory capital in 2019

The following table summarises Caixa Geral de Depósitos's regulatory capital, at December 31, 2019, for its consolidated activity.

	Transitional
Paid in capital	3,844,144
Other reserves and retained earnings	2,901,948
Net income (included in CET 1 capital)	469,093
Revaluation reserves	281,259
Non-controlling interests given recognition in CET 1 capital	51,241
Total CET 1 capital prior to regulatory adjustments	**7,547,685**
Intangibles (Includes goodwill), net of related DTLs	(75,167)
DTAs (arising from tax losses carry forward), net of related DTLs	(12,294)
Total CET 1 capital after the regulatory adjustments identified above	**7,460,223**
DTAs arising from temporary differences (amount above the 10% threshold)	(84,531)
Total CET 1 capital after the regulatory adjustments identified above	**7,375,692**
Amount exceeding the 15% threshold	(71,729)
Financial institutions and insurers	(25,894)
DTA's (arising from temporary differences)	(45,835)
National filters and deductions that affect CET1	(183,311)
Common Equity Tier 1 (CET 1)	**7,120,653**
Additional Tier 1	500,000
Other equity instruments	500,000
AT 1 - subsidiaries (NCI)	8,630
Tier 1 capital	**7,629,283**
Tier 2 capital instruments	600,000
Tier 2 capital instruments - subsidiaries (NCI)	36,949
Total capital	**8,266,232**
Total RWA	**44,185,050**
Credit	37,944,674
Market	1,333,695
Operational	3,880,203
CVA	37,572
Others	988,906
CET1 ratio	**16.1%**
Tier 1 ratio	**17.3%**
Total ratio	**18.7%**

Note: amount of net income included in Equity Funds as authorized by the Supervisor (according to Article 26 (2) of Regulation (EU) No. 575/2013). If the Equity result was not considered, the ratios would be: CET 1 = 14.9% | Tier 1 = 16.1% | Total = 17.5%.

Own funds and capital ratios for December 2019 provided by CGD to the Supervisor included a net profit of €469,093 thousand, as allowed by the ECB according to the requirements of article 26, number 2, of regulation (EU) 575/2013. This amount considered a net profit for the year at the prudential consolidation perimeter of €785,821 thousand, after deduction of €316,728 thousands of distributable dividends (as per article 5 of ECB Decision 656/2015, of February 4 on the conditions under which credit institutions are permitted to include interim or year-end profits in CET 1).

In consequence of the effects of the Covid 19 Pandemic, the ECB issued a new recommendation on March 27, 2020 (Recommendation ECB/2020/19) considering it appropriate that the significant credit institutions refrain from making dividend distributions and perform share buy-backs aimed at remunerating shareholders until October 1, 2020.

The ECB considers this recommendation essential for credit institutions to conserve capital to retain their capacity to support the economy and funding households, small and medium sized businesses and corporations.

Two scenarios are considered eligible under the current circumstances:

a) Maintaining the initial proposal to distribute dividends, but delaying the final payment decision until the uncertainty caused by the Covid 19 Pandemic is less prevalent or no longer a concern (at a minimum until October 1, 2020);

b) Changing dividend distribution policy for 2019, with a promise to distribute reserves in the future, when and where the uncertainty caused by the Covid 19 Pandemic is less prevalent or no longer a concern (at a minimum until October 1, 2020).

Under the circumstances, the Board of Directors decided to propose at the General Assembly's meeting not to distribute dividends for 2019, incorporating the net profit for the year in Reserves, including the amount allocated to the legal reserve as required by the statutes. After October 1, 2020, the Board will evaluate if the evolution of the economic and financial conditions allows the distribution of dividends.

If the proposal of the Board of Directors is approved at the General Assembly's meeting, capital ratios at December 31, 2019 will be 16.9% for CET 1, 18.1% for Tier 1 and 19.5% for Total.

Differences between the consolidation method for accounting purposes and the consolidation method for the purposes of calculating regulatory capital.

The prudential consolidation perimeter differs from CGD group's IFRS perimeter in the treatment of entities whose economic activity is different from the activity of credit institutions and financial corporations as referred to in the "general credit institutions and financial corporation's regime". Subsidiaries with an economic activity not subject to prudential supervision (e.g. commerce, industry, agriculture and insurance) are recognised in the prudential consolidation perimeter by the equity accounting method.

Several collective investment entities within the group, as well as special purpose vehicles were not included in the banking supervision perimeter as they are not classified as financial corporations, as referred to in the "general credit institutions and financial corporation's regime". The Nostrum Mortgage 2 fund was included in the prudential perimeter at the demand of the supervisory body.

It should also be noted that BCG Brasil, Banco Comercial do Atlântico, S.A. and CGD Investimentos CVC are recognised in the accounting perimeter in accordance with IFRS 5 – "Non-current assets held-for-sale and discontinued operations" (the assets of such entities have been recognised in a single consolidated assets account, in "Non-current assets held-for-sale" as opposed to liabilities which have been recognised in "Non-current liabilities held-for-sale"). These entities have been consolidated in the prudential perimeter on a line by line basis.

CGD group's consolidation perimeter, for the purposes of the CGD group publication in addition to the accounting perimeter at December 31, 2019, comprised the following entities:

ID		Consolidation Method: Financial Perimeter	Consolidation Method: Prudential Perimeter	Percentage	Country	Activities
ID	**Branches**					
00015	Luxembourg Branch	Full	Full	100.00%	Luxembourg	Financial institutions
00020	France Branch	Full	Full	100.00%	France	Financial institutions
00022	East Timor Branch	Full	Full	100.00%	Timor	Financial institutions
00025	Spain Branch	Full	Full	100.00%	Spain	Financial institutions
ID	**Subsidiaries**					
00030	Banco Caixa Geral Brasil, S.A.	Full (*)	Full	100.00%	Brazil	Financial institutions
00065	Caixa - Banco de Investimento, S.A.	Full	Full	99.77%	Portugal	Financial institutions
00070	Banco Comercial e de Investimentos, S.A..	Full	Full	63.05%	Mozambique	Financial institutions
00075	Banco Interatlântico, S.A.	Full	Full	70.00%	Cape Verde	Financial institutions
00076	Banco Comercial do Atlântico, S..A.	Full (*)	Full	58.19%	Cape Verde	Financial institutions
00091	Banco Nacional Ultramarino, S.A.	Full	Full	100.00%	China (Macau)	Financial institutions
00100	Caixa - Participações, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
00101	Parbanca, SGPS, S.A.	Full	Full	100.00%	Portugal	Financial (holding)
00112	Partang, SGPS, S.A. .	Full	Full	100.00%	Portugal	Financial (holding)
00123	CGD Investimentos CVC	Full (*)	Full	100.00%	Brazil	Financial institutions
00140	A Promotora, S.A.	Full	Full	45.33%	Cape Verde	Venture Capital
00220	Caixa Gestão de Ativos Sociedade Gestora de Fundos de In	Full	Full	100.00%	Portugal	Asset Management
00230	CGD Pensões - Soc. Gestora de Fundos de Pensões, S..A.	Full	Full	100.00%	Portugal	Asset Management
00305	Caixa Leasing e Factoring, IFIC, S.A.	Full	Full	100.00%	Portugal	Financial institutions
00460	Sogrupo - Compras e Serviços Partilhados, S.A.	Full	Full	90.00%	Portugal	Ancillary Services
00469	GIE - Groupment d'Interet Economique	Full	Full	100.00%	France	Ancillary Services
00905	Banco Caixa Geral Angola	Full	Full	51.00%	Angola	Financial institutions
00945	SCI - Rue du Helder	Full	Full	100.00%	France	Real Estate Management
00960	Inmobiliaria Caixa Geral, S.L.	Full	Full	100.00%	Spain	Real Estate Management
00961	Caixa - Imobiliário, S.A.	Full	Full	100.00%	Portugal	Real Estate Management

(cont.)

ID		Consolidation Method: Financial Perimeter	Consolidation Method: Prudential Perimeter	Percentage	Country	Activities
ID	**Special Purpose Entities**					
00508	Nostrum Mortgages 2	Full	Full	100.00%	Portugal	Securitisation Fund
00511	FCR - Grupo CGD - Caixa Capital	Full	-	100.00%	Portugal	Venture Capital Fund
00513	FCR - Empreender+	Full	-	100.00%	Portugal	Venture Capital Fund
00515	FCR - Caixa Fundos	Full	-	100.00%	Portugal	Venture Capital Fund
00516	FCR - Caixa Crescimento	Full	-	100.00%	Portugal	Venture Capital Fund
00525	Caixagest Private Equity (FEI)	Full	-	32.22%	Portugal	Investment Fund (open-end)
00526	Caixagest Imobiliário Internacional (FEI)	Full	-	41.08%	Portugal	Investment Fund (open-end)
00527	Caixagest Infra-Estruturas (FEI)	Full	-	18.56%	Portugal	Investment Fund (open-end)
00531	Cidades de Portugal FIIAH	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
00533	Fundolis - Fundo de Investimento Imobiliário Fechado	Full	-	100.00%	Portugal	Real Estate Investment Fund (closed-end)
00550	Fundiestamo	Full	-	78.08%	Portugal	Real Estate Investment Fund (closed-end)
ID	**Associated**					
00145	GCI - Sociedade Gestora de Fundos, S.A.R.L.	Full	Equity	35.67%	Mozambique	Venture Capital
00206	Esegur - Empresa de Segurança, S.A.	Full	Equity	50.00%	Portugal	Ancillary Services
00301	Locarent - Comp. Portuguesa de Aluguer de Viaturas, S.A.	Full	Equity	50.00%	Portugal	Financial institutions
00320	SIBS - Sociedade Interbancária de Serviços, S.A.	Full	Equity	22.97%	Portugal	Financial institutions
00321	Fidelidade Companhia de Seguros SA	Full	Equity	15.00%	Portugal	Insurance company
00322	Fidelidade Assistência Companhia de Seguros SA	Full	Equity	20.00%	Portugal	Insurance company
00323	Multicare Seguros de Saúde SA	Equity	Equity	20.00%	Mozambique	Insurance company
00408	Imobci, Lda.	Full (**)	Full	46.31%	Portugal	Real Estate Management
00411	Companhia Papel do Prado, SA.	Equity (***)	Equity	38.15%	Portugal	Industry
00435	S.G.P.I.C.E - Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A	Equity	Equity	33.33%	Portugal	Telecommunication services
00450	Turismo Fundos, SGFII, S.A.	Equity	Equity	33.47%	Portugal	Asset management
00454	Bem Comum, Sociedade Capital Risco	Equity	Equity	32.00%	Portugal	Venture Capital
00903	International Bank of S.Tomé and Príncipe	Equity	Equity	27.00%	S.Tomé and Príncipe	Financial institutions

(*) Considering the effects of IFRS 5 - "Non-current assets held for sale and discontinued operations"

(**) Com a aplicação do IFRS 10 - "Principle of Control Exercise"

(***) Effective participation in the Prudencial Scope = 37,4%

The disposal processes initiated, in 2017, on Banco Caixa Geral, SA and Mercantile Bank Holdings Limited, were completed in last quarter 2019 in line with the execution of the strategic plan. The Beirafundo and Ibéria property funds were also sold off.

Fundger was merged with Caixa Gestão de Ativos and Imocaixa with Caixa Imobiliário, effective January 1, 2019, as part of the strategic plan, taking into account the reorganisation of CGD group.

Reference should be made to the liquidation of Caixa Geral Finance Limited, Caixanet and CaixaTec, the economic interest groupings Sogrupo – Serviços Informação and Sogrupo – Gestão Imóveis and the Caixa Arrendamento, Estratégias Alternativas and Caixa Imobiliário funds, in 2019. The activity in 2019 included the partial redemption of the investment units in the Fundimo fund (in March and September) as a payment in kind to CGD's pension fund.

Finally Companhia Papel do Prado, S.A. and S.G.P.I.C.E - Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A (formerly Yunit Serviços, SA) have been suspended from the consolidation process.

<u>Reconciliation between the consolidation perimeter balance sheet for accounting purposes and the prudential consolidation perimeter balance sheet.</u>

ASSETS	Financial Perimeter	Consolidation of other entities + IFRS5	Differences in consolidation adjustments	Differences in intragroup eliminations	Prudential Perimeter	Key (*)
Cash and cash equivalents at central banks	7,303,807	57,588	-	-	7,361,395	
Cash balances at other credit institutions	513,480	(79,108)	-	81,223	515,595	
Loans and advances to credit institutions	2,704,800	360,825	-	(89,521)	2,976,104	
Financial assets at fair value through profit or loss	7,834,658	(375,523)	227,954	(0)	7,687,088	
Available-for-sale financial assets	3,598,515	2,423	-	-	3,600,937	
Financial assets with repurchase agreement	10,737	10,856	-	-	21,593	
Hedging derivatives	7,186	-	-	-	7,186	
Held-to-maturity investments	9,019,237	-	-	-	9,019,237	
Loans and advances to customers	47,973,544	516,433	-	-	48,489,977	
Non-current assets held-for-sale	1,333,471	(1,080,965)	71,475	-	323,981	
Investment properties	185,666	(204,951)	36,366	-	17,081	
Other tangible assets	584,619	16,923	-	-	601,542	
Intangible assets	74,596	572	-	-	75,167	9
Investments in associates and jointly controlled entities, of whi	461,719	5,083	254,986	-	721,788	11
Insurers	306,921	-	-	-	306,921	
Other financial institutions (equity participation > 10%)	38,119	-	-	-	38,119	
Current tax assets	463,528	989	-	-	464,517	
Deferred tax assets, of which:	1,406,225	17,314	252	-	1,423,791	
Deferred tax assets for temporary differences	1,393,877	-	-	-	1,411,443	10
Deferred tax assets for tax losses carry forward	12,348	-	-	-	12,348	8
Other assets	2,300,274	(46,841)	-	60,329	2,313,762	
Total assets	**85,776,060**	**(798,380)**	**591,032**	**52,031**	**85,620,743**	

LIABILITIES AND EQUITY	Financial Perimeter	Consolidation of other entities + IFRS5	Differences in consolidation adjustments	Differences in intragroup eliminations	Prudential Perimeter	Key (*)
Resources of central banks and other credit institutions	1,077,668	74,613	-	(93,445)	1,058,835	
Customer resources and other loans	65,791,555	867,559	-	85,027	66,744,141	
Debt securities	2,463,422	-	-	-	2,463,422	
Financial liabilities at fair value through profit or loss	908,651	11,724	-	(0)	920,374	
Hedging derivatives	3,169	-	-	-	3,169	
Non-current liabilities held-for-sale	980,711	(980,711)	-	-	-	
Provisions for employee benefits	753,307	2,381	-	-	755,688	
Provisions for other risks	291,133	1,212	71,475	-	363,820	
Current tax liabilities	33,001	8,267	-	-	41,269	
Deferred tax liabilities, of which:	127,414	6,153	(6,287)	-	127,280	
Deferred tax liabilities for temporary differences	127,360	-	-	-	127,226	10
Other deferred tax assets liabilities	54	-	-	-	54	8
Other subordinated liabilities	1,116,458	-	-	-	1,116,458	7
Other liabilities	3,663,564	(14,860)	(196,644)	60,450	3,512,510	
Total liabilities	**77,210,053**	**(23,663)**	**(131,456)**	**52,031**	**77,106,965**	
Share capital	3,844,144	(785,962)	785,962	-	3,844,144	1
Other equity instruments (Additional Tier 1)	500,000	-	-	-	500,000	6
Revaluation reserves	281,259	-	-	-	281,259	2
Other reserves and retained earnings	2,928,767	71,536	(98,356)	-	2,901,948	3
Net income attributable to CGD	775,928	(60,291)	70,184	-	785,821	4
Shareholders' equity attributable to CGD	**8,330,098**	**(774,718)**	**757,791**	**-**	**8,313,171**	
Non-controlling interests, of which:	235,909	-	(35,302)	-	200,607	5
Ordinary shares	235,909	-	-	-	200,607	
Preference shares	-	-	-	-	-	
Total equity	**8,566,007**	**(774,718)**	**722,488**	**-**	**8,513,778**	
Total liabilities and equity	**85,776,060**	**(798,380)**	**591,032**	**52,031**	**85,620,743**	

(*): link between elements on Prudential Balance Sheet and regulatory Own Funds

Reconciliation between the prudential balance sheet and regulatory own funds

	Key (*)	Prudential Balance Sheet	Transitional
Paid in capital	1	3,844,144	3,844,144
Other reserves and retained earnings	3	2,901,948	2,901,948
Net income (included in CET 1 capital)	4	785,821	469,093
Revaluation reserves	2	281,259	281,259
Non-controlling interests given recognition in CET 1 capital	5	200,607	51,241
Total CET 1 capital prior to regulatory adjustments			**7,547,685**
Intangibles (Includes goodwill), net of related DTLs	9	75,167	(75,167)
DTAs (arising from tax losses carry forward), net of related DTLs	8	12,348	(12,294)
Total CET 1 capital after the regulatory adjustments identified above			**7,460,223**
DTAs arising from temporary differences (amount above the 10% threshold)	10	10	1,411,443
Total CET 1 capital after the regulatory adjustments identified above			**7,375,692**
Amount exceeding the 15% threshold		-	(71,729)
Financial institutions and insurers	11	721,788	(25,894)
DTA's (arising from temporary differences)	10	1,411,443	(45,835)
National filters and deductions that affect CET1		-	(183,311)
Common Equity Tier 1 (CET 1)			**7,120,653**
Additional Tier 1			500,000
Other equity instruments	6	500,000	-
AT 1 - subsidiaries (NCI)			500,000
Tier 1 capital			**-**
Tier 2 capital instruments	7	1,116,458	7,629,283
Tier 2 capital instruments - subsidiaries (NCI)			600,000
Total capital			**-**
Total RWA			
Credit			44,185,050
Market			37,944,674
Operational			1,333,695
CVA			3,880,203
Others			37,572
CET1 ratio			**16.1%**
Tier 1 ratio			**17.3%**
Total ratio			**18.7%**

(*): link between elements on Prudential Balance Sheet and regulatory Own Funds

(MREL - Minimum requirement for own funds and eligible liabilities)

The single resolution mechanism (SRM) as the 2nd banking union pillar defines the bank resolution framework for all participating member states. The SRM aims to ensure the orderly resolution of banking institutions in bankruptcy processes at minimum cost to taxpayers and the real economy, pursuant to which directive 2014/59/EU – the bank recovery and resolution directive (BRRD) − imposes an MREL (minimum requirement for own funds and eligible securities) on banking institutions to ensure their capacity to absorb losses and achieve internal recapitalisation, duly structuring their liabilities in such a way as not to compromise the application of bail-ins or other resolution instruments and ensuring the continuity of their critical functions without representing an additional cost for taxpayers.

The target level to be achieved is decided by the resolution authority in the form of the single resolution board on a case-by-case basis for each bank, based on factors that include characteristics, notably complexity, risk profile and resolution strategy.

CGD was notified of the single resolution board's requirements by the Bank of Portugal during the course of 2019. CGD must have €11,453,000 thousand in own funds and eligible liabilities from January 1, 2023. This is equivalent to 13.27% of the total liabilities and own funds of its resolution perimeter at December 31, 2017.

To fulfil MREL requirements CGD estimated a need to issue around €2,000,000 thousands of liabilities eligible as preferential and non-preferential senior debt by end 2022.

CGD resumed its capital market operations in November 2019 with its launch of a non-preferential senior debt issuance of €500,000 thousand with a maturity of 5 years and yield of 1.25% as part of the financing plan defined to meet its MREL requirements. This was the first issuance of this type ever made by a Portuguese bank.

The issuance, warmly welcomed by institutional and international investors, was oversubscribed by a factor of seven, enabling a reduction of the issuance cost in comparison to the initial announcement. The issuance was essentially sold to asset managers with a high level of geographic dispersion.

The single resolution board defined a transition period of four years with the intermediate objectives of an informational type with the aim of gradually complying with the requirement.

44. Subsequent events

Luanda Leaks

As the result of a newspaper investigation into alleged schemes of personal enrichment by Engineer Isabel dos Santos, on December 23, 2019, the Luanda court ordered the preventative seizure of the balances of the bank accounts in BIC, BFA, BAI and Banco Económico in the name of Engineer Isabel dos Santos, Dr. Sindika Dokoto and Dr. Mário Filipe Moreira Leite da Silva. The court also ordered the seizure of a collection of equity stakes held by them. Following the above, the Angolan entrepreneur was declared to be a "person of interest" based on allegations of mismanagement and diverting funds during her time at state oil company Sonangol.

In March 2020, in compliance with the rogatory letter issued by the Republic of Angola, the central criminal court ordered the seizure of the assets of Engineer Isabel dos Santos in Portugal.

Since this information first came to light, CGD has undertaken an in-depth monitoring and analysis process of all exposures to the entities controlled by Engineer Isabel dos Santos, including considering potential default triggering events, the existence of collateralised debt protection, an assessment of potential losses and oversight of the position of other financial institutions and preventative initiatives for the purpose of preserving the value of the underlying assets.

In this context and on a case by case basis, CGD either separately or in conjunction with other financial institutions has shown its willingness to find constructive solutions for several of the companies and/or to undertake specific actions with the aim of mitigating losses which could derive from exposure to such entities

Covid-19 pandemic

The first months of 2020 were marked by the COVID-19 pandemic, a severe respiratory disease caused by the severe acute respiratory syndrome corona virus 2 (SARS-COV-2). The disease which was first identified in December 2019 in Wuhan, a city in the People's Republic of China is characterised by a high level of contagion and a higher mortality rate than other viruses of the same group (e.g. SARS) leading the World Health Organization to declare a pandemic on March 11, 2020.

As a consequence of the spread of this disease, with cases having been confirmed in more than 200 countries, drastic across-the-board containment measures have been taken including restrictions on individual movements, border closures and restrictions on a wide range of economic activities. A state of emergency was declared in Portugal on March 18. This was the first time this has occurred in the framework of its current constitution.

Worldwide economic activity at the present time is decelerating sharply and is indicative of a global recession with a high level of uncertainty over its depth and duration.

The worldwide response to this situation from governments and central banks has included fiscal protection and monetary measures which are highly focused on stabilising the financing conditions of diverse economic agents, protecting business and minimising the effects of loss of household income.

Caixa Geral de Depósitos group's activity, owing to its presence in several countries, has naturally been affected by the pandemic and its respective containment measures. CGD has defined a strategy based on prevention and the protection of its employees and consequent mitigation of operational risk for its companies' business as set out in a specific contingency plan. To manage this plan a governance model has been introduced including the creation of a crisis management team reporting directly to the executive committee and responsible for:

- Coordinating CGD's response to a crisis situation, applying emergency management principles to its business continuity policy;
- Ensuring the implementation of the COVID-19 continuity plan;
- Monitoring impacts on CGD;
- Ensuring prompt, adequate internal and external communication;

- Managing the performance of all areas involved.

This was complemented by the creation of seven committees for the following areas, some of which meeting daily:

- Operational issues;
- Macroeconomic scenarios and assessments of economic-financial impacts;
- Risk assessments in various areas;
- Business and customers in different segments;
- International operations;
- Relations with supervisors.

The operational focus has been to protect the bank's critical functions, namely its capacity to respond to its customers' needs, either through its physical branch network with essential protection methods put in place or its remote access channels. In the case of critical functions, the respective teams were separated and a working-from-home solution devised which currently comprises more than 75% of the workforce of central departments. Special attention was also paid to the principal suppliers of goods and services to CGD group, to ensure that there will be no disruptions.

CGD has taken a proactive approach to credit applying measures to minimise impacts, in line with those adopted by the government. In particular, the extension approval of the maturity of credit operations, the introduction of State and Associação Portuguesa de Bancos moratoria on most credit products and creation of specific lines of credit backed by mutual guarantee companies to mitigate the occasional and temporary treasury constraints of companies and individuals following the reduction of economic activity. Risk monitoring indicators were also reinforced, particularly in the business areas most affected by the crisis and by the effects of the containment measures adopted.

Overall management has implemented an approach based on the anticipation of scenarios, analysis of impacts and preparation of the operating and monitoring measures for key indicators on various levels and structures of its governance model in such a way as to permit the transversal management of business areas, including international activities.

We are currently in a mid-crisis. This is an unprecedented situation worldwide in which the number of people infected continues to grow with no concrete prospects on the lifting of the containment measures implemented, even if partial, by most countries and especially Europe which has been particularly affected by the pandemic.

Although it is generally believed that 2020 will be a year of global recession, in line with the projections of several national and international organisations such as the International Monetary Fund and rating agencies, it is premature to anticipate possible impacts on the individual economies and CGD group itself.

Caixa Geral de Depósitos group has shown its capacity to respond to this crisis scenario either through its protection of people, employees and customers or the continuity of its operations and business areas.

An impact on the group's activity and its capacity to achieve its economic-financial goals has naturally been anticipated, even though with a degree of uncertainty. Its level will depend on multiple factors such as the depth of the economic crisis, its duration, the economic sectors most affected, type and impact of the monetary and fiscal policy to be implemented by diverse governments and economic blocs such as the European Union. Considering these uncertainties, it is not possible presently to estimate accurately the financial impacts of the pandemic crisis, with regard to the valuation of assets and the measurement of impairment losses in the credit portfolio, to recognize prospectively.

The main identified risks and challenges are identified below:

Business and strategy

- Macroeconomic uncertainty in the different geographic locations in which the Group is present;

- Acceleration of the digital transformation, as driven by a new societal organization, with less human contact, and the challenges to the traditional banking business model;

- Geographical presence in certain areas of the globe for which local contamination can be severely damaging (high population density, high human poverty index, poor quality health and accessibility infrastructures).

Solvency

- Regulatory uncertainty regarding the financial solutions to be implemented in a context where the need to support households and corporations must be balanced with a temporary reduction of profitability;

- Postponement of the stress test exercise to 2021, which will have a boosting effect over the first quarter of 2020, directly affected by the pandemic;

Market

- Regulatory uncertainty regarding the financial solutions to be implemented in a context where the need to support households and corporations must be balanced with a temporary reduction of profitability;

Credit

- Capacity to maintain the current reduction strategy for NPLs, restricted by households and companies ability to service debt amidst the pandemic;

- Even though the concentration risk has diminished in the past years, some large exposures could be particularly affected by the current crisis;

- The capacity to maintain the current levels of exported goods and services by Portuguese corporations.

Operational

- Higher operational risk introduced by the need to rapidly develop new solutions and adapt internal processes to respond to the needs of the clients and to transition to new flexible and remote working;

- The effects on supply chains, highly integrated in the daily processes and that will inevitably be affected by the pandemic nature in some instances could lead to the suspension of contractual agreements;

- Significant behavioural changes that disrupt historic data trends and could render current risk models unsuitable to estimate losses

Reputational

- The systemic significance of CGD in the Portuguese economy makes its strategy and actions an object of attention and scrutiny to the general public. This is particularly relevant in the current pandemic, where health issues are prioritised above economic and financial considerations.

Technology and information

- Rapid and massive transition to tele-working, with higher demands on banking IT systems in terms of system configuration and monitoring of performance levels;

- The increasing spread of cybercrime resulting from increased remote access, prominent use of digital channels and payment solutions, particularly encouraged by the need to reduce human interactions.

Notwithstanding this context and taking into consideration the best information available at the present time the board of directors considers that Caixa Geral de Depósitos is suitably prepared, in terms of capital, asset values and liquidity, to ensure the continuity of its operations and continue to provide its customers and the national economy with the necessary support.

45. Note added for translation

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles in Portugal. In the event of discrepancies, the Portuguese version language version prevails.

2.2. Other Information

2.2.1. Information on asset encumbrances

Bank of Portugal Instruction 28/2014 of 15 January 2015

Consolidated Operations (EUR)

MODEL A – ASSETS

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
		010	040	060	090
010	**Assets of the reporting institution**	7,665,422,210		77,955,321,123	
030	Equity instruments	0	0	1,255,293,590	1,255,293,590
040	Debt securities	2,017,595,697	2,017,595,697	20,714,226,229	20,714,226,229
120	Other assets	5,647,826,513		55,985,801,304	

MODEL B – COLLATERAL RECEIVED

		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
130	**Collateral received by the reporting institution**	0	284,822,193
150	Equity instruments	0	0
160	Debt securities	0	205,712,856
230	Other collateral received	0	79,109,337
240	**Own debt securities issued other than own covered bonds or ABSs**	0	0

MODEL C – ENCUMBERED ASSETS, COLLATERAL RECEIVED AND ASSOCIATED LIABILITIES

		Associated liabilities, contingent liabilities or securities lent	Assets, collateral received and own securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	4,037,686,466	6,712,310,353

2.2.2. Information by country

Disclosure of financial information under Decree-law no. 157/2014

Name, nature of activities and geographic location

Consult Note 3 - Group companies and transactions in period, from chapter 2.1. - Notes to the Consolidated Financial Statements.

BUSINESS VOLUME (*)

	2018-12	2019-12
Domestic activity	**1,283,799**	**1,371,099**
International activity	**514,560**	**540,803**
Europe	**100,708**	**101,720**
Spain	3,892	2,540
France	96,190	98,793
Luxembourg	625	387
America	**1,610**	**0**
North America	1,610	0
Africa	**293,506**	**305,787**
Angola	86,506	85,456
Mozambique	196,634	208,321
Cape Verde	10,366	12,010
Asia	**118,736**	**133,297**
China	108,580	121,584
Timor	10,156	11,713
Total	**1,798,359**	**1,911,902**

(*) refers to total operating income
Note: Values refer to each geographic area contribution to consolidated total operating income

NUMBER OF EMPLOYEES

	2018-12	2019-12
Europe	**8,805**	**7,677**
Portugal	7,675	7,099
Spain	542	6
France	546	544
United Kingdom	3	3
Luxembourg	26	12
Switzerland	5	5
Belgium	3	3
Germany	5	5
Africa	**4,544**	**3,998**
Angola	540	545
Mozambique	2,892	2,843
Cape Verde	602	610
South Africa	510	0
America	**73**	**71**
Brazil	65	65
Canada	2	2
Mexico	2	0
Venezuela	4	4
Asia	**605**	**626**
China	467	488
Timor	135	135
India	3	3
Total	**14,027**	**12,372**

INCOME TAX

	2018-12	2019-12
Domestic activity	**267,417**	**291,342**
International activity	**39,325**	**40,704**
Europe	**2,284**	**8,393**
Spain	-2,728	238
France	6,091	8,926
Luxembourg	-1,078	-771
America	**-453**	**0**
North America	-453	0
Africa	**28,244**	**21,229**
Angola	5,382	3,706
Mozambique	22,711	17,102
Cape Verde	151	421
Asia	**9,250**	**11,081**
China	7,972	9,153
Timor	1,277	1,928
Total	**306,742**	**332,045**

Note: Values refer to each geographic area contrubution

INCOME BEFORE TAX

	2018-12	2019-12
Domestic activity	**565,219**	**863,305**
International activity	**219,848**	**278,383**
Europe	**8,785**	**30,969**
Spain	-9,921	888
France	22,649	29,348
Luxembourg	-3,942	733
America	**-1,656**	**0**
North America	-1,656	0
Africa	**140,210**	**162,497**
Angola	32,701	58,861
Mozambique	100,981	92,066
Cape Verde	6,528	11,569
Asia	**72,509**	**84,917**
China	67,838	77,867
Timor	4,670	7,050
Total	**785,067**	**1,141,688**

Note: Values refer to each geographic area contribution, including non-controlling interests

2.2.3. Information transparency and asset valuation

Adoption of recommendations on information tranparency and asset evaluation - Bank of Portugal's Circular-Letter no. 97/2008/DSB, of 3 of December and Circular-Letter 58/2009/DSB of 5 of August

I.	**Business Model**	
1.	Description of business model (i.e. reasons for the development of activities/businesses and their respective contribution to the value creation process) and, if applicable, the changes made (e.g. as a result of the period of turmoil);	Board of Directors' Report: • Message from the Chairman of the Board and the Chief Executive Officer • Highlights in 2019 • CGD today • Activity and financial information Corporate Governance Report.
2.	Description of strategies and objectives (including strategies and objectives specifically related with securitisation operations and structured products);	See I.1 above. Notes 12, 20 and 22 of Annex to the Consolidated FS - Financial Statements (Securitisation operations & Structured products).
3	Description of the importance of the activities performed and their respective contribution to the business (including a quantitative approach);	See I.1 above. Notes 27 and 38 of Annex to the Consolidated FS.
4.	Description of the type of activities performed, including a description of the instruments used, their operation and qualification criteria with which the products/investments must comply;	See items I.1 to I.3 above. Board of Directors' Report: • Risk management Note 2 of Annex to the Consolidated FS.
5.	Description of the objective and amplitude of the institution's involvement (i.e. commitments and obligations assumed) for each activity performed;	See items I.1 to I.3 above.
II.	**Risks and Risk Management**	
6.	Description of the nature and amplitude of the risks incurred on activities performed and instruments used;	Board of Directors' Report: • Risk management Note 42 (description of the financial risk management policies inherent to the group's activity, the monitoring thereof, maximum exposure to credit risk, credit quality, liquidity risk, interest rate risk, foreign exchange risk, market risk and VaR analyses and sensitivity to interest rate) of Annex to the Consolidated FS.
7.	Description of risk management practices relevant to the activities (particularly including liquidity risk in the present context), description of any fragilities/ weaknesses identified and the corrective measures taken;	See II.6 above.
III.	**Impact of period of financial turmoil on results**	
8.	A qualitative and quantitative description of the results, particularly losses (when applicable) and impact of write-downs on results;	Board of Director's Report: • Activity and financial information Notes 6, 7, 8, 19 and 37 of Annex to the Consolidated FS.

III.	Impact of period of financial turmoil on results (cont.)	
9.	Breakdown of write-downs/losses by types of products and instruments affected by the period of turmoil, namely: commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised debt obligations (CDO), asset-backed securities (ABS);	Board of Director's Report: • Activity and financial information Note 42 of Annex to the Consolidated FS.
10.	Description of the reasons and factors responsible for the impact;	Board of Director's Report: • Message from the Chairman of the Board and the Chief Executive Officer • CGD today • Activity and financial information See items III. 8 and III.9 above.
11.	Comparison of: i) Impacts between (relevant) periods; ii) Financial statements before and after the impact of the period of turmoil;	See items III.8 to III.10 above.
12.	Breakdown of "write-downs" between realised and unrealised amounts;	See items III.8 to III.10 above. Note 42 of Annex to the Consolidated FS
13.	Description of the influence of the financial turmoil on the entity's share prices;	N.A.
14.	Disclosure of maximum loss risk and description of how the institution's situation could be affected by the prolongation or worsening of the period of turmoil or market recovery;	Board of Director's Report: • Activity and financial information.
15.	Disclosure of impact of the evolution of the spreads associated with the institution's own liabilities on results in addition to the methods used to determine this impact;	Board of Director's Report: • Activity and financial information Liabilities issued by CGD Group are recognised at amortised cost.
IV.	Levels and types of exposures affected by the period of turmoil	
16.	Nominal (or amortised cost) and fair value of "live" exposures;	Board of Directors' Report : • Risk management Note 2 and 42 (comparison between the fair and book value of assets and liabilities recognised at amortised cost) of Annex to the Consolidated FS.
17.	Information on credit risk mitigating factors (e.g. credit default swaps) and respective effect on present exposures;	Note 2 (describes the accounting policies for derivatives and hedge accounting), Note 10 and Note 42 of Annex to the Consolidated FS.
18.	Detailed disclosure of exposures, broken down by: -Level of seniority of exposures/tranches held; -Level of credit quality (e.g. ratings, vintages); -Geographic areas of origin; -Sector of activity; -Origin of exposures (issued, retained or acquired); -Product characteristics: e.g. ratings, weight/proportion of associated sub-prime assets, discount rates, spreads, finance; -Characteristics of underlying assets: e.g. vintages, loan-to-value ratio, credit rights; weighted average life of underlying asset, presuppositions on the evolution of prepayment situations, expected losses;	Note 42 of Annex to the Consolidated FS.

IV.	**Levels and types of exposures affected by the period of turmoil (cont.)**	
19.	Movements occurring in exposures between relevant reporting periods and reasons underlying such changes (sales, write-downs, purchases, etc.);	See items III.8 to III.15 above.
20.	Explanations of exposures (including “vehicles” and, in this case, respective activities) which have not been consolidated (or which have been recognised during the crisis) and associated reasons;	N.A.
21.	Exposure to monoline type insurance companies and quality of insured assets: -Nominal amount (or amortised cost) of insured exposures in addition to the amount of credit protection acquired; -Fair value of "live” exposures and respective credit protection; -Value of write-downs and losses, split up between realised and unrealised amounts; -Breakdown of exposures by rating or counterparty;	CGD does not have any exposure to monoline type insurance companies.
V.	**Accounting policies and valuation methods**	
22.	Classification of transactions and structured products for accounting and respective processing purposes;	Note 2 (description of the financial instruments and how they are processed in the accounts) of Annex to the Consolidated FS.
23.	Consolidation of Special Purpose Entities (SPEs) and other "vehicles" and their reconciliation with the structured products affected by the period of turmoil;	N.A.
24.	Detailed disclosure of the fair value of financial instruments: -Financial instruments at fair value; -Fair value ranking (breakdown of all exposures measured at fair value in the fair value ranking and breakdown between liquid assets and derivative instruments in addition to disclosure of information on migration between ranking levels); -Processing of “day 1 profits” (including quantitative information); -Use of fair value option (including conditions of use) and respective amounts (with an adequate breakdown);	Notes 7, 8 and 42 of Annex to the Consolidated FS. See item IV.16 above.
25.	Description of modelling techniques used to value financial instruments, including information on: -Modelling techniques and instruments on which they are applied; -Valuation processes (particularly including the assumptions and inputs upon which the models are based); -Types of adjustment applied to reflect the modelling risk and other valuation uncertainties; -Sensitivity of fair value (namely changes to assumptions and key inputs); -Stress Scenarios;	Note 2 and 42 of Annex to the Consolidated FS (information and processes applied by CGD in the valuation of financial instruments).
VI.	**Other relevant disclosure aspects**	
26.	Description of disclosure policies and principles used for reporting disclosures and financial reporting.	Note 2 of Annex to the Consolidated FS.

2.2.4. Glossary

Cost-to-income[(1)]

Operating costs / (Total operating income + Income of associated companies).

Cost of credit risk

Credit impairment for the period (net) / Average* loans and advances to customers balance (gross).

Coverage ratio on forborne loans and advances[(2)]

Accumulated impairment on forborne loans under probation / Total forborne exposures.

Coverage ratio on Non-performing exposure[(2)]

(Accumulated impairment on: Debt securities + Loans and advances to customers + Off balance-sheet exposures) / Total non-performing exposures (gross).

Coverage ratio on Non-performing loans[(2)]

Accumulated impairment on loans and advances to customers / Total non-performing loans (gross).

Employee costs / Total operating income[(1)]

Employee costs / Total operating income.

Forborne ratio for loans and advances[(2)]

Forborne loans and advances under probation / Total loans advances to customers (gross).

Gross return on assets (ROA) [(1)] [(3)]

Income before tax and non-controlling interests / Average* net assets.

Gross return on equity (ROE) [(1)(3)]

Income before tax and non-controlling interests / Average* shareholders' equity.

Loans-to-deposits ratio[(1)]

(Total loans and advances to customers – Accumulated impairment on loans and advances to customers) / Customer deposits.

Net interest income

Interest and similar income - Interest and similar costs.

Net interest income including income from equity instruments

Net interest income + Income from equity instruments.

Net operating income

Net operating income before impairments - Provisions and impairments.

Net operating income before impairments

Total operating income - Operating costs.

Net return on assets (ROA)[(3)]

(Income after tax and non-controlling interests) / Average* net assets.

Net return on equity (ROE)[(3)]

Income after tax and non-controlling interests / Average* shareholders' equity.

Non-interest income

Net fees and Commissions + Net trading income + Other operating income.

NPE - Non-performing exposure ratio [(2)]

(Non-performing: Debt securities + Loans and advances to customers + Off balance-sheet exposures) / (Gross: Total debt securities + Loans and advances to customers + Off balance-sheet exposures).

NPL - Non-performing loans ratio[(2)]

Non-performing loans and advances to customers / Total loans and advances to customers (gross).

Operating costs

Employee costs + Administrative costs + Depreciation and amortization for the period.

Operating costs / average net assets

Operating costs / Average* net assets.

Return on Tangible Equity (ROTE)

Net income / (Average* shareholders' equity – Average* intangible assets).

Net fees and commissions

Fees and commissions income – Fees and commissions expenses.

Securities investments

Financial assets at fair value through profit or loss + Available for sale financial assets + Financial assets held to maturity.

Total operating income

Net interest income + Income from equity instruments + Non-interest income.

Total operating income / average net assets[(1)]

(Total operating income + Income from associated companies) / Average* of net assets.

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*Average of the last 13 monthly observations.

1 As defined by Bank of Portugal Instruction 6/2018.

2 As defined by EBA.

3 Income after tax: net income for the period attributable to the shareholder of CGD and net income for the period attributable to non-controlling interests.

2.3. Audit Reports and Opinions

2.3.1. Statutory and auditor’s report on the consolidated accounts

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Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da República, 90-6º
1600-206 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Statutory and Auditor’s Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Caixa Geral de Depósitos, S.A. (“CGD” or “the Group”), which comprise the Consolidated Balance Sheet as at 31 December 2019 (showing a total of 85.776.060 thousand euros and a total equity of 8.566.007 thousand euros, including a net income attributable to the shareholder of CGD of 775.928 thousand euros), and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Caixa Geral de Depósitos, S.A. as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter concerning COVID-19

The recent developments surrounding Covid-19 pandemic (Coronavirus) have a significant impact on the health of people and on our society as a whole; increasing uncertainty around the operational and financial performance of organisations. In note 44 to the consolidated financial statements are disclosures regarding the development of the pandemic together with the principal risks and challenges identified by the Board of Directors of CGD. On the basis of currently available information, the Board believes that the consequences of these developments on the activity of the Group and its ability to comply with its financial and economic objectives are uncertain, not being able to estimate the financial impacts including the valuation of financial and non-financial assets and the estimation of losses on the credit portfolio that may be recognised in the future.

Our opinion is not modified by this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
A member firm of Ernst & Young Global Limited

1. Impairment of financial assets - loans and advances to clients

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As presented in the balance sheet and as further disclosed in notes 12 and 37 of the consolidated financial statements, the value of loans and advances to customers amounted to 50.122.360 thousand euros representing around 56% of total assets. The accumulated impairment recorded to loans to customers amounted to 2.148.816 thousand euros representing 4,3% of total credit. The details of the accounting policies, methodologies, concepts and assumptions used by the Group are disclosed in the notes to the financial statements (notes 2.9 d) and 42 n°7 of the Notes to the consolidated financial statements). The implementation of IFRS 9 – "Financial Instruments" has increased the complexity and subjectivity inherent in the calculation of expected losses with the use of internal mathematical models to determine the parameters, namely: (i) probability of default ("PD"); (ii) loss given default ("LGD") and (iii) exposure at the default date ("EAD") With the introduction of IFRS 9 – Financial Instruments" these parameters should also contain forecasts of future economic conditions containing different scenarios. For significant exposures CGD management bodies and subsidiaries have used expert judgement in credit risk assessment. It should be noted that, in addition to the complexity of the models, their use requires the treatment of a significant volume of data. To overcome limitations that may exist in such treatment, experts sometimes used practical expedients that increase the level of judgment applied. The individual impairment process has inherently a strong judgmental component by Group's management, in the identification of impairment triggers, the estimation of cash flows to fulfill the debt service and the valuation of collateral repossessed under loan recovery, whenever the recovery is anticipated in lieu of payment, execution and/ or sale of collateral, less the costs inherent in their recovery and sale. The use of alternative approaches, models or assumptions may have a material impact on	Our response to the risk of material misstatements includes a combined approach of controls assessment and substantive tests, namely: • Understand, evaluate the design and test the operational effectiveness of internal control procedures over the process of classification, measurement and quantification of impairment losses to the credit and securities portfolio; • Understand the business model determined by the Group for the management of its financial assets, and analyse the documentation regarding classification and measurement of these assets; • Perform analytical review procedures on the balances of impairment of loans to customers comparing to the previous period and to defined expectations, in which we highlight the understanding of the variation occurred in the loans portfolio and changes in the assumptions and methodologies of impairment; • Sampling a group of exposures individually assessed for impairment to test the assumptions used by the Group's Management. These tests included (i) the analysis of the terms and conditions defined on the loan operations and on significant collateral (ii) analysis of the financial and economic situation of the debtors and the cash flows expected to be provided by the business; (iii) appreciation of the valuation reports performed for the collateral (iv) management inquiries about these loans and the follow up carried out to understand the recovery strategy of the loans as well an assessment of the assumptions used (v) recalculation of the impairment estimation and comparison with the results determined by the Group; • Use of internal specialists to assess the reasonableness of the assumptions used for the collective assessment of impairment, with particular regard to the following procedures: (i) understand approved and formal methodology and comparison with methodology effectively in place, (ii) analysis of the model changes on the definition of parameters to reflect the incurred loss; (iii) analysis of the changes in risk parameters (PD, LGD and EAD) that occurred during 2019; (iv) tests, on a sample basis, of the underlying data used to determine the risk parameters and comparison with the source of information; (v) evaluation of the consistent application of calculations of risk parameters throughout the period under review; (vi) enquiries of Group's experts responsible for the models and analysis of internal audit and regulator's reports; and (vii) analysis of the reports with the results of the operational evaluation of the model (back testing);and • Analysis of the disclosures included in the consolidated financial statements, based on International Financial Reporting Standards requirements and on the accounting records.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
the estimated impairment value. (Note 2.23 a) to the consolidated financial statements). Considering the degree of subjectivity and complexity associated with the impairment, the materiality involved and the changes that occurred on the definition of the business model, we considered this to be a key audit matter.	

2. Recoverability of deferred tax assets

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Consolidated balance sheet includes total deferred tax assets of 1.406.225 thousand euros as of 31 December 2019, of which 494.043 thousand euros are included in the special regime for deferred tax assets (SRDTA) (Note 2.15 and Note 18 to the consolidated financial statements). Under the requirements of IAS 12 – "Income taxes", deferred tax assets are recognized considering the Group's estimation of its future recoverability, which is essentially determined by its capacity to generate future taxable profits and on an understanding of the legal framework applicable in the reversal period. (Note 2.23 f)) to the consolidated financial statements). This evaluation was made on the basis of performance aligned with the Strategic Plan and deductibility of impairment on credit risk based on the rules contained In Law n°98/ 2019. Changes in the assumptions used or significand variables used to determine projected taxable profits could result in substantially different outcomes. Given the significance of the amount s and the complexity of the calculation, with the consequent risk of material distortion due to the use of assumptions and judgments regarding future recovery of deferred tax asset s, we considered this to be a key audit matter.	Our response to the risk of material misstatements includes the following procedures: • Understand internal controls over the estimation process of deferred tax assets recoverability; • Understand the most significant assumptions and judgments used by the Group to estimate future taxable profit s, including a consistency analysis with the projections included in the Strategic Plan; • Verification of the conversion of deferred tax assets into tax credits available for deduction and assessing the constitution of a special reserve together with the simultaneous issuance and attribution of conversion rights to the State of an equivalent amount; • Use of internal tax specialist s to assess the reasonableness of the assumptions used in the estimation of deferred tax assets considering the rules on deduction of impairment of credit risk defined in the Law n°98/2019; • Review of the calculations made by the Group to deter mine the recoverability of the deferred tax asset s, in view of the assumptions used to estimate the future tax profit s and the interpretation of tax law; and • Analysis of the disclosures related to this matter included in the consolidated financial statements, based on International Financial Reporting Standards requirements and on the accounting records.

3. Liabilities with post-employment benefits of CGD employees and commitments undertaken under the early retirement plan

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
CGD and certain subsidiaries assumed responsibility for current and retired employees' retirement benefits and other long-term post-employment benefits (Note 2.17 to the consolidated financial statements). As of 31 December 2019, the total liabilities estimated for past service post-employment benefits of Group's employees amount to 3.234.015 thousand euros and medical post-employment benefits to 511.287 thousand euros (Note 35 to the consolidated financial statements). These liabilities were estimated based on a report of an external actuary certified by the supervisory authority of insurance and pensions funds ("ASF"), who used actuarial methodologies and financial and actuarial assumptions defined by CGD Management, including the discount rate, annual increases in salaries and pensions and mortality and disability metrics. Additionally, the strategic plan defined to 2017-2020 that underpins the CGD recapitalization plan predicts a set of organizational restructuring measures to ensure the global sustainability of the Group. CGD also used an external actuary to determine the liabilities for obligations assumed under these plans. Consequently, at 31 December 2019, CGD estimated a provision of € 149,206 thousand euros related to the Early Retirement Plan. (Note 35) The use of different methodologies, assumptions or judgments in the performance of these actuarial calculations, could generate estimations different from those recorded. We considered this to be a key audit matter due to the significance of the liabilities for post -employment benefits for pensions and other long-term employee benefits and the risk of material distortion due to the use of assumptions and judgment (Note 2.23 e) to the consolidated financial statements).	Our response to the risk of material misstatements includes the following procedures: ► Understand internal controls over the estimation process of post-employment benefits related to pensions, other long-term employee benefits and commitments undertaken under the early retirement plan; ► Performance of analytical review procedures of the balances of post-employment liabilities comparing with previous periods and expectations based on an understanding of the variations of the number of employees and retirees and changes of assumptions; ► Verification of "ASF" registry related to the external actuary in charge of actuarial report and read of the independence declaration attached to the actuarial report relative to 31 December 2019. ► Use of internal actuarial specialists to assess the reasonableness of the assumptions used, as compared to external benchmarks, historical information, information provided by Group's management and to review on a sample basis, the calculations per formed by the external actuary; ► Analysis of the commitments agreed in the document establishing the pension fund and the liabilities considered in the actuarial report as of 31 December 2019 as well as the regulations regarding post-employment medical benefits; ► Testing, on a sample basis, of the data included in the actuarial report; ► Analysis of the commitments agreed in the early retirement plan and of the data used in the estimation prepared by CGD as well as of the analysis of the accounting treatment of the liability under the requirements of IAS 37; and ► Analysis of the disclosures included on the consolidated financial statement s, based on International Financial Reporting Standards requirements and on the accounting records.

4. Valuation of real estate assets repossessed under loan recovery

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As of 31 December 2019, the net book amount of the real estate assets repossessed by credit recovery was 562.572 thousand euros with related impairment of 263.795 thousand euros (46,8%) as disclosed in Note 13 to the consolidated financial statements. These real estate assets are recorded at recoverable amount under the caption "Non-current assets available for sale" and are measured in accordance with the accounting policy described in Note 2.10 to the consolidated financial statements. To determine the recoverable amount of the repossessed real estate assets, impairment is assessed individually for all the assets with a gross amount of 3 million euros and above, including, on a case-by-case basis, assets with a lower value with specific characteristics that justify an individual assessment. The remaining real estate assets are appraised based on a collective model updated in 2019. The individual assessment of impairment considers the specific characteristics of the real estate asset and the disposal strategy, incorporating available information on supply and demand and other specific risks that may influence the value of the asset. The collective impairment model determines the recoverable amount of each real estate asset as its acquisition value adjusted by a *haircut* and is discounted to reflect the time to sell. This matter is considered to be significant to the audit because of its materialityto the consolidated financial statements and because the use of different valuation techniques and assumptions could give rise to different estimates of fair value. (Note 2.23g) to the consolidated financial statements).	Our response to the risk of material misstatements includes the following procedures: ► Understand internal controls over the valuation process of real estate assets repossessed by credit recovery; ► Performance of analytical review procedures on the real estate assets included in the balance as non-current assets available for sale comparing to the previous period and expectations, to gain an understanding of the variations that have occurred and the changes in assumptions and methodologies; ► Confirmation of the real estate appraisals expert's registration with the securities market regulator ("CMVM"); ► Assessment of the analysis performed by the internal departments of CGD – DNI (Real estate business division) and DGR (Risk management division) on the most significant assets; ► For a sample of assets, tests of the reasonableness of the assumptions used by the external specialists registered with the CMVM, as well as of the appropriateness of the methodology used in the appraisals; ► For the real estate assets collectively assessed: (i) understand the main features of the model used, (ii) for a sample of real estate assets, tests of the data used in the model, (iii) recalculation of the coefficients of haircuts and (iv) recalculation of the collective impairment and comparison the results with the financial statements; and ► Analysis of the disclosures included in the consolidated financial statements, based on International Financial Reporting Standards requirements and on the accounting records.

5. Classification and measurement of subsidiaries classified as non-current assets available for sale

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement

As disclosed in Note 13 to the consolidated financial statements, as of 31 December 2019 the net amount of non-current assets and liabilities held for sale related to subsidiaries was 125.534 thousand euros with impairment of 71.475 thousand euros.
 	
On 14 October and 7 November, the sales were concluded of ownership interests in BCG Espanha and Mercantile respectively. These sales represented the conclusion of a major element of CGD's Strategic Plan.
 	
Regarding the sales procedure for BCG Brazil and CVC, the period of political instability in 2018 caused certain delays in the planning of several steps which could only be performed in 2019. Offers to purchase were received on 16 December however the COVID 19 pandemic has put this project on hold.
 	
Despite current difficulties the Board of Directors of CGD has confirmed its intention to conclude the sales of BCG Brasil and CVC before the end of 2020.
 	
The legal and administrative formalities for the sale of BCA were commenced in January 2019. Under the circumstances the conditions set out in IFRS 5 – have been met and BCA has been classified as subsidiary held for sale.
 	
We considered this to be a key audit matter given the significance of the amounts and the risk of material distortion due to the use of assumptions and judgments (Note 2.23 d) to the consolidated financial statements).
	Our response to the risk of material misstatements includes the following procedures:
	
	► Understand internal controls over the process to determine the fair value of the subsidiaries classified as non-current assets available for sale;
	
	► Analysis of the supporting evidence for the classification criteria under IFRS 5; analysis of the documentation related to the sale process of BCG Espanha and Mercantile which were concluded in 2019;
	
	► Use of internal valuation specialists to assess the assumptions and methodologies used to determine the fair value of these subsidiaries with special emphasis on the:
	
	  ► Review of the reasonableness of the projections, methodologies and assumptions used in the valuation of BCA regarding available financial information and market data;
	
	  ► Analysis of the related disclosures the consolidated financial statements, based on the requirements of International Financial Reporting Standards and on the accounting records.

6. Financial instruments measured at fair value and classified as level 3 under IFRS 13

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As described in Note 42 to the consolidated financial statements, in the section "Long term perspective and economics – Fair Value", as of 31 December 2019 the Group holds financial instruments valued at fair value amounting to 10.547.136 thousand euros, of which 1.464.466 thousand euros are valued according to valuation techniques using variables not observable in the market (level 3). The valuation of investments is subjective by nature, given that these financial instruments (level 3) are valued based on internal models or through quotes provided by external entities that include unobservable market parameters. The consideration of this matter as significant to the audit was based on its materiality in the consolidated financial statements and the fact that the use of different valuation techniques and assumptions could give rise to different estimates of fair value. (Note 2.23 c) to the consolidated financial statements).	Our response to the risk of material misstatements includes the following procedures: ► Understand internal control over the valuation process of financial instruments non-quoted on active market; ► Performance of analytical review procedures on the balances of financial instruments comparing with the previous period and expectations to obtain an understanding of the variations that occurred regarding changes in assumptions and methodologies; ► On the internal models used we performed the following procedures: (i) understand the formal methodology approved by management, (ii) analysis, on a sample basis of financial instruments, of the underlying data used in the internal models, (iii) recalculation of the fair value of the financial instruments on a sample basis; ► For the recovery funds and close-ended funds, our analysis was based on the latest financial information available and/or the last net asset value disclosed by the management entities of the funds and on the reports by the Group on the value of the underlying assets of the funds; and ► Analysis of the disclosures to the consolidated financial statements, based on International Financial Reporting Standards requirements and on the accounting records.

7. Resolution fund

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As disclosed in note 23 'Resolution Fund' following the resolution measures applied to Banco Espírito Santo, S.A. ("BES") and Banif – Banco Internacional do Funchal, S.A. ("Banif"), the Resolution Fund became sole holder of the share capital of Novo Banco, S.A. and Oitante, S.A.. In this context the Portuguese State and a banking syndicate have granted loans to the Resolution Fund, which assumed other liabilities and contingent liabilities. CGD has participated in the banking syndicate through a loan agreement. To reimburse these loans and to meet other obligations, the financial resources of the Resolution Fund are essentially provided by periodic contributions from participating institutions (including CGD) and contributions from the banking sector. There is also a provision for the Portuguese Government finance representative to require, by ministerial order, that participating institutions make a special contributions in circumstances determined in the legislation, particularly if the Resolution Fund does not have sufficient funds to meet its obligations. As described in a public statement by the Resolution Fund on 21 March 2017, the terms of the loans granted to the Resolution Fund to finance the resolution measures for BES and Banif were renegotiated during the first quarter of 2017. This included an extension of the term of the loans to 31 December 2046 and the possibility to further adjust that term to enable the Resolution Fund to settle the liabilities based on regular contributions without reliance on special contributions or other extraordinary contributions by the banking sector. It was also specified the treatment of the loans of the Resolution Fund to the banking syndicate, of which CGD is a part, *pari passu* with loans granted by the Portuguese State. As disclosed in Note 23 to the consolidated financial statements, as of 31 December 2018, CGD does not expect to be called on for any contributions or other extraordinary payments to finance the resolution measures for BES and Banif. The cost of the regular contributions and the contribution of the banking sector is recognised annually in accordance with IFRIC 21 – Levies.	Our response to the risk of material misstatements includes the following procedures: ► Analysis of the loan agreement concluded between CGD and the Resolution Fund and the respective amendments signed in August 2016 and February 2017; ► Analysis of the public communications from the Resolution Fund on 28 September 2016, 21 March 2017 and 28 March 2018, regarding the new conditions for loans to the Resolution Fund and the corresponding impact on its sustainability and financial soundness and on the sale of Novo Banco and additional State support measures; ► Read the communication of the Council of Ministries and of the European Commission dated 11 October 2017, related to the approval of the sale of Novo Banco; ► Read the last Report and Accounts of the Resolution Fund for the years 2016, 2017 and 2018; ► Read the communications of te Resolution Fund dated 24 May 2018 and 1 March 2019 about the payments to Novo Banco under the contingent capital mechanism. ► Read of the communication of the Resolution Fund's chairman in the Comissão de Orçamento, Finanças e Modernização Administrativa (Parliament Commission); ► Review of the accounting framework of the contributions to the Resolution Fund. ► Review of the disclosures included in the note 23 to the consolidated financial statements related to this matter.

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Considering the materiality of the Resolution Fund's liabilities and the potential impact for CGD in case of changes related to this matter, this was considered a key audit matter.	

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´ s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- the preparation of the Management Report, including the Corporate Governance Report in accordance with the laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and

- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and

- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On the non-financial statement provided for in article 508-G of the Portuguese commercial code

Pursuant to article 451º, nº 6 of the Commercial Companies code, it is our opinion that the Group included in the management report the non-financial statement provided for in article 508-G.

On the Corporate Governance Report

Pursuant to article 451º,nº 4 of the Commercial Companies code, in our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as statutory auditors/ auditors of Caixa Geral de Depósitos, S.A. (Group´ s Parent Entity) for the first time by decision of the sole shareholder the Portuguese State, dated 18 May 2017, for the period from 2017 to 2020;

- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;

- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group on 30 April, 2020; and

- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit; and

Lisbon, 30 April 2020

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Ana Rosa Ribeiro Salcedas Montes Pinto - ROC nº 1230
Registered with the Portuguese Securities Market Commission under license nº 20160841

2.3.2. Report and opinion of the Supervisory Board

Caixa Geral de Depósitos, S.A.

Report and Opinion of the Supervisory Board for 2019

In conformity with the dispositions of sub-paragraph g) of no. 1 of article 420, in conjunction with no. 1 of article 508-D, both of the Commercial Companies Code, the Supervisory Board is responsible for producing an annual report on its inspection activities and issuing an opinion on the Board of Directors' report of Caixa Geral de Depósitos (CGD).

In the sphere of its competencies, as attributed by law and the articles of association, the Supervisory Board oversaw the management and results of CGD and CGD Group during the course of 2018, which particularly included:

(a) Participation in all meetings of the Board of Directors, including the analysis of all of the documentation distributed on which the respective works were based;

(b) The reception and analysis of the explanations given by the officers in charge of each of the areas whose issues were discussed, analysed and decided;

(c) The submission of issues and requests for clarification raised by the documents under analysis and presentations and explanations;

(d) Oversight of matters debated in the weekly meetings of the Executive Committee and, in light of the agenda previously made available, participation in the meetings of the Executive Committee, in a total of six throughout 2019;

(e) Interactions with members of the supervisory bodies of CGD Group's main entities;

(f) Direct oversight of multiple aspects of the evolution of CGD Group's activity, paying special attention to compliance with the company's articles of association and legal and regulatory dispositions; and;

(g) Participation in all of the activities of CGD's Board of Directors' special advisory and supporting committees, based on its members' presence at meetings of the Nomination, Appraisals and Remuneration, Audit, of the Governance Committee and Audit and Internal Control Committee up to the appointment of Professor Nuno Cunha Rodrigues to the Board of Directors (July 5th, 2019);

(h) Monitoring of the activity of control functions – Internal Audit, Risk and Compliance;

(i) Oversight of improvements to CGD Group's Internal Control System and of the resolution of identified deficiencies;

(j) Periodic meetings with the External Auditor to monitor and audit its activity.

During the course of 2018, the Supervisory Board met 24 times, with all meetings held with no absences. Minutes have been drawn up for all the meetings. Special reference should be made to the following issues that were discussed and analysed:

(a) An analysis of the activity plans of the Internal Audit Division, the Risk Management Division the Compliance Division (previously named Compliance Office) and their respective quarterly activity reports;

(b) Oversight of the reports of the auditors by the Audit Division and an examination of the activities of the Compliance and Risk Management Divisions;

(c) The issue of opinions within its sphere of competence;

(d) Consideration of the reports on the adequacy and effectiveness of the internal control system of CGD, CGD Group and its most relevant subsidiaries, with the reports provided for in the Bank of Portugal's *Official Notice* 5/2008 having been issued in June 2018;

(e) Analysis of the complaints and claims submitted to it whose processes were passed on to the CGD's appropriate services;

(f) Analysis of the exchange of correspondence between CGD and the supervisory entities;

(g) Analysis of the reports on the evolution of actions to mitigate the defects found by the supervisors;

(h) The holding of a meeting with regulators CMVM and Joint Supervisory Team – Bank of Portugal / European Central Bank.

Pursuant to the provisions of article 3 of Law 148/2015 of 9 September, the Supervisory Board undertook the following procedures:

(a) Inspection of the effectiveness of the internal quality control and risk management and internal audit systems as regards the process for the preparation and disclosure of financial information, without violating their independence;

(b) Oversight of the legal revision of the consolidated and separate annual accounts, having been present, for the said purpose, at 11 meetings with the representatives of the Statutory Audit Company - Ernst & Young Audit & Associados - SROC, S.A. ("EY") for the understanding and planning of the evolution of its works and the main conclusions and recommendations formulated in the sphere of the performance of its attributions, including the discussion and approval of the general audit plan. The clarifications both necessary and sufficient in response to the issues raised and particularly on the conformity of the accounting records and their supporting documents, the existence of assets or amounts belonging to CGD or received by or deposited with it by any other means and whether the accounting policies and measurement criteria adopted lead to an adequate presentation of the equity and results of CGD and CGD Group were herein obtained;

(c) Verification and oversight of the independence of the Statutory Audit Company in legal terms, including the provisions of no. 2 of article 6 of the Regulation (EU) no. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and, especially, verification of adequacy for approving the provision of other services, in addition to audit services, pursuant to the terms of articles 10 and 11 of article 77 of the articles of association of the statutes of the Statutory Auditors as published in the annex to Law 140/2015;

(d) Consideration of the Statutory Audit Company's additional report, produced in compliance with the dispositions of article 24 nos. 1 to 3 of the legal regulations on audit supervision, approved by Law 148/2015 of 9 September, having discussed the contents thereof with the representatives of EY and with which the Supervisory Board was in agreement;

(e) Informing the Board of Directors of the results of the statutory audit on the consolidated and separate accounts, explaining the form of contribution to the integrity of the process for the preparation and disclosure of the financial information in addition to the role played by the Supervisory Board in this process;

(f) Oversight of the process for the preparation and disclosure of CGD's and CGD Group's quarterly financial information, having obtained the clarifications requested in the sphere of the respective closing of the accounts from DCI (Accounting, Consolidation and Financial Information Division);

(g) Production of the quarterly reports for the Ministry of Finance under the terms of the dispositions of no. 2 of article 6 of Decree-Law no.287/93 of 20 August, presenting the analysis of CGD's and CGD Group's main financial indicators in addition to the results of the other analysis performed by the Supervisory Board.

Under the terms of article 452 of the Commercial Companies Code, the Supervisory Board examined the Board of Directors' report and the separate and consolidated financial statements of CGD with reference to the year ended 31 December 2018 and the respective statutory audit certificates and audit reports issued by EY without reservations but with one emphasis that merited the agreement of the Supervisory Board.

Specifically, the Supervisory Board analysed the relevant audit matters and obtained from EY all the clarifications necessary for its understanding, in particular on:

- Recoverability of deferred tax assets;
- Responsibilities with post-employment benefits of CGD employees and with the commitments made under

the pre-retirement program;

- Valuation of foreclosed assets;
- Classification and measurement of subsidiaries considered as non-current assets held for sale;
- Financial instruments measured at fair value and classified as stage 3 under IFRS 13;
- Resolution fund.

The Statutory Board highlights the fact the Statutory and Auditor´s report issued by EY includes an emphasis regarding Covid-19. In this context, in chapters 1.4.3 and 1.6 of the Board of Directors' Report and in Notes 41 and 44, respectively, of the Notes to the separate and consolidated financial statements, the main risks and challenges for 2020 from this pandemic are identified and it is stated that its anticipated impacts, although uncertain, in the CGD Group's activity ant its ability to meet economic and financial targets, the achievement of which will depend on multiple factors, such as the depth of the economic crisis, its duration, the economic sectors most severely impacted, the nature and impact of monetary and fiscal policy measures that individual and governments economic blocs will undertake, namely the European Union. In light of these uncertainties, and based on the information currently available, it is not possible to accurately estimate the economic impact of this pandemic including the evaluation of financial and non-financial assets and the accrual of expected losses in the credit book that will be recognized prospectively. Notwithstanding, and with the best information available at this date, it is the understanding of the Board of Directors that Caixa Geral de Depósitos is adequately prepared in terms of capital, asset value and liquidity to assure the continuity of its operations and uphold its support of clients and the national economy.

Additionally, the Supervisory Board assessed compliance with the legal guidelines in force for the state's corporate sector, i.e. compliance with the guidelines on remuneration in force in 2018 and those in respect of the corporate governance report included in the Board of Directors' report.

It also verified that the information set out in the corporate governance report includes the items required under the terms of article 245-A of the Securities Market Code.

In light of the above, the following opinion is issued:

Opinion of the Supervisory Board

Within the scope of its powers, the Supervisory Board reviewed CGD's separate and consolidated Board of Directors' report referring to the 2018 period and the respective Statutory and Auditor's Report on the Accounts issued without reservations with one emphasis, regarding COVID-19, as well as the Additional Report to the Supervisory Body carried out by EY, and concluded that:

(a) The Board of Directors' report meets the requirements of the Commercial Companies Code and Securities Market Code;

(b) The balance sheet, profit and loss statement, profit and loss and other comprehensive income statement, statement of changes in shareholders' equity and statement of cash flows and the notes to the separate financial statements of Caixa Geral de Depósitos satisfy the applicable legal and accounting requirements;

(c) The consolidated balance sheet, consolidated profit and loss statement, consolidated profit and loss and other comprehensive income statement, consolidated statement of changes to shareholders' equity and consolidated statement of cash flows and the notes to the consolidated financial statements satisfy the applicable legal and accounting requirements;

(d) The proposal for the appropriation of net income presented by the Board of Directors in its report does not contravene the applicable legal and statutory dispositions;

(e) The corporate governance report complies with the legal guidelines in force;

The members of the Supervisory Board declare, pursuant to the terms and for the purposes of sub-paragraph c) of no. 1 of article 245 of the Securities Market Code that, to the best of their knowledge the Board of Directors' report and the separate and consolidated financial statements, in addition to other documents for the provision of

CGD Group's accounts, all of which in respect of 2018, have been produced in conformity with the applicable accounting standards and provide a true and appropriate image of the equity and financial results of CGD and the companies included in its consolidation perimeter and that the Board of Directors' report provides a faithful description of the evolution of business the performance and position of CGD and the referred to Group and contains a description of the main risks and uncertainties facing it.

In light of the aforementioned, the Supervisory Board recommends:

a) The approval of the Board of Directors' report and other accounting documents referring to the year 2018, presented by the Board of Directors, taking into account the aspects highlighted in the Statutory and Auditor's Report on the separate financial statements and consolidated financial statements issued by the Statutory Audit Company;

b) The approval of the proposal for the application of net income presented by the Board of Directors in its Board of Directors' report.

Lastly, the Supervisory Board wishes to express its gratitude to the Board of Directors, Executive Committee, officers in charge of CGD's divisions and other employees as well as the Statutory Audit Company, for the collaboration provided in the performance of their functions.

Lisbon 30 April 2020

SUPERVISORY BOARD

Guilherme d'Oliveira Martins

(Signed)

Chairman

António Luís Traça Borges de Assunção

(Signed)

(Member)

Manuel Lázaro Oliveira de Brito

(Signed)

(Member)

3.

CORPORATE GOVERNANCE REPORT

Index

This document is an English translation of the original Portuguese language document "Relatório de Governo Societário 2019". In the event of any inconsistency, the original version prevails.

CHAIRMAN'S STATEMENT.

Emílio Rui Vilar
Chairman of the board of directors

Caixa Geral de Depósitos (CGD) presents its Corporate Governance Report for the year 2019, the third since the beginning of the implementation of the 2017-2020 Strategic Plan, agreed between the Portuguese State as CGD's sole shareholder and the European Commission.

2019 was marked by the issuance of the Mission Statement where the shareholder determined the mission, the vision, the guidelines and the fundamental values by which CGD must develop its activity and conduct, in line with the commitments assumed in the 2017 recapitalization process.

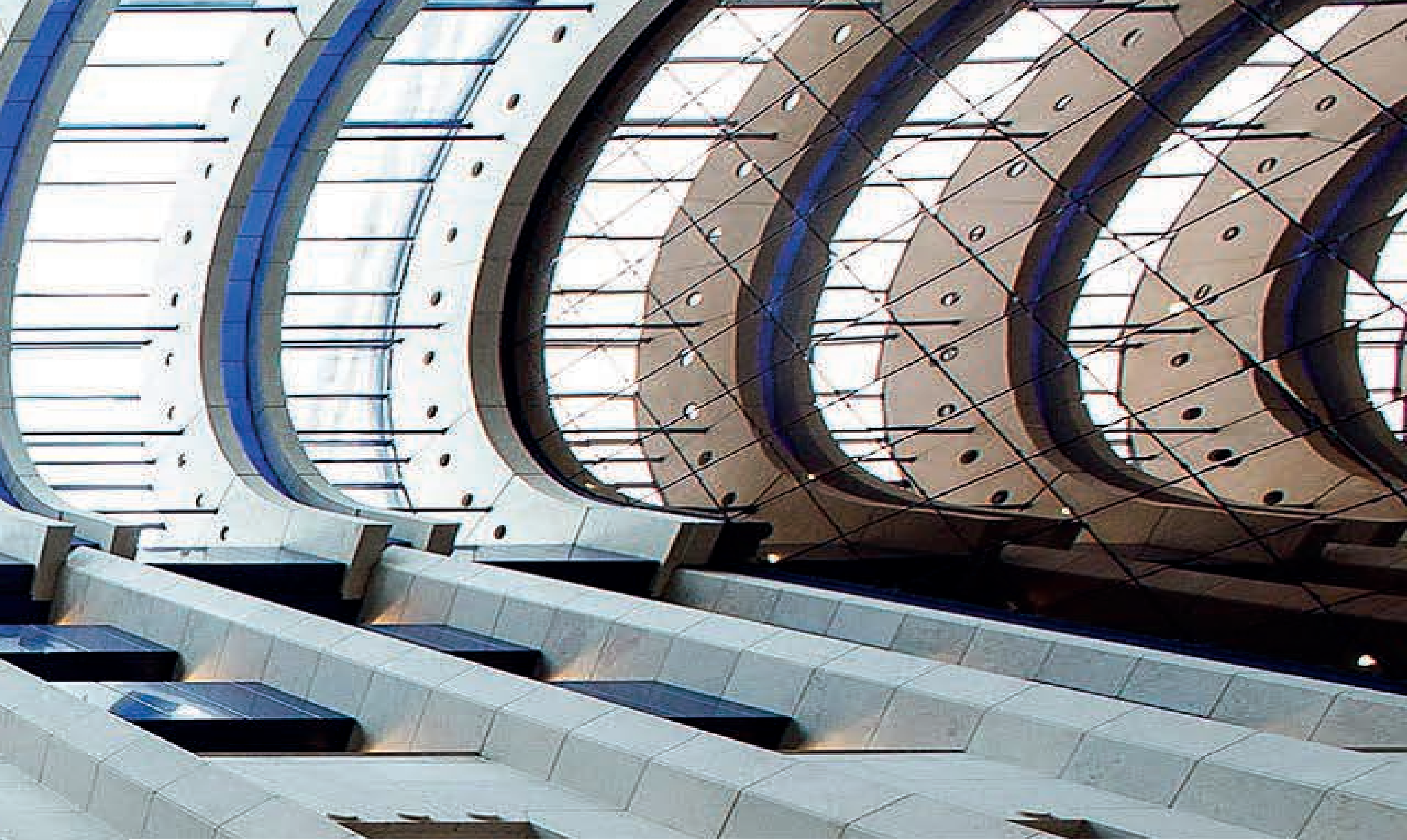
While carrying out its activity, as a reference institution in the Portuguese banking sector, CGD has been adopting a set of measures, both at an organizational and at an operational level, which were consolidated in the past year, originating a more eficient and effective governance model, in accordance with the rules and guidelines of supervision entities and market regulators as well as best practice.

The revision of the special commissions' regulations, the redistribution of responsibilities by executive directors, the remuneration policy and succession plan of the Board, the simplification of the group structure, both at a national and at an international level through the sale of some entities and the merger or integration of others and the definition of strategic plans for control and IT functions were some of the initiatives promoted by the Board of Directors to eliminate the overlapping of competences, align the remuneration with the risk profile of the bank, generate synergies, segregate control functions from business activities and advance in the digital transformation.

The distribution of competences at CGD has allowed for an effective separation of oversight and management functions, enhanced by the benefit of a constant and extensive supervision in the pursuit of the objectives and interests of society, the shareholder, the staff and remaining stakeholders, thus allowing to reach the level of confidence, transparency and equilibrium between the different functions, necessary for an adequate and efficient operating environment. The institutional relationship between CGD's management bodies has strongly contributed to the effective development of its activity, while prioritizing the mandatory social interest.

Our focus continues to be the same, to serve the Client, to satisfy its needs, to do business with the highest professional and ethical standards, contributing for a fruitful day-to-day activity and the sustainability of CGD.

The results achieved thus far have allowed us to respond favorably to the objectives of different stakeholders: to initiate the remuneration of shareholder capital; to recover market shares with customers; to reinforce the solidity of capital ratios, liquidity and asset quality which have been recognized by rating agencies and investors; and to reach a wage agreement and revise the company



agreement with workers. Achieving these goals while fulfilling and even surpassing the requirements of the strategic plan demonstrate that CGD is worthy of the Portuguese people's confidence.

If good governance is important and necessary in normal situations, it becomes essential in exceptional circumstances, such as the crisis we are currently going through, to allow for effective responses and guarantee that, while solving those problems, future solutions are found based on the values that have always been part of CGD and made it a reference institution in the national financial system.

During the year 2020, the last of the Strategic Plan, we must face this exceptional and unexpected challenge by implementing protection measures for our staff and our clients, ensuring the continuity of banking services to the Portuguese people, actively support families and companies and prepare the foundations to relaunch the economy in the post-crisis period.

3.1. Summary

Legal framework

Caixa Geral de Depósitos, S.A. (CGD) is a credit institution wholly-owned by the Portuguese State. Its Governance Report (GR) aims to highlight the adoption of principles of good governance resulting from the convergence of the main governance codes by which Caixa is regulated that reflect all the dimensions of its nature, namely: the guidance for public sector enterprises from the Technical Unit for Monitoring of Public Sector Companies (UTAM), Decree-Law 133/2013 – Legal Regime on the State's Corporate Sector and the guiding principles applicable to the European banking sector coming from the European Banking Authority (EBA).

Despite fulfilling all legal guidelines and recommendations applicable to Public Entities, in this Report CGD also strived to accommodate the principles of good governance stated in the Corporate Governance Code of the Portuguese Institute for Corporate Governance (IPCG), which is applicable to entities that have issued shares admitted to trading in regulated markets. In that sense, CGD took the voluntary decision to include in its 2019 Governance Report a Declaration of Compliance with the IPCG's Corporate Governance Code, to emphasize its commitment to the best practices in corporate governance, which have assumed a growing role in the management of the institution and their adoption is unquestionable.

The information contained in this Report is presented as follows: CGD's Mission, Objectives and Policies are presented in Chapter 2, including CGD Group's organizational and capital structure in the following two chapters. Chapter 5 – Governing Bodies and Commissions details CGD's governance model, describing the segregation of existing functions and the role of management supervision bodies. This Chapter also includes a description of the way Board of Directors' Commissions work and how they ensure the fulfilment of strategic principles and legal and regulatory duties. Chapter 6 – Internal Organization describes the internal control and risk management structure and the way the fulfilment of special information duties is ensured. Remunerations, its structure and conditions, is analyzed in Chapter 7 – Remunerations. Finally, the Report details CGD's work towards sustainability of its business model and of its social responsibility.

Main events in 2019

During 2019, several changes and events took place which were relevant for the company's corporate governance, of which we highlight the following:

- collaboration with the work of the *2nd Parliamentary Inquiry Commission to CGD's Recapitalization and Bank Management*, referring to the period from 2000 to 2015, by delivering all the relevant documentation after obtaining permission from the Attorney General's Office and the Bank of Portugal;

- In response to the resolution of the Council of Ministers of June 23, 2016, CGD hired an independent audit of CGD's management acts across the period 2000-2015 which it shared with judicial authorities and Supervisors, namely the Bank of Portugal and the European Central Bank, the complete report prepared by Ernst & Young (EY), allowing those authorities which are responsible for carrying out the investigations to develop the most adequate diligences given the facts contained in that document;

- notification by the Competition Authority ('AdC') of its decision to condemn alleged competition impairing practices regarding the transmission of sensitive commercial information between 14 credit institutions operating in Portugal in the mortgage, consumer and corporate credit segments, between May 2002 and March 2013. As a consequence, a €82 million fine was applied to CGD, calculated as a function of its business volume in those credit segments, which historically has been very significant. Throughout the investigation process, CGD presented to AdC all relevant information and clarifications and, after being notified of the fining decision, a competent judicial challenge was presented, based on the disagreement as to the imputation of irregularities contained in the contested decision.

- revision of the Board's Special Commissions Regulations with the objective to update its competences as a consequence of the constant search for improvement in the way activities are developed in the areas supporting the functions attributed to those Commissions; The formal designations of some of the Board's Special Commissions were therefore updated.

- in 2019, the Single Resolution Board determined that CGD should have to fulfil, by January 1st, 2023, a level of 13,27% of Total Liabilities and Own Funds on a sub-consolidated basis, i.e. for the Resolution Group composed by Caixa Geral de Depósitos, SA entities belonging to the Banking Union and BNU Macao. A four year transition period was determined and non-binding interim targets were defined to ensure gradual fulfilment of the requirement. The January 2020 interim target defined for the Resolution Group was completely fulfilled thanks to the issue of €500 million of senior non-preferred debt in November 2019;

- The independent audit of CGD's management acts across the period 2000-2015 detected a series of limitations and/or deficiencies which required involvement by CGD. Subsequently, corrective measures were approved by CGD's Board of Directors – the Remedial Programme. In 2019, several procedures were implemented as a way of mitigating those insufficiencies and a decision on the Programme's assessment is expected in 2020.

Best practices in Corporate Governance

CHAPTER II OF THE LEGAL REGIME ON THE STATE'S CORPORATE SECTOR (RJSPE)

		Yes	No	Date
Article 43	Presented activities plan and budget for 2019 adjusted for available resources and funding sources	•		---
	Obtained government approval for activities plan and budget for 2019	•		---
Article 44	Released information about shareholder structure, equity stakes, operations with equity stakes, financial guarantees and other liabilities, objectives achievement, financial information documentation, quarterly reports of budget execution with supervisory body report, identity and curricula of management bodies, remuneration and other benefits	•		On a quarterly or on a permanent basis
Article 45	Submitted annual financial information to the Statutory Auditor, who is responsible for the Legal Certification of Accounts (LCA) of the company	•		April 30, 2020
Article 46	Elaborated report identifying occurrences, or risk of occurrences, associated with prevention of corruption	•		April/2019
Article 47	Adopted an ethics code and published such document	•		Oct/2010
Article 48	Has contracted the provision of public service or of general interest, if applicable		•	---
Article 49	Pursued social responsibility and environmental objectives	•		---
Article 50	Implemented human resources policies and equality plans	•		Various initiatives
Article 51	Evidenced the independence of all members of the management body and that they abstain from participating in decisions that involve their own interests	•		Global Prevention and Management of Conflicts of Interest Policy
Article 52	Evidenced that all members of the management body fulfilled the obligation to declare their estate and any relationship susceptible of generating conflicts of interest to the management body, supervisory body and the IGF	•		Different dates apply
Article 53	Took steps to ensure that UTAM is able to publish all relevant information on its website	•		---
Article 54	Presented the supervisory body's report which certifies that the company's annual governance report contains complete and current information on all matters included in Chapter II of the RJSPE (governance best practice)	•		April 30, 2020

3.2. Mission, Objectives and Policies

In 2019, recognizing its reference role in the Portuguese financial sector and the profound moment of change introduced by the commitments assumed in the 2017-2020 Strategic Plan agreed between the Portuguese State and the European Commission following CGD's recapitalization in 2017 and the adoption of a new corporate governance model, CGD's sole shareholder issued a new Mission Letter where it determines the mission, the vision, the guidelines and fundamental values for the future of CGD.

Mission

CGD's mission consists of creating value for the Portuguese society, by providing quality banking services to individuals and companies, thus contributing for the well-being of Portuguese families and for the development of the corporate sector, while generating and adequate return to the shareholder. CGD's ensures clients have access to diversified array of quality financial products and services, with special emphasis on savings and medium and long term credit solutions, based on an efficient corporate governance model and respect for the highest ethical standards.

Vision

CGD's shareholder vision is that of a reference institution in the financial system and leader in the banking sector in Portugal, which permanently strives to enhance its competitive advantages and guarantee levels of financial strength, profitability, service and efficiency in line with the best practices observed in the European banking sector.

Values

CGD's activity and employees' conduct are governed by the following fundamental values:

- Trust, guaranteeing the security of depositors, fostering a long term relationship with clients and privileging their loyalty, providing high quality services and products that are adequate for clients' risk profiles, reinforcing the stability and financial strength of the institution;
- Profitability, ensuring an adequate return on public capital, based on the sustainability of the business model and an efficient and rigorous management;
- Transparency, providing services and communicating internally and externally in a truthful, clear and objective manner;
- Integrity, by scrupulously fulfilling legal, regulatory and contractual provisions, respecting ethical values and obeying conduct rules;
- Professionalism, as a way to provide the best service to clients and to establish relationships with all stakeholders, with high technical competence, rigor and diligence;
- Proximity, through an encompassing network of branches in Portugal, as well as long distance channels based on the use of new technologies, guaranteeing an innovative, diversified and accessible offer;
- Responsibility, to clients that entrust CGD with their savings, but also investors and the society in general, through the involvement in social responsibility programs and initiatives, sustainable development and financial literacy;
- Risk culture and rigor, ensuring the adoption of best practice in risk management, reinforcing clients' trust, as well as that of the market and the shareholder through an adequate management of its balance sheet;
- Innovation, relying on technological developments, leading digital banking in Portugal, with open architecture solutions, as a way to meet the evolution of clients' expectations and preferences in a multichannel approach.

Policies and courses of action in the sphere of the defined strategy

CGD bases the development of its activity on the following **guiding principles**:

- Sustainability of the business model, ensured by the profitability of operations, coupled with adequate risk management and an encompassing network of financial services;
- Support to the economy, by guiding lending activity to companies, especially by promoting the internationalization and operationalization of lines to support small and medium sized companies;
- Maintenance of CGD's role in providing banking services to individuals, by creating attractive savings solutions and guaranteeing a comprehensive coverage and high quality of service;
- Efficient corporate governance model, in line with best practices;

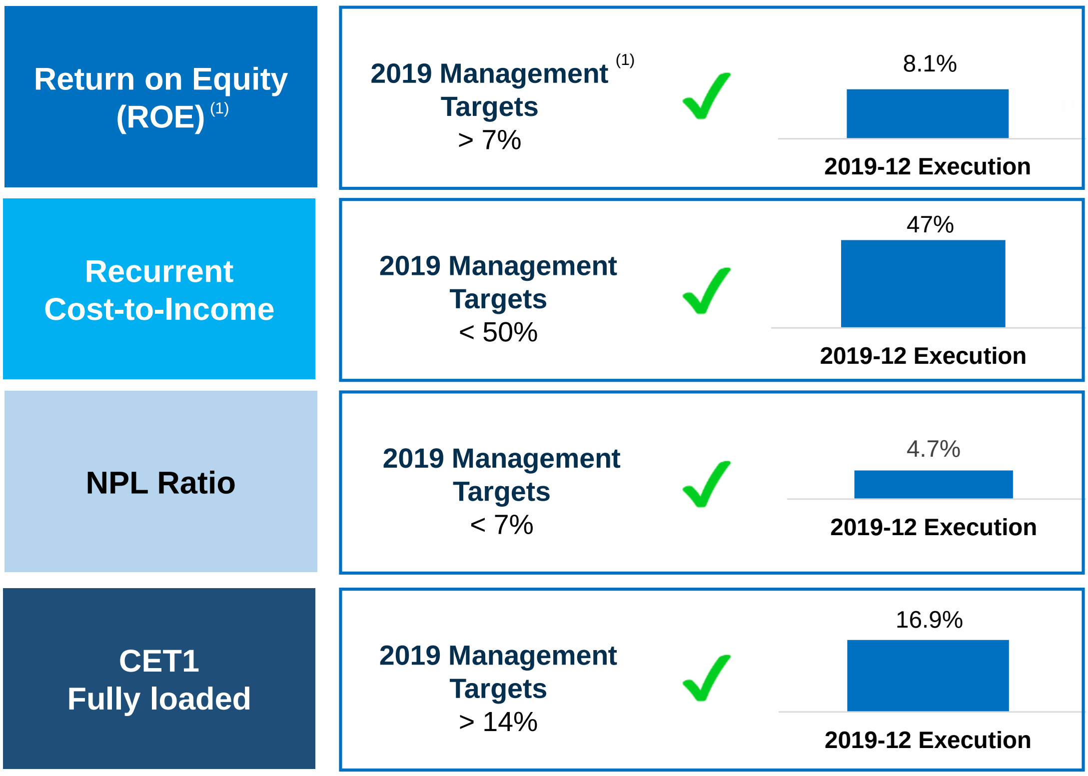
- Continuous valuation of employees, promoting merit, initiative and human capital creation, in a framework of stable working relationships that foster productivity;
- Monitoring technological developments in the financial sector, both at the institution's level, guaranteeing adjustments that allow CGD to keep its competitiveness in a dynamic financial market and to lead digital banking in Portugal, as well as in the relationship with its clients, by financing investment in innovation and technological development of companies;
- Ensuring CGD's international dimension is guided towards the development of business relationships with countries and territories with strong cultural and commercial ties with Portugal and the valuation of CGD's brand;
- Commitment with the principles of social responsibility, sustainable development and respect for stakeholders.

Strategic Plan Targets

Strategic Plan Targets that CGD is committed to achieving:

- Efficiency: to reduce operating costs, aiming to achieve a Cost-to-Income ratio in line with best practices of European banks;
- Robustness: to reduce Non-Performing Loans (NPLs) of the credit portfolio;
- Soundness: to maintain a capital ratios (CET1 - Common Equity Tier One) that comply with regulatory requirements and enable a relevant financial support to economic agents;
- Profitability: to generate an adequate remuneration of its equity (ROE - Return On Equity).

The Strategic Plan execution in 2019 enabled the successful achievement of a number of targets set for the year in accordance with the Strategic Plan:



(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders ' equity (average of 13 monthly observations, annualized.

The successful implementation of the strategic plan and the growth in results, ended in a significant reinforcement of CGD's capital ratios, allowing, nine years later, Caixa to pay dividends to its shareholder in the amount of € 200 million. It should be noted that the strategic plan did not envisage the distribution of dividends throughout the 2017-2020 period.

Within the scope of regular assessment of the Plan and periodic meetings with CGD, DG Comp marks the success verified until the end of 2019 in the implementation of the Plan and the general fulfillment of the commitments assumed.

Key factors upon which the company's results depend

Profitability and efficiency objectives continue to be heavily reliant on external factors, particularly:

- Low demand for new loans by companies, after an unprecedented economic recession;
- Historically low market interest rate levels, that, owing to the fact that most loan agreements are indexed to the variable rates which characterise the Portuguese financial system, have a hugely constraining effect on net interest income from domestic banking;
- Regulation associated with the implementation of the Banking Union;
- An increase in competitive disadvantages between countries and economic regions (opposed to a level playing field) in which particular reference should be made to the burden imposed on Portuguese banks in the sphere of the BES resolution, which situation will remain a constant over the coming decades;
- Emergence of disruptive solutions from the technology mammoths which threaten to cause profound changes in the value chain, particularly in terms of payment services.

3.3. Shareholders' Structure

CGD is an exclusively state-owned public liability limited company and, under Decree-Law nº 287/93 of August, 20 the shares representing their share capital, including those that may be issued in future capital increases, may only be owned by the Portuguese state.

Its share capital of €3,844,143,735 comprises 768,828,747 shares with a nominal value of €5 each, at 31 December 2019.

Shareholders	Share Capital at 31/12/2019	% Equity Stake at 31/12/2019
Portuguese State	€ 3,844,143,735	100%

There are no shareholders' agreements involving the share capital of CGD, held, by legal determination by a single shareholder

3.4. Group Structure and Bond Holdings

Group structure by business

		31-12-2019
	Head Office	Voting rights
Holding Companies		
Caixa - Participações, SGPS, S.A.	Lisbon	100,00%
Parbanca, SGPS, S.A.	Madeira	100,00%
Partang, SGPS, S.A.	Lisbon	100,00%
Banking		
Banco Comercial e de Investimentos, S.A.	Maputo	63,05%
Banco Interatlântico, S.A.R.L.	Praia	70,00%
Banco Nacional Ultramarino, S.A. (Macau)	Macau	100,00%
Caixa - Banco de Investimento, S.A.	Lisbon	99,77%
Banco Caixa Geral Angola, S.A.	Luanda	51,00%
Banco Caixa Geral Brasil, S.A.	São Paulo	100,00% (*)
CGD Investimentos CVC, S.A.	São Paulo	100,00% (*)
Banco Comercial do Atlântico, S.A.	Praia	58,19% (*)
Specialized Credit		
Caixa Leasing e Factoring - Sociedade Financeira de Crédito, S.A.	Lisbon	100,00%
Asset Management		
Caixa Gestão de Ativos Soceidade Gestora de Fundos de Investimento, S.A.	Lisbon	100,00%
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	100,00%
Venture Capital		
A Promotora, Sociedade de Capital de Risco, S.A.R.L.	Praia	45,33%
Caixa Capital - Sociedade de Capital de Risco, S.A.	Lisbon	99,77%
Property		
Imobci, Lda.	Maputo	46,31%
Caixa Imobiliário, S.A.	Lisbon	100,00%
Inmobiliaria Caixa Geral S.A.U.	Madrid	100,00%
Complementary Corporate Groupings		
Groupment d'Interet Economique	Paris	100,00%
Caixa - Serviços Partilhados, A.C.E.	Lisbon	90,00%
Investment Funds		
Fundo de Capital de Risco - Grupo CGD - Caixa Capital	Lisbon	100,00%
Fundo de Capital de Risco Empreender Mais	Lisbon	100,00%
Fundo de Capital de Risco Caixa Fundos	Lisbon	100,00%
Fundo de Capital de Risco Caixa Crescimento	Lisbon	100,00%
Caixagest Private Equity - Fundo Especial de Investimento	Lisbon	32,22%
Caixagest Imobiliário Internacional - Fundo Especial de Investimento	Lisbon	41,08%
Caixagest Infra-Estruturas - Fundo Especial de Investimento	Lisbon	18,56%
Cidades de Portugal - Fundo de Investimento Imobiliário de Arrendamento Habitacional	Lisbon	100,00%
Fundolis - Fundo de Investimento Imobiliário Fechado	Lisbon	100,00%
Fundiestamo - Fundo de Investimento Imobiliário Fechado	Lisbon	78,08%

(*) Sale in progress

Group structure changes and simplification

The changes to CGD group's structure in 2019 aimed to further its strategic plan in the areas of repositioning its international presence and to rationalise its composition as a means of risk and governance control.

The following operations took place in 2019:

- Sale of Mercantile Bank Holdings Limited (South Africa) and Banco Caixa Geral, S.A. (Spain);
- Incorporation of Imocaixa - Gestão Imobiliária, S.A. into Caixa - Imobiliário, S.A.;

- Merger between Fundger - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. and Caixa Gestão de Ativos Sociedade Gestora de Fundos de Investimento, S.A. (ex-Caixagest);
- Sale of Ibéria and Beirafundo closed-end property investment funds;
- Liquidation of the Caixa Arrendamento and Caixa Imobiliário closed-end housing investment funds;
- Liquidation of Caixa Geral Finance Ltd.;
- Work began on operations for the closure of the Spain branch and continued in the case of the closure of the Luxembourg branch, both having ceased to operate at the end of 2019. These processes are scheduled for completion in 1st quarter 2020;
- Furtherance of sale of Banco Caixa Geral - Brasil, S.A., scheduled for completion in 2020;
- Reduction of the share capital of Banco Caixa Geral - Brasil, S.A. and CGD - Investimentos Corretora de Valores e Câmbio, S.A., to adjust the capital requirements to each company's activity;
- Work began on the preparatory works for the sale of Banco Comercial do Atlântico, S.A.
- Reduction of the participation on the Fundimo fund by selling units, which allowed the fund to leave the Consolidation perimeter.

Membership in Associations and Participation in Foundations

The Culturgest foundation, created in 2008, is a private foundation with the objective of performing cultural, artistic and scientific activities. The foundation's assets comprise an initial endowment of three million five hundred thousand euros from its founder Caixa Geral de Depósitos, S.A. which also provided its installations and makes an annual endowment which, in 2019, was 2,800 thousand euros.

The Culturgest foundation was given "public utility" status in 2010. This status was based on the merit of its not-for-profit activities and has been successively renewed, latterly in 2018.

The not-for-profit entities of which CGD is an associate member are listed in annex V.

Holdings of Directors and Supervisory Board members

The members of the management and supervisory boards and related entities do not hold bonds issued by CGD or other CGD group companies and do not have any investment in companies in which CGD, either directly or indirectly, has a majority shareholding.

Individual declarations were also made on the non-existence of relationships with suppliers, customers, financial institutions or any other business partners of CGD, which may create conflicts of interest.

In 2019 and on six different occasions, Fidelidade – Companhia de Seguros, S.A. ("Fidelidade") informed CGD that it had acquired debt securities issued by it. As CGD has a minority shareholding in Fidelidade and as two board members hold office in both entities, the respective information disclosure requirements were complied with through the CMVM's system for the disclosure of information.

3.5. Statutory Bodies and Committees

3.5.1. Governance Model

CGD is a public company whose capital is exclusively owned by the Portuguese State and its equity shares, including the issuance of shares in any future capital increases may only belong to the Portuguese state and are held by the directorate general for the treasury for which any resolutions passed by shareholders, by nature of the ownership of the equity, are therefore taken unanimously.

CGD's activity is regulated by the dispositions set out in law and its articles of association that comply with the dispositions of the commercial companies code (CSC) and general credit institutions and financial corporations regime (RGICSF) and any planned changes to the articles of association must be duly substantiated and approved by the entity responsible for the shareholder function as well as being previously authorized by the supervisory authorities depending on the matters.

CGD's internal governance structure comprises a board of directors, a supervisory board and a statutory audit company. This model attributes account auditing functions to a statutory audit company which does not sit on the supervisory board and that also audits the accounts.

The division of responsibilities permits effective separation between supervisory and management functions management, with the added benefit of constant and extensive supervision in the furtherance of the objectives and interests of the company, its shareholder, employees and other stakeholders, making it possible to achieve a level of confidence, transparency and balance among the various functions, required for its adequate operation and optimisation. The institutional and functional relationship between CGD's statutory bodies has contributed towards the effective development of the company's activity, in pursuit of the imperative social interest.

The board of directors enjoys the broadest range of powers to effectively manage and represent the company's activity with the executive committee being responsible for running the company's day-to-day affairs, pursuant to the authority delegated to it and approved by the meeting of CGD's board of directors held in 2017, which authority remains in force.

Members of CGD's statutory bodies are elected under a shareholders' resolution for a period of four years and may be re-elected, replaced by co-option or at the behest of the supervisory board, in the event of the definitive absence of a board member. A co-option must be ratified by the first shareholders' meeting to be held after the co-option. The co-opted board member shall remain in office up to the end of the current term of office. In any event, members of the board of directors, as well as members of the supervisory board subject to the assessment mechanisms provided for in RGICSF.

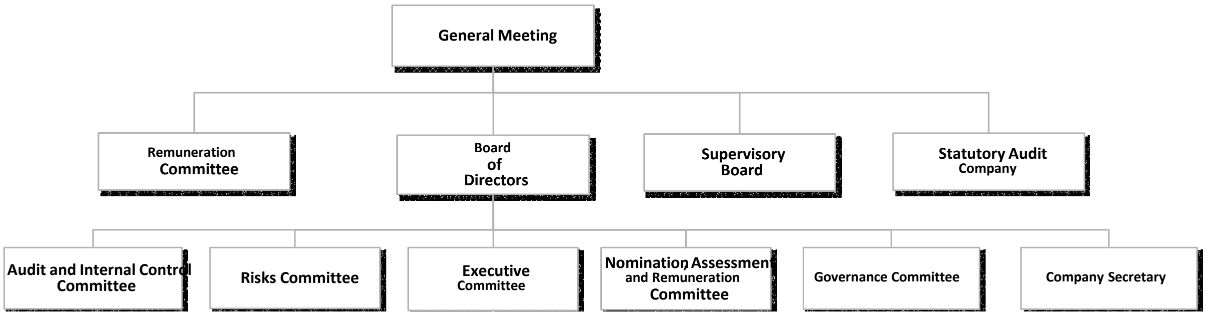
In statutory terms, the number of terms of office successively undertaken by members of the board of directors is limited to four, with the number of terms of office of members of the supervisory board and the statutory audit company being subject to the dispositions set out by law. Upon coming to the end of the respective terms of office, members of statutory bodies shall remain in office until new officeholders are elected, without prejudice to the requirements and limits set out by law. It is not mandatory for the terms of office of various statutory bodies to coincide. The current term of office of the supervisory board started in 2016 and ends in 31 December 2019 whereas the term of office of the board of directors began in 2017 and ends on 31 December of 2020.

The supervisory board is responsible for supervising the activity of the management body, ensuring compliance with the law and CGD's articles of association, verifying and overseeing the independence of the statutory auditor or statutory audit company, as set out by law and, particularly, examining the suitability of and approving the provision of other services in addition to audit services.

The statutory audit company is designated by the shareholders' meeting, at the proposal of the supervisory board

The office of CGD's inspector/auditor is held by Ernst & Young Audit & Associados, SROC, S.A. which was elected for the term of office which started in 2017 and ends on 31 December of 2020.

CORPORATE GOVERNANCE STRUTURE



In order to permit a better comprehension of CGD's modus operandi in corporate governance terms, the updated articles of association, in Portuguese and English, as well as the internal regulations of the board of directors and respective special committees and the main policies are available to the general public on CGD's website at www.cgd.pt. The respective links to access to the documents are listed at the chapter 6.5.

3.5.2. Statutory Bodies

3.5.2.1. General Meeting

The Portuguese State, as CGD's sole shareholder, is represented at the General Meeting by the person appointed in a ruling issued by the Minister of Finance.

The General Meeting has particular responsibility to deliberate on the Board of Directors' report and annual accounts for the year, appropriation of net income, changes to the articles of association and capital increases, approve the annual declaration on the remuneration policy as well as dealing with any other matter for which it has been called.

The composition of the General Meeting for the four-year period started in 2016 up to 31 December of 2019 is as follows:

Term of office	Position	Name	Appointment	
			Form	Date
2016-2019	Chair	Paulo Mota Pinto	UWR	31.08.2016
2016-2019	Vice-Chair	Elsa Roncon Santos (*)	UWR	31.08.2016
2016-2019	Secretary	José Lourenço Soares	UWR	31.08.2016

(*) Resigned with effect 31.08.2019

At the General Meeting, to be held in the beginning of 2020, members for the Board of the General Meeting for the 2020-2023 mandate will be proposed.

In 2019 the resolutions, either at a General Meeting or in the form of a unanimous written resolution were passed:

- Approval of the annual report and accounts for 2018 on CGD's separate and consolidated activity; approval of the proposal for the appropriation of net income ; Approval of declaration on the remuneration policy of members of the Board of Directors and Supervisory Board; approval of the assessment policy of the suitability of members of the statutory bodies and of succession plan. (31th of May)
- Approval of the proposal for a review of the remuneration policy of CGD, S.A.'s management and supervisory boards, submitted by the remuneration committee of CGD S.A.'s shareholders' meeting (3 July);
- Election of non-executive members of the Board of Directors for the 2017-2020 term of office (5 July);

General Meeting's Remuneration Committee (CRAG)

In addition to legal and statutory dispositions, the authority, organisation and operation of the General Meeting's Remuneration Committee are governed by its respective regulation, approved at a meeting of the General Meeting's Remuneration Committee held on 16 June 2017 the date upon which it came into effect.

The General Meeting Remunerations Committee is composed of three independent members appointed by the General Meeting, which shall also appoint its Chairman. Members of this Committee may not be members of the Board of Directors and must comply with the incompatibilities and meet the requirements of independence applicable to them by law and banking regulation.

The General Meeting's Remuneration Committee composition for 2017-2020 is as follows:

Term of office	Position	Name	Appointment	
			Form	Date
2017-2020	Chair	Manuel Ferreira de Oliveira (*)	UWR	16.06.2017
2017-2020	Vice-Chair	Francisco Veloso	UWR	16.06.2017
2017-2020	Secretary	Patrícia Andrea Bastos Teixeira Lopes Couto Viana	UWR	16.06.2017

(*) Passed away at october 5, 2019

The General Meeting's Remuneration Committee's competences are the following:

- In compliance with the remuneration policy applicable to the members of the Board of Directors and the Supervisor Board, as approved by the General Meeting, including the limits set out therein, establish the remuneration of the members of the company's statutory bodies, in both the fixed and variable components, to the extent applicable;
- Set the maximum amount of all compensations payable to the members of the Board of Directors and the Supervisory Board in case of termination, in accordance with current legislation and, as may be applicable, the current remuneration policy;
- Issue an annual declaration on the remuneration policy applicable to the members of the Board of Directors and the Supervisory Board, in coordination with the Appointment, Assessment and Remuneration Committee, to be submitted to the General Meeting for approval,
- Adopt and periodically review the general principles of the remuneration policy applicable to the members of the Board of Directors and the Supervisory Board, in coordination with the Appointment, Assessment and Remuneration Committee, and submit to the General Meeting, for approval, the proposed amendments;
- Submit to the General Meeting, for approval, a proposal for a higher maximum level for the variable component than legally determined indicating the proposed maximum ratio, the rationale and scope of the proposal, including the number of members of the Board of Directors that are involved, their roles and a demonstration showing that the proposed ratio is compatible with CGD's obligations, in particular in terms of maintaining a solid capital base;
- Monitor the contractual variations of the mandates of the members of the Board of Directors and the Supervisory Board with impacts on their remuneration, especially in the event of suspension or termination;
- Ensure compliance with the applicable legal and regulatory requirements, regarding the remuneration policies of the Board of Directors and the Supervisory Board and their implementation.

The General Meeting Remunerations Committee shall meet quarterly, as well as when convened by its Chairman or at the request of any of its members.

The General Meeting's Remuneration Committee met 6 times in 2019, no absences were recorded.

3.5.2.2. Board of Directors

The board of directors comprises a minimum of seven and a maximum of twenty members, including a non-executive chairman and a vice-chairman, elected by the shareholders' meeting, for a four year term of office.

The Board of Directors is comprised by executive members who set up an Executive Committee, to which it shall delegate the day-to-day management of CGD and non-executive members who make up the special committees to the Board.

The following table presents the composition of the Board of Directors for the four-year period started in 2017 up to 31 December 2010, identifying the meetings attendance of each member:

Term of office (Start-End)	Position	Name	Date of the resolution of General Meeting	Number of Meetings	Attendance Report (*)	No. of terms of office performed in Company
2017-2020	Chair of the Board of Directors	Emílio Rui da Veiga Peixoto Vilar	31-01-2017	21	100%	3 (a)
2017-2020	Vice-Chair of the Board of Directors and Chairman of the Executive Committee	Paulo José de Ribeiro Moita de Macedo	31-01-2017	20	95%	1
2017-2020	Member of the Board of Directors	Francisco Ravara Cary	31-01-2017	21	100%	1
2017-2020	Member of the Board of Directors	João Paulo Tudela Martins	31-01-2017	20	95%	2 (b)
2017-2020	Member of the Board of Directors	José António da Silva de Brito	31-01-2017	21	100%	1
2017-2020	Member of the Board of Directors	José João Guilherme	31-01-2017	20	95%	1
2017-2020	Member of the Board of Directors	Maria João Borges Carioca Rodrigues	31-01-2017	21	100%	2 (c)
2017-2020	Member of the Board of Directors	Nuno Alexandre de Carvalho Martins	31-01-2017	21	100%	1
2017-2020	Member of the Board of Directors	Carlos António Torroaes Albuquerque	02-08-2017	21	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Ana Maria Machado Fernandes	17-03-2017	21	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	José Maria Monteiro de Azevedo Rodrigues	17-03-2017	21	100%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Alberto Afonso Souto de Miranda (*)	01-08-2017	2	N/A	1 (d)
2017-2020	Non-Executive and Independent Member of the Board of Directors	Hans-Helmut Kotz	19-10-2017	20	95%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Mary Jane Antenen	04-04-2018	21	100%	1
2017-2020	Non-Executive Member of the Board of Directors	Altina Sebastian Gonzalez	05-04-2018	20	95%	1
2017-2020	Non-Executive and Independent Member of the Board of Directors	Nuno Filipe Abrantes Leal da Cunha Rodrigues	08-07-2019	10	N/A	1 (e)

(*) Only applicable to the members that performed their duties during the all year of 2019

(a) Appointed as General Manager of CGD by the Council of Ministers Resolution and t took office on 26 October 1989.
Elected Vice-Chair of the Board of Directors by Unanimous Written Resolution at 31.08.2016
Elected as Chair of the Board of Directors of Caixa Geral de Depósitos, S.A., at 31 January 2017 by Unanimous written resolution

(b) Elected as Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A., at 31 August 2016 by Unanimous written resolution

(c) Elected as Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A., at 08 July 2013 by Unanimous written resolution

(d) Resigned taking effect from 17-02-2019. Named as Assistant Secretary of State and the Ministry of Communications Infrastructure and Housing.

(e) Elected as Non-Executive Member of the Board of Directors of CGD, to complete the current term 2017-2020 in 05.07.2019 by Unanimous written resolution

The résumés of members of the Board of Directors, elected for the 2017-2020 term of office, are set out in the Annex III to this report and include the professional qualifications for the performance of their duties.

In 2019, and under the Permanent Education Programme, a programme guided towards the ongoing training of the members of the Board of Directors and Statutory Body, executive and non-executive Board members attended a series of courses, with special reference to the ones provided by the partnership between Instituto de Formação Bancária and INSEAD, addressing “Complexities of Board Chairing in Modern Governance in Banking” and “Governance and the future of the Banking Sector” and those organized by Oliver Wyman dedicated to “Strategy & Board Dynamics”.

Under the terms of the Company's Articles of Association, is responsible for:

- Managing corporate affairs and performing any actions pertaining to the corporate object;
- Defining the company’s global strategies and policies
- Establishing the internal organization of the CGD and preparing the regulations and instructions deemed appropriate to ensure the implementation of appropriate internal control, risk management, reporting, supervision and accounting structures;

- Hiring company workers, establishing the respective contractual conditions, and exercising the corresponding directive and disciplinary power in relation to them;
- Appointing representatives with the powers deemed convenient;
- Deciding, on the participation in the share capital of other companies and on partnership association contracts, complementary groupings of companies and European economic interest groupings;
- Acquiring, encumbering and disposing of any assets and rights, movable or immovable, including holdings, and making investments, when deemed appropriate by the company;
- Deciding on the issuance of bonds or any other financial instruments;
- Executing and enforcing the resolutions of the General Meeting;
- Representing the company in and out of court, both actively and passively, being able to admit to, desist from or settle any claims and commit, via an arbitration agreement, to a decision taken by arbitrators;
- Exercising any other competencies assigned to it under law or by the Articles of Association, and to decide on any other matters outside the competence of the other statutory bodies of CGD.

Selection of candidates for the Board of Directors

The process for the identification of the skills and qualifications required to the selection of candidates to the board of directors is provided for in the succession plan for members of the board of directors and key function holders, (succession plan), and is also intended to ensure the continuity of CGD management as a way to avoid the replacement of an excessive number of board members at the same time.

The management board's composition should reflect the knowledge, skills and experience necessary to enable board members to fulfil their obligations. This implies, in collective terms, that the management board should have a suitable understanding of the areas for which its members are collectively responsible, in addition to having the skills to effectively manage and supervise the institution. As regards the diversity of the board of directors, CGD is firmly committed to greater diversity of gender and parity in its composition and to achieve balance between knowledge, capacities, qualifications and professional experience.

CGD approved its suitability matrix for the succession of board members in 2019. The matrix reflects European Securities and Markets Authority (ESMA) and EBA guidelines on assessing the suitability of members of boards of management and supervisory boards and key function holders. The matrix enables a comparison to be made between the real composition of the management board, its knowledge, skills and experience in order to define areas in which CGD may be weaker and which could, if necessary, imply the selection of board members with a specific profile.

Accumulation of functions by members of the Board of Directors

The following table presents the positions simultaneously held by the members of the Board of Directors in other entities, inside and outside the CGD Group and other relevant activities performed in 2019:

Board of Directors member	Accumulation of functions		
	Entity	Functions	Regime (Public/Private)
Emílio Rui da Veiga Peixoto Vilar	Fundação Serralves	Chairman of the Founders Board	Private
	Fundação Casa Mateus	Non-Executive Directors	Private
	Universidade Católica Portuguesa	Member of the Superior Board	Private
	Europa Nostra	Council Member	Private
	Fundação Calouste Gulbenkien	Non-Executive Member of the Board of Directors	Private
Paulo José Ribeiro da Moita de Macedo	Fundação Caixa Geral de Depósitos - Culturgest	Chairman of the Board of Directors	Private
	Associação Portuguesa de Bancos	Member of the Board of Directors	Public
João Tudela Martins	Banco Nacional Ultramarino, S.A. (Macau-China)	Member of the Board of Directors	Private
José João Guilherme	Banco Nacional Ultramarino, S.A. (Macau-China)	Chairman of the Board of Directors	Private
	Banco Caixa Geral Angola S.A.	First Vice-Chairman of the Board of Directors	Private
	Banco Comercial e de Investimentos, S.A.	Chairman of the Board of Directors	Public
	Fidelidade Companhia de Seguros, S.A.	Member of the Board of Directors	Private
	Caixa Leasing e Factoring, SA	Member of the Board of Directors	Public
	Fundação Eugénio de Almeida	Member of the Supervisory Board	Private
Francisco Ravara Cary	Banco Caixa Geral - Brasil, S.A.	Chairman of the Board of Directors	Private
	Locarent - Companhia Portuguesa de Aluguer de Viaturas, S.A.	Chairman of the Board of Directors	Private
	Caixa - Banco de Investimento, S.A.	Chairman of the Board of Directors	Public
	Banco Caixa Geral Angola S.A. *	First Vice-Chairman of the Board of Directors	Private
	Banco Caixa Geral, S.A. (Spain) **	Chairman of the Board of Directors	Private
	Caixa Leasing e Factoring - SFC, S.A.	Chairman of the Board of Directors	Public
	Banco Nacional Utramarino S.A. (Macau - China)	Member of the Board of Directors	Private
	Fidelidade Companhia de Seguros, S.A.	Member of the Board of Directors	Private
	Banco Comercial e de Investimentos, S.A.	Member of the Board of Directors	Public
Maria João Borges Carioca Rodrigues	Caixa Geral de Aposentações	Chairman of the Directive Council	Public
	SIBS, SGPS, S.A.	Member of the Board of Directors	Private
	Caixa - Banco de Investimento, S.A.	Member of the Board of Directors	Public
	SIBS Forward Payment Solutions, S.A.	Member of the Board of Directors	Private
José António da Silva Brito	Caixa Geral de Aposentações	Chairman of the Directive Council	Public
Nuno Alexandre de Carvalho Martins	Caixa Capital - SCR, S.A.	Chairman of the Board of Directors	Public
	Caixa Serviços Partilhados, ACE	Chairman of the Board of Directors	Public
	Caixa - Banco de Investimento, S.A.	Vive-Chairman of the Board of Directors	Public
Ana Maria Fernandes	Faculdade de Ciências e Tecnologia da Universidade Nova de Lisboa	Faculty Council Member	Public
José Azevedo Rodrigues	Sociedade Profissionais "ABC - Azevedo, Rodrigues, Batalha, Costa & Associados, SROC, lda"	Statutory Auditor and Partner	Private
	Centro Hospitalar Lisboa Norte, EPE	Presidenteof the Supervisory Board	Public
	ISCTE - IUL, Instituto Universitário de Lisboa	Associate Professor	Private
	ISCTE - IUL, Instituto Universitário de Lisboa	Vice-rector of Financial Area	Private
Hans-Helmut Kotz	Universidade Goethe (Frankfurt)	Officer in charge of SAFE Policy Center	Private
	Mckinsey & Co	Senior Consultant and e Academic advisory Board	Private
	Konstanz Seminar on Monetary Theory (Bonn)	Member of the Advisory Board	Private
	Revue d'Économie Financière (Paris)	Member of the Advisory Board	Private
	Centre Cournot por la Recherche en Économie	Member of the Scientific Council	Private
	Fondation de la Banque Centrale du Luxembourg	Member of the Scientific Council	Private
	Hamburg World Economic Institute	Member of the Scientific Council	Private
Altina Sebastian Gonzalez	Banco Caixa Geral, S.A. (Espanha) **	Independent member of the Board of Directors	Private
	Grupo Empresarial San Jose	Independent member of the Board of Directors	Private
	Expansion y Actualidad Economica	Member of the Advisory Council	Private
	Council of Portuguese Diaspora	Councelor of "Portugal in the World"	Public
	Universidad Complutense	Teatcher	Public
	Universidade Católica Portuguesa	Teatcher	Private
Marry Jane Antenen	SONETEC (Fin Tech start-up)	Member of the Digital Advisory Board	Private
Nuno Filipe Abrantes Leal da Cunha Rodrigues	Faculdade de Direito da Universidade de Lisboa	Teatcher	Public
	Instituto Europeu da Faculdade de Direito da Universidade de Lisboa	Vice President	Public
	Instituto de Direito Económico, Financeiro e Fiscal da Faculdade de Direito da Universidade de Lisboa	Vice President	Public

* Ceased functions on November 29, 2019

** Institution sold at 24.10.2019

The assessment of the adequacy of the members of the governing bodies shows their availability and dedication of the time necessary to perform, individually and collectively, the position and functions assigned to them.

Independence requirements of Non-Executive Members

In accordance with good governance practice and the recommendations of the corporate governance code of the IPCG, (Portuguese Institute of Corporate Governance) companies shall include a number of not less than one third, albeit always plural of non-executive board members who comply with the conditions regarding independence considering as independent, for the purposes of the said recommendation a person who is not associated with any group of specific interests in the company, or whose impartiality in terms of analysis or decision-making capacity is not, in any circumstance susceptible owing to the following:

a. having performed duties, for more than twelve years, either continuously or interspersed, in any of the company's bodies (if there has not been a cooling off period of at least three years between the term of such duties and the new appointment).

b. having been a company employee or the employee of a company in a controlling or group relationship with it over the last three years;

c. having, over the last three years, provided services or entered into a significant commercial relationship with the company or a company in a controlling or group relationship with it, either directly or as a partner, board member, manager or leader of a collective body;

d. receiving remuneration paid by the company or a company in a controlling or group relationship with it, other than the remuneration deriving from the performance of his/her duties as a board member;

e. living in a de facto union with, or as the spouse, relation or the like up to and including the 3rd degree relatives in the collateral line of board members of the company, board members of a collective person with a qualified equity investment in the company or singular persons with a direct or indirect qualified equity investment;

f. holding title to a qualified equity investment or as the representative of a shareholder with qualified equity investments.

Under the Law and terms of the recommendation of IPGC's Corporate Governance Code the following non-executive board members, in office at 31 December 2019, are independents: Ana Maria Machado Fernandes, José Maria Monteiro de Azevedo Rodrigues, Hans-Helmut Kotz and Mary Jane Antenen and Nuno Filipe Abrantes Leal Cunha Rodrigues.

The non-executive chairman of the board of directors, Emílio Rui da Veiga Peixoto Vilar and the non-executive board member Altina de Fátima Sebastian Gonzalez Villamarin are not considered to be independent non-executive board members owing to the following:

a. The non-executive chairman of the board of directors, Emílio Rui da Veiga Peixoto Vilar, was elected to this position to represent the Direcção-Geral do Tesouro e Finanças (Portuguese Directorate General for the Treasury and Finance) which owns CGD's equity shares, under the terms and for the purposes of the dispositions of no. 3 of article 32 the Legal Regime governing the State's Corporate Sector, pursuant to which the Directorate General for the Treasury and Finance should be represented on the boards of management of state-owned companies;

b. Non-executive board member Altina de Fátima Sebastian Gonzalez Villamarin has held positions in a CGD Group company − Banco Caixa Geral, S.A. − in Spain, from 2003 to 2019.

All members of CGD's board of directors meet the independence criteria of article 31-A of the RGICSF.

Special Committees of the Board of Directors

In order to ensure decision making processes by the Board of Directors that are both clear and informed, special Committees organized by theme have been formed, composed by some of the non-executive members of the Board, whose sole objective is to monitor, on a permanent basis, specific matters that are relevant for the company's governance, namely:

- Audit and internal control committee: financial activity
- Risk committee : activity associated risks
- Appointments, assessment and remuneration committee : assessment of the performance of board members
- Governance committee : Corporate governance model

CGD reviewed its special committee regulations, in 2019, with the objective of harmonising them and updating and clarifying their respective areas of responsibility, taking into account the need to bring them into line with adjustments to CGD's internal structure and organisation. As a consequence of this review the audit and internal control committee (CACI) was renamed as the audit and control committee (CAC) and the financial risks committee (CRF) was renamed as the risk committee (CR). No changes were made to the designation of the other committees.

This review also required changes to the article of the company's articles of association dealing with special committees and which change was formally approved by a unanimous written resolution at the start of 2020, in addition to the articles of the board of directors' regulation on the role to be played by its special committees.

Audit and Internal Control Committee (CACI)

(Currently referred to as the "Audit and Control Committee" - CAC)

Composition

The audit and internal control committee comprises three suitably skilled and experienced members with non-executive functions, appointed by the Board of Directors, at least one of whom with higher academic qualifications commensurate with the performance of his/her functions and knowledge of audit and accountancy matters and is made up of the following members:

Term of office (Start-End)	Audit and Internal Control Committee - CACI			Total of Meetings in 2019	N. of Meetings held during their duties	Number of Meetings attended	Attendance Report
	Position	Name	Appointment				
2017-2020	Chair	José Maria Monteiro de Azevedo Rodrigues	Board of Directors decision 23.03.2017	25	25	24	96%
2017-2020	Member	Altina Sebastian Gonzalez	Board of Directors decision 09.04.2018		25	25	100%
2017-2020	Member	Nuno Filipe Abrantes Leal Cunha Rodrigues (1)	Board of Directors decision 28.02.2019		22	21	95%
2017-2020	Member	Alberto Souto de Miranda (2)	Board of Directors decision 23.03.2017		3	3	100%

(1) Professor Nuno Cunha Rodrigues joined the Audit and Internal Control Committee as member on 28.02.2019

(2) Resigned taking effect from 17.02.2019. Named as Assistant Secretary of State and the Ministry of Communications Infrastructure and Housing.

Competences

- Oversee the activity of the executive committee, the process for the preparation and disclosure of financial information and the effectiveness of the internal control, non-financial risk management and internal audit systems, without prejudice to the responsibilities of the supervisory board and the risk committee herein.
- Ensure compliance with legal and regulatory dispositions, articles of association and standards issued by the supervisory authorities, on the independence of the statutory audit company in addition to appraising the statutory audit certificate.
- Promote the furtherance of the objectives defined in terms of internal control and the management of non-financial risks, by the Bank of Portugal and ECB (European Central Bank) and assess the reliability of the prudential reports on CGD Group and Group companies subject to this obligation.
- Be informed on all of the inspection actions on CGD and other CGD Group companies subject to the supervision of the ECB, Bank of Portugal and other entities

Activity in 2019

- Oversight and monitoring of issues relating to (i) Presentation of the financial statements for the last two quarters by DCI and the statutory audit company); (ii) evolution of actions subsequent to OSI recommendations; (iii) meeting with JST (joint supervisory team) iv) Quarterly activity reports of the Research and Reporting area, (v) Monitoring of strategic plans; (vi) Accompaniment of on-site visits to Entities; (vii) oversight of training plans, (viii) revision of standards, including, inter alia, the "Prevention and Management of Conflicts of Interest" and the "Prevention of Money-laundering / Countering the Financing of Terrorism"; (ix) support for the design and implementation process for new corporate IT platforms;
- Carried out on the analysis of the action plan on ECB recommendations - IFRS 9; Activities Plan (2017-2019), with the presentation of the Report on the Internal Control System – Separate Activity (CGD) and the Report on the Internal Control System on a Group/Parent Company level (CGD Group) basis; a review of the internal regulation was also undertaken.

Meetings held

Plenary sessions: 25. It promoted the organisation of meetings on a two weeks basis with DC and DAI, having met 19 times with DAI and 16 times with DC.CAC has led meetings with the heads of CGD International entities (BCG Angola (1), BCI Mozambique (2), BI São Tomé e Príncipe (2) and BNU Macao (1).

Minutes have been drawn up on all meetings.

The composition, functions and operation of the audit and internal control committee are in line with the applicable legislation and internal governance guidelines issued by the European Banking Authority EBA/GL/2017/11 (21/03/2018) and the recommendations of the code of governance of the Portuguese Institute of Corporate Governance.

Financial Risks Committee (CRF)

(Currently referred to as Risk Committee - CR)

Composition

The risk committee comprising four skilled and suitably experienced members with non-executive functions appointed by the Board of Directors is made up as follows:

Term of office (Start-End)	Financial 'Risks Committee - CRF			Total of Meetings in 2019	N. of Meetings held during their duties	Number of Meetings attended	Attendance Report
	Position	Name	Appointment				
2017-2020	Chair	Ana Maria Machado Fernandes	Board of Directors decision 14.09.2017	17	17	17	100%
2017-2020	Member	José Maria Monteiro de Azevedo Rodrigues	Board of Directors decision 23.03.2017		17	15	88%
2017-2020	Member	Hans-Helmut Kotz	Board of Directors decision 23.11.2017		17	13	76%
2017-2020	Member	Mary Jane Antenen	Board of Directors decision 09.04.2018		17	17	100%

Competences

- Monitoring the management policy of CGD's pension fund, advising the Board of Directors on risk appetite, analysing specific risk categories, namely credit risk, in addition to assisting the Board of Directors on supervising the implementation of CGD's and CGD Group's risk strategy, assessing the adequacy of CGD's risk management systems vis-à-vis its profile and strategy.
- As regards financial risks, CRF monitors liquidity management and the medium and long tern funding plan, including the contingency plan.
- CRF is responsible for overseeing the measurement and calculation of own funds models adopted internally, in addition to Community Directives and Bank of Portugal and ECB guidelines on financial and credit risks.
- In 2019, following the review of its regulation, it was formally responsible for the holistic supervision of all of CGD group's financial and non-financial risks (including operational, IT and systems, compliance and reputational risks) and began to receive the report in operational terms of the compliance division (DC).

Activity in 2019

- Reviewed, inter alia, reports submitted by DGR in relation to Risk; and assessed credit and refinancing operations presented by other divisions. It also ruled on some of the necessary appointments of those responsible for risk management.
- Reviewed, amongst others, reports presented by the Risk Management Division regarding risk (Risk Appetite Dashboard, Integrated Risk Report, Credit Monitoring Report and Local RAS Dashboard) along with a set of important activity reports of the compliance function;
- Monitors the preparation of the Internal Capital Adequacy Assessment Process (ICAAP) e Internal Liquidity Adequacy Assessment Process (ILAAP) cycles;
- Approved the Non-Performing Loan Strategy for 2019;
- Carefully reviewed and monitored progress of implementing the Control Functions Strategic Plan;
- Carefully analysed progress of implementation of the IT Strategic Plan;

- Carefully reviewed credits in excess of € 300 million;
- It had involvement in the entirety of planning and execution of the Recovery Plan 2019;
- Carefully reviewed Operational Risk Operational Framework;
- Monitored the Pension Fund management policy;
- Implemented the new reporting model for the compliance function;
- Participated in the definition of a new model of internal control of the Risk Management Division

Meetings held

The Risks Committee met 17 times in 2019, Minutes have been drawn up on all meetings.

Nomination, Assessment and Remuneration Committee (CNAR)

Composition

The Appointments, Assessment and Remuneration Committee (CNAR) is made up of members with adequate qualifications and professional experience the majority of which are independent, appointed by the Board of Directors, is made up as follows:

Term of office (Start-End)	Nomination, assessment and remuneration committee - CNAR			Total of Meetings in 2019	N. of Meetings held during their duties	Number of Meetings attended	Attendance Report
	Position	Name	Appointment				
2017-2020	Chair Member	Ana Maria Machado Fernandes (1)	Board of Directors decision 14.09.2017 Board of Directors decision 26.07.2017	17	17	17	100%
2017-2020	Chair	Nuno Filipe Abrantes Leal Cunha Rodrigues	Board of Directors decision 26.07.2019		6	6	100%
2017-2020	Member	Manuel Lázaro Oliveira de Brito	Board of Directors decision 22.06.2017		17	17	100%
2017-2020	Member	António Borges de Assunção	Board of Directors decision 23.03.2017		17	17	100%
2017-2020	Member	Alberto Souto de Miranda (2)	Board of Directors decision 14.09.2017		2	2	100%

(1) Dra. Ana Maria Fernandes resigned as Chairperson of NARC and Professor Nuno Cunha Rodrigues joined the Nomination, Assessment and Remuneration Committee as Chairperson on 26.07.2019
(2) Resigned taking effect from 17.02.2019. Named as Assistant Secretary of State and the Ministry of Communications Infrastructure and Housing.

Competences

Assisting and advising the board of directors on the definition, approval and inspection of the application of: (i) a remuneration policy commensurate with the principles defined in the general credit institutions and financial corporations regime and other legal and regulatory standards, either national or issued by European authorities; (ii) mechanisms to ensure that the individual and collective suitability of the management and supervisory boards is effectively assessed; (iii) ensuring that the composition and *Succession Plan* of the statutory bodies are suitable and that they operate effectively; (iv) an effective selection and assessment process on the suitability of key function holders.

As regards CGD's management and supervisory boards: (i) to identify and recommend candidates for office in the said bodies, to assess their composition in terms of knowledge, skills, diversity and experience, to produce a job description and describe the qualifications for the positions in question and assess their willingness to serve in such a function (ii) to define an objective in terms of gender representation in the said bodies and produce a policy with the objective of promoting and increasing the number of members of the underrepresented gender, with the aim of achieving the defined objectives; (iii) to assess, at least once a year, the structure, scale, composition and performance of bodies as a whole; (iv) to assess, at least once a year, the knowledge, skills, experience and performance of each of the members of the bodies; (v) to periodically review the policy of the board of directors on the selection and appointment of top management; (vi) to perform the other functions and be responsible for the areas which have been allocated to them under the policy of the assessment of suitability for the selection of members of management and supervisory boards, key function holders and managers of foreign branches and the succession plan (together, "Suitability and succession policy").

In the case of officers responsible for control functions and other key function holders and the managers of CGD's foreign branches, to perform the functions and accept responsibility for the areas which have been allocated to them under the suitability and assessment succession policy, namely as regards qualification as a key function holder, initial assessment of suitability, periodic reassessment of suitability, annual performance appraisal and termination of the functions of the holders of control functions. CNAR is particularly responsible for: (i) assisting and advising the board of directors on CGD's and CGD group's remuneration policy; (ii) assisting the board of directors to ensure the global coherence of the group's remuneration policies, including the identification processes and their correct implementation on a consolidated, sub-consolidated and individual basis, supervision of remuneration processes, policies and practice and control of compliance with CGD and CGD group's remuneration policies;

To prepare the annual statement on remuneration policy for members of management and supervisory boards, in conjunction with the shareholders' meeting's remuneration committee (CRAG), for submission for the approval of the shareholders' meeting.

CNAR can make use of all means it deems necessary, including the use of external consultants and appropriate the necessary funds to that end.

Activity in 2019

This committee's functions specifically included its consideration of the following: (i) "fit and proper" processes; (ii) annual assessment reports on the suitability of members of boards of management and supervisory boards; (iii) consideration, revision and implementation of the remuneration policy and that of employees (including relevant function holders) of CGD and CGD group, in addition to aspects related to the variable remuneration component; (iv) assessment of the suitability of key function holders; (v) succession plan; (vi) appointment of managing directors; (vii) appointment of the statutory bodies of CGD Group entities; (viii) assessment of the performance of the board of directors, supervisory board and special committees; (ix) rules for the identification and attribution of the variable remuneration of CGD's relevant function holders; (x) restructuring of divisions; (xi) review of the committee's regulation; (xii) diversity policy; (xiii) resignation of members of statutory bodies; (xiv) reports on preliminary analyses of conflicts of interest.

Meetings held

CNAR met 17 times in 2019. Minutes have been drawn up on all meetings.

Governance Committee (CG)

Composition

The governance committee comprises four members with non-executive functions who are appointed by the board of directors, with suitable qualifications and professional experience, and it is made up as follows:

Term of office (Start-End)	Governance Committee -CG			Total of Meetings in 2019	N. of Meetings held during their duties	Number of Meetings attended	Attendance Report
	Position	Name	Appointment				
2017-2020	Chair	Altina Sebastian Gonzalez (1)	Board of Directors decision 28.02.2019	10	9	9	100%
2017-2020	Member	Nuno Filipe Abrantes Leal Cunha Rodrigues	Board of Directors decision 22.06.2017		10	10	100%
2017-2020	Member	Ana Maria Machado Fernandes (2)	Board of Directors decision 23.03.2017		9	9	100%
2017-2020	Member	Hans-Helmut Kotz	Board of Directors decision 23.11.2017		10	9	90%
2017-2020	Member	Mary Jane Antenen (3)	Board of Directors decision 26.07.2019		5	5	100%
2017-2020	Chair	Alberto Souto de Miranda (4)	Board of Directors decision 23.11.2017		1	1	100%

(1) Professora Altina Sebastian joined the Governance Committee as Chairperson on 28.02.2019
(2) Dra. Ana Maria Fernandes resigned as member of the Governance Committee on 28.11.2019
(3)Dra. Mary Jane Antenen joined the Governance Committee as member on 26.07.2019
(4) Resigned taking effect from 17.02.2019. Named as Assistant Secretary of State and the Ministry of Communications Infrastructure and Housing.

Competences

Within the scope of its powers this committee is responsible for:

(i) overseeing and assessing the suitability of the governance model implemented by CGD and its consistence vis-à-vis internationally accepted corporate governance standards: (ii) recommending the board of directors' adoption of corporate governance policies, in compliance with the dispositions of CGD's articles of association, legal dispositions applicable to this matter in accordance with the recommendations, standards and best national and international practice; (iii) proposing improvements to the governance and supervisory model of CGD and of all companies in a controlling or group relationship with it, at any time; (iv) overseeing the production of the annual corporate governance report (as an integral part of the annual report) and commenting thereon prior to its approval by the board of directors; (v) producing an annual report in writing on CGD's governance structure to be submitted to the board of directors; (vi) submitting proposals to the board of directors on measures designed to further improve the governance model; (vii) assisting the board of directors on the assessment of the structures and suitable procedures to identify and manage conflicts of interest and the performance of the functions defined in the global prevention and management of conflicts of interest policy; (viii) helping CGD and CGD group entities to define a policy on behavioural standards, adoption of good practice and compliance with the highest ethical standards; (ix) submitting proposals for measures and policies which are considered suitable or convenient for the development of an ethical and professional deontological culture in CGD and CGD group; (x) submitting proposals to the board of directors for guidelines on social responsibility, sustainability and environmental protection; (xi) overseeing the definition of the corporate sustainability strategy and its implementation, production of global policies and trends – existing and emerging – and the best internal and external practice for CGD group, with relevance to sustainability issues associated with governance, compliance, a personal development culture and incorporation thereof in business units; (xii) overseeing sustainable finance initiatives and proposing subsequent guidelines for the board of directors' analysis, considering the valorisation of environmental, social and governance criteria in order to increase awareness and transparency on governance which may have an impact on CGD's stability, investments and the provision of financial services.

Activity in 2019

In the sphere of its functions the governance committee, inter alia, oversaw and monitored issues related to (i) the oversight of EBA, ESMA and the IPCG recommendations on corporate governance; produced the opinion on CGD's internal governance and issued an opinion on the corporate governance report (as an integral part of the annual report); (ii) analysed compliance with the procedure for the prevention of conflicts of interest; undertook an analysis and conformity of the revision of the code of conduct; (iii) evolution and implementation of the strategic plan for control functions; (iv) monitoring the implementation of initiatives on board effectiveness (v) and the evolution of the conclusion of the on-site inspections.

Meetings held

The Governance Committee met 10 times in 2019. Minutes have been drawn up on all meetings.

Executive Committee

The Executive Committee comprises five to nine members of the Board of Directors, appointed by it, as well as its Chairman. The Executive Committee's activity is governed by its respective regulation, as approved by the Board of Directors on 19 October 2017.

The Executive Committee shall meet at least once a month, although it has usually met once a week. The Executive Committee met 51 times in 2019.

The following table presents the composition of the Executive Committee for the four-year period started in 2017 up to 31 December of 2020, identifying the meetings attendance of each member:

Term of office (Start-End)	Position	Name	Date of the resolution	Number of Meetings	Attendance Report (*)
2017-2020	Chair	Paulo José de Ribeiro Moita de Macedo	31-01-2017	48	94%
2017-2020	Executive Member	José João Guilherme	31-01-2017	45	88%
2017-2020	Executive Member	Francisco Ravara Cary	31-01-2017	47	92%
2017-2020	Executive Member	João Paulo Tudela Martins	31-01-2017	46	90%
2017-2020	Executive Member	José António da Silva de Brito	31-01-2017	48	94%
2017-2020	Executive Member	Maria João Borges Carioca Rodrigues	31-01-2017	46	90%
2017-2020	Executive Member	Nuno Alexandre de Carvalho Martins	31-01-2017	49	96%
2017-2020	Executive Member	Carlos António Torroaes Albuquerque	02-08-2017	47	92%

(*) Only applicable to the members that performed their duties during the all year of 2019

The assessment of suitability of statutory members shows the availability and required time to perform individually and collectively, their positions and functions.

Annex II on the "Executive committee – distribution of areas of responsibility" contains information on the allocation of areas of responsibility to each executive committee member in 2019.

Specialised Executive Boards, Committees and Advisory Boards

With the purpose of deepening the debate and appreciation of critical issues to CGD's business model and competitiveness, the Executive Committee made up several forums whose activity allows to enrich the decision-making process.

Specialised Executive Boards are decision-making bodies which consider and decide upon proposals pursuant to the authority delegated by CGD's Executive Committee. There are the following Specialised Executive Boards:

- Costs and investments executive board (CDCI)
- Capital, assets and liabilities management board (CALCO)
- Products executive board (CDP)
- Rating executive board (CDRT)
- Data protection executive board (CDPD
- Credit risk executive board (CERC)
- Executive Credit Board (CC

The Committees are structures that are also dependent on CGD's Executive Committee, without deliberative powers, and are the privileged forums for debate and consultative support for decision-making, through the adoption of recommendations or the presentation and discussion of cross-cutting themes. There are the following committees:

- Retail Banking Committee (CCR)
- Corporate Banking Commercial Committee (CCE)
- Business Continuity Committee (CCN)
- Models Validation Committee (CVM)
- Information Security Committee (CSI)
- Sustainability Committee (CSU)
- Operational Risk Committee (CROP)
- IT Projects Portfolio Committee (CPIN).

The Advisory Board are structures that are also dependent on CGD's Executive Committee, without deliberative powers, and are the privileged forums for debate and consultative support for decision-making, through the adoption of recommendations or the presentation and discussion of cross-cutting themes. They are distinguished from the Committees because they can comprise, in their composition, entities external to CGD with duties of information, advice and carrying out specific works. Its composition may include non-executive members of the board of directors. In 2019, there was only one Advisory Council in operation:

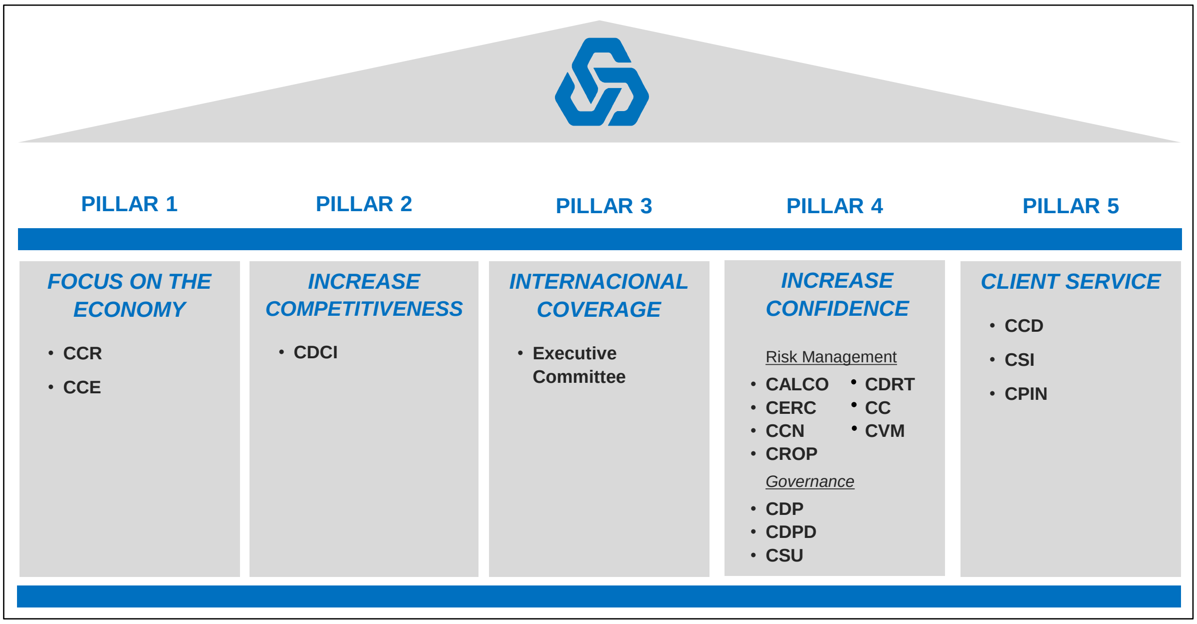
- Digital advisory board (CCD)

The Specialized Executive Boards, Committees and Advisory Boards are chaired by members of the Executive Committee, according to the type of forum and the matters under consideration, and other members of the

Executive Committee may participate in addition to the permanent members. Board members and / or managerial staff of CGD or Group Companies also participate in the meetings, depending on the subjects under discussion, as presented below.

Specialised Executive Boards or Committee	Executive Committee member							
	Paulo Moita de Macedo	José João Guilherme	José Brito	Francisco Cary	João Tudela Martins	Maria João Carioca	Nuno Martins	Carlos Albuquerque
CDCI	X		X			X	X	X
CALCO	X	X	X	X	X	X	X	X
CDP	X	X	X	X	X	X		X
CDRT		X		X	X			
CDPD	X					X	X	X
CCR		X						X
CCE				X				X
CCN			X		X	X	X	X
CVM			X		X			
CSI					X	X		
CSU	X							X
CROP			X		X	X	X	
CPIN						X	X	
CCD	X				X	X		

The Specialised executive Boards, Committees and Advisory Councils contribute to the operationalization of the Strategic Plan 2017-2020 and its fundamental pillars:



Pillar 1 - Focus on the economy

- **Retail Banking Committee (CCR)** - discussion, analysis and oversight of the business and commercial activity of CGD's Retail Network, as well as the analysis and consideration of structuring initiatives having an impact on CGD's Retail Network management and commercial strategy.

  Meetings held: 5

- **Corporate Banking Commercial Committee (CCE)**- identical functions but aimed at the Corporate Network

  Meetings held: 11

Pillar 2 - Increase competitiveness.

- **Costs and investments executive board (CDCI)** - matters related to the expenditure (costs and investments) incurred by CGD group.

Meetings held: 29

Pillar 4 - Increase confidence

Risk management

- **Specialised Capital Management, Assets and Liability Management Executive Board (CALCO)** - considering and overseeing the integrated capital, assets and liabilities management process (ALM – asset–liability management) geared to the proactive management of CGD Group's balance sheet and profitability. It is also responsible for the management interest rate risks, market, liquidity and regulatory risks.

Meetings held: 11

- **The Specialised Ratings Executive Board (CDRT)** - monitoring credit risks and policies and methodologies It is responsible for allocating or reviewing internal ratings on counterparties

Meetings held: 12

- **Specialised Credit Risk Executive Board (CERC)** - This body is responsible for credit including overdue credit and credit in arrears.

Meetings held: 74 face to face and 2 using telematic means.

- **Specialised Executive Credit Board (CC) -** responsible for credit deals with specific conditions including restructuring; intra Group entities and entities operating in certain sectors of activity.

Meetings held: 91 face-to- face and 55 using telematic means.

- **Business Continuity Committee (CCN) -** coordination and articulation of the initiatives and processes on CGD's and Group Entities' business continuity, ensuring the alignment of business continuity with the recommendations issued by regulatory entities.

Meetings held: 4

- **Models Validation Committee** (CVM). This body is responsible for the functional management of the Models Validation Office (GVM) ensure the necessary conditions for the performance of their mission.

Meetings held: 6

- **Operational Risk Committee (CROP)** - coordination, consideration and discussion of issues related to the management of operational risk on a Group level. It is responsible for monitoring the Group's global operational risk level, verifying the conformity

Meetings held: 8

Governance

- **Products executive board (CDP)** - approving the launch of products and services and for verifying their suitability vis-à-vis current regulation and the guidelines issued by supervisory entities. Ensuring the conformity thereof with regulation and internal policy and procedures, in different areas: legal, behavioural, compliance, ethical, fiscal, accounting, management information requirements and regulatory reporting.

Meetings held: 11

- **Data protection executive board (CDPD)** - is a body which reports to the executive committee in matters related to data protection management, promoting and guaranteeing the authority of the DPO and data protection office for current management.

Meetings held: 5

- **Sustainability committee (CSU)** - responsible for supervising the management of and issuing guidelines on the definition and implementation of the sustainability strategy, incorporating sustainable development, responsible banking and sustainable finance principles in CGD's current operations, covering CGD group branches and subsidiaries.

Meetings held: 3

__**Pillar 5** – Customer Service__

- **The digital advisory board (CCD)** responsible for the coordination, consideration and discussion of matters related to the definition and implementation of initiatives associated with CGD group's technological and digital transformation.

  Meetings were held: 3

- **Information Security Committee (CSI)**– responsible for the consideration and coordination of information security initiatives in CGD and CGD Group

  Meetings held: 3

- **IT Projects Portfolio Committee (CPIN)**. This body is responsible for the coordination, consideration and decisions on matters related to the Projects and Information Systems portfolio on a Group level, in addition to issues relative to costs, management of capacity and sourcing models for the purposes of responding to requests requiring the involvement of the Information Systems

  Meetings held: 15

In the beginning of 2020, some Committees and Delegated Councils were restructured in order to optimize the way they work and to allow for a more integrated approach to some of the issues. A new Committee responsible for all matters related with resolution was created and the composition and functioning rules of the Credit Council and the Credit Risk Executive Commission were revised.

Key Function Holders

Under the General Credit Institutions and Financial Corporations Regime (RGISF), credit institutions should identify those positions whose officers, while not members of management or supervisory boards, perform functions which give them significant influence over the management of the credit institution. These positions, according to the general credit institutions regime, comprise, at least, the officers in charge of the credit institution's compliance, internal audit, risk control and management functions, as well as other functions that may, as such, be considered by the credit institution or defined by Bank of Portugal regulation.

In conformity with the policy for assessing suitability for selection as members of management and supervisory boards and key function holders (suitability policy) approved by the shareholders' meeting of 31 May 2019, key function holders are considered to be the following employees who report directly to the area director:

- the managing director of the compliance division, managing director of the internal audit division, managing director of the risk management division, managing director of the credit risks division, managing director of the financial markets division, managing director of the corporate support division, managing director of the rating division and the company secretary;

- The manager in each of CGD's branches established abroad, responsible for internal audit, compliance and risk management functions;

- Holders of other functions that have a significant influence on the management of CGD, namely with activities carried out that have a significant impact on CGD's risk profile, as defined by the Board of Directors, or will be defined through legislation or regulation by supervisory authorities.

CGD's subsidiaries, headquartered in Portugal or abroad as well as the "complementary corporate groupings" of which CGD is the majority member should adopt suitability assessment policies for the selection of members of management and supervisory boards and key function holders based on the same general principles and objectives as this policy.

CNAR is responsible for assisting and advising the board of directors on its choice of employees to be appointed as key function holders.

Key and relevant function holders are assessed annually by the human resources function. The identification process of relevant function holders complies with Commission delegated resolution (EU) 604/2014.

The human resources function ensures this process for CGD and promotes, validates and ensures the consistency of Key Function Holders identification processes in Group Entities, as well as the respective appraisal by the competent bodies of CGD and its approval by the Board of Directors, under the terms of the Remuneration Policy in force.

The individual adequacy requirements of the members covered by this policy, as employees whose activities have a significant impact on the risk profile of credit institutions, are the same required for the members of CGD's board of directors and the members of CGD's supervisory body.

The assessment of the adequacy of the people qualified to be designated, by the Board of Directors, as Key Function Holders, is the responsibility of CNAR, upon proposal by the Executive Committee.

The Board of Directors is responsible for reassessing the adequacy, whether annual or specific, of the key function holders of CGD, based on a previous opinion by CNAR. It is also the responsibility of CNAR to support and advise the Board of Directors in defining, approving and assessing the application of mechanisms that ensure an effective process for selecting and assessing the adequacy of the key function holders.

3.5.2.3. Supervision

The company is supervised by the Supervisory Board and an external and independent Statutory Audit Company.

Supervisory Board

The members of the supervisory board are independent under the terms of the current legislation - RGICSF and CSC - and the CGD articles of association.

The Supervisory Board is made up of three permanent members and an alternate, complying with the l legal regime regulating the state's corporate sector, which determines, as a general rule, a maximum of 3 effective members to the inspection body of public companies.

Term of office (Start-End)	Supervisory Board				Number of terms of office
	Position	Name	Appointment		
			Form (1)	Date	
2016-2019	Chair	Guilherme Valdemar Pereira d'Oliveira Martins	UWR	31-08-2016	1
2016-2019	Member	António Luís Traça Borges de Assunção	UWR	31-08-2016	1
2016-2019	Member	Manuel Lázaro Oliveira de Brito	UWR	20-04-2017	1
2016-2019	Alternate member	Nuno Filipe Abrantes Leal da Cunha Rodrigues (*)	UWR	20-04-2017	1

(1) UWR = Unanimous Written Resolution

(*) Ceased functions in 05.07.2019. Elected as non-executive member of the Board of Directors of CGD in 05.07.2019 by UWR

The authority delegated to the Supervisory Board is set out at law and the articles of association. It is specifically responsible for*:*

- Inspecting the company's management;
- Monitoring compliance with the law and the company's articles of association
- Verifying the regularity of the company's books, accounting records and supporting documents;
- Verifying the exactness of the accounting documents and, in general, supervising the quality and integrity of the financial information therein contained;
- Inspecting the process for the preparation and disclosure of financial information;
- Verifying whether the accounting policies and measurement criteria adopted by the company lead to the correct assessment of its equity and results;
- Producing an annual report on its inspection activities and issuing an opinion on the report, accounts and proposals submitted by the Board of Directors;
- Inspecting the revision of the accounts and auditing of the company's accounting documents;
- Proposing the nomination of the Statutory Audit Company to the General Meeting;
- Inspecting the independence of the Statutory Audit Company as regards the provision of additional services;
- Inspecting the quality and effectiveness of the risk management, internal control and internal audit systems and supervising the performance of the functions in the internal audit and internal control system spheres;
- Receiving communications concerning irregularities, protests and/or complaints submitted by the shareholder, company employees or others and implementing procedures for the reception, registration and processing thereof.
- Contracting for the services of experts to assist it in performing its functions, with the contracting and remuneration of such experts taking the

importance of the issues and the company's economic situation into account.

The supervisory body sends a quarterly report on its control, detection of anomalies and eventual detection of the main deviations from any forecasts under article 6, number 2 of Decree-Law no.287/93 of 20 August to the Ministry of Finance.

Supervisory Board (SB)			
No. Meetings	Place of the meeting	Participants in the meeting	Absences of SB members
24	CGD headquarters*	SB Chairperson and all members	There were no absences

* Av. João XXI, 63, Lisbon

Supervisory Board accumulation of functions

Supervisory Board	Accumulation of functions		
	Entity	Functions	Regime (Public/Private)
Guilherme Valdemar Pereira d'Oliveira Martins	Grande Conselho do Centro Nacional de Cultura	Chair	Public
	Fundação Calouste Gulbenkian	Executive Board Member	Private
	Universidade do Minho	Chair of the Board of Trustees	Public
	Universidade Lusíada	Teatcher	Private
	Instituto Superior de Ciências Sociais e Políticas da Universidade Técnica de Lisboa, (ISCSP)	Teatcher	Public
António Luís Traça Borges de Assunção	Universidade Católica de Portugal	Teatcher	Private
	VLX	Manager	Private
	VLX Oriente	Manager	Private
	Sinvegere	Manager	Private
Manuel Lázaro Oliveira de Brito	DFK & Associados, Sociedade de Revisores Oficiais de Contas, Lda	Manager	Private

The assessment of suitability of statutory members shows the availability and required time to perform individually and collectively, their positions and functions.

Statutory Audit Company and External Auditor

Identification of the External Auditor and partner Statutory Audit Company

Both functions of Statutory Auditor and External Auditor are performed by the external entity Ernst & Young Audit & Associados, SROC, S.A (registered in the Order of Official Accountants under number 178 and in the Securities Market Commission (CMVM), under number 9011). The company is represented by Ana Rosa Ribeiro Salcedas Montes Pinto, (Chartered Accountant No. 1230 and registered at the CMVM under number. 20160841) and the alternate António Filipe Dias da Fonseca Brás (registered in the Order of Official Accountants under No 1661 and in the Securities Market Commission (CMVM), under number 20161271).

The Statutory Auditor / External Auditor took up its duties in the Group for the 2017 to 31 December 2020 term of office, on 1 June 2017.

Term of office (Start-End)	Name (SROC - ROC)	No.	Legal designation of current nomination	Number of Terms	Number of years in office in the Group
2017-2020	Ernst & Young Audit & Associados, SROC, S.A.	178	General Meeting of 18 May 2017	1	3

The fees for Audit and Statutory audit, other assurance services and Other advisory services correspond to the invoice amount in 2019 are presented in the following table:

	Fees (*)			
	Portugal	Abroad	Total	%
Separate accounts				
Audit and statutory audit	535.432	139.992	675.424	60%
Other assurance services	414.345	12.000	426.345	38%
Other advisory services	22.510	0	22.510	2%
Total	**972.287**	**151.992**	**1.124.279**	**100%**
Consolidated accounts				
Audit and statutory audit	707.232	1.091.424	1.798.656	64%
Other assurance services	627.090	379.720	1.006.810	36%
Other advisory services	22.510	3.575	26.085	1%
Total	**1.356.832**	**1.474.719**	**2.831.551**	**100%**

(*) Amounts in euros and exclusive of VAT.

Note: The fees on consolidated accounts already includes the fees on separate accounts.

Policy and rotation period of the External Auditor and respective partner

According to RGICSF, in public interest entities, such as CGD, the maximum period for performing the statutory audit functions for the partner responsible for the guidelines on or direct performance of the statutory audit is seven years, starting from the time of first appointment, with the possibility of a fresh appointment being made after a minimum period of three years has elapsed. It may be exceptionally extended for up to a maximum period of 10 years provided that such an extension is approved by the competent body and that this has been justified by a proposal of the supervisory body.

The minimum initial period for the performance of statutory audit functions for the Statutory Auditor or Statutory Audit Company is two years, with a maximum period of two or three mandates depending on whether such mandates are for four or three years, respectively.

Internal procedures for the approval of Non-Audit Services

In accordance with no. 10 of article 77 of the statutes of EOROC (articles of association of the Institute of Statutory Auditors) annexed to Law 140/2015 of 7 September, Caixa Geral de Depósitos, S.A.'s Supervisory Board is responsible for the advance approval of the provision of separate audit services, which have not been prohibited under the terms of no. 8 of the same article, to be provided by the Statutory Audit Company performing the statutory audit on the accounts of CGD or entities under its control. The Supervisory Board should, for the said purpose, adequately assess the threats related with independence, deriving from the provision of such services and the application of safeguarding measures in conformity with article 73 of EOROC.

If any member of the Statutory Audit Company's network provides any services which are different from those of the audit, prohibited under the terms of no. 8, to an entity headquartered in a third country which is controlled by the audited public interest entity, the Statutory Auditor or Statutory Audit Company assesses whether its independence has been compromised by the provision of such services by the member of the network, with the application of no. 5 of article 5 of Regulation (EU) 537/2014, of the European Parliament and the Council, of 16 April 2014 – European Audit Regulation.

According to the Regulation of CGD's CACI (Audit and Internal Control Committee) of 11 April 2019, without prejudice to the authority legally attributed to the Supervisory Board, CACI is responsible for examining and ensuring the independence of the Statutory Audit Company when the latter provides additional services to CGD both on national territory and abroad under its domain.

The tasks attributed to CACI in this context are as follows:

- To supervise the Statutory Audit Company's activities;
- To propose the fees payable to the Statutory Audit Company for the provision of audit services to CGD and other CGD Group companies to the Supervisory Board;
- To propose the Supervisory Board's approval of contracting for additional services to be provided by the Statutory Audit Company to CGD and other CGD Group companies, as well as the terms of the respective remuneration.

In turn according to CGD's Supervisory Board's Regulation, as of 18september 2019, the Supervisory Board is responsible for examining the Statutory Audit Company's independence as regards the provision of additional services and should, for the following:

- Approve CACI's proposal on the fees payable to the Statutory Audit Company for the provision of audit services to CGD and other CGD Group companies;
- Approve CACI's proposal on contracting for the additional services to be provided to CGD by the Statutory Audit Company and other CGD Group companies in addition to the terms of the respective remuneration.

Caixa - Procurement and Shared Services, S.A. ("CSP") has an aggregating function for the goods and services purchasing process of its group companies and is involved both upstream, at the negotiating phase of the contracts for the supply of goods and services, managing the contracts and the assets' means of logistical support.

To control the approval process and examination of compliance with independence requirements, the statutory audit company and CSP keep an up-to-date list of all requests submitted with the respective documentation and the state of the approval process being annexed thereto and submitted to CACI and the supervisory board by the statutory audit company, upon request. This information is also used to control the cap on the fees for the 4th year of the mandate.

As regards the assessment of the auditor, under the provisions of article 423 F of the commercial companies code and CGD's articles of association, the supervisory board is, inter alia, responsible for reviewing the accounts and auditing the company's accounting documents; examining the independence of the statutory auditor as regards the provision of additional services and submitting a proposal to the shareholders' meeting on the name of the statutory audit company.

In the sphere of the supervision of CGD and group entities, the supervisory board meets regularly with the statutory auditor and the officer in charge of the internal audit team for monitoring its activity based on a critical analysis of the work plan prepared by the audit for the year under analysis in addition to clarifying doubts and raising issues which it may eventually wish to see examined in greater detail as part of the process for the preparation of the accounts or another purpose. Prior to the issue of the statutory audit certificate the supervisory board receives an annual report from the statutory auditor in which the year's most relevant audit issues are summarised.

3.5.2.4. Company Secretary

Under the terms of its articles of association, CGD has a permanent and a deputy secretary appointed by the Board of Directors.

The duration of the functions of the permanent and deputy secretaries coincides with the term of office of the Board of Directors by which they were appointed and may be renewed on one or more occasions.

In addition to the other functions set out at law, the company secretary is responsible for:

- Providing the statutory bodies with secretarial services;
- Preparing and signing the minutes of the meetings together with the members of the respective statutory bodies and the Chairman of the Board of the General Meeting, as appropriate;
- Conserving and maintaining in good order the books and pages of the minute book, attendance lists and associated procedures;
- Certifying the signatures of the members of the statutory bodies on company documents;
- Recording the respective corporate acts.

On 31 December 2019, the posts of permanent secretary and deputy secretary were held by João Eduardo de Noronha Gamito de Faria and, Carlos Manuel Silva Pacheco Pinheiro respectively.

3.5.3. Prevention of conflicts of interest

CGD is a fully state-owned company and, as a credit institution, supplies global banking and financial services, of which activity the prevention and management of conflicts of interest is an integral part.

As a credit institution, its organisational and administrative mechanisms are commensurate with the type, scale and complexity of its activity and enable the effective identification of possible conflicts of interest, the adoption of adequate measures to avoid or reduce the risk of the occurrence thereof to a minimum and the adoption of reasonable measures to avoid the interests of its customers from being prejudiced following the detection of a situation involving a conflict of interest.

CGD is regulated, herein, by domestic standards, namely the RGICSF (General Credit Institutions and Financial Corporations Regime), CdVM (Securities Market Commission) RJSPE (Legal Regime Regulating the State's Corporate Sector) and CSC (Commercial Companies Code), in addition to the standards and guidelines issued by European institutions and domestic and international supervisory authorities.

Particular reference should be made, in respect of members of statutory bodies, to the internal governance guidelines issued by the European Banking Authority (EBA/GL/2017/11 of 21/03/218), joint EBA and ESMA (European Securities and Markets Authority) guidelines on the suitability of members of boards of management and key function holders (ESMA71-99-598 and EBA/GL/2017/12 of 21 March 2018), guidelines for assessments of the suitability and good standing of members of the management bodies of the European Central Bank and Bank of Portugal Instruction 23/2018, on authorisation for holding office as members of the boards of management and supervisory boards of institutions subject to the supervision of the Bank of Portugal and European Central Bank in the sphere of the Single Supervisory Mechanism.

Particular reference should be made to CGD's following internal standards which are binding upon all employees including members of statutory bodies:

- CGD's *Code of Conduct*, published on its website defines operating principles ("Independence of Interests") and standards of professional conduct ("Conflicts of Interest") on situations involving conflicts of interest which may occur during the performance of its activity.
- CGD, S.A.'s individual and corporate Global Prevention and Management of Conflicts of Interest Policy (Global Policy), as published in its internal standards system;
- The Policy for assessing suitability for selection as members of management and supervisory boards and key function holders (Suitability Policy), published on CGD's website;
- Internal standards on the prevention of conflicts of interest on an institutional level, such as conflicts relating to prohibitions and limitations on loans to members of statutory bodies, prevention of market abuse, subcontracting, decision-making competencies for credit and similar operations, approval and monitoring of products and performance of internal control functions (all of which have been published in CGD's internal standards system);
- The internal regulation on the prevention and management of conflicts of interest, identifies those conflicts that could arise from situations between CGD and the related parties.

Members of management and supervisory bodies perform their duties in the interest of Caixa Geral de Depósitos, in due compliance with principles of transparency and loyalty.

The identification, prevention and management of conflicts of interest or potential conflicts of interest ensure that duties will be performed with an independence of spirit i.e. independently and objectively.

In particular, members of boards of management and supervisory boards are fully aware that they cannot intervene in the consideration and decision-making process in which they themselves, their spouse or person with whom they live in a *de facto* union, relative or the like up to the 1st degree are directly or indirectly involved or companies or other collective entities any of which they directly or indirectly control, under the terms of articles 85 and 86 of the RGICSF. Operations resulting from CGD's employee policy, when applied to its employees, in addition to loans made as a result of the use of credit cards associated with a deposit account, with similar conditions to those applied to other customers with a similar risk profile are excluded from the application of this standard.

The existence of situations which generate conflicts of interest or with the potential to do so, when involving members of management and supervisory bodies is verified under CGD's assessment process and the ECB's authorisation for the performance of office of members of the board of directors or the supervisory board on a permanent basis and at least once a year.

The Global Policy characterises situations involving conflicts or potential conflicts of interest, establishes materiality thresholds and lists the mitigation measures. The mechanisms and procedures for reporting and registering the situations identified as well as the instances to consider and decide upon the matter are also provided for therein.

In the event of the occurrence of any situation of conflict or potential conflict of interest during the period of office of management or supervisory bodies, the following is applied:

In the case of a conflict of interest involving a member of the board of directors it is the responsibility:

- Of the board of directors as a whole and without the participation of the member involved in a conflict of interest situation, to assess the situation and approve the proposed actions on the basis of an analysis and the advance opinion of the Compliance Division (DC) in order for the situation to be settled or mitigated, which decisions may be reviewed and revoked by the supervisory board;

  The DC referred to analysis and advance opinion are sent to CNAR, the Governance Committee (CG) and the Audit and Internal Control Committee (CACI) to be taken into account in the assessment of situations of conflicts of interest for which these committees are responsible and which may request DC to take additional steps.

- Of CNAR, as a whole, without the participation of the member involved in a conflict of interest situation, if a member thereof, assisted by DC, to assess whether the situation could compromise the independence and performance of the members of the board of directors and to inform the supervisory board of all situations in which it concludes that the conflict may compromise the independence and performance of the member of the board of directors.

- Of CG, as a whole and without the participation of the member involved in a conflict of interest situation, if a member thereof, to assess the impact of the conflict of interest on Caixa's governance and inform the board of directors of its conclusions and also include its analysis in the annual report advising the board of directors on the matter;

- Of CACI to take note of the situations and ask for additional clarifications it considers appropriate to its duties as an advisory committee to the board of directors on audit and internal control matters.

The occurrence of any conflict of interest involving the chairman of the board of directors must be reported to the chairman of the supervisory board, which body should, as a whole, assess the conflict and establish the proceedings to be adopted to settle or mitigate it.

The supervisory board shall inform the ECB and advise the shareholder on all situations of conflicts of interest involving members of the board of directors when it concludes that the mitigation measures are insufficient or that the conflict could compromise the independence and performance of the member of the board of directors.

In the event of a conflict of interest involving a member of the supervisory board, it is the responsibility:

- Of the supervisory board, as a whole and without the participation of the member involved in a conflict of interest situation, to assess the situation and approve the proposed actions, based on the analysis and advance approval of DC (which is also sent to CNAR), for the resolution or mitigation thereof;

- Of CNAR, as a whole and without the participation of the member involved in a conflict of interest situation, if a member thereof, and with the support of DC, to assess whether the situation could compromise the independence and the performance of the member of the supervisory body and to also include its conclusions in the annual assessment of the suitability of each member of the supervisory board and the board as a whole;

CNAR shall inform the chairman of the supervisory board and the chairman of the board of directors of all situations in which it concludes that the conflict could compromise the independence and the performance of the member of the supervisory board. The occurrence of a situation of a conflict of interest involving a member of the supervisory board upon which adequate mitigation measures have not been taken, must be immediately reported to the ECB and the shareholder informed thereof.

In the event of the occurrence of a conflict of interest involving the president of the supervisory board, it should be made known to the other members of that board, who assisted by DC, are responsible for assessing the conflict and establishing the procedures to be adopted for the purpose of resolving or mitigating the conflict.

There are no record of familiar, professional or commercial relationships between the members of the management and oversight bodies and the shareholder.

3.5.4. Lending to Members of Management and Supervisory Boards

The policies on prohibitions and restrictions on lending to members of CGD's management and supervisory boards, as set out in article 85 of the *RGICSF* (general credit institutions and financial corporations regime) have been set out in an internal CGD regulation which defines the respective rules and procedures to be adopted herein.

Under the terms of the referred to regulation CGD may not issue any form or type of loan, or provide guarantees, either directly or indirectly, to members of its management or supervisory boards or to companies or other collective entities directly or indirectly controlled by them.

Lending is presumed to be indirect when the beneficiary is a spouse or a person living in a *de facto* union, a relation or the like up to the first degree of any member of the management or supervisory boards of a company directly or indirectly controlled by any of the said persons.

Requests in opposition to the above referred to presumption should be formulated prior to the issue of the loan, which should be considered by CGD's board of directors which, if accepting the counter argument, shall inform the Bank of Portugal with a minimum advance notice of 30 days prior to the concrete act of making the loan.

The above referred to prohibition does not include the following lending operations:

- a social character or purpose or when deriving from CGD's employee policy, in addition to loans resulting from the use of credit cards, according to conditions which are similar to those practiced with other customers with a similar profile and risk;
- when the beneficiaries are credit institutions, financial corporations or holding companies which are included in the consolidated supervision perimeter to which CGD is subject, nor pension fund management companies, insurance companies, brokers and other insurance mediators which control or are controlled by any other entity in the same supervision perimeter

CGD's compliance with its obligations under article 85 of the RGICSF is ensured by duly formulated and documented systems, policies and internal control procedures.

The internal regulation on the prevention and management of conflicts of interest defines the relevant concept of related parties for the purpose of preventing conflicts of interest, namely entities or persons with which/whom CGD enjoys special commercial, shareholding or other relations.

In this context, DAI is responsible, at the beginning of each term of office of CGD's management or supervisory boards and then annually, for validating the information provided by the referred to members with the identification of their respective spouses, or *de facto* spouses, relatives or the like up to the 1st degree in addition to companies directly or indirectly controlled by members or by any of the referred to persons, verifying the conformity of the implementation and maintenance of the established control system.

There were no credit operations or the like covered by the reporting obligation of article 85 of the referred to regulation, in 2019, as the operations covered by CGD's employee policy when applied thereto, as well as loans made as a result of the use of credit cards associated with deposit accounts, when similar to the practice in force for other customers with an analogous risk profile are excluded therefrom.

3.6. Internal Organisation

3.6.1. Statutes[8] and communications

Communication of irregularities

Credit institutions, in conformity with the RGICSF ("General Credit Institutions and Financial Corporations Regime") must implement adequate, specific, independent, autonomous means for the reception, treatment and archiving of the reporting of serious irregularities related with their administration, accounting organisation and internal supervision and serious indications of any violations of the duties listed in the General Regime or Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June.

Similarly, under the terms of the international recommendations issued by the EBA (European Banking Authority) and European Commission, banking institutions must adopt internal procedures as an alternative to the usual reporting means, to allow their employees to report legitimate and significant concerns related with the activity of organisations.

In compliance with these recommendations, under article 34 of CGD's Code of Conduct, CGD must ensure the existence of an internal reporting procedure on irregular practices alleged to have occurred in the sphere of its activity, ensuring confidentiality in terms of its processing, in addition to not taking any retaliatory measures against any complainant who has acted in good faith.

This procedure is regulated by *SCIPI ("*Internal Reporting System for Irregular Practices") as the internal standard for evaluating the characteristics thereof, the way in which the communications are processed and the parties involved in the system.

Reference should, herein, be made to Law 83/2017 of 18 August, which defines anti-money laundering and countering the financing of terrorism measures and which requires credit institutions to define adequate means to enable their employees to report, on a specific, independent and anonymous channel, any violations of the said Law and its respective regulation, in addition to any violations of internally defined policies, procedures and controls on anti-money laundering and countering the financing of terrorism matters.

Under current regulation, summary information on communications dealing with such issues is reported as part of the report on the prevention of money laundering and countering the financing of terrorism.

In the same way, according to the securities code, financial brokers should adopt specific, independent, autonomous means and procedures to enable their employees to report facts, evidence or information on any infractions or irregularities which have already been, are being or which appear likely to be committed, on the issues defined in the referred to law, namely financial instruments, public securities offerings and organised forms of trading in financial instruments.

To ensure compliance with legal requirements CGD ensures that any communications to be made through SCIPI ("internal reporting system on irregular practices"), include the following domains:

a. Serious irregularities related with management, accounting organisation and CGD´s internal inspections;

b. Serious signs of breaches of duties provided for in the RGICSF (Legal Framework of Credit Institutions and Financial Companies), as regards rules of conduct, relationships with customers, professional secrecy, own funds, reserves, corporate governance, internal capital, disclosure of information risks and duties;

c. Serious signs of breaches of duties provided for in Regulation (EU) 575/2013 of the European Parliament and the Council on own funds, risks, liquidity, leveraging and disclosure of information;

d. Potential or effective breaches of CGD's obligations in the sphere of its financial brokerage activities as set out in Regulation (EU) 600/2014 of the European Parliament and the Council;

e. Violations or irregularities which have already been, are being or which, in light of the available information appear likely to be committed, in respect of the following:

   i. Financial instruments, securities offerings, organised means of trading on financial instruments, settlement and clearing systems, central counterparties, financial intermediation, loan securitisation companies, venture capital companies, venture capital funds or entities which are lawfully qualified

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[8] The Chapter 5 "Statutory Bodies and Committees" provides the required information on CGD's Statutes

to manage venture capital funds, insurance contracts linked to investment funds, individual subscriptions to open pension funds, ratings and the information and advertising on such issues;

ii. Regulated market management entities, multilateral trading systems, settlement systems, clearing houses, centralised securities systems, central counterparties or their respective holding companies;

iii. Regime on market abuse;

f. Denunciations related with the process for submitting prices which could compromise the integrity of the Euribor benchmark, in compliance with the Code of Obligations of Panel Banks (COPB), as an integral part of the Euribor Code of Conduct, which is binding on CGD.

g. Violations of Law 83/2017 of 18 August which sets out anti-money laundering and countering the financing of terrorism measures;

h. Violations of the Regulation of Law 83/2017, referred to in the preceding sub-paragraph;

i. Violations of internally defined policies, procedures and controls on anti-money laundering and countering the financing of terrorism matters.

3.6.2. Internal Control and Risk Management

The internal control system is defined as a collection of strategies, systems, processes, policies and procedures, defined by the Board of Directors, in addition to the actions taken by the Board and other CGD employees, for the purpose of ensuring:

a. The efficient and profitable performance of activity, over the medium and long term (performance objectives);

b. The existence of full, pertinent, reliable, prompt, financial and management information (information objectives);

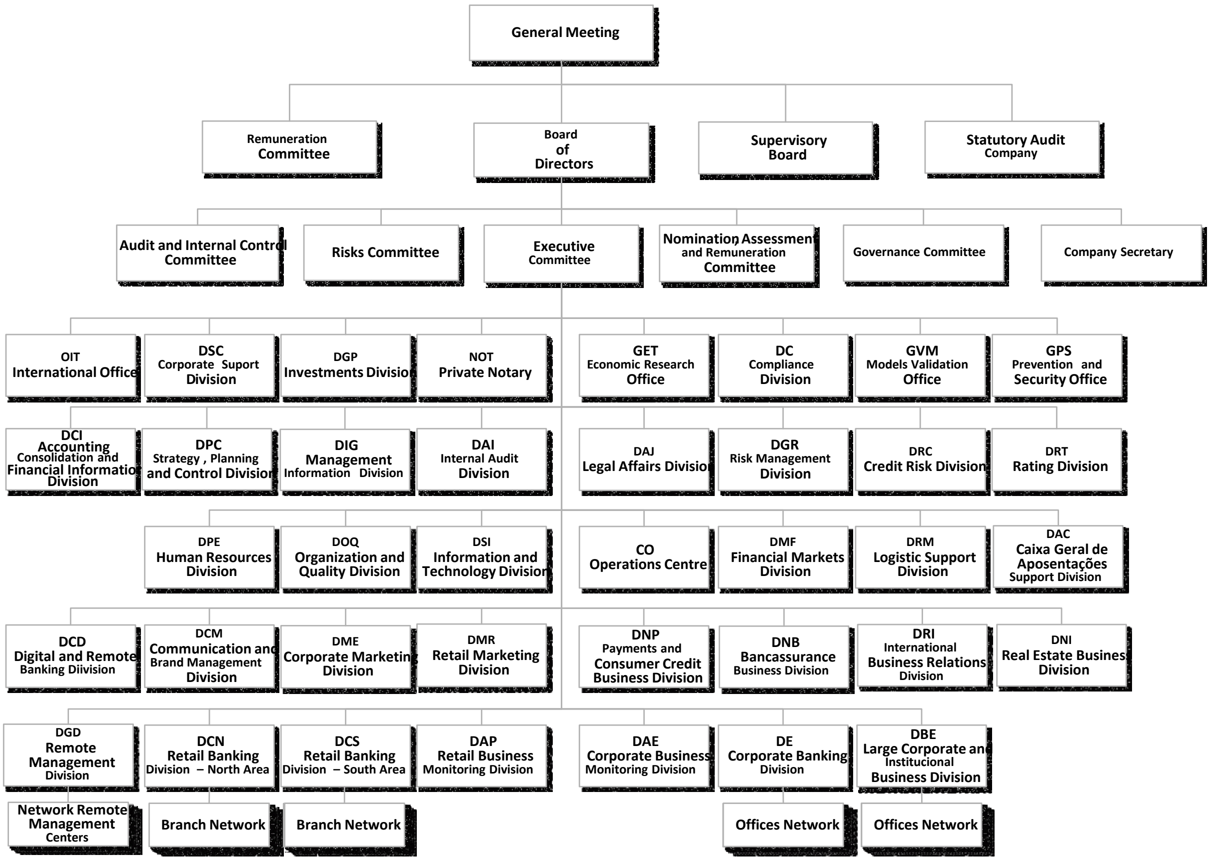
c. Compliance with applicable legal and regulatory dispositions (compliance objectives).

CGD Group's management of its internal control system is based on good practice guidelines and methodologies, particularly the generic internal control methodology proposed by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and, as regards information systems, the CobiT (Control Objectives for Information and Related Technology) framework. The recommendations of the Basel Committee of Banking Supervisors and EBA (European Banking Authority) are considered, in parallel.

Risk management has its own chapter in the annual report, as well as a note in each of the annexes to the separate and consolidated financial statements referred to as "Disclosures on Financial Instruments", describing the financial risk management policies and quantifying CGD/CGD Group's exposure to each type of risk.

Under this framework and to effectively comply with its defined objectives, CGD Group endeavours to guarantee an adequate control environment, a solid risk management system, an efficient information and communication system and a continuous monitoring process with the objective of ensuring the quality and efficacy of the system over time.

To achieve these objectives, specific, transversal responsibilities related with the management of internal control systems have been attributed to certain CGD structural bodies whose hierarchical and/or functional relationships are reflected in the organisational chart below:



The ability to execute internal control was reinforced in 2019 with an increase in the number of employees working in divisions with this responsibility in opposition to the tendency of CGD as a whole. In 2019, as part of the execution of the Strategic Plan 2017-2020, CGD reduced its number of employees, a measure aligned with re-dimensioning the group and its cost structure. Nevertheless, the number of employees in internal control increased 9% when compared with the previous year through in-house mobility and new hires where these divisions received 20% of all new staff.

Reference should be made to the responsibilities of the bodies listed below, developed in conjunction and articulation with the Group's other structures and bodies, specifically to ensure an adequate internal control system. In order to better understand that relationship, each entity's role is grouped by general topics which should not be interpreted restrictively:

Advancement and implementation of the Internal Control System

Board of Directors

The Board of Directors is responsible for promoting the implementation and maintenance of an internal control system to ensure the existence of:

- An adequate internal control environment;
- A solid risk management system which should take into consideration credit, market, interest rate, foreign exchange rate, liquidity, compliance, operational, information systems, strategy and reputational risks, in addition to all other risks which may be material to each entity's concrete situation;
- Documented control policies and procedures, information on which has been disclosed to ensure the implementation of risk mitigation measures;
- An efficient information and communication system;
- An effective monitoring process on the adequacy and efficacy of the system itself over time.

Executive Committee

The executive committee, in which the Board of Directors delegates the day-to-day management of the Company, ensures the implementation and maintenance of an adequate and effective internal control and risk management system that ensures compliance with the objectives defined by the Board of Directors.

In the sphere of the necessary and appropriate management authority delegated to it for the performance of a banking activity, The Executive Committee has powers to decide and represent the company in matters related to lending or financing operations, providing real guarantees on securities which are necessary or appropriate for the furtherance of the activities comprising the company's corporate object, the performance of foreign exchange operations, borrowing operations and issuance of cash bonds and similar financial instruments, hiring and the definition of levels, categories, remuneration terms and other employee benefits as well as managerial appointments.

It is also responsible for exercising disciplinary authority and the application of any sanctions, opening or closing subsidiaries or branches, appointing the Bank's representative at the general meetings of its associated/subsidiary companies, defining the voting statements therein expressed, designating the persons to hold corporate offices to which the Bank is elected, in addition to the persons to be appointed by the Bank to apply for any corporate positions, except for the members of the board of directors of the banks controlled by the company, the issue of binding instructions to the companies in a group relationship comprising total control and the appointment of mandataries, with or without a power of attorney, for the purpose of carrying out certain acts or categories of acts defining the extent of their respective mandates.

Audit and Financial Information Compliance Function

Audit and Internal Control Committee

(Currently titled "Audit and Internal Control Committee")

The audit and control committee is responsible for a critical assessment of CGD group's internal control system and ensuring that its effectiveness and completeness contribute towards the effectiveness and efficiency of the internal control system itself, overseeing the activity of the executive committee, compliance with legal and regulatory dispositions, CGD's articles of association and internally established policies and standards, in addition to the process for the preparation and disclosure of financial and internal audit information.

It is also responsible for assessing and promoting the effectiveness and efficiency of the internal audit function, ensuring the direct functional reporting of this function and assessing the independence of the statutory audit company.

Internal Audit Division (DAI)

Internal audit is responsible for providing the management board and structural bodies with an independent and objective assessment of the effectiveness and efficiency of the internal control system, processes, present and emerging risk management and internal governance, helping to safeguard CGD group's value, solvency and reputation. Its mission consists of proactively and permanently providing the management body, supervisory board, structural bodies and supervisory entities with independent, objective, relevant and creditable assessments and knowledge based on risk, making an effective, efficient and ethical contribution towards management.

It is also, herein, responsible for producing and submitting an annual report on audit issues, containing a summary of the main defects identified in its control actions which may indicate deteriorating trends within the internal control system as well as indicating and identifying the recommendations followed to the Board of Directors and to the Audit and Internal Control Committee.

The Division is also responsible for assisting the Board of Directors in preparing the regulatory report on the internal control system, both separate and for the parent company, periodically reviewing the status of any defects and reporting them to the Board of Directors and to the Audit and Internal Control Committee. These activities are performed in close cooperation with the Compliance Office, Risk Management Division, branches and subsidiaries and the statutory and External Auditors.

Supervisory Board and Statutory Auditor Company

The competencies of the supervisory board essentially include the inspection of management, ensuring compliance with the law and CGD's articles of association, examination of the accounts, inspection of the independence of the statutory audit company and the external auditor.

The supervisory board shall also ensure compliance with legal and regulatory dispositions, the articles of association and standards issued by supervisory authorities (European Central Bank, Bank of Portugal and the Securities Market Commission), in addition to the general policies, internally defined standards and practices and shall monitor the quality and effectiveness of the risk management system, internal control system and internal audit system and supervise the performance of functions in the sphere of risk management, internal audit and the internal control system.

The supervisory board is also responsible for supervising the existence, in CGD, on a separate and consolidated basis, of solid, effective and complete strategies and processes to assess and permanently maintain the amounts, types and distribution of internal capital considered adequate to provide for the type and level of risks to which CGD Group is or may be exposed in addition to issuing the opinions set out by law or which it is called upon to issue, on the report, accounts, statutory audit and proposals submitted to the board of directors.

The supervisory board shall also be present at meetings of the board of directors and the general meeting for which it has been called and when considered appropriate to the performance of its functions, or at which the annual accounts are considered and shall inform the board of directors of the verifications, inspections and steps taken and results thereof.

The supervisory board is responsible for proposing the appointment of the statutory audit company to the general meeting, inspecting the auditing of the accounts and documents for the provision of the company's accounts and the independence of the statutory audit company and, herein, considering and deciding, after consulting the Audit and Internal Control Committee, on the statutory audit company's provision of additional services to the company and CGD Group companies, in addition to the respective conditions and proposing the dismissal thereof to the general meeting in the event of good cause.

Accounting, Consolidation and Financial Information Division (DCI)

Division responsible for producing, processing and developing financial information on CGD's activity, both global and consolidated from an accounting, prudential, statistical and financial reporting viewpoint.

The circuits and controls inherent to the process for the preparation and disclosure of information on separate and consolidated financial information are subject to the permanent oversight and validation of the Statutory Auditors who are responsible for issuing an opinion on the adequacy and efficacy of the part of the internal control system underpinning the process for the preparation and disclosure of separate and financial information (financial report), submitted annually to the supervisors.

Strategy, Planning and Control Division (DPC)

It coordinates the group's strategic planning activities, definition of objectives, production of activity plans and entities' budgets,

Controlling CGD group activity by overseeing and monitoring CGD group's activity, assessing deviations from objectives and foreseeing future gaps.

Financial Markets Division (DMF) – Investor Relations Area

The Financial Markets Division - Investor Relations Area is the structural body geared to handling the relationship and communication with investors, the market and the financial community in general. It is inter alia, responsible for the Corporate Governance Report, the Board of Directors' annual report and accounts which includes the Board of Directors' report per se and issues related with sustainability.

The financial information for disclosure purposes is produced by DCI. The Supervisory Board, in turn, issues an opinion on the report, accounts and proposals submitted by the Board of Directors and supervises the process for the company's preparation and disclosure of financial information in the sphere of its responsibilities.

The financial statements contained in the annual report and accounts and their respective notes are subject to an audit report issued by an external entity.

The governance committee, in conformity with its regulation, is responsible for issuing a formal opinion on the corporate governance report prior to its approval by the Board of Directors. DC also assesses compliance with the corporate governance report vis-à-vis the legal requirements binding upon CGD.

It should also be noted that the information related with the conformity and reliability of the information on sustainability and the guarantee that such information provides an appropriate reflection of CGD's effective circumstances is certified in a declaration issued by Ernst & Young Audit & Associados - SROC, S.A. (EY), as statutory auditor company.

Risk Management and Compliance Function

Financial Risks Committee

(Currently titled "Risk Committee")

The risk committee is responsible for: (i) assisting and advising the board of directors on CGD's separate and consolidated risk issues namely on its general, present and future risk appetite and strategy taking into account all types of financial and non-financial risks to ensure that they comply with business strategy, objective, culture and values; (ii) it is also responsible for assessing and promoting the effectiveness and efficiency of CGD group's internal control processes and monitoring the due implementation of the measures adopted in addition to assessing and promoting the effectiveness of risk and compliance functions; (iii) it is also responsible for overseeing the management policy of CGD's pension fund, advising the board of directors on risk appetite, analysing specific risk categories, namely credit risk, in addition to assisting the board of directors on the supervision of the implementation of CGD's and CGD Group's risk strategy, assessing the adequacy of CGD's risk management systems *vis-à-vis* its profile and strategy; as regards financial risks, the Financial Risks Committee oversees the management of liquidity and the medium and long term financing plan, including contingency and recovery plans. It also oversees the evolution of the credit portfolio, defaults and impairment, pursuant to the other competencies attributed to the risk committee in the RGICSF.

Compliance Division (DC)

The Compliance Division ensures the coordination of compliance risk management in CGD and CGD Group. This includes the oversight and assessment of the control procedures on the prevention of money laundering and countering the financing of terrorism, of the proliferation of weapons of mass destruction as well as the prevention of market abuse, bribery, corruption and external fraud.

DC ensures the adequacy and effectiveness of the procedures adopted to identify any risk of non-compliance with the legal obligations and duties binding upon CGD, in addition to the measures taken to correct any control deficiencies/weaknesses.

It advises the executive committee, the audit and internal control committee and the supervisory board, to which its submits a report, at least once a year, on compliance risk deficiencies and the occurrence of any non-compliances within the Group, indicating the evolution recorded in the implementation of the action plans defined, up until the resolution thereof.

Risk Management Division (DGR)

The objective of the risk management division is to protect CGD group's capital based on its management of capital and solvency, credit, market, liquidity, banking portfolio interest rate, operational and non-financial risks incurred by the group and their existing interrelationships, to ensure the coherent integration of their part contributions and that they remain in line with the risk appetite defined by the board of directors and will not significantly affect CGD's financial situation.

It is also responsible for controlling and promoting the resolution of internally and externally identified recommendations helping to improve the effectiveness of the internal control system.

It provides and presents the executive, the aaudit and internal control committee and supervisory boards with advisory services and a report on risk management indicating whether adequate measures were implemented to correct deficiencies.

Specialised Capital Management, Assets and Liabilities Management Executive Board (CALCO)

This body is responsible for the promotion and oversight of the integrated capital, assets and liabilities process (ALM - Capital, Asset-Liability Management) and the actions and procedures required for its implementation, including the establishing of a control and systematic reporting system on financial risks, liquidity and capital situations and regulatory ratios for CGD Group entities; defining indicators, limits and guidelines, considering and deciding on proposals for strategic guidelines for CGD Group's financing and liquidity policy, overseeing the processes and preparatory works for ICAAP and ILAAP as well as the Recovery and Resolution Plans.

CALCO is also responsible for considering and deciding on proposals for strategic guidelines on risk management policy, namely the Group's balance sheet interest rate risk and market risk, analysing and deciding upon proposals for strategic guidelines on the Group's capital ratios and its capital raising and management policy, based on a regulatory and economic approach, taking scenarios of an expansion of activity and indicators on different types of risks into account, deciding on proposals/measures to optimise the balance sheet and net interest income and on strategic initiatives to optimise the risk/return binomial, monitoring and overseeing their implementation and results, promoting articulation between the Group's financial strategy and commercial policy,

Specialised Products Executive Board (CDP)

This body is responsible for approving the launch of products and services and for verifying their suitability *vis-à-vis* current regulation and the guidelines issued by supervisory entities. CDP is responsible for analysing Caixa's supply of products and services and continuously ensuring the conformity thereof with regulation and internal policy and procedures, in different areas: legal, behavioural, compliance, ethical, fiscal, accounting, management information requirements and regulatory reporting.

The Products Executive Board also decides on the implementation of proposals when all conditions for the launch thereof are in place, or, in the event of any constraint or reservations of structural bodies involved in the formal approval process, analyses the oversight reports issued by DC, in the sphere of its monitoring of the processes for the creation and distribution of products, on the suitability of control mechanisms for the prevention of risks of non-compliance with regulatory obligations and internal procedures and considers the communications, requests or recommendations issued by supervisory entities in the sphere of the creation and commercialisation of products and services.

Specialised Ratings Executive Board (CDRT)

The Specialised Ratings Executive Board is responsible for monitoring credit risks and policies and methodologies regarding compliance and the management and control of the risks for which it is responsible. It is responsible for allocating or reviewing internal ratings on counterparties (economic groups) with an exposure of €50 million or more to CGD Group. It is responsible for deciding on the internal rating for counterparties (economic groups) with an exposure of €50 million, or more, deciding on the internal rating for counterparties with an exposure of €10 million or more, assessing the total percentage of derogations relative to the ratings allocated by the models, monitoring the evolution of ratings allocated to exposure levels which are lower than those for which CDRT is responsible, overseeing the review of the methodology for the allocation of internal ratings and changes to the variables to be used in the analysis, approving the minimum information which must be collected from customers, for risk analysis purposes, in each sector of activity; overseeing the equivalencies between the rating classes of international agencies and internal ratings and deciding upon any other matters thereto related.

Credit Risks Executive Committee (CERC) and Credit Board (CC)

The Credit Board is responsible for credit matters, for which authority has been delegated to it, in terms of amounts, maturities and conditions, authorises customers with overdue credit and credit in arrears, in certain circumstances, to exceptionally remain under CGD's branch office network management, in addition to allocating customers requiring specialised oversight to DAE and DAP. It periodically sets limits, decides on operations with certain characteristics: (i) in terms of maturity; (ii) in terms of guarantees; (iii) equipment leasing for a specific maturity; (iv) restructuring operations with a specified grace period; (v) restructuring operations with a specific increase of exposure; (vi) with intra Group entities and entities operating in certain sectors of activity.

Models Validation Office (GVM)

The Models Validation Office is responsible for the monitoring and control of the internal validation processes of the risk assessment models used in CGD Group, defining and developing methodological techniques for the systematic assessment of the performance of the financial risks assessment models and performance of the rating systems, in addition to the other risk models being produced by the Group. It is responsible for producing a periodic report on the conclusions of its oversight and validation of risk assessment models.

Models Validation Committee (CVM)

This committee is responsible for reviewing the models validation reports, deciding upon the recommendations submitted and approving changes to the Validation Manual or other methodological documents pertaining to the scope of action of the Models Validation Office.

The Models Validation Committee is also responsible for approving the annual activities plan of the Models Validation Office, for the purpose of guaranteeing that the risk models are validated at least once a year, regularly monitoring compliance with the plan and adopting mitigation measures in the event of any deviations therefrom, analysing and assessing rules, guidelines and methods used by the Models Validation Office in the performance of its activity, considering, when appropriate, the input of other CGD areas or internal audit recommendations.

Process Control

Corporate Support Division (DSC)

The corporate support division provides corporate advice and support to CGD's statutory bodies on the development of their functions and compliance with the responsibilities attributed to them by the shareholder, it supports the operation of the board of directors, supervisory, executive and other committees in articulation with CGD Group's diverse structural bodies and entities on issues involving the company's governance model. DSC is also responsible for assisting the special committees, board of directors and supervisory boards and the company secretary in the relationship with CGD's shareholder, Bank of Portugal and the European Central Bank, Securities Market Commission and the Insurance and Pension Funds Authority in addition to overseeing and executing the Group's main governance policy guidelines and advising CGD's board of directors in the performance of its functions and managing the relationship with the diverse interested parties.

DSC is also responsible for ensuring a holistic vision of the information requests from the supervisory bodies, including interventions in the sphere of the single supervisory mechanism, single resolution mechanism and the Bank of Portugal and the joint ECB/Bank of Portugal supervisory teams and other external entities including OSIs (onsite Inspections) interventions, thematic reviews and deep dives and the resolution plan in addition to guaranteeing the articulation of the respective responses with CGD's structural bodies and developing monitoring and internal reporting procedures.

The sustainability area is responsible for defining, promoting and monitoring the corporate sustainability strategy and ensuring compliance with the United Nations Global Compact principles and alignment with sustainable development objectives, coordinating the corporate sustainability programme and the environmental management system, in consideration of economic, social and environmental intervention areas.

Organisation and Quality Division (DOQ)

The organization and quality division ensures the overall management of Caixa's Standards and its internal publication, streamlining its adequate dissemination and corporate application.

It defines and discloses information on the strategies and methodologies in the process management sphere in addition to tools and internal communication plans, controlling their respective application and quality across CGD group as a whole, namely as regards: modelling, documentation and assessments of processes, (potential) operational risks and controls, process and procedural manuals and applicable standards and processes.

To ensure the management of CGD's value chains, processing schedules and customer journeys, promoting the coherence thereof and overseeing the updating of the documentation of processes, respective (potential) operational risks and control procedures in conjunction with the respective process owner structures and other management areas.

Information System Division (DSI)

This body has specific responsibilities for the development of processes within the information system sphere, including the assessment of processes under the CobitT framework, identification and reporting of non-conformities and opportunities for improvement.

Control System for the Protection of the Company's Investments and Assets

To comply with the dispositions of the Bank of Portugal in its official notice 5/2008 and instructions 33/2002 and 12/2015 and, on a complementary level, based on the European Banking Authority – EBA's document: "EBA Guidelines on Internal Governance (GL 44)". CGD's activity is governed on the basis on a series of guidelines and internal standards as the control system's main supporting instruments for protecting its investments and assets. Such guidelines and internal standards are also the tools upon which the management and control of the financial and non-financial risks assumed by CGD are sustained, as they govern the maximum levels of risk it may incur, in compliance with its risk appetite.

Company's risk profile

The risk appetite statement formally establishes CGD's risk appetite, defining the maximum risk level the Bank is willing to assume on each risk category considered as being material. The risk strategy is directly related with the Bank's objectives and Strategic Plan and is regularly reviewed and monitored by the Board of Directors and management team.

The Risk Appetite Statement is complemented by the respective dissemination to Group units (international and domestic activity) and the Risk Appetite Governance Model (RAF – Risk Appetite Framework) that establishes the governance model and involvement of the Bank's different areas, risk management and monitoring mechanisms and the integration of Risk Appetite in risk management and decision-making processes.

General risk appetite principles are set out in qualitative declarations which define the Group's risk strategy. These principles derive from and are aligned with CGD's business strategy and the understanding of the resulting risk/benefit trade-offs. The principles are part of the Bank's culture and strategy, upon which all of its activities are based.

CGD Group Risk Appetite is based on three general principles:

- To ensure solvency and liquidity levels - CGD Group should ensure adequate solvency and liquidity levels, observing the following:
    - To maintain capital strength based on a regular review of the balance sheets' structure;
    - To maintain capital levels at a higher level than required by regulation, ensuring the existence of a buffer in line with market expectations, both in normal as in adverse scenarios;
    - To continue to ensure a stable, solid and safe liquidity position able to withstand adverse scenarios;
    - To maintain stable levels of financing capacity and an adequate stock of high quality liquid assets based on a market-driven approach enabling the balance sheet structure to be adapted to existing circumstances;
    - To control the risk exposure of international entities while, at the same time, maintaining their independence in terms of financing and capital adequacy.
- To ensure long term sustainability and to maintain a leading market position − CGD Group should ensure its sustainability and leading position as follows:
    - Long term stability based on adequate returns on balance sheet risks, improved operational efficiency and risk management (particularly when associated with credit risk) which may put the execution of the Bank's strategy at risk;
    - Maintenance of its identity as a commercial Bank and leading position in the Portuguese market, both in deposits and lending to the economy and households, focusing on retail customers and small and medium-sized enterprises;
    - The aim of achieving a simple and transparent Group structure, based on a modern infrastructure to ensure adequate customer satisfaction levels and minimise operational risk.
- Adopting risk management practices of excellence − CGD Group should ensure the adoption of best risk management practice, observing the following:
    - To strengthen governance and Risk Management and Control functions, ensuring that they are on a level of best market practice and therefore helping to merit greater stakeholder trust;
    - To operate in accordance with solid risk management principles with an effective governance model and policies which ensure compliance with laws and regulations, guaranteeing full alignment with the European Central Bank's SREP – Supervisory Review and Evaluation Process guidelines (as a transversal supervision methodology structured around: i) an analysis of institutions' business models, ii) an assessment of internal governance and implementation of controls, iii) assessment of capital risks and adequacy of capital levels to mitigate them, and iv) assessment of risks to institutions' liquidity levels and the adequacy of liquidity sources to mitigate them);
    - To develop a strong risk management culture focused on safeguarding the Bank's solvency and financing capacity, avoiding risk that may affect stakeholders, particularly depositors and ensuring a strong reputation and market image.

Risk Culture

CGD Group's management is committed to permanently strengthening its respective risk culture whose current practice it promotes through the harmonisation of management concepts and assessment approaches, across all CGD Group Entitles, business areas and different risk dimensions, translating into a continuous development and improvement process.

CGD Group management aims to develop a Group-wide risk culture based on the full comprehension and an integrated, global approach to the risks that it is exposed to and way in which they can be managed based on its risk appetite and the enhanced dissemination thereof across CGD Group Entities. It also supports the development of a Group risk culture and strengthens the governance framework of the risk management function based on a collection of corporate policies comprising practical risk management guidelines, in the form of concepts, principles and control procedures for each of the risks as set out below:

- Global risk management policy;
- Credit risk management policy;
- Operational risk management policy;
- Interest rate risk management policy;
- Foreign exchange risk management policy;
- Market risk management policy (including foreign exchange risk management);
- Liquidity risk management policy;
- Model risk management policy.

The adequate local implementation of risk management models principles, methodologies, metrics and risk reporting provided for in the corporate risk management policies guarantees the strengthening and alignment of a Group-wide risk management measurement system and consequent development of a risk culture in which all parties are fully aware of their responsibilities.

The dissemination of the risk culture across the organisation as a whole and particularly the first line of defense also comprises a CGD Group management priority as the negotiating units are mainly responsible for day-to-day compliance with CGD Group's policies, procedures and controls based on its risk appetite.

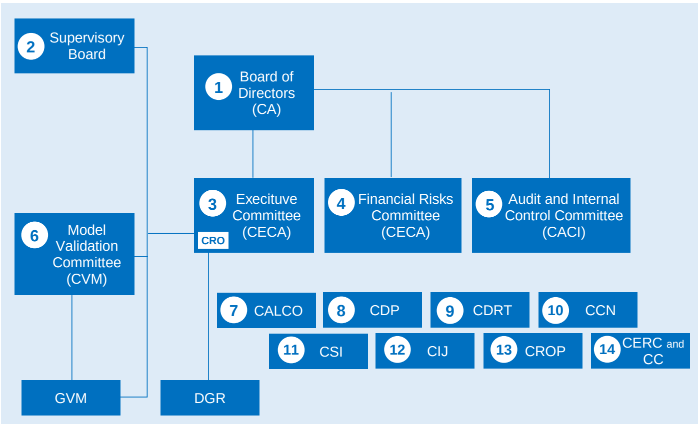
The risk management function has therefore participated in diverse commercial area events, for the promotion and dissemination of CGD Group's risk culture.

Risk Management

Risk management in CGD Group is based on a governance model that aims to comply with respective best practice, as set out in Community Directive 2013/36/EU. The person ultimately in charge of the Risk Management Function in CGD Group is the "Chief Risk Officer" ("CRO"), as a member of the Executive Committee of CGD's Board of Directors. CGD's CRO has global responsibility for monitoring the Group's risk management framework and particularly for ensuring the adequate and effective operation of the Risk Management Function and also having the duty to inform members of the administration and inspection bodies on the risks incurred, CGD's and CGD Group's global risk profile and level of compliance with the defined risk tolerance levels.

The Board of Directors, (❶) assisted by the Risk Committee (❹) and by the Audit and Internal Control Committee (❺) establishes CGD's risk appetite which is implemented by the Executive Committee (❸) assisted by the Risk Management Division and control and business areas.

The Supervisory Board (❷) is the independent Body responsible for inspecting whether the Risk Management Function complies effectively and independently with its responsibilities.



The risk committee (❹) oversees management policy on all risks attached to CGD group's activity, namely solvency, liquidity and financing, banking portfolio interest rate, credit, market, pension fund, operational and non-financial risks.

The audit and internal control committee (❺) is responsible for overseeing, assessing and promoting the effectiveness of the internal control and internal audit systems.

The chief risk officer is a member of the executive committee and is ultimately in charge of the risk management function, assisted by a dedicated corporate structure in the form of the risk management division (DGR) which is responsible for the assessment and control of CGD group's solvency, liquidity and financing, credit, market, pension fund, operational and non-financial risks, firmly establishing the principle of separation between functions in the commercial and risk management areas.

The Head of Risk is directly responsible for the risk management function (managing director of DGR), who is also responsible, without prejudice to the other duties established in CGD's internal standards, for developing and leading a benchmark Division taking into account the dispositions of the RGICSF (Legal Framework of Credit Institutions and Financial Companies), other applicable legal texts and best international practice and standards, to ensure the effectiveness and efficiency of the risk management system and help make continuous improvements to a risk culture within CGD Group.

To fulfil its mission, the Risk Management Function is responsible for:

- Ensuring the implementation and monitoring of the risk appetite framework (RAF) under the terms of the internal RAF standard;
- Ensuring the development and implementation of a risk management system based on robust identification, assessment, oversight, prevention and risk control processes, risk oversight and, and coordinating the development of policies and procedures upon which these processes are based;
- Identifying the risks involved in the activity being performed on a separate, aggregate, present and prospective basis, assessing such risks and measuring exposure thereto using appropriate methodologies;
- Permanently overseeing risk generating activities and risk exposure, assessing them in the context of the approved risk appetite limits and defined risk limits and ensuring the planning of the corresponding capital and liquidity requirements in normal and adverse circumstances;
- Developing, implementing and monitoring of Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process, as well as coordinating the production of the respective reports.
- Participating in the processes for the approval of new products and services and subcontracting of activities, based on an assessment of their respective associated risks and analysing CGD's management capacity of such risks;
- Ensuring that operations with related parties are revised and that CGD's real or potential risks, caused by them are identified and adequately assessed;
- Advising administration and inspection bodies prior to making any decisions involving the taking of material risks, namely when involving acquisitions, disposals, mergers or the launch of new activities or products, for the purpose of ensuring the opportune and appropriate assessment of the impact of risk-taking in terms of CGD's and CGD Group's global risk exposure;
- Overseeing market evolution, legal and regulatory amendments in respect of the Risk Management function, strategic planning process and CGD and CGD Group's respective decisions to ensure that the actions of the function are permanently up-to-date;
- Developing and implementing early warning mechanisms for situations of default and breaches of the Risk Appetite or established limits;
- Issuing recommendations based on the results of the assessments made and continuous oversight of the situations identified, with a frequency in line with the associated risk.
- Producing and maintaining an up-to-date Risk Management Plan to ensure that all of CGD and CGD Group's material risks are adequately identified, assessed, overseen and reported;
- Supplying information, analyses and pertinent, independent expert appraisals on risk positions, in addition to issuing an opinion on the compatibility of the risk-related proposals and decisions with CGD's risk tolerance/appetite;
- Producing and submitting reports with an adequate frequency on risk management to the administration and inspection bodies, including an assessment of the global risk profile and CGD's and CGD Group's various material risks, a summary of the main defects identified in control actions, including immaterial defects when considered separately but which could indicate a deteriorating trend in the internal control system in addition to the identification of recommendations that were (or not) implemented;
- Informing the administration and inspection bodies of any breach or violation (including their causes and a legal and economic analysis of the real cost of eliminating, reducing or offsetting the risk position in light of the possible cost of the continuation thereof), informing, if appropriate, the areas in question and recommending any solutions;

- Ensuring the preparation and submission of prudential reports on CGD's and CGD Group's risk management system.
- Ensuring the implementation of CGD's business continuity strategy based on the global coordination and planning of the respective activities and ensuring the supervision of such matters in group entities

DGR, the Risk Management Division, is present in the following forums:

❸ At Executive Committee meetings when specifically called and monthly with its own item on the agenda for a presentation of the evolution of the main financial and non-financial risks measurement indicators and respective essential concerns on this issue for the following periods.

❹ At risk committee meetings on the basis of a specific request and monthly with its own item on the agenda for a description of the evolution of the principal financial and non-financial risks measurement indicators and essential concerns on this issue for the following periods.

❻ On the General Models Validation Committee (CGVM) in which the Credit Risks Division (DRC) and the Models Validation Office (GVM) are also present. CGVM is the body responsible for the functional management of the Models Validation Office (GVM) and is responsible for considering the validation reports, deciding on the recommendations made and approving amendments to the Validation Manual or other methodological documents in the sphere of GVM.

❼ In the CALCO (Specialised Capital Management, Assets and Liabilities Management Executive Board), in conjunction with business generating areas, support areas and members of the Executive Committee. CALCO is the executive Board's decision-making body, It is responsible for the consideration and oversight of the ALM (Asset-Liability Management) process which aims to achieve proactive balance sheet management and CGD Group profitability.

❽ In CDP (Specialised Products Executive Board) which is responsible for analysing Caixa's offer of products and services and continuously ensuring their conformity with the regulation and internal policy and procedures in different spheres: legal, behavioural, compliance, ethical, fiscal, accounting, management information requirements and regulatory reporting;

❾ In the CDRT (Specialised Rating Executive Bard) which is responsible for attributing or revising the internal rating on counterparties, the approval of whose credit risks CERC (Credit Risks Executive Committee) or the Board of Directors, is responsible;

❿ In CCN (Business Continuity Committee). CCN is the advisory body to the Executive Committee responsible for coordinating and articulating the initiatives and processes in respect of CGD's and CGD Group entities' business continuity, ensuring the control of risks associated with events that could disrupt business by implying the unavailability of physical infrastructures, computer systems or human resources in such a way as to permit the immediate adoption of corrective measures, guaranteeing the alignment of business continuity with the recommendations issued by regulatory entities and overseeing the implementation of the business continuity plans of CGD Group entities;

⓫ In CSI (Information Security Committee) responsible for the consideration and coordination of CGD's and CGD Group's information security initiatives;

⓬ In CIJ (General JESSICA Investment Committee) which is the Executive Committee's advisory body responsible for considering and classifying financing proposals under the JESSICA Community Initiative, (developed by the European Union and the EIB – European Investment Bank, in collaboration with the CEB – Council of Europe Development Bank

⓭ In CROP (Operational Risk Committee) which is the body responsible for the coordination, assessment and discussion of issues related with operational risk management on a CGD Group level. It is responsible for monitoring the global level of operational risk assumed by the Group, verifying its conformity with the established strategy and policies and deciding on the action plans submitted or submit them for a resolution of the Executive Committee.

⓮ At the Credit Risk Executive Committee (CERC) and at the Specialised Executive Credit Board (CC), in specific sessions to ensure a correct articulation of responsibility in the treatment of clients at risk between CGD's retail network and specialized areas for monitoring and credit recovery.

Main risks to which the Company is exposed

Caixa Geral de Depósitos operates as a universal bank, with a full range of specialised financial services, providing its customers with a full service international group.

CGD has an integrated presence in almost all banking business areas, namely: commercial banking, investment banking, brokerage and venture capital, real estate, asset management, specialised credit, inter alia, incurring solvency, liquidity and financing, credit, market, pension fund operational and non-financial risks.

Solvency risk

Solvency risk comprises the risk of negative impacts on profit or equity resulting from changes to regulatory or fiscal frameworks, including the risk of mismatches between capital adequacy and risk profile.

Solvency risk, formalised in the last revision of the classification of CGD group risks, comprises fiscal, regulatory and internal capital risk areas.

Reference should be made, in terms of the oversight of solvency risk, to the regular monitoring of the adequacy between own funds and the risk profile.

From a regulatory viewpoint, this oversight comprises the regular measurement of regulatory capital requirements for Basel Pillar I risks: credit, market and operational risk. CGD group has adopted the standard method for the calculation of its own funds requirements for credit risk, as defined in chapter 2, heading II, part III of Regulation (EU) 575/2013: own funds requirements for the trading portfolio are measured by the application of the standard method to debt, capital and foreign exchange instruments and, lastly, own funds requirements for operational risk are based on the risk-weighted three year average of the relevant indicator, calculated each year for each activity segment as defined in the same regulation by the standard method.

Under Basel's Pillar II, CGD group performs an annual internal capital adequacy assessment process (ICAAP) to identify, measure and allocate capital to the risks to which the banking group is or is likely to be exposed. In addition to the annual ICAAP process, whose results are reported to the supervisor, the quantification of internal capital requirements for the most relevant risks is revised quarterly to ensure regular management oversight of internal capital needs and adequacy. This measurement is based on internally developed methodologies covering the following risk categories: i) credit risk (including credit concentration and sovereign risk); ii) real estate risk; iii) market risk (including CVA, foreign exchange risk and credit spread risk); iv) banking portfolio interest rate risk; v) operational risk; vi) reputational risk and vi) strategic risk.

In conformity with the approved risk framework and appetite statement, internal and regulatory capital adequacy is calculated on the plan upon which group strategy is implemented. Capital and short and medium term requirements plans are produced in the context of a base scenario but also consider the macroeconomic framework and adverse idiosyncratic events to enable an assessment of the sufficiency of the group's capital in adverse circumstances.

Credit risk

Credit risk is associated with the losses and level of uncertainty regarding a customer's/counterparty's capacity to meet its obligations. Given the nature of banking activity, credit risk is particularly important, owing to its materiality, notwithstanding its interconnection with the remaining risks.

The management and control of credit risk are governed by internal standards that, based on the use of rating/scoring techniques, exposure levels, level of coverage by real guarantees and the maturity of operations, define the levels of competence necessary for the decision-making process on credit.

There is a qualitative assessment process on the economic-financial capacity of the more relevant and larger companies and economic groups performed by risk analysts from the ratings division (DRT), upon which the final rating allocated to each company or economic group is based.

In the credit risk delivery process, which is always accompanied by a commercial proposal, a risk opinion on companies, financial institutions and economic groups whose exposure to CGD is higher than a specific limit, as defined both by their rating and activity sector, must be obtained from the Credit Risk Division (DRC).

Credit and credit risk control portfolios are regularly examined by DGR, using operational systems which identify events with the potential to increase credit risk on a daily basis which are then assessed in order to enable corrective measures whenever applicable. Monthly reports making reference to the performance and perceived quality of the credit portfolio are produced for the structural bodies, in the following spheres i) new credit agreements, ii) credit which has been restructured owing to a customer's financial difficulties, iii) non-performing exposures, iv) default and v) concentration.

A process for measuring impairment losses related with default and the measurement of credit assets has also been implemented in CGD Group. It is overseen by the Board of Directors on a monthly basis. The criteria and methodologies involved in the calculation of impairment and allocation of the exposures to the stages under IFRS9 which are subject to control and audit processes both by the internal bodies responsible for the validation (Models Validation Office and Internal Audit Division) and CGD's External Auditors who produce an independent report to be sent to the Bank of Portugal every six months.

Progressive improvements have also been made to credit risk control, both as regards the definition of new approaches to credit portfolio segmentation and in terms of greater standardisation of the methodologies applied.

Market risk

This translates into potentially negative impacts on the Institution's income or capital, deriving from unfavourable price movements of portfolio assets. It includes the impact of adverse changes in foreign exchange rates in the balance sheet's foreign exchange position.

So this is originated by uncertainty on the fluctuations of market prices and rates, such as share prices or interest and foreign exchange rates and indices and on the behaviour of the correlations between them.

The executive committee has defined and approved guidelines on the management and control of market risk, to be complied with by the financial markets division (DMF) and CGD group entities responsible for managing portfolios containing financial assets subject to market risk or with a foreign exchange position. The principal risk measure used to manage and measure market risk is "value at risk (VaR)", complemented by other "expected shortfall" and "three worst" metrics, in addition to sensitivity measures more adjusted to the specific type of market risk to be measured such as i) "basis point value (bpv)" and "duration" for interest rate risk and ii) Greeks for optionality risk.

The market risk guidelines also define loss limits, market liquidity limits and concentration indicators to be complied with for portfolio management purposes. The relevant indicators, control of compliance limits and reporting to managers are monitored daily, or even on an intraday basis for CGD headquarters' trading portfolio.

The key market risk indicators, including the marking of defaults on or compliance with limits are always submitted for the consideration of each capital, assets and liabilities committee (CALCO).

Pension fund risk

Pension fund risk involves negative impacts on profit or equity resulting from the need to make contributions to defined benefit pension plans owing to events having an adverse impact on the projected coverage of liabilities for the managed assets.

Formalised in the last revision of the classification of CGD group's risks, pension fund risk includes strategic, actuarial and market areas. This is only materially relevant in the context of CGD, SA and is periodically overseen by CALCO, the executive committee, risk committee and board of directors.

Liquidity and interest rate risk in the banking portfolio

Liquidity risk in the banking business area can occur in the event of *i)* difficulties in resource-taking to finance assets, normally leading to higher costs in securing such finance but which may also imply a restriction on asset growth, or *ii)* difficulties in promptly meeting obligations to third parties caused by significant mismatches between residual periods on assets and liabilities.

Balance sheet interest rate risk is the risk incurred in the activity of a financial institution whenever, during the course of its activity, it contracts for operations whose financial flows are sensitive to interest rate changes. Put in different words it is the risk of the occurrence of a change in the interest rate associated with the mismatching of interest rate re-fixing periods between assets and liabilities held, with a decrease in yield or increase in financial cost.

The particular dichotomy, in the case of assets and liabilities held by credit institutions, between short, medium and long term fixed and variable-rate portfolios, may also lead to interest rate risk as regards the risk of mismatches between re-fixing periods, base risk and yield curve risk, for which matters involving the assessment of interest rate risk in the banking portfolio should be closely monitored.

For the management and control of liquidity and interest rate risk in the banking portfolio, guidelines have been defined on the roles and responsibilities of the diverse parties, the metrics to be measured, limits on such metrics and control on such limits. Monthly reports are produced on the monitoring process of the size of the exposure to such risks to support control compliance with the existing guidelines, subject to a monthly assessment of CALCO (and of Executive Committee in the sphere of Risk Report).

Operational risk

Operational risk comprises the risk of negative impacts on results or capital deriving from failures of analysis, processing or settlement of operations, internal and external fraud, use of subcontracted resources, internal processes involving the making of ineffective decisions, insufficient or inadequate human resources and situations of the inoperability of infrastructures.

Operational risk is the risk of losses resulting from inadequacies or failures of processes, persons and information systems or caused by external events, including legal risks.

An end-to-end methodology for operational risk management has been adopted in CGD Group (both by CGD and its branches and subsidiaries).

The referred to methodology includes the definition, oversight and reporting of tolerance and risk appetite limits for the Group as a whole. It also includes the identification of operational risk events, the analysis of new products and services, monitoring of subcontracted activities, self-assessment of risks and controls associated with processes and key risk management indicators, as well as the promotion of action plans designed to mitigate exposure to operational risk, based on the implementation of adequate control and risk-mitigating procedures.

The methodology implemented in the Group is supported by a corporate governance model and includes the disclosure of information through an internal reporting system that includes the regular Committees and the disclosure of reports to various Group structures.

Non-financial risks

CGD's non-financial risks which were formalised at the time of the last review of CGD group's risk classification, include strategy and business, information technology and reputational risks. These risks consist of the probability of the occurrence of negative impacts on results or equity depending upon the risk category:

- Strategy and business risk: losses deriving from macroeconomic, geopolitical, business model, investment, equity investments in banks and non-banking entities, climate change and pandemics;
- IT risk: losses deriving from the risk of change, data integrity, IT system failures, access risk and the delivery risk of IT systems;
- Model risk: losses caused by failures of inadequately applied models/algorithms used to define prices or to facilitate decisions to be made on transactions or other business decisions;
- Reputational risk: losses originating from the negative perception of CGD's public image (banking activity, bancassurance, asset management and risk of the protection of confidential data).

The relevance of the management of non-financial risk in CGD group has been increasing. CGD is developing a specific management model for these risks with its own tools and methods, focused on the identification, assessment, oversight and control of the risks. These tools include questionnaires, definition of specific risk appetite and risk and control matrices used as a basis to define dedicated action plans for non-financial risk.

The group will maintain an organised collection and operating process on the various non-financial and emerging risk categories, including information to be housed in a database (with events, associated losses and corrective/remedial measures implemented), to complement and be articulated with its operational risk accomplishments.

Business Continuity Policy

The Business Continuity Policy applies to all critical business areas, physical and technological support infrastructures and the involvement of Caixa Geral de Depósitos, S.A.'s human resources in Portugal, which could compromise its normal operating activities, safeguarding the interests of its customers, the Portuguese state as its sole shareholder, the financial system and the supervisory authorities, its employees and other interested parties.

This is achieved through a Business Continuity Management System which covers the policies, allocation of responsibilities, processes and procedures designed to enable CGD to prevent serious incidents caused by anomalous events, or, if this is not possible, effectively respond to such incidents, ensuring the continuity of its critical business functions at minimum acceptable levels and achieving the following objectives:

- Safeguarding human life and the well-being of anyone inside CGD's infrastructure;
- Protecting CGD's image of strength and trustworthiness;
- Keeping its customers satisfied;
- Maintaining market competitiveness, minimising financial losses; and
- Meeting its legal, regulatory and contractual obligations.

The Business Continuity Policy is based on the following principles:

- Identification of the business processes upon which critical business functions are based and their priorities and recovery requirements – analysing the impact of interruptions to business processes over time, assessing recovery priorities and the resources upon which they are based (information systems, human resources, infrastructures, suppliers);

- Assessment of the exposure of critical business processes to events which may compromise its continuity owing to the unavailability of the resources on which they are based and assessing the risk exposure level;
- Implementation of warning, response and recovery mechanisms for incidents deriving from such events defining and implementing a Business Continuity Strategy enabling the elimination of reduction of the probability of the occurrence of incidents or, if this is not possible, to recover the critical business processes within the defined periods, ensuring the continuity of its products and services at minimum acceptable levels, if such events effectively occur;
- Monitoring and continuous improvement of CGD's capacity to ensure its Business Continuity based on exercises, tests and reviews of plans, an analysis of performance indicators and periodic audits. The business should be continuously improved through the application of corrective, preventative and improvement actions deriving from such activities;
- Incorporation of a Business Continuity culture in CGD – ensuring that all employees understand their responsibilities, based on awareness-raising actions.

Information on the Business Continuity Policy is provided to all CGD employees and the general public.

3.6.3. Regulations and codes

Internal and external regulations applicable

CGD's activity is governed by the legal standards applicable to public limited liability companies in the form of the Commercial Companies Code and the standards regulating the state's corporate sector as a result of its public company status (cf. Decree Law 133/2013 of 3 October[9]) and Law nº 52/2019 of 31 July which approves the regime for the exercise of political positions and high level of public office. CGD's activity is also governed by its articles of association which approve the regime covering the performance of holders of political and high public office). CGD is also governed by its statutes.

CGD's activities are also governed by European and domestic legislation. In terms of domestic law, this particularly includes the general credit and financial corporations regime approved by decree law 298/92 of 31 December and the securities code approved by decree law 486/99 of 13 November and all regulatory standards issued by the Bank of Portugal and the securities market commission.

The Bank of Portugal's notice 1/2019 on procedures for the maintenance and supply of background information for the preparation of the financial statements and the terms and periodicity of the accounting elements to be published and sent to the Bank of Portugal was published in 2019. Reference should also be made Bank of Portugal instructions 2/2019 and 3/2019 that, in complying with EBA guidelines and recommendations, define procedures on the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP) and respective reporting models for the supervisor.

Reference should also be made to the publication of law 15/2019 of 12 February on the transparency of information on large loans and the tighter parliamentary control on access to banking and supervisory information, law 17/2019 of 14 February, complemented by ministerial order 219/2019, defining the regime of obligatory communications of financial information on residents to the tax authorities and law 58/2019 of 8 August that ensures the implementation of regulation (EU) 2016/679 in terms of national legislation, on the processing of personal data and free circulation of such data.

Also having a significant impact on CGD's activity was the publication of law 7/2019 of 16 January that, in the area of insurance sales, consolidates the protection of insurance underwriters, insurees and beneficiaries of insurance products, based on a qualitative improvement of the duty to inform and providing for situations of inadequate sales of insurance products, through the strengthening of professional qualification requirements.

Reference should also be made to the publication of directive (EU) 2019/1153, which defines measures on access to financial information by the competent authorities of member states, by means of the implementation of a European-wide central registry of bank accounts.

Bank of Portugal instructions 1/2019 and 21/2019 which respectively regulate the duty to report serious incidents, related to the provision of payment services under the revised payments services directive (DSP2) and the reporting of cyber security events were

[9] As amended by Law 75-A2014 of 30 September and Law 42/2016 of 28 December.

published in 2019 under the provision of payment services. Reference should also be made to regulation (EU) 2019/518 whose alterations to regulation (EU) 924/2009, define new transparency rules on currency conversion charges on payments in the European Union; new duty to inform requirements for card based payments and electronic (e-banking and mobile) payments.

Reference should also be made to the fact that legislative initiatives designed to ensure the implementation of MiFID II continued to be implemented in 2019. Following the alterations to the securities code brought in by law 35/2018, reference should be made to the regulating of the securities market commission (CMVM) herein, namely regulations 12/2018 and 13/2018, published in January 2019.

The financial brokerage sphere also continued to witness the publication of regulation on the fundamental informational content and format of the prospectus in the form of regulations (EU) 2019/979 and 2019/980. Reference should also be made to CMVM regulation 3/2019, making the first alteration to CMVM regulation 2/2016, on complaints brought by non-qualified investors against entities supervised by the CMVM and conflict management and CMVM regulation 6/2019 establishing a new reporting obligation for entities qualified as settlement internalisers.

Following the publication of law 83/2017[10] and Bank of Portugal notice 2/2018, the year 2019 witnessed the publication of Bank of Portugal instruction 5/2019 which redefined the information requirements to be periodically reported to the supervisor on the prevention of money laundering and countering the financing of terrorism issues as part of the respective report to be submitted annually. Reference should also, herein, be made to ministerial order 200/2019 which altered the initial date of the declaration of the entities subject to the central registry of beneficial ownership (by 31 October 2019 for companies subject to commercial registration and by 30 November 2019 for other entities).

On a European level reference should be made to the publication of regulation (EU) 2019/758, which defined technical risk management standards on the prevention of money laundering and countering the financing of terrorism on a group level, regulating the minimum and additional measures to be taken by credit and financial institutions to mitigate such risk as regards certain third countries.

CGD has an SNI ("Internal Standards System") which is accessible to and binding upon all employees. It covers the most relevant aspects of the company's operation and performance of its activity.

Codes of Conduct and Ethics

The values, ethical principles and standards of professional conduct governing the performance of CGD's employees have been published in its Code of Conduct.

This code is a fundamental instrument for the management of CGD's ethics as a self-regulating document which must be complied with in and by CGD. It contributes to:

- Harmonising reference standards for ethical dilemmas;
- Affirming the values, performance principles and standards of conduct governing relationships with various interested parties;
- Promoting an organisational culture of legal compliance and conformity with the values and principles adopted;
- Developing best corporate governance and ethical conduct practices.

CGD provided its new employees, trainees of Caixa Academia and the present employees of different Caixa structural bodies and CGD Group entities with training on Ethics and its Code of Conduct, in 2019.

Work also began, in 2019, on the process for the revision of CGD's code of conduct for the purpose of harmonising the code with CGD's new values and mission as well as updating the respective issues in conformity with best international practice.

CGD's Code of Conduct is available on its intranet and website at: https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Regulamentos/Documents/Codigo-de-Conduta-CGD.pdf

CGD elaborated a Code of Good Conduct on the Prevention and Combat to Harassment in the Workplace at CGD, fulfilling the most recent legal evolutions, in particular in the Labour Law, with the objective of reinforcing the legal framework for the prevention of work harassment practices in compliance with its own Code of Conduct. The Code

[10] Law 83/2017, of 18 August, which establishes measures to combat money laundering and terrorist financing, transposing Directive 2015/849 / EU, of the European Parliament and of the Council, of 20 May 2015

intends to identify behaviours that are bound to be considered work harassment situations and to define measures to prevent and combat those behaviours, constituting a guiding board for all those working at CGD.

Application of standards designed to prevent corruption and action plans to prevent and mitigate fraud

A new external fraud prevention and management unit was set up following CGD's executive committee's approval of the new fraud management model which implied the centralisation of activities performed in this area by other CGD structures in the compliance division, previously known as the compliance office.

The primary objective behind the compliance office's performance herein are to prevent incidents of fraud, comprising a component of preventative and proactive analysis in such a way as to diminish CGD's exposure to risk situations and for the adoption of containment/mitigation measures on the occurrence of incidents of fraud based on the performance of various activities, namely:

- Monitoring and analysis of situations of the reporting of instances of fraud and alerts associated with phishing, smishing and vishing and cases of the rejection of fraudulent movements in the sphere of electronic banking and other means of using accounts, enabling the assessment of the need to implement additional preventive measures as well as the existence of possible systemic effects and operating standards;
- Assessing the effectiveness of CGD's fraud prevention processes, identifying any opportunities for improvement, incentivising the implementation of the monitoring and continuous identification of solutions mechanisms and/or tools to ensure the reduction of operational risk and maintenance of quality of customer service, proposing, if necessary, alterations to procedures, articulating the operationalisation thereof in conjunction with the diverse divisions;
- Regular publication of news, alerts or issue of recommendations designed to oversee trends and new types of fraud with the prime objective of curtailing instances of fraud and preventing its future occurrence;
- Processing of the alerts received by external entities/international brands in the sphere of issuing activities with the adoption of suitable preventive measures to deal with the reporting commitment;
- Analysis of acquiring risk on the monitoring of POS terminals in which CGD is the acquirer in order to assess the existence of instances of fraud and any containment measures.

To further its responsibilities for activities in the sphere of the prevention and management of external fraud, DC has a specific communication channel with all of the parties involved and assists CGD's various structural bodies on situations which are indicative of instances of fraud.

Upon discovery of an instance of external fraud, preventive measures commensurate with the specific instance are taken. These may involve the introduction of precautionary measures on customers or the implementation of other preventive measures to control capital flows in suspect accounts. Whenever justified, occurrences determining the need for more specific analyses give rise to the opening of the corresponding verification processes.

CGD´s governance model ensures the effective segregation between management and inspection functions, which contributes to the prevention and mitigation of a credit institution inherent risks among them corruption risks and connected infractions,

CGD´s internal control system comprises permanent measures aiming to prevent and combat of corruption and connected infractions which are reflected in several procedures and internal regulation namely the code of conduct, the Prevention of Corruption and Connected Infractions Policy, Global Prevention and Management of Conflicts of Interest Policy Internal Communication System on Irregular Practice.

As a result of these policies, CGD is a contributor to the Council for the Prevention of Corruption's (CPC's) list of entities and sends information to this Council on the respective Prevention Plans on the Risks of Corruption and Associated Offences under CPC Recommendation 1/2009 of 1 July.

In addition to the above referred to procedures and internal standards, as part of the internal control system, all of the activity of Caixa and its employees is governed by the principle of active rejection of all forms of corruption. Such imperative professional conduct has been set out in article 31 of its code of conduct which expressly states the following

1. CGD actively rejects all forms of corruption and its employees should not be involved in situations which may lead to acts which may be associated therewith.
2. CGD's activity is subject to rigorous internal control mechanisms, which include internal standards geared to preventing and countering corruption.

CGD´s PPCIC ("Prevention of Corruption and Connected Infractions Policy") establishes the guideline principles for detecting and preventing corruption and connected infractions, lists the areas which are potentially more exposed thereto and describes prevention methods, respective officers, and rules applicable to the monitoring, assessment and revision of the respective policy.

This policy also enables employees to report situations of which they are aware and which they consider to be classifiable as corruption based on the use of defined internal or external mechanisms, namely SCIPI, whose objectives are also related with preventing and countering corruption.

The dispositions set out in PPCIC are always, whenever necessary, complemented by specific internal standards or other instruments.

As a means of strengthening these instruments and in light of the Recommendations being issued by the Council for the Prevention of Corruption, CGD has systemised its Plan for the Prevention of Corruption and Associated Infractions which identifies the risks of corruption associated with each structural body and indicates the measures taken to mitigate the occurrence thereof as defined in the Policy for the Prevention of Corruption and Associated Infractions.

The plan for the prevention of corruption and associated infractions was implemented across 2019 and its sphere of application expanded to corporate functions and CGD entities.

CGD provided training on issues related to the prevention of corruption and associated infractions to new employees and the current employees of Caixa's different structural bodies and employees of CGD group entities, in 2019.

Caixa, through its internal audit division (DAI) allocates various resources to a preventative approach to internal fraud, mainly by continuously auditing a series of indicators and alerts on operations with certain characteristics that could potentially indicate the existence of fraud and which permanently and automatically activate audit alarms, which may generate the need to question the parties involved in the respective operations.

In addition to preventative considerations, Caixa, through DAI, approaches fraud on the basis of an investigative and remedial strategy (mitigation). DAI also has a mailbox for all users.

Precautionary measures needed to avoid material damages to Caixa and its customers are taken as soon as the investigation is launched (contacts for clarification, account restrictions, blocking of amounts, risk annotations, reports to the authorities, etc.)

The investigations aim to establish internal and third party (customers) disciplinary liabilities, followed by the applicable recovery/mitigation measures (e.g. negotiating of payment plans, legal action against fraudsters, etc).

Whenever, during the course of such investigations, any control weaknesses which may give rise to internal or external fraud or needs for any additional procedures are identified, they are sent to the entities/internal structural bodies which are best qualified to examine them in greater detail and implement them.

DAI is equipped with software to register all occurrences related to internal fraud, as well as the respective mitigation measures.

The identification of any occurrences which could be associated with corruption will be dealt with by DAI in the sphere of its authority and incorporated as referred to above.

Reference should, lastly be made to the fact that the report identifying the risks and occurrences of corruption and associated infractions in 2018 was published on CGD's website in April 2019 and is available at

https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/Relatorio-Ocorrencias-Corrupcao-Infracoes-Conexas.pdf

Compliance with Legislation and Regulations

Application of standards relating to competition and consumer protection

Caixa Geral de Depósitos's activity is governed by the ethical principles set out in its code of conduct, furthering objectives of profitability, quality, customer satisfaction, fair prices and rigorous compliance with the rules of competition and protection of bank customers.

Updating norms of transparency in the relationship with the client

CGD permanently oversees the publication of new legal and regulatory obligations, in addition to the issue of recommendations and definition of good practice by the supervisors, with the objective of adjusting its activity in conformity.

Reference is made to the publication of a series of statutes in 2019 in item 6.2. They include, inter alia, specific obligations to provide customers with clear, full and reliable information. Reference should, herein, be made to the special duties to provide information on the commercialisation of retail products and financial instruments provided for in article 77-E of the general credit institutions and financial corporations regime, brought in by law 35/2018.

With the aim of adjusting its performance to conform to these behavioural standards, Caixa systematically analyses its practices and internal standards on such issues, identifying opportunities for improvement, to prepare for the expected legal and regulatory amendments.

Commercialisation of banned products or products under public discussion

Owing to their nature and importance in people's day-to-day lives, financial products and services are permanently scrutinised by supervisory bodies, as well as by customers and consumer protection bodies, self-regulating bodies, sectoral representation bodies and lawmakers.

The financial products and services commercialised by CGD comply with rigorous internal control mechanisms ranging from design to commercialisation and disclosure/advertising, with the aim of ensuring scrupulous compliance with all legal and regulatory obligations, as well as best practice, as disclosed by international and national bodies and the ethical principles defined by CGD.

Corporate management, approval and monitoring of products policy

The governance, approval and monitoring of products policy which came into effect on the 18th November, 2018 and is currently in force, defines the operating principles behind the internal approval of products in due compliance with the governance and monitoring guidelines as well as the formal policy on the approval of new products/services.

The development of new products/services is focused on their specific target customers ensuring that their interests, objectives and characteristics are taken into account, with the formal indication and justification of the customer's objectives that the product aims to meet and the characteristics of the target customers.

This policy is a corporate tool which is directly applicable to Caixa group companies. Any necessary or appropriate adjustments may be made on the basis of their specific local characteristics and circumstances which have previously been validated by DGR (risk management division) and DC (compliance division) and authorised by CGD's management board.

3.6.4. Disclosure Duties and Relationship with Stakeholders

Tutelage Function and Shareholder

Caixa Geral de Depósitos fulfils the special information duties to which it is obliged, namely with the General Directorate for Treasury and Finance, communicating, among other means, via UTAM's SiRIEF system.

In accordance with Decision 1361, of the Secretary of State for Finance of 18th July 2014, CGD is exempt from publishing the information foreseen in paragraphs d), f) and g) of article 44 of Decree-Law 133/2013, having CGD extended the same interpretation to paragraph i) of the same article, given the similar nature of the information referred to.

Institutional Investors

Under the terms defined in its legal framework, CGD, as an issuer of financial instruments, has appointed a *Market Relations Representative* (*Investor Relations*), which is devoted to assure the relationship and communication with investors, analysts, regulators and the financial community in general, namely in the following areas::

- The ongoing, consistent disclosure of information on policies, strategic pillars, financial evolution and all relevant information that CGD is obliged to disclose by applicable regulations and observing the best international practice in a context of transparency and rigor to investors, analysts, regulators and other stakeholders

  In compliance with its public disclosure requirements, Caixa Geral de Depósitos has published all relevant, mandatory information on the CMVM's information disclosure system as well as hosting it on its internet site for all interested parties. This includes results announcements, rating changes, capital and MREL requirements and the evolution of the sale process of international assets.

- The proactive management of relations with the financial community, namely investors, counterparties and analysts. The main focus of this activity is to participate in meetings, events and conferences that allow for the opportunity to have a direct contact and to provide information to the financial community on CGD's activity and, at the same time, to assess how the perception of the financial community evolves over time. The final objective of this approach is to maintain an investor database that allows CGD to fulfil its funding plans in debt capital markets.

Various initiatives with this in mind were organised in 2019. Reference should be made to participation at conferences in various European cities, 69 face-to-face meetings with 106 investors as well as responses to 168 emails requesting information. At the time quarterly results are announced, a conference call is conducted by the CFO, allowing investors to place questions and have direct regular access to the highest levels of the bank's management. A podcast is also made available for future consultation.

In November CGD issued its first non-preferred senior debt instruments in the Portuguese market which attracted major interest from investors, translating into a substantial number of buy orders and oversubscribed by a factor of 7. The placement of the issue was preceded by a roadshow with 11 meetings in Paris and London enabling, once again, direct interaction with 31 investors.

- The activity developed with international rating agencies with which CGD has contracted rating services aims at providing these institutions with relevant information for their analysis which has a significant impact on financing costs paid in the capital markets. Meetings were held with all agencies in 2019 in which CGD was always represented by its CFO, together with other contacts for the provision of clarifications and the supply of updates.

  The results achieved through the implementation of the strategic plan were recognised by the 3 agencies. DBRS upgraded CGD's rating by one notch in June to BBB. In the following month Moody's affirmed its Ba1 rating on CGD and upgraded its outlook from negative to stable. In October, Fitch upgraded its rating on CGD for the second consecutive year to BB+.

Supervision Entities

During 2019, and as part of prudential supervision, CGD had 46 face-to-face meetings with the *Joint Supervisory Team* (JST – joint team from the ECB and the BdP). Besides these meetings, and in line with past experience, CGD has recurrently, on a weekly basis, a conference call with the JST with the objective of discussing the status of items for which there is a mandatory answer. In 2019, the topics included mostly *On-site inspections*, *Thematic Reviews* performed to CGD about SREP, ILAAP, ICAAP and the financial results of the Group. These interactions, on a wider context, allow supervision authorities to obtain feedback on the measures taken by CGD to mitigate insufficiencies, while allowing CGD in turn to obtain guidance or clarification on certain matters.

In 2019, similar to previous years, several workshops (requested by the JST) were held with different departments of CGD (DGR/DMF/DAI) on certain themes, such as: *Market Risk, Liquidity Risk*, IRRBB and Operational Risk. During those workshops, CGD presented the monitoring model of those items (internal policies and procedures, number of resources allocated), while the Supervisor obtained clarifications.

In what concerns the BdP, the Supervisor interacts with CGD, at a domestic level, through its normal banking regulation activity. In parallel, as part of the support provided to the ECB in supervising relevant entities, the BdP is present in all interactions described in the previous paragraph.

In matters related with banking resolution, the BdP, beyond its national responsibilities as bank resolution entity, supports the *Single Resolution Board* (SRB), in preparing the work leading to the elaboration of CGD's resolution plan. In 2019, in addition to collecting information, the SRB determined a set of *Working Priorities*, with a view to improving the institution's resolvability. 2 workshops were held in 2019, with the purpose of discussing the MREL target and present. The MREL binding requirement was set by the SRB and will have to be fulfilled by January 20

Employees

CGD maintains a cordial and committed relationship with all union structures, scheduling meetings when requested or as part of specific processes where those are involved, such as the 2019 Salary Revision and the negotiation of a new Corporate Agreement (Acordo de Empresa or AE) after the previous one was cancelled. During 2019, a total of 80 meetings were held with unions (STEC - 37; FEBASE - 18; FESIBA - 17; and a first round of negotiations with SINTAF - 8) to negotiate the AE, which was in the meantime signed with all except for SINTAF.

Following the negotiations carried out with the unions in the last two years, it was possible to successfully conclude the new company agreement, whose signature took place already in 2020, which represents for CGD the creation of structural conditions a more efficient human resource management and more aligned with the criteria for valuing meritocracy and the Institution's overall performance, in line with sector practices.

In accordance with the legal obligation foreseen in the Labour Law to have regular meetings between the Workers Committee and the Administration of the company, 9 meetings were held in 2019.

Clients

Client experience

Clients' expressions of dissatisfaction are essential for CGD to assess the Customer Experience and the continuous improvement of service quality. They allow for the regular identification of opportunities for correction and improvement, crucial for the identification of certain types of risk, including those related with compliance, as well as for an increase in the level of satisfaction of the Client.

Process efficiency requires close collaboration between units responsible for product development, operations and support, as well as internal control units. In 2019, that interaction was increased to ensure the incorporation of corrections identified via complaints, satisfaction surveys and monitoring of levels of service.

The number of complaints in 2019 was 12.253, a reduction of 6% compared to the previous year and the lowest level since 2015. The most recurrent themes were related with Customer Service, Deposits and Means of Payment with 32%, 20% and 20% of the total, respectively although the last item decreased 27% when compared with 2018. There were also decreases in the number of complaints related with Financial Instruments (-26%), Credit (-10%), Deposits (-7%) and Self-Service channels (-7%).

In 2019 CGD guaranteed the renewal for a new 3 year period (to be confirmed on an annual basis) of its ISO 9001 Quality Certificate for the process Management and Treatment of Client Suggestions and Complaints (excluding those related with fraud) relative to its activity in Portugal.

Reputation

The entry in 2020 was marked by positive findings. In 2019, Caixa's brand reputation continued to evolve positively. According to "The Banker" magazine, the Caixa Geral de Depósitos brand kept a rating of AA+, having been considered a "very strong" brand.

Despite some events with negative impact on the bank's image (namely the Parliament's Inquiry Commission and EY's Audit Report), the Reputational Index, which includes indicators considered fundamental for the sustainability of a bank (Trust, Solidity, Transparency, Ethics and Governance), and which is a result of the way clients' see the institutions, maintained a clearly "positive" evaluation, according to the BrandScore study.

Despite the difficulties and negative pressure from the media, Caixa managed to improve the loyalty of SME clients and increase the attractiveness for SMEs which are not yet clients of Caixa.

According to the RepScore study, Caixa's performance, with a positive evolution, fared better than the sector.

3.6.5. Disclosure of information on CGD´s website

CGD makes available financial data as well as information on its corporate governance through its web site, the web site of the capital markets regulator – CMVM's Market Dissemination Network and the web site regarding public sector companies of the Directorate General for the Treasury and Finance. The following links identify some of the main topics:

Company details	
https://www.cgd.pt/Ajuda/Pages/Aviso-legal.aspx	
Statutes	
https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/CGD-Articles-of-Incorporation.pdf	
Regulation	
Board of Directors	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-Board-Directors.pdf
Executive Committee	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-Executive-Committee.pdf
Supervisory Board	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-Supervisory-Board.pdf
Corporate Governance Committee	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-Governance-Committee.pdf
Financial Risks Committee	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-Financial-Risk-Committee.pdf
Audit and Internal Control Committee	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-Audit-Internal-Control-Committee.pdf
Nomination, Assessment and Remuneration Committee	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-Appointment-Assessement-Remuneration-Committee.pdf
Remuneration Committee	https://www.cgd.pt/English/Institutional/Corporate-Governance/Documents/Regulations-General-Meeting-Remunerations-Committee.pdf
Main policies	
Remuneration Policy	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Remuneracoes/Documents/Politica-de-Remuneracoes-Orgaos-Sociais-CGD.pdf
Adequacy Assessment Policy for the Selection of Members of the Statutory Bodies	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Documents/Selecao-e-Avaliacao-Orgaos-Sociais-CGD.pdf
Members of statutory bodies	
Identification	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Pages/Orgaos-Sociais.aspx
Résumés	https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Modelo-de-Governo/Pages/Orgaos-Sociais-Curriculos.aspx
Financial information	
https://www.cgd.pt/English/Investor-Relations/Financial-Information/CGD/Pages/CGD-Annual-Reports.aspx	
Public institutions obligations	
Not applicable	
Financial support measures from the State in the last three years	
http://www.dgtf.pt/sector-empresarial-do-estado-see/informacao-sobre-as-empresas/entity/cgd-caixa-geral-de-depositos-sa	

3.7. Remuneration

3.7.1. Competences to determine remuneration

The shareholders' meeting's remuneration committee is responsible for defining remuneration in due compliance with the remuneration policy for members of the board of directors and the supervisory board as approved by the shareholders' meeting, including the limits therein defined for its fixed and variable components, as appropriate.

As the body in charge of presenting to the General Meeting a proposal defining the remuneration of members of the board of directors and supervisory board, the said committee is responsible for ensuring compliance with the applicable legal and statutory requirements, namely as regards their remuneration policy and its implementation.

The appointments, assessment and remuneration committee, is, in turn responsible for:

- Submitting an annual remuneration proposal to CGD's shareholders' meeting's remuneration committee, to include discretionary pension benefits, for members of CGD's statutory bodies;
- To annually approve and revise the corporate remuneration policy, including discretionary pension benefits, of other CGD and CGD subsidiary employees;
- To ensure that the corporate remuneration policy is applied and complied with for all employees and all employees identified in all entities in the prudential consolidation sphere, including all branches;
- To annually approve and revise the corporate remuneration policy, including discretionary pension benefits, of members of statutory bodies and other employees of each of the CGD subsidiaries;
- To issue an opinion on the remuneration practice and policy and on the incentives created for risk management, capital and liquidity purposes, based on an inspection performed by the risk committee as established in sub-paragraph d) of no. 3 of article 115 - L of the RGICSF (general credit institutions and financial corporations regime);
- To prepare decisions on remuneration, including decisions having implications in terms of risks and risk management to be taken by the board of directors or CGD's shareholders' meeting, on the domestic and international consolidation perimeter;
- To annually assess the remuneration policies for CGD and CGD group and adopt adequate measures to ensure that they take into due account the rights and interests of customers and that they do not create incentives which prejudice the interest of customers;
- To ensure the proposal, approval and prompt application of a plan containing corrective measures when periodic revisions show that the remuneration policies do not have the intended or expected effects or when recommendations for the said purpose are formulated;
- To assist and advise the board of directors on the appointment and defining of the remuneration of the statutory bodies of other CGD group companies and CGD employees with a management status who report directly to the board of directors or to any of its committees (including the executive committee). This committee is also responsible for producing an opinion to be submitted to the shareholders' meeting's remuneration committee on defining the variable component of the remuneration of executive committee members.

As regards the establishing of the maximum amount of compensation payable to members of the board of directors and the supervisory board, the shareholders' meeting's remuneration committee is responsible for defining the maximum amount of all compensation payable to the members of the board of directors and the supervisory board, upon termination of their office under the terms of the law and, to the extent applicable, the remuneration policy in force.

3.7.2. Remuneration Policy for members of the Board of Directors and Supervisory Board

The remuneration policy, approved in the form of a *unanimous written resolution,* on 3 July 2019, is applicable to CGD's statutory and supervisory body.

The remuneratory policy of CGD's statutory bodies is governed by the RGICSF ("Legal Framework of Credit Institutions and Financial Companies"), Community standards and Bank of Portugal regulation, which establish mandatory rules and restrictions on the referred to policy.

The following are the primary objectives of the remuneration policy for CGD's statutory bodies:

- To ensure compliance with the applicable, legal and regulatory dispositions;
- To promote and be coherent with healthy, prudent risk management;
- To discourage risk-taking at levels higher than those defined and tolerated by CGD;
- To ensure compatibility between the remuneration mechanisms defined and CGD's long term strategy, objective, values and interests, as established by its competent Statutory Bodies;
- To ensure that there is no situations of conflicts of interest;
- To structure remuneration mechanisms which take into account and which are adequate and proportional to the type, characteristics, dimensions, organisation and complexity of CGD's activities;
- To promote the competitiveness of CGD's Remuneration Policy, taking into consideration the remuneration policies and practices of other banks and institutions comparable to CGD.

3.7.3. Remuneration structure

The remuneration and its respective composition are in order to permit alignment between interests of members of the management board and the company's long term interests with CGD's governance structure and are aligned with the risk profile tolerated by CGD.

The remuneration of Executive Board Members comprises a fixed and variable component, the latter attribution of which is not guaranteed.

The fixed remuneration component comprises a sufficiently high proportion of the Executive Board Members' total remuneration, to permit the application of a fully flexible policy relative to the variable component, including the possibility of the non-payment thereof.

The variable component is indexed to the achievement of concrete, qualified objectives and qualitative criteria and in line with CGD's long term interests, which are currently guided by CGD's Strategic Plan, agreed between the Portuguese State and the European Commission in 2017, in the scope of CGD's recapitalization that year

The remuneration of non-executive Board members, in addition to members of the Supervisory Board exclusively comprises a fixed component and does not include any variable component nor is the attribution thereof contingent upon CGD's results.

Variable remuneration component

The total variable remuneration of the executive board members as a whole may not exceed the maximum percentage of consolidated net profit for the year as defined each year by the shareholders' meeting following the proposal submitted by CRAG, with the said amount taking into account: CGD's capacity to maintain a solid own funds basis, CGD's performance and global profit, evolution of the global amount defined for the variable remuneration of CGD employees as a whole and the best practice of other banks and institutions comparable to CGD.

The variable component of the remuneration of the Executive Board Members comprises:

a. A cash payment comprising 50% of the total amount of the variable component; and

b. A payment in kind comprising 50% of the total amount of the variable component.

The CVRE should comprise instruments with the characteristics provided for by law and other applicable regulations.

Performance shall be assessed:

I. Under a pluriannual framework, for the assessment process to be based on long term performance and for the payment of the remuneration components thereon dependent to be spread over a period which takes CGD's underlying economic cycle and its business risks into account and which should, for the said purpose, consider not only the year referred to by the variable component but also the preceding years of the term of office in progress;

II. Based on the following quantitative criteria measured by the evolution of the performance of CGD's current strategic plan, the risk appetite statement approved for the group, namely:

   i. Solvency, including weighted capital and leverage ratios, internal capital sufficiency and MREL;

   ii. Profitability, including return on equity (ROE) and risk adjusted return on capital (RAROC), return on assets and evolution of net interest income;

   iii. Efficiency: cost-to-income ratios;

   iv. Market position: CGD's market shares;

   v. Assumption of credit risk: non-performing loan ratios and respective impairment coverage and cost of risk; levels of credit risk concentration and evolution of the repossessed real estate portfolio on credit recovery;

   vi. Liquidity: balance sheet loans-to-deposits ratio and level of funding from the European Central Bank.

III. The following qualitative criteria will also be considered:

   i. Level of customers' complaints;

ii. CGD's reputational indicators.

iii. Qualitative performance indicators associated with each of the divisions and business areas for which each of the executive board managers is responsible.

Deferral of payment of the variable component of remuneration

The total amount of the variable component of the remuneration to be attributed to executive board members, based on their performance, will be decided by a proposal from CRAG, at the annual shareholders' meeting or a subsequent shareholders' resolution ("attribution date"), according to the dispositions of the remuneration policy in conformity with the other rules established by the shareholders' meeting.

To ensure harmonization between incentives for executive board members and CGD's long term interests:

a. The deferred part of the attribution of each part of the variable component of the remuneration, depends upon the fulfilment of the access condition (as defined in the remuneration policy) calculated by reference to the relevant year to be verified by the annual shareholders' meeting or a subsequent shareholders' resolution as proposed by CRAG;

b. 50% of the CVRN subject to the deferral period of 5 years from the attribution date is subject to the fulfilment of the access condition and reduction and reversion mechanisms in accordance with the remuneration policy and the guidelines in force;

c. The CVRE is subject to a retention period of 1 year starting from the acquisition thereof and reduction and reversion mechanisms, with 50% of the respective amount also being subject to the deferral period and the fulfilment of the access condition.

Provided that the access condition has been met, with reference to the relevant year and without prejudice to the applicable reduction and reversion measures:

a. The CVRN attributed is considered to have been acquired and is paid as follows:

   i. 50% on the acquisition date, payable up to the end of the following calendar month;

   ii. 50% during the deferral period, in a proportion of 1/5 on each of the attribution date's anniversaries, payable on the date upon which it is considered to have been acquired.

b. The CVRE attributed is considered to have been acquired and the instruments will be delivered under the following terms and in accordance with the conditions established in a separate document:

   i. 50% is considered to have been acquired on the attribution date with the instruments being delivered up to the end of the retention period;

   ii. 50% is considered to have been acquired during the deferral period in a proportion of 1/5 on each of the attribution date's anniversaries, with the instruments being available up to the end of the retention period.

Complementary pension or early retirement regimes for board members

The remuneration policy provides for executive board members to enjoy social benefits in accordance with the terms defined by the shareholders' meeting or CRAG, taking into account the practice which has been followed by CGD, in addition to the remuneration policies and practice of other banks and institutions comparable to CGD.

Non-executive board and supervisory board members are not entitled to any specific benefits for which CGD may be responsible.

3.7.4 Staff remuneration policy

The remuneration policy for CGD's employees takes the form of collective bargaining agreements which are published in the Labour and Employment Bulletin and internal regulations accessible to all workers.

Internal regulation 15/2019, "Remuneration policy for CGD group employees and the members of management and supervisory boards of CGD entities" in addition to internal regulation 16/2019, "Rules for the identification and attribution of variable remuneration to CGD's relevant function holders" came into force on 07 June 2019. The corresponding internal corporate regulations (COR 10/2019) and COR 11/2019) were transposed to CGD group entities.

In the remuneration policy sphere, company agreements and internal regulations govern the following:

- Wage scales and pecuniary clauses;
- Professional careers;
- Remuneration system;
- Performance management system;
- Labour conditions;
- Welfare regime;
- Incentives system;
- Profit sharing.

The remuneration of CGD workers comprises a fixed and variable component which is not guaranteed.

The fixed remuneration defined under the terms of the Company Agreement in force and internal regulations, comprises a basic wage complemented by various remuneratory items such as continuity payments, subsidies for the absence of fixed working hours, subsidies for certain functions and holiday and Christmas bonuses.

Variable remuneration is paid on a one-off basis by the Board of Directors and is closely linked to performance and the level of fulfilment of objectives.

The Performance Management System consists of an annual process by means of which CGD plans its activity, monitors performance and evaluates results. The assessment of performance and fulfilment of objectives are relevant factors to be taken into consideration in any change to the remuneratory status of workers, including managerial staff, either in the form of merit-based promotion or the revision of other fixed or variable wage components.

In 2019, the Employees' remuneration was paid in accordance with the Collective Labour Regulation Instruments in force for CGD, considering the time count for the purposes of level seniority promotions, career progressions, according to defined criteria in the Company Agreement, and the merit promotions process and salary review made at the initiative of the institution. The award of commercial incentives was also maintained, and a Performance and Potential Award was decided which covering some 79595 of the employees.

Negotiations for the company agreement with CGD employee unions were held in 2019 and an agreement is expected to be reached in first quarter 2020. This negotiation also includes revised wage scales and remuneration clauses for 2019 and 2020.

Without diuturnities	2016	2017	2018	2019
Wage variation (Total Beneficiaries)	0,95%	2,44%	3,11%	1,95%

The average wage of employees with management functions paid by CGD in 2019 was €5,590. The average wage of employees without management functions in 2019 was €2,046.

The average amount paid by CGA to employees retiring in 2019 upon standard retirement age was €5,065 for employees with management functions and €1,999 for employees without management functions, respectively.

As of December 31, 2019, the value of the Fund calculated by the Management Company amounted to € 3,004.6 million, an insufficient amount to cover the minimum mandatory financing required by the current rules applicable to this category of responsibilities, i.e., to cover 100% of the liabilities to retirees and at least 95% to assets. In this scenario, CGD recorded in its accounts a total liabilities of around 2211.4 million euros to deliver to the Fund as an extraordinary contribution, equivalent to the financing of 100% of total responsibilities.

STAFF REMUNERATION

(EUR)

	Workers covered by article 17 no. 1 of the Bank of Portugal's Official Notice 10/2011		
	Management staff CGD Structures (Special Functions)	**Management staff CGD Structures (Relevant Functions)**	**Management staff CGD Structures (Other Functions)**
1. Remuneration	**719.116,02**	**1.780.756,75**	**1.738.167,42**
1.1. Base remuneration	**649.116,02**	**1.586.506,75**	**1.655.167,42**
1.2. Variable remuneration	**140.000,00**	**388.500,00**	**166.000,00**
1.2.1. Variable remuneration paid	**70.000,00**	**194.250,00**	**83.000,00**
1.2.1.1. Variable remuneration paid - Cash	35.000,0	97.125,0	41.500,0
1.2.1.2. Variable remuneration paid - In kind	35.000,0	97.125,0	41.500,0
1.2.2. Variable remuneration deferred	**70.000,0**	**194.250,0**	**83.000,0**
1.2.2.1. Variable remuneration deferred - Cash	35.000,0	97.125,0	41.500,0
1.2.2.2. Variable remuneration deferred - In kind	35.000,0	97.125,0	41.500,0
1.3. Number of Beneficiaries	8	19	25
2. Additional Information			
2.1. New Hirings in 2019	___	___	___
2.2. Amounts paid due to early termination of the employment contract	___	___	___
2.2.1. Payee numbers	___	___	___
2.2.2. Highest payment attributed to an employee	___	___	___

3.7.5. Disclosure of Remuneration

Board of General Meeting

Remuneration

Term of office	Function	Name	Annual Remuneration	Attendance Fee	Gross Remuneration (€)
2016-2019	Chaiman	Paulo Mota Pinto	14.000,00	(***)	14.000,00
2016-2019	Vice-Chairman	Elsa Roncon Santos (*)	12.000,00	(***)	12.000,00
2016-2019	Secretary (*)	José Lourenço Soares (**)	0,00	(***)	0,00
					26.000,00

(*)Submitted a resignation request with effect from 31/08/2019, date of his retirement
(**) This member, as a CGD employee /retiree, cannot accumulate this remuneration, therefore doesn't receive it.
(***) 'There are no attendance fee for members of the General Meeting.

General Meeting Remuneration Committee

Members of the General Meeting Remuneration Committee are paid attendance fees for each meeting present. An attendance fees of 5,000 euros per meeting is paid with a limit of 49,000 euros except the President who is paid an attendance fee of 5,500 euros.

General Meeting Remuneration Committee Member	Remuneration - Attendance fee (€) Plafond: 49,000 € (*)		
	Corresponding to 2018	Corresponding to 2019	Earned Value in the year
Manuel Ferreira de Oliveira*	11.000,00	33.000,00	44.000,00
Francisco Miguel Rogado Salvador Pinheiro Veloso	15.000,00	30.000,00	45.000,00
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	15.000,00	30.000,00	45.000,00
Total		**93.000,00**	

Travel expenses

General Meeting Remuneration Comittee member	Gross annual travel expenses (€)					
	Official travel	Accommodation costs	Allowances	Other		Total travel expenses
				Identify (a)	Amount	
Manuel Ferreira de Oliveira (*)	1.307,26			641,05		1.948,31
Francisco Veloso	-					0,00
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	-					0,00
Total	**1.307,26**	**0,00**	**0,00**	**641,05**	**0,00**	**1.948,31**

a) Includes: Visas, Vaccines, Taxis, Representation Expenses.
(*) Passed away at 5/10/2019

Board of Directors

Remuneration

Board of Directors	Remuneration (Monthly values - 14 months)	Annual Fixed Remuneration	Annual 'Variable 'Remuneration (d)	Attendance fee (e).	Gross 'Remuneration
Presidente não executivo					
Emílio Rui da Veiga Peixoto Vilar [a]	0,00	0,00	n.a.	0,00	0,00
Vice-Presidente					
Paulo José de Ribeiro Moita de Macedo	30.214,29	423.000,06	61.652,26	n.a.	484.652,32
Vogais executivos					
Francisco Ravara Cary	23.285,71	325.999,94	44.091,50	n.a.	370.091,44
João Paulo Tudela Martins	23.285,71	325.999,94	46.944,00	n.a.	372.943,94
José António Silva Brito	23.285,71	325.999,94	44.091,50	n.a.	370.091,44
José João Guilherme	23.285,71	325.999,94	46.944,00	n.a.	372.943,94
Maria João Borges Carioca Rodrigues	23.285,71	325.999,94	44.091,50	n.a.	370.091,44
Nuno Alexandre Carvalho Martins	23.285,71	325.999,94	44.091,50	n.a.	370.091,44
Carlos António Torroaes Albuquerque	23.285,71	325.999,94	44.091,50	n.a.	370.091,44
Vogais não executivos					
Ana Maria Machado Fernandes	3.500,00	49.000,00	n.a.	49.000,00	98.000,00
José Maria Azevedo Rodrigues	3.500,00	49.000,00	n.a.	49.000,00	98.000,00
Alberto Souto de Miranda [b]	3.500,00	6.403,87	n.a.	22.200,00	28.603,87
Hans-Helmut Kotz	3.500,00	49.000,00	n.a.	49.000,00	98.000,00
Mary Jane Antenen	3.500,00	49.000,00	n.a.	49.000,00	98.000,00
Altina de Fátima Sebastian Gonzalez Villamarin	3.500,00	49.000,00	n.a.	49.000,00	98.000,00
Nuno Filipe Abrantes Leal Cunha Rodrigues [c]	3.500,00	28.187,88	n.a.	14.833,79	43.021,67
Total		**2.984.591,39**	**375.997,76**	**282.033,79**	**3.642.622,94**

(a) This member opted not to receive. (b) Resigned taking effect from 17-02-2019. (c) Started 06-07-2019. (d) Amount related to the results of the 2018 financial year; (e) Amount referring to 2019

Board members of CGD did not receive payment from any positions held in other CGD group company.

Variable remuneration

CGD´s shareholder deliberated in June 2019, based on a proposal presented by CGD General meeting´s Remuneration Committee, to grant variable remuneration to the executive members of the Board of Directors, relative to the year 2018.

In accordance with the Policy Remuneration of CGD and with EBA Guide Guidelines on Sound Remuneration, 25% of this remuneration was paid in cash in November 2019 and 25% will be paid in cash in 5 equal instalments between 2020 and 2024.The remaining 50% of the remuneration were granted in kind, though a deferred instrument for the period of 5 years. The settlement of this remuneration will be subject to the implementation of the 2017-2020 Strategic Plan. Payment of the variable remuneration made in kind takes the form of Commercial Paper in accordance with the legal and regulatory framework. These remunerations will be subject to income tax at the applicable rate estimated to be the maximum rate, currently, 48%.

Board of Directors	Variable Remuneration (€)					
	November 2019	November 2020	November 2021	November 2022	November 2023	November 2024
Paulo José de Ribeiro Moita de Macedo	61.652,26	12.330,45	12.330,45	12.330,45	12.330,45	12.332,97
Francisco Ravara Cary	44.091,50	8.818,30	8.818,30	8.818,30	8.818,30	8.820,27
João Paulo Tudela Martins	46.944,00	9.388,80	9.388,80	9.388,80	9.388,80	9.393,77
José António da Silva de Brito	44.091,50	8.818,30	8.818,30	8.818,30	8.818,30	8.820,27
José João Guilherme	46.944,00	9.388,80	9.388,80	9.388,80	9.388,80	9.393,77
Maria João Borges Carioca Rodrigues	44.091,50	8.818,30	8.818,30	8.818,30	8.818,30	8.820,27
Nuno Alexandre Carvalho Martins	44.091,50	8.818,30	8.818,30	8.818,30	8.818,30	8.820,27
Carlos António Torroaes Albuquerque	44.091,50	8.818,30	8.818,30	8.818,30	8.818,30	8.820,27
Total	**375.997,76**	**75.199,55**	**75.199,55**	**75.199,55**	**75.199,55**	**75.221,86**

Attendance fees

Non-Executive Members of the Board of Directors are paid attendance fees for each meeting of the Special Committees. An attendance fees of 3,700 euros per meeting is paid with an annual limit of 49,000 euros except the President of the Audit and Internal Control Committee who is paid an attendance fee of 4,900 euros.

Board member	Remuneration - Attendance fee (€) Plafond: 49,000 € (*)		
	Corresponding to 2018	Corresponding to 2019	Earned Value in the year
Ana Maria Machado Fernandes	0,00	49.000,00	49.000,00
José Maria Azevedo Rodrigues	0,00	49.000,00	49.000,00
Alberto Souto de Miranda (*)	0,00	22.200,00	22.200,00
Hans-Helmut Kotz	0,00	49.000,00	49.000,00
Mary Jane Antenen	23.100,00	49.000,00	72.100,00
Altina de Fátima Sebastian Gonzalez Villamarin	12.000,00	49.000,00	61.000,00
Nuno Filipe Abrantes Leal Cunha Rodrigues	0,00	14.833,79	14.833,79
Total		**282.033,79**	

(*) Resigned with effect on 17/02/2019

Social benefits

Board member	Social benefits (€)							
	Meal allowance		Social security regime		Healthcare insurance	Life insurance	Other	
	Amount / day	Annual amount paid	Identify	Amount			Identify	Amount
Non-Executive President								
Emílio Rui da Veiga Peixoto Vilar (*)								
Vice-President and Board of Directors President								
Paulo José de Ribeiro Moita de Macedo	0,00	0,00	Social security	100.462,46	422,99	2.826,91	Study grant	153,50
Executive Members								
Francisco Ravara Cary	0,00	0,00	Social security	77.425,04	422,99	2.826,91	Study grant	795,25
João Paulo Tudela Martins	0,00	0,00	Social security	77.425,04	422,99	2.826,91	Study grant	529,42
José António Silva Brito	0,00	0,00	CGA/Pension Fund	41.004,02	422,99	2.826,91	Study grant	565,00
José João Guilherme	0,00	0,00	Social security	77.425,04	422,99	2.826,91		
Maria João Borges Carioca Rodrigues	0,00	0,00	Social security	77.425,04	422,99	2.826,91	Study grant	529,42
Nuno Alexandre Carvalho Martins	0,00	0,00	Social security	77.425,04	422,99	2.826,91	Study grant	352,90
Carlos António Torroaes Albuquerque	0,00	0,00	Social security	77.425,04	422,99	2.826,91		
Non-Executive Members	0,00	0,00	Social security					
Ana Maria Machado Fernandes	0,00	0,00	Social security	23.275,00				
José Maria Azevedo Rodrigues	0,00	0,00	Social security	0,00				
Alberto Souto de Miranda (**)	0,00	0,00	Social security	0,00				
Hans-Helmut Kotz	0,00	0,00	Social security	0,00				
Mary Jane Antenen	0,00	0,00	Social security	0,00				
Altina de Fátima Sebastian Gonzalez Villamarin	0,00	0,00	Social security	26.125,00				
Nuno Filipe Abrantes Leal Cunha Rodrigues (***)	0,00	0,00	Social security	23.847,10				
Total				**679.263,82**	**3.383,92**	**22.615,28**		**2.925,49**

(*) This member opted not to receive

(**) Resigned 17.02.2019

(***) Started 05.07.2019

Non-Executive Members that have made no social security discounts have declared that they do so in their country of origin or that they already are Caixa Geral de Aposentações beneficiaries.

Compensation paid to former Executive Directors

In the year 2019 there was no payment of indemnities to former executive directors.

Supervisory Board

Remuneration

Members of Supervisory board	Monthly remuneration (€)	Annual remuneration (€)	Attendance fee (€)	Gross Remuneration
Guilherme Valdemar Pereira d'Oliveira Martins	5.200,00	72.800,00	0,00	72.800,00
António Luís Traça Borges de Assunção	4.500,00	63.000,00	49.000,00	112.000,00
Manuel Lázaro Oliveira de Brito	4.500,00	63.000,00	49.000,00	112.000,00
Nuno Filipe Abrantes Leal Cunha Rodrigues (1)	0,00	0,00	59.200,00	59.200,00
Total		**198.800,00**	**157.200,00**	**356.000,00**

(1) With his appointment to Audit and Internal Control Committee on February 28, 2019 in addition to his position in the Corporate Governance Committee, the annual limit applied was raised to 98,000 euros in line with rule applied to Non Executive Members of the Board of Directors.Ceased functions in 07.07.2019. Elected as non-executive member of the Board of Directors of CGD in 08.07.2019 by UWR. Earned a total of € 66,600.00 in Attendance Fees, of which € 7,400.00 referring to meetings for the 2018 financial year.

Social benefits

Supervisory board member	Social benefits (€)							
	Meal allowance		Social security regime		Healthcare insurance	Life insurance	Other	
	Amount / day	Annual amount paid	Identify	Amount			Identify	Amount
Guilherme Valdemar Pereira Oliveira Martins	0.00	0.00	Social security	14.778.40	0.00	0		
António Luís Traça Borges Assunção	0.00	0.00	Social security	22.736.00	0.00	0		
Manuel Lázaro Oliveira Brito	0.00	0.00	Social security	22.736.00	0.00	0		
Total	0.00	**0.00**		**60.250.40**	**0.00**	**0.00**		

Travel expenses

There were no travel expenses reimbursed to the Members of the Statutory Body in 2019.

3.8. Transactions with Related and Other Parties

Transactions with Related and Other Parties

CGD performs transactions with group and associated companies and other entities controlled by the Portuguese state. CGD's separate financial statements, at 31 December 2019, included the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2019			
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates	Other Companies of CGD Group
Assets:				
Liquid assets held in credit institutions	-	-	-	1.131
Loans and advances to credit institutions	-	-	-	2.461.205
Bonds and trading derivatives	6.789.599	268.548	3.646	248.733
Loans and advances to customers	-	360.629	66.878	-
Other Assets	11.505	78.041	313.364	1.435.342
Liabilities:				
Resources from credit institutions	-	14.160	12	894.055
Customer resources	17.156	432.689	170.103	224.029
Debt securities	-	-	107.534	402
Financial liabilities held for sale	1.444	16.216	80	-
Other Liabilities	116.910	399	763	60.097
Guarantees Given	3.810	175.061	45.665	835.396
Results				
Interest and similar income	50.051	49.554	3.878	43.095
Interest and similar costs	-	5.129	2.283	45.640
Income from services rendered and comissions	89	1.873	60.528	33.031
Costs from services rendered and comissions	28	829	412	6.381
Results from financial operations	231.352	67.404	(1.371)	11.488
Other operating income	-	1.055	13	5.703
Net impairment for loans and advances to customers	-	(3)	-	-
General administrative costs	-	49	1.304	19.765

CGD's consolidated financial statements, at 31 December 2019, included the following balances and transactions with related entities, excluding management bodies:

(EUR thousand)

	31-12-2019		
	The Portuguese State (Treasury)	Other Portuguese State entities	Associates
Assets:			
Securities and derivatives held-for-trading	7.039.621	268.655	3.649
Loans and advances to customers	-	390.790	67.377
Impairment for loans and advances to customers	-	-	-
Other assets	11.505	82.996	315.567
Liabilities:	-	-	-
Customer resources	17.156	433.278	171.644
Financial liabilities held-for-trading	1.444	16.216	80
Other liabilities	58.620	122.110	886
Guarantees given	3.810	179.433	46.338
Net income:	-	-	-
Interest and similar income	52.267	51.506	4.306
Interest and similar costs	-	7.444	2.284
Income from services rendered and commissions	219	63.667	5.396
Cost of services and commissions	28	926	431
Results from financial operations	234.855	81.922	(1.370)
Other operating income	(4)	1.058	266
General administrative costs	-	59	1.894

As regards the concept of "related parties" established in the Legal Framework of Credit Institutions and Financial Companies, CGD adopted a collection of internal standards in the respective regulation sphere. Caixa records and regularly oversees operations with related parties as regards the companies included in the Group's consolidation perimeter.

Acquisition of goods and services

Caixa Geral de Depósitos (CGD) has transparent procedures in place for the acquisition of goods and services, subject to principles of economy and effectiveness. Caixa – Serviços Partilhados, A.C.E. (CSP) is mandated by CGD to ensure the acquisition of goods and services for CGD.

CSP on behalf CGD has adopted the following procedures:

Preparation and market consultation

- Initiation of process with the identification of the need and definition of requirements for new services or renewal of contracts;
- Opening of market for a prequalification of suppliers interested in participating in the market consultation.
- Production of tender documents, using the adequate draft model for the goods/service;
- Identification of suppliers to be consulted;
- Preparation of the suppliers' assessment grid;
- Tender documents sent to previously identified suppliers, inviting them to submit their proposals, which consultation, whenever possible, is sent to a minimum number of 3 suppliers per item/service;

- Reception of calls for tender and scheduling of meetings for clarifying doubts within the periods indicated in the tender documents.

Reception, assessment and negotiations of bids

- Reception of proposals from consulted suppliers, within the periods indicated in the tender documents based on the e-Procurement platform.
- Opening of proposals after the deadline indicated in the e-Procurement platform;
- Analysis and comparative assessment of bids (production of shortlist if necessary);
- Production of a bid assessment grid, taking the previously defined assessment table into account.

Selection, approval of expense and award

- Selection of suppliers for inclusion in the following stage of the negotiating process;
- Negotiating rounds up to the selection of the final supplier;
- Allocation of expenditure;
- Production of information for the decision of the competent corporate body;
- Production of award document in accordance with the current draft model;
- Award of the acquisition of goods/services to supplier.
- Notification of excluded suppliers during the negotiating process;

Contracts

- Production of draft contract, based on the contents of the negotiating process, with no work being allowed to commence on its execution prior to the start date defined in the award;
- Copy of draft model sent to supplier.
- Negotiation of the final terms of the minute and signing thereof.

Transactions which have not been made under market conditions

Caixa Geral de Depósitos (CGD) has transparent procedures on the acquisition of goods and services, geared to principles of economy and effectiveness in due compliance with the objectives and principles of legality and business ethics as defined, namely, in the Legal Regime governing the State's Corporate Sector. Some goods and services are, however, acquired without consulting the market when Caixa Geral de Depósitos Group companies are involved.

- Transport of valuables – ESEGUR – Empresa de Segurança, SA;
- Leasing operations – Caixa Leasing e Factoring - Sociedade Financeira de Crédito, SA;
- Vehicle hire – LOCARENT - Companhia Portuguesa de Aluguer de Viaturas, SA;

SUPPLIERS REPRESENTING MORE THAN 5% OF EXTERNAL SUPPLIES AND SERVICES ON A SEPARATE BASIS

(EUR)

Tax no.	Supplier	Total in 2019
PT500068801	Companhia IBM Portuguesa, S.A.	28.617.180,14
PT505107546	SIBS Forward Payment Solutions	18.531.590,54

3.9. Economic, Social and Environmental Sustainability

Further information is given in the chapter on the sustainability report describing the best international practice on economic, social and environmental sustainability as adopted by CGD.

Strategies adopted and level of compliance with goals

Sustainability strategy 2018/2020

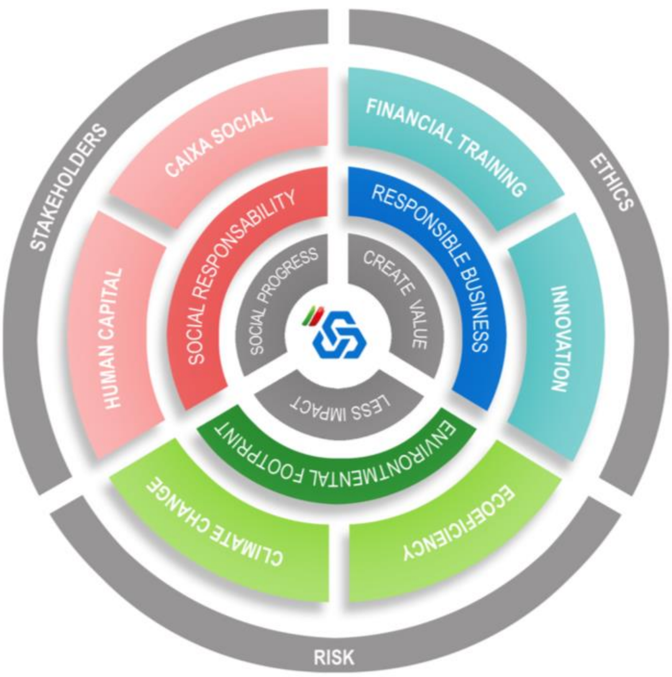
CGD's activity is geared to creating sustainable value for its stakeholders. This entails greater resource management based not only on principles of economic but also social and environmental sustainability.

CGD has been implementing its sustainability strategy for the three year period 2018-2020 in alignment with the bank's business strategy, based on a series of operating areas exceeding its legal and compliance obligations.

The sustainability strategy 2018/2020 is targeted at six structural intervention areas – responsible business, social responsibility, environmental footprint, ethics and compliance, risk management and involvement with stakeholders – reflected in an annual action plan giving continuity to CGD's challenges and commitments in the sphere of such innumerous international references as:

- The United Nations' sustainable development goals:
- The United Nations' 2030 Agenda for Sustainable Development;
- Action plan on "financing sustainable growth" issued by the European Commission (EC);
- Letter of Commitment for Sustainable Finance in Portugal;
- Principles for responsible banking (UNEP-PRB);
- Principles for responsible investment (UNEP-PRI);
- Paris climate change accord;
- Roadmap for carbon neutrality 2050 (RNC 2050).

CGD SUSTAINABILITY 2018/2020



1. **Responsible business.** To provide innovative, sustainable, responsible products guaranteeing their proximity and accessibility to customers and the general public.
2. **Social responsibility.** To contribute towards citizens' socioeconomic cultural and digital inclusion; managing talent and employees' meritocracy; operating in line with active citizenship values and respect for the safeguarding of human rights.
3. **Environmental footprint.** To promote eco-efficiency in terms of operations, minimising the consumption of materials, energy and other natural resources, as an active party to the commitment to sustainable development.
4. **Risk.** To detect and mitigate potentially harmful occurrences or damages to CGD, namely as regards financing models and investment opportunities, managing the socio-environmental risk present in commercial operations.
5. **Ethics.** To promote a corporate culture of integrity, based on ethical, transparent conduct and principles, policies and commitments geared to the security and trust of stakeholders and shareholders.
6. **Stakeholders.** To establish partnerships and relationships of trust, ensuring the transparency of information and value creation.

Sustainability management model

To ensure that CGD achieves a successful sustainability strategy, a management model transversal to the organisation as a whole, involving structural bodies and CGD group companies considered to be more relevant for the furtherance of the proposed sustainability objectives has been implemented.

Reference should, herein, be made to the sustainability committee as an executive committee body, chaired by the chairman of the executive committee and comprising managers from different corporate areas responsible for implementing the defined activities. It meets at least every six months and proposes, coordinates and promotes the implementation of the annual sustainability activities plan.

Compliance with goals

In 2019, the global average for implementing the Sustainability Strategy was 91%.

Reference should be made to the following list, identifying the domain in which they have the greatest impact:

Action	Domain		
	Economic	Social	Environmental
Adherence to Letter of Commitment for Sustainable Finance in Portugal	✓		
Adherence to the United Nations' principles for sustainable banking	✓		
Caixa Gestão de Ativos's adherence to the United Nations' responsible investment principles	✓		
Launch of 2nd edition of *Caixa Social* prizes		✓	
Launch of the 2nd edition of *Caixa Mais Mundo* prizes		✓	
Caixa Volunteer day		✓	
Leading (A-) classification in the Carbon Disclosure Project's Climate Change questionnaire, in 2019			✓
Maintenance of environmental management system certification to ISO14001			✓
Launch of "Environmental Management System – Change for the Better" e-Learning programme			✓

Pursuance of policies designed to guarantee economic, financial, social and environmental efficiency and safeguard quality standards

Sustainability policies

CGD endeavours to ensure that its financial products and services make an effective contribution to socioeconomic development, based on responsible management principles which reduce the environmental impact deriving from its activity.

Respect for ethical, social and environmental criteria in managing its business, in all operating areas, is accordingly ensured on the basis of a series of policies, codes and internal rules, and aligned with international best practice, conventions and protocols.

Responsible business policies particularly include:

- Sustainability policy

This policy defines CGD's general sustainability policies geared to medium and long term value creation for the bank and all stakeholders.

- Product and service policy

This policy recognises the importance of the development of balanced, transparent, responsible relationships with customers, in addition to banking activity's contribution to sustainable development.

- Involvement with the community policy

This covers priority areas related to eminent challenges to the socioeconomic and digital inclusion of individuals and households. It particularly focuses on financial education, support for entities in the third sector, job creation and voluntary work.

- Environmental policy

This covers CGD's commitment to reducing its environmental impact based on measures to promote eco-efficiency in its operations and the capacity to adapt to and mitigate the challenges generated by climate change.

- Quality policy

This policy reflects CGD's position on quality management and expresses its organisational commitment to meet its customers' needs and improve its products/services and processes.

- Policy for the prevention of corruption and associated infractions

Establishes as a core principle the rejection of all forms of corruption and a zero tolerance approach to any indications or signs of corruption.

- Diversity policy

Defines the diversity principles for CGD employees, in addition to the objectives and goals to achieve balance between women and men on CGD's management and supervisory boards.

Safeguarding of quality standards

CGD considers its quality management system to be a decisive tool for the continuous improvement and efficiency of its processes.

Its implementation and management help it to comply with its levels of service, based on performance and efficiency indicators and the incorporation of a culture of quality in its employees' routines and improvement of its customers' satisfaction/recommendation indices.

CGD's contact centre was certified to ISO 9001 at the start of 2019, having succeeded in maintaining the recognition of its quality of service since its first certification in 2013.

CGD also guaranteed the maintenance of the certification of the following products to ISO 9001 in 2019:

- Management, execution and control of the operating process involving payment instruments, financial markets, loans and advances to customers, provision of information/services to banking activity support entities;

- Management and processing of customers' suggestions and complaints regarding Caixa's operations in its domestic perimeter (i.e. Portugal) except for situations comprising fraud;
- Services for the development and maintenance of information, identification, development and implementation of the strategy and programme for CGD group's security applications and systems.

In 2019, CGD's business continuity system was certified to ISO 22301:2012 - Societal Security - Business Continuity Management Systems. This certification also ranks CGD as the leader in this area as the first bank to achieve this certification.

Form of compliance with the principles inherent to adequate business management

Social responsibility and sustainable development policies and terms of the provision of public service in the consumer protection sphere

Social responsibility

CGD's operations are based on principles and customer relationship models and support for its surrounding communities to achieve an accessible and inclusive banking business.

Internally and based on an approach geared to CGD employees, reference should be made to the principal commitments of promoting a culture of equity and diversity in hiring and managing human capital, anchored by values of voluntary work and skills sharing through its corporate volunteer programme.

The involvement with the community policy aims to consolidate CGD's position as a socially responsible bank, gearing its operations to an innovative financial offer, digital accessibility, financial education, social entrepreneurship and, *inter alia*, provision for social emergencies.

"Social responsibility", as a social intervention area of the sustainability strategy 2018/2020, represents CGD's commitment to the socioeconomic, cultural and digital progression of communities and entities in the third sector, in addition to combating poverty and social exclusion through the development of programmes and projects.

CGD's furtherance of the implementation of its social strategy, in 2019, particularly included the following projects/initiatives:

Caixa Social prizes

As part of CGD's sustainability strategy, *Caixa Social* prizes are aimed at financing the development of innovative, replicable social projects geared to alleviating poverty and favouring inclusion.

Four intervention areas in the domain of personal advancement on the basis of:

- Economic inclusion and job creation
- Social inclusion and solidarity
- Digital and financial inclusion
- Education and knowledge

The first edition of the *Caixa Social* prizes distinguished initiatives involving 19 projects of social institutions nationwide, for a global amount of €500,000.

The second edition of the *Caixa Social* prizes, in which the area previously referred to as "Education and knowledge" was replaced by another area referred to as "Environmental sustainability" was launched on 9 September 2019.

Caixa Mais Mundo prizes

Caixa Mais Mundo prizes strengthen the importance attached by CGD to the continuation of academic studies (helping to combat school leaving in secondary education) and to the academic merit of students who, from their early days, have demonstrated the tenacity and persistence to fight for their future and dream of a better country in which they are starting to play an active role.

In 2019 CGD rewarded the best 80 students enrolled in the 2018/2019 academic year, in CGD's partner nationwide higher educational and vocational institutions, with a prize of €1,500.

Based on the success and interest shown, CGD decided to continue with the second edition of its *Caixa Mais Mundo* prizes, with a merit-based prize of €1,500 for the 100 best domestic students entering higher education via a nationwide competition.

Corporate volunteers

CGD's corporate volunteer programme incentivises its employees to adopt a solidary and team approach, promoting a culture of corporate social responsibility for involvement in projects and common causes in terms of society and the environment.

Caixa Volunteers Day was celebrated, in 2019, in the form of 32 nationwide (mainland, Azores and Madeira) volunteering actions involving 1,179 employees, family members and friends, repaying the trust of society and communities in the "Bank of all Portuguese citizens".

CGD's volunteers accepted the challenge of expanding solidarity levels and joined forces in a nationwide endeavour to promote diverse support activities for communities with social and special needs, the homeless, forest and beach cleaning operations, reforestation activities, assistance in rehabilitating living conditions in old people's homes and care centres, procuring and delivering toys and school material for children and young students.

Volunteering activities foster a greater sense of belonging, team spirit and involvement of the whole CGD community, side by side with people in need and those who help them.

Responsible business conduct

Integration in the community as a decisive factor in terms of value creation and business sustainability is one of the fundamental pillars of CGD's activity, as shown by its financial solutions for customers with the aim of promoting entrepreneurship, growth of Portuguese business and incentivising savings.

As a socially responsible bank, CGD considers that access to and the commercialisation of financial products and services should involve responsible business conduct in providing consumers with transparent information, enabling them to make considered decisions on the best way of using financial services, building their confidence in CGD and in the financial sector.

Financial products and services, owing to the nature and importance thereof in citizens' day-to-day lives are constantly scrutinised by the supervisory authorities as well as customers and consumer defence, regulation, sectoral representation and legislative entities.

The commercialisation of CGD's financial products and services complies with rigorous internal control mechanisms ranging from their design up to their point of sale, disclosure and promotion with the aim of ensuring compliance with all legal and regulatory obligations as well as best practice, as disclosed by national and international entities and the ethical principles governing the bank.

It is in the commercial relationships between the bank and its customers that data protection is most relevant.

The principle of responsibility is one of the pillars upon which the general data protection regulation (GDPR) is based, namely compliance with all of the protection principles on CGD's data management across the performance of its activity.

The GDPR requires companies to be responsible for complying with all data protection principles as well as evidencing such compliance.

In terms of the processes and initiatives implemented to control CGD's conformity with data protection legislation, particular reference should be made to:

- **Data protection executive board (CDPD)**

  CDPD's mission is to make structural decisions on data protection, ensuring institutional support and the authority of the data protection officer and the data protection office in terms of current management.

- **Revision of privacy and personal data protection and cookies policy**

  These policies were revised in second half 2019 with the aim of ensuring conformity with law 58/2019 which ensures that the GDPR is transposed into domestic legislation.

- **Data protection emergency team (EUPD)**

This team was formed to ensure the efficient management of any security incidents which may be construed as a data violation, including the adoption, by the structure responsible for the processing thereof of adequate (technical and organisational) mitigation measures to ensure the rights and freedom of data holders.

- **European Data Protection day**

  To mark this date (28 January), Culturgest hosted a conference on GDPR in banking, with the participation of executive and non-executive board members responsible for data protection, president of the Portuguese Banking Association (APB) and managing directors of CGD and DPO as speakers.

- **Awareness and training**

  Awareness actions and specific training on data protection (classroom and e-learning) were organised for employees in which special reference should be made to issues related to rights, data protection impact assessments (DPIAs) and subcontracting.

Policies adopted for the promotion of environmental protection and respect for legality and business ethics principles and implementation of rules for sustainable development

Environmental responsibility

CGD’s environmental policy recognises that the adoption of sustainable development practice in the bank’s day-to-day management is an integral part of its mission based on three fundamental commitments:

- Compliance with environmental legislation;
- Adoption of a proactive attitude and measures to prevent pollution;
- Continuous improvement of environmental performance.

The “environmental footprint” area of the sustainability strategy 2018/2020 represents CGD's commitment to reduce the impact of the bank's activities on the environment while, at the same time, encouraging its employees and other stakeholders to adopt good practice.

CGD continued to further the implementation of its environmental strategy in 2019 with special reference to the following projects:

Environmental management system

CGD maintained its ISO 14001 certification on the environmental management system implemented at its headquarters’ building.

As one of Portugal’s largest services buildings and therefore having a major environmental impact on the urban community in which it operates, the environmental management system keeps pace with the main activities performed in the headquarters’ building, namely: banking management and business support (Caixa Geral de Depósitos, S.A.), medical services provided by CGD’s social services (Lisbon medical centre) and activities involving shows, exhibitions, conferences, congresses and other events (Caixa Geral de Depósitos – Culturgest foundation).

CGD’s environmental management system has enabled it to continuously improve its environmental performance on the basis of a more efficient approach to the way it manages the impacts of its activities on the environment.

Environmental awareness

CGD has endeavoured to raise the environmental awareness of its employees with the aim of promoting and integrating, ethical, responsible management of the resources available to them, in their day-to-day activities.

CGD launched its “Environmental Management System – Change for the Better” e-Learning programme in 2019 with the objective of providing internal information on good, day-to-day environmental practice.

Continuity was also given to the “Savings solutions for the environment” internal communication campaign with the participation of CGD employees and which was highlighted on digital media (intranet) and posters in CGD’s headquarters’ building.

Adaptation and mitigation of climate change

Climate change poses a significant risk to the environment, economy and society.

CGD recognises the importance of playing an active role in terms of adaptation and the mitigation of climate change through its low carbon programme.

The low carbon programme comprises four operating areas:

- **Financing of the low carbon economy.** This involves the provision of financial solutions to promote a low carbon economy;
- **Reduction of greenhouse gas emissions.** The application of measures designed to reduce energy consumption and its respective emissions;
- **Mitigation of environmental risk.** The implementation of measures designed to reduce environmental risks with the capacity to affect CGD's activities;
- **Transparency and awareness-raising.** Transparency in reporting information and raising stakeholders' awareness of the need to adopt good environmental practice.

The financial sector, as one of the main drivers of economic development, plays a structural and potentially structuring role in leveraging a low carbon economy.

The development of financial products and solutions to promote a more sustainable economic model is therefore a fundamental feature of the low carbon programme.

Particular reference should be made to the following in the sphere of the design of CGD's products and services to promote the transition to a low carbon economy:

- **Decarbonisation and circular economy finance**. To help achieve the goals defined in the national energy-climate plan 2030 and accelerate the transition process to a circular economy, contributing to redesigned processes, products and new business models.
- **Hybrid and electric vehicles leasing.** To back investment in hybrid and electric vehicles, financing companies with environmental concerns.
- ***Caixa casa eficiente* ("efficient homes").** To promote improvements to the environmental performance of residential buildings, particularly focusing on energy and hydro efficiency and urban waste management.

CGD is annually involved in diverse, external sustainability indices to assess its performance regarding its adaptation to climate change. Special reference should be made to its voluntary participation in the climate change questionnaire of the Carbon Disclosure Project (CDP) since 2009.

Principles of lawfulness and business ethics

Ethical business conduct is a factor of the utmost relevance for the development and growth of companies and particularly financial institutions. It brings innumerable benefits such as attracting and retaining the loyalty of customers, meeting the expectations of internal and external stakeholders, differentiation and reputational consolidation and efficiency gains in terms of productive processes or prudent risk management.

As regards compliance with a culture of ethics and integrity, reference should be made to the fact that CGD's activity is regulated by its code of conduct which requires ethical and deontological conduct, information on which is available on its website and intranet. In addition to the referred to code CGD has produced and published specific regulations in the form of its global policy for the prevention and management of conflicts of interest (PGPGCI) and its policy for the prevention of corruption and associated infractions (PPCIC).

Situations involving potential conflicts of interest are analysed, managed, overseen and recorded under the terms of the PGPGCI. In the case of the PPCIC, reference should be made to CGD's production of a report identifying the risks and occurrences of corruption and associated infractions which has been published on its website.

It should also be noted that, in 2019, CGD gave training in ethics and its code of conduct to new employees, Caixa Academia trainees, current employees from different structural Caixa bodies and employees of CGD group entities.

Adoption of equality plans designed to achieve effective equality of treatment and opportunities for men and women, eliminating discrimination and reconciling personal, family and professional lives.

CGD and its employees do not practice any type of discrimination, based on criteria such as race, gender, disability, handicap, sexual preference, political or ideological beliefs, religion, and level of instruction, civil or other status.

Work began, in 2019, for the purposes of approving and implementing a gender equality plan in 2020, strengthening CGD's commitment to diversity and equal opportunity in the workplace.

CGD achieved balance in its gender distribution (60% women and 40% men) in 2019.

In the sphere of reconciling personal, family and professional lives, CGD continued to incentivise and support its employees' development in all non-work related aspects, attaching value to the family, strengthening multiple social and citizenship roles and socio-cultural and sporting aspects.

Several such support measures having an impact on the balance between personal/family and professional lives in CGD particularly include:

- **Psychosocial support**

  - An employee oversight programme comprising psychosocial or advisory services based on the linkage between CGD's social action, psychology and healthcare areas, with the support and mobilisation of forms of internal solidarity and guarantee of confidentiality;

- **Socioeconomic support.**

  - Collecting activities for food and personal hygiene products. These initiatives provide assistance to employees and their families who have been identified and/or accompanied by DPE's and CGD's social action and services teams at times of greater difficulty;

- **Healthcare**

  - New services and specialisations were created in the sphere of the activity of CGD's social services' medical centres (SSCGD), as a means of strengthening the offer of the direct provision of healthcare services, improving responses to users. The external healthcare providers' network, spread out over 6,200 locations ensures a high level of diversification and nationwide coverage and was also enhanced;

  - Oversight and renegotiation of agreements entered into with external healthcare providers for the purpose of achieving financially more viable healthcare provision solutions for the SSCGD and its partners and beneficiaries, an improved offer, better conditions and the availability of healthcare in zones with greater needs, namely in the interior of mainland Portugal and its islands of Madeira and the Azores;

  - Subsidies and assistance for specific treatments for children with special needs;

  - Special payments in the case of major illness (severely ill patients);

  - Programme for the prevention and early diagnosis of colorectal cancer, promoted by the SSCGD, complying with a national healthcare programme regulation;

  - An SSCGD programme for the screening and treatment of the population of pediatric age provided by the mothers' and children's healthcare and dental medicine units;

  - Expansion of family planning consultations to regions in central Portugal;

  - Creation of the *Gold* healthcare card for senior citizens, focusing on various issues affecting people older than 65 and providing various type of information including information on the adoption of preventative attitudes.

- **Socio-family support**

  - SSCGD subsidies are currently being attributed to 96 members and beneficiaries of which 50 subsidies are for the disabled, 27 for confinements in care centres and 4 subsidies for handicapped children and young people. Forty children and young people are also being treated for developmental disorders;

  - SSCGD referred 11 members and beneficiaries to on-going care recovery units. New agreements with improved terms, particularly for senior citizens, were also introduced;

- SSCGD provided 82 study grants for degree and masters courses in higher education in the 2018/2019 academic year;

- SSCGD provided 30 holiday camp programmes during the summer period for 1,696 beneficiaries between the ages of 6 to 17.

- **Culture and sport**

  - CGD's social services provide various sports-related infrastructures, particularly, at its HQ building's culture and sports centre and the Ajuda sports hall. There are also special agreements for the most diverse events for employees and their families nationwide.

- **Social solidarity**

  - CGD's social services' blood donor group with more than eight thousand active donors over the last few years and which covers a large part of the country, through its regional hubs, is the largest business sector group, and the only group associated with a financial institution in Portugal.

Reference to concrete measures on the Principle of Gender Equality

CGD had several training sessions on its Conduct Code, encompassing a significant number of employees, with a special emphasis on the values of the Institution and, in particular, the ones regarding non-discrimination, tolerance and equality of opportunities.

In 2019, reference should be made to the approval of CGD's Diversity Policy, which promotes diversity among the characteristics of members of the management and supervision bodies, including age, gender, geographical origin, qualifications and professional experience. This contributes for those bodies to obtain different perspectives of the themes being discussed, as well as to ensure independence of opinions and greater solidity in decision making.

CGD's human resources policies geared to individual advancement, strengthening motivation and stimulating increases in productivity, treating workers with respect and integrity and making an active contribution to their professional advancement.

The performance of CGD and CGD's domestic companies in 2018 was assessed in 1st quarter 2019 using the same IT system for CGD's employees as a whole for the first time.

In light of the results achieved by CGD in 2019 and evolution of the fulfilment of its strategic plan 2017-2020, merit-based promotions and wage increases continued to be implemented in addition to the bonuses for performance and potential to CGD employees and companies operating in its domestic perimeter who make outstanding contributions to its results.

In the sphere of the application of the incentives system to CGD's corporate branch office network, commercial bonuses were paid to outstanding teams and/or managers who succeed in meeting their objectives. In the case of the retail branch network, loyalty campaigns were organised with a view to rewarding the respective outstanding teams and/or managers.

Performance and recognition, in 2019, evidenced a higher level of employee management integration within the group with the centralisation of diverse processes. This is expected to intensify in 2020.

Ways in which the company's competitiveness has been safeguarded, namely through research, innovation, development and the integration of new technologies in the productive process. Reference to the action plan for the future and value creation measures for the shareholder.

Caixa further improved its relationships with customers, in 2019, namely as regards improvements to the customer experience and increasing their level of involvement, based on adjustments to its offer, levels of services and strengthening of its commercial routines.

There was an expanding dynamic to the evolution of the commercial activity of the retail office network in the main business areas in 2019. In the personal customers segment, reference should be made to mortgage lending, which achieved its highest level of sales in 2019 since 2010 and the improvement in disintermediation with a growing demand for investment products and non-financial insurance.

Customer loyalty was further enhanced to around 1.8 million *Contas Caixa* (Caixa accounts), as a multiproduct solution comprising a current account, online transfers, credit and debit cards and insurance.

Reference should be made to the strengthening of Caixa's role as a corporate bank in the business and SME segment, overseen by the retail branch office network, as expressed by growth in the business loans balance (excluding general government). This translated into an additional 6,000 customers with Caixa loans in the segment as well as an increase in POS system installations translating into gains of market share.

In terms of the evolution of its geographical network, CGD continued to further its branch office network streamlining programme, closing 33 branches across 2019 and ending the year with 489 active branches, in a process developed in total partnership with customers and its main local stakeholders.

Strategic plan 2017 – 2020

CGD's strategic plan 2017 – 2020 which defines the bank's strategy up to 2020 and evidences the rationality and sustainability of CGD's sole shareholder's investment decisions, is in progress.

The objective of the measures set out in the strategic plan is to ensure CGD's long term sustainability and create value for its shareholder on the basis of 5 pillars:

1	2	3	4	5
Focus on economy	***Competitiveness***	***International coverage***	***Trust***	***Client Service***
Enhance ***commercial franchises*** *(retail, SMEs, large corporates) to* ***ensure sustainability***	*Adjust* ***operational infrastructure*** *(distribution platforms, central areas) and* ***investment in human resources***	*Restructure the* ***international portfolio*** *as a complement to the domestic operation*	*Strengthen the Group* ***risk management model*** *and* ***governance*** *to improve balance sheet solvency and resilience*	*Focus on the* ***Client experience****, through* ***digitalization*** *(end-to-end journeys) and* ***service levels***

The "customer service" pillar enables adequate responses to be given to the challenges of digitalisation and customer service with the objective of improving their experience through the digitalisation of end-to-end services and offering adequate levels of service.

Several fundamental components ensure the company's competitiveness. Particular reference should be made to the following operating areas owing to this pillar's relevance to CGD's sustainability strategy, on a level of responsibility, accessibility and business innovation:

Innovation and digital transformation

CGD continues to focus on innovation and inclusion, consolidating its position as a digital bank for Portuguese citizens, helping to promote business growth and improve the customer experience and satisfaction.

CGD's digital transformation programme aims to develop initiatives to transform its end-to-end business, evolution of its digital channels, redesign of processes and acceleration fueled by conceptual experiments tested in a laboratory context. In the business context, reference should be made to the development of processes to support the commercialisation of core credit products for corporate and personal customers.

The *DABOX* app was launched in 2019 as an open banking solution for customers' integrated management of their financial affairs, whatever their bank, making it possible to categorise movements, manage budgets, define savings objectives, monitor expenses and have a 360º vision of all associated accounts.

Another launch was that of "CAIXA" as the first intelligent Portuguese banking digital assistant. This new digital assistant on the CaixaDirecta app is an artificial intelligence solution which provides a new communication experience, enabling interaction with the bank by voice and providing its users with greater accessibility.

As regards the university market reference should be made, in 2019, to the maintenance of the agreements with the universities of Lisbon, Minho and the Algarve and, in the case of polytechnics, with Leiria, Santarém and Bragança. The protocols include a set of initiatives aimed at promoting value for the academic community, either through the offer of specific products and services aimed at the university segment or through support aimed at the development of academia, rewarding excellence in teaching and in research and promoting the dissemination of knowledge, as well as the granting of social support scholarships.

Based on a fully digital approach, applications for student identification cards comprise paperless solutions submitted on mobile devices to cater for new students, with a digitalised customer "creation", accounts opening and services activation process.

2019 was also the year of sustained growth in the "Robotic Centre", designed to accelerate the automation of processes within CGD. Seventy "robotisation" initiatives have already been implemented since the start of Caixa's "robotisation" process, with an effective saving of more than 88,000 working hours and processing of more than 464,000 operations.

CGD's "unattended" robots are essentially geared to large scale processes with the possibility of delayed processing, either centralised or having centralisation and remote execution potential. This approach/process enables mechanical and repetitive tasks to be allocated to a digital workforce which executes it at a faster pace and with a smaller percentage of error.

Levels of service

Improved customer experience is a priority for Caixa and is one of the central issues in enhancing the value proposals offered to customers.

The assessment of quality of service and identification of best practice are therefore strategic issues for the promotion of good relationships with customers and optimum satisfaction levels.

The quality of service assessment programme, in 2019, focused on three methodologies for this purpose:

- **Telephone interviews with customers with incomplete surveys:** focusing on an estimation of the perceived quality of service;
- **Mystery visits across the whole of the branch office network:** analysing the quality of service provided by employees, identification of best practice and any opportunities for improvement;
- **Assessment of external monitoring indices on the perceived quality of service:** an analysis of quality of service, on a personal, business and corporate customer level.

Action plan for the future

The main objective of CGD's sustainability strategy is to define a set of actions designed to meet environmental, social, economic and governance challenges to a more responsible and inclusive business. This is the premise by which CGD identifies the most relevant issues, determined by the materiality matrix based on the identification of stakeholders' expectations, a benchmark analysis of leading banks in terms of their sustainability performance and an analysis of the main worldwide trends and challenges on an ESG (environmental, social and governance) level.

The future sustainability strategic plan for the three year period 2021/2023 will take new regulatory developments and guidelines issued by the European Commission, central and regulatory banks into consideration regarding the major challenges facing societies, namely the transition to a low carbon, green economy in which the financial sector plays a decisive role in financing companies to decarbonise their business model processes.

This is the new financial sector paradigm, referred to as sustainable finance, with which CGD entered into innumerable commitments across 2019, namely the Letter of Commitment for Sustainable Finance in Portugal and responsible investment principles. These benchmarks help the bank's business model to integrate aspects such as non-financial risks in its risk models and develop products and services in support of decarbonisation based on a classification system that promotes activities portfolios and respective "green" products and services in a harmonious way across the sector as a whole.

CGD will also remain committed to the development of investment projects in the community as a contribution to its response to emerging social challenges, with its second edition of the *Caixa Social* and *Caixa Mais Mundo* prizes in progress.

Value creation measures for shareholder

CGD's mission is to create value for Portuguese society in providing quality banking services to personal and corporate customers and helping to improve the wellbeing of Portuguese families and business sector development, generating adequate returns for its shareholder.

The success of its mission requires the need to ensure customers' access to a diversified range of quality financial products and services, particularly focusing on taking in savings and medium and long term lending based on an efficient corporate governance model and respect for the highest ethical standards.

CGD's operational pillars in the sustainable development domain are based on its recognition of the importance of balance, transparency and responsibility in its relationships with stakeholders, in addition to banking activity's contribution to sustainable development, promoting a better future and ensuring business profitability.

3.10. Legal Guidelines under RJSPE

Caixa Geral de Depósitos, S.A. as a company wholly owned by the Portuguese State, is subject to compliance with legal guidelines under the Legal Regime of the Public Business Sector (RJSPE). This report refers to the criteria defined by the Circular Letter No. 1156, of March 15, 2019. For the purpose of clarity, the following table identifies where the issues not included in this Chapter are included in this Corporate Governance Report (RGS).

Requirement	Answer
Annex I – Point 1 Management targets and Activity Plan and Budget	RCG – Chapter 2 Targets and compliance degree
Annex I – Point 8 Annual Report on prevention of corruption	RCG – Chapter 6.3 - Regulations and Codes
Appendix 1 – Remunerations General Meeting Fixed Attendance Fee / Earned Remuneration	RCG – Chapter 7 - Remunerations
Appendix 1 – Remunerations Board of Directors Annual Remuneration; Amounts paid by companies in a control or group relationship Remuneration on the form of profit sharing; Bonus system Indemnities paid to former board of directors members	RCG – Chapter 7 - Remunerations
Appendix 1 – Remunerations Board of Directors Members, Appointment and number of terms	RCG – Chapter 5 – Statutory Bodies and Committees
Appendix 1 – Remunerations Board of Directors Functions accumulation	RCG – Chapter 5 – Statutory Bodies and Committees
Appendix 1 – Remunerations Board of Directors Social Benefits	RCG – Chapter 7 - Remunerations
Appendix 1 – Remunerations Supervisory Board Remunerations	RCG – Chapter 7 - Remunerations
Appendix 1 – Remunerations External Audit Remunerations	RCG – Chapter 5 – Statutory Bodies and Committees

Compliance with legal guidelines on average payment periods

The evolution of the average payment period to suppliers (average periods calculated under the terms of Ruling 9870/2009 issued by the Ministry of Finance and Public Administration), which changed the formula of Council of Ministers' Resolution 34/2008 of 22 February, was as follows:

(EUR thousand)

	2018				2019				Change 4th Q 2019 / 4th Q 2018	
Quarter	**1st**	**2nd**	**3rd**	**4th**	**1st**	**2nd**	**3rd**	**4th**	**Amount**	**%**
Payment period (days)	65	33	52	35	52	64	55	46	11	31,4%

CGD has a mandate agreement with Sogrupo Compras e Serviços Partilhados, Agrupamento Complementar de Empresas (SCSP), which includes, inter alia, the provision of services related with billing and the processing of payments for the supply of goods and services.

CSP has implemented an invoice processing system enabling the identification of discrepancies over the performance of services, amounts invoiced and the absence of obligatory elements to be set out on invoices.

As a means of increasingly improving the efficiency of this process and with the objective of reducing payment delays, a mass migration strategy for CGD suppliers to electronic invoicing was initiated in 2019.

This strategy was developed in the sphere of the electronic invoicing project and in addition to permitting a significant reduction of the time elapsing between the issue and receipt of invoices by CGD (in the case of suppliers which have already adopted this invoicing format), it has also improved the flexibility and dematerialisation of the procedures associated with the processing of invoices and has helped to comply with the payment periods agreed with suppliers.

PAYMENTS PENDING

(EUR)

	December 2019				
Payments in arrears under Decree Law 65-A/2011, article nº 2	0-90 days	90-120 days	120-240 days	240-360 days	More than 360 days
Acquisitions of goods and services	12.634.960	473.168	627.771	59.629	193.295
Acquisitions of capital	754.062	2.097	26.686	29.446	
Outstanding balance	13.389.022	475.265	654.457	89.075	193.295
Debt to Suppliers (Total)	**14.801.114**				

Articles 32 and 33 of the Public Manager Statute

Guidelines for use of credit cards

No credit cards were attributed to members of the Board of Directors in 2019 and any expense account items submitted by them were reimbursed.

BOARD REPRESENTATION EXPENSES

Board Representation Expenses (€)					
	2015	2016	2017	2018	2019
Annual amount	19.924	18.136	2.795	3.230	5.397

MOBILE COMMUNICATIONS EXPENSES

Board member (name)	Mobile communications expenses (€)		
	Defined monthly limit	Annual amount	Remarks
Emílio Rui Veiga Peixoto Vilar	N/A	0 €	
Paulo José Ribeiro Moita Macedo	N/A	11.354 €	
Francisco Ravara Cary	N/A	398 €	
João Paulo Tudela Martins	N/A	2.118 €	
José António Silva Brito	N/A	188 €	
José João Guilherme	N/A	2.857 €	
Maria João Borges Carioca Rodrigues	N/A	301 €	
Nuno Alexandre Carvalho Martins	N/A	358 €	
Carlos António Torroaes Albuquerque	N/A	905 €	
Total		**18.478,81**	

ANNUAL VEHICLE COSTS

Board member	Monthly fuel limit	Annual vehicle costs (€)				
		Fuel	Tolls	Other repairs	Insurance	Remarks
Paulo José Ribeiro Moita Macedo	N/A	4.194,88	957,45	7.470,07	556,66	2016 Vehicle
Francisco Ravara Cary	N/A	3.418,21	1.185,60	0,00	-	
João Paulo Tudela Martins	N/A	3.524,67	990,25	0,00	-	
José António Silva Brito	N/A	1.985,33	180,65	0,00	-	
José João Guilherme	N/A	3.352,23	875,45	0,00	-	
Maria João Borges Carioca Rodrigues	N/A	4.437,22	981,15	10,00	-	
Nuno Alexandre Carvalho Martins	N/A	2.876,13	1.225,70	1.377,00	-	
Carlos António Torroaes Albuquerque	N/A	1.762,68	255,95	74,42	-	
Total		**25.551,35**	**6.652,20**	**8.931,49**	**556,66**	

Values shown include non-deductible VAT.
In vehicles where the insurance is Locarent, the values are included in the installment amount.

VEHICLE COSTS / CHARGES

Board member	Vehicles costs/charges (€)								
	Vehicle	Agreement entered into	Reference price of vehicle	Type of payment (1)	Start year	End year	Monthly instalments	Annual instalments	Remaining payments
	[Y/N]	[Y/N]	[€]	[identify]			[€]	[€]	
Paulo José Ribeiro Moita Macedo	S	N	51.568,88	Acquisition	2016	-	-	-	-
Francisco Ravara Cary	S	S	41.675,86	Renting	2018	2022	540,52	6.486,24	25
João Paulo Tudela Martins	S	S	81.762,33	Renting	2018	2021	892,91	10.714,92	23
José António Silva Brito	S	S	62.639,13	Renting	2019	2022	949,11	11.389,32	35
José João Guilherme	S	S	69.082,95	Renting	2018	2022	932,24	11.186,88	27
Maria João Borges Carioca Rodrigues	S	S	73.126,49	Renting	2018	2021	948,32	11.379,84	24
Nuno Alexandre Carvalho Martins	S	S	73.208,00	Renting	2018	2021	950,69	11.408,28	24
Carlos António Torroaes Albuquerque	S	S	63.662,32	Renting	2018	2022	842,04	10.104,48	27
Total			**516.725,96**				**6.055,83**	**72.669,96**	

Notes
Value of monthly rent, corresponds to the value of the last rent of 2019, of the vehicle.
The annual expenditure corresponds to the indicated monthly rent multiplied by the number of months since the beginning of the use.
(*) Remaining payments as of 01.01.2020.
Car of Dr. Paulo Macedo, was acquired for assets as at 12/01/2017. Vehicle reference value corresponds to the acquisition value for the vehicle's fixed assets.
Values shown include non-deductible VAT.

TRAVEL EXPENSES

Board member	Gross annual travel expenses (€)					
	Official travel	Accommodation costs (a)	Allowances (b)	Other		Total travel expenses
				Identify (c)	Amount	
Emílio Rui da Veiga Peixoto Vilar	268,91	2.036,39	0,00	0,00	0,00	2.305,30
Paulo José Ribeiro Moita Macedo	37.796,80	20.264,50	0,00	0,00	757,14	58.818,44
Francisco Ravara Cary	26.974,67	1.050,36	0,00	0,00	260,00	28.285,03
João Paulo Tudela Martins	6.040,27	1.509,69	0,00	0,00	448,91	7.998,87
José António Silva Brito	563,80	0,00	0,00	0,00	60,50	624,30
José João Guilherme	22.897,70	17.777,50	0,00	0,00	639,78	41.314,98
Maria João Borges Carioca Rodrigues	21.185,38	4.040,00	0,00	0,00	957,24	26.182,62
Nuno Alexandre Carvalho Martins	1.348,87	182,78	0,00	0,00	1.134,09	2.665,74
Carlos António Torroaes Albuquerque	6.129,87	1.401,25	0,00	0,00	260,50	7.791,62
Ana Maria Machado Fernandes	1.545,00	2.191,70	0,00	0,00	0,00	3.736,70
José Maria Monteiro Azevedo Rodrigues	0,00	0,00	0,00	0,00	0,00	0,00
Alberto Afonso Souto Miranda (d)	0,00	0,00	0,00	0,00	0,00	0,00
Hans Helmut Kotz	17.860,55	7.187,73	0,00	0,00	0,00	25.048,28
Mary Jane Antenen	16.735,95	10.007,39	0,00	0,00	0,00	26.743,34
Altina de Fátima Sebastian Gonzalez Villamarin	11.176,63	497,84	0,00	0,00	1.577,72	13.252,19
Nuno Filipe Abrantes Leal da Cunha Rodrigues	0,00	0,00	0,00	0,00	0,00	0,00
Total	**170.524,40**	**68.147,13**	**0,00**	**0,00**	**6.095,88**	**244.767,41**

a) Accommodation costs are mostly associated with training courses abroad
a) The Executive Committee refrained from receiving allowances
b) Includes: Visas, Vaccines, Taxis, Representation Expenses.
(c) Resigned with effect on 17/02/2019

BOARD MEAL ALLOWANCE EXPENSES

Board Meal Allowance Expenses (€)			
	2017	2018	2019
Annual amount	0	0	0

(*) From September 2016, the meal allowance ceased for Board members.

Undocumented or confidential expenses

All reimbursed expenses are supported by a document proving their realization.

Annual report on remuneration paid to women and men

CGD complies with the rules on equal pay for men and women as described in the respective contents.

Compliance with legal guidelines on a public contracting level

Public Contracting Rules

Without prejudice to the fact that CGD is a commercial company in the form of an exclusively state-owned limited liability company, it is governed by private law and is not subject to the public contracts code approved by Decree-Law no.18/2008 of 29 January, which sets out the rules on public contracts and the substantive regime of public contracts of an administrative type.

In the same way CGD is not bound to subscribe for the national public procurement system (SNCP), including its BASE system, because it is a commercial company, with the object of performing a banking activity in the broadest terms permitted by law.

Although Caixa Geral de Depósitos has not joined the National Public Procurement System, it has internal and external regulations, which are close to the procedures adopted in the SNCP.

CGD operates in the market in due compliance with the objectives and principles of legality and business ethics defined for the state's corporate sector as defined by Decree-Law no.133/2013 of 3 October, amended by law 75-A/2014 of 30 September which covers, inter alia:

- Transparency;
- Social responsibility;
- Sustainable development;
- Equal treatment for all customers and suppliers;
- Promotion of equality and non-discrimination.

Acts and agreements entered into involving more than €5 million

In 2019 the acts and agreements entered by Caixa Geral de Depósitos, S.A.into involving more than €5 million were as follows:

- Services agreement with Visa Europe Limited, - issuance of bank cards;
- Second addendum to the protocol of cooperation with the University of the Algarve;
- Pluriannual sponsorship agreement with the University of Lisbon;
- Services agreement with Mysis Spain (Finastra) - front to back to risk platform;
- Services agreement with Altran Portugal, S.A, - software maintenance and development services;

Acts and agreements submitted for the previous approval of the court of auditors

Agreements celebrated between Caixa Geral de Depósitos, S.A and other parties requiring the advance approval of the Portuguese audit court in 2019 were as follows:

- Services agreement with Visa Europe Limited - issuance of bank cards;
- Services agreement with Manpower Group Solutions – Unipessoal, Lda. - inbound and outbound operator services;
- Services agreement with Randstad II – Prestação de serviços, Lda. - outbound operator services;
- Second addendum to the protocol of cooperation with the University of the Algarve,
- Pluriannual sponsorship agreement with the University of Lisbon;
- Protocol of cooperation with the University of Lisbon;
- Third addendum to the agreement with Everis Portugal, S.A. - software maintenance services;
- Fourth addendum to the agreement with Everis Portugal, S.A. - software maintenance services;
- Third addendum to the agreement with Siemens, S.A - global building maintenance;
- Services agreement with Mysis Spain (Finastra) - front to back to risk platform;
- Services agreement with Altran Portugal, S.A - software maintenance services;
- Second addendum to the agreement with NewSpring Services, S.A. - document custodian services;
- Addendum to the protocol of cooperation with the University of Minho;
- Sixth addendum to the agreement with EIT Services Co. Portugal, Lda - distributed services management;
- Extension of the services agreement with Randstad II – Prestação de serviços, Lda. - the provision of outbound operator services;

Vehicle fleet

CGD had 1.098 vehicles in 2016, 753 vehicles in 2017, 720 vehicles in 2018 and 727 vehicles in 2019, a reduction of 371 vehicles since the beginning of the 2017-2020 Strategic Plan. With its implementation, CGD has been reducing its number of vehicles over the last few years, following the closure of various branch office network structural bodies and particularly on account of the application of its new vehicles allocation policy which was approved in 2017 and which is based on even greater rationalisation in light of the series of initiatives having been implemented by CGD. These initiatives have been designed to cut costs, particularly as regards the management of vehicles and official travel, with the aim of achieving an even more responsible use of CGD Group’s vehicle fleet.

Centralised management and process optimisation measures related to the acquisition, allocation and use of official vehicles, both in CGD and CGD Group companies headquartered in domestic territory continue to be, accordingly, introduced. In 2019 costs were down by 2.80 %, over 2018.

Reduction of operating expenses

The strategic plan for the period 2017/2020 agreed between the Portuguese state and the European Commission set out demanding objectives for reducing the employee complement engaged on CGD's domestic activity, as well as the need for a relevant improvement in operational efficiency as measured by the cost-to-income ratio.

Adjustments to the branch office network were especially important, with the closure of branch offices in accordance with the defined rationalisation model and continuation of the processes for restructuring the central departments.

With the aim of optimising employee costs, the main strategic options include:

- The implementation of the employee adjustment plan (retirements, early retirements and voluntary redundancies);
- Convergence of basic social costs/charges to the sector benchmark;
- Systemisation, simplification and effective management of the diverse remuneration components, with better balance between fixed and variable remunerations and greater articulation with performance;
- Optimisation of employee management to ensure the correct balance between internal and outsourced resources, face-to-face as opposed to remote services and between the branch office network and central departments.

An effective reduction of general administrative costs in CGD Group is based on the following:

- Adoption of an Electronic Procurement Tool with the aim of reducing the cost of the acquisition of goods and services, with access by and the introduction of greater competition between suppliers, as well as the use of Electronic Auctions;
- The harmonisation and centralisation of CGD Group procurement services with the aim of capitalising on the synergies deriving from negotiation and the centralised acquisition of goods and services in CGD Group terms;
- Zero-based budget : To be implemented from 2019;
- Revision and negotiation of all contracts for the supply and provision of services, including contracts related with the information system and technologies, in terms of scope, levels of service and other conditions;
- Across-the-board cost reductions deriving from the optimisation of the branch office network (rents, electricity, vehicles, external and in-house ATMs, etc.);
- Revision and negotiation of insurance contracts;
- Negotiation of real estate rents and optimisation of use of space;
- Implementation of energy efficiency measures;
- Implementation of a new total facility management model;
- Optimisation of costs associated with the vehicle fleet (quantity, type and scope of correlated services);
- Redefinition of supply of bank cards;
- Reduction of costs associated with the production and delivery of correspondence;
- Reformulation of model associated with the assessment of the award of sponsorships and the entering into of protocols, including sports clubs;
- Reformulation of the model associated with BPO (business process outsourcing) services to include the assessment of the possibility of automating these processes.

EVOLUTION OF OPERATIONAL COSTS - CGD PORTUGAL

(EUR Thousand)

	2019	2018	2017	2019 / 2018	
				∆ Total.	Change %
EBITDA	n.a	n.a	n.a	-	-
External services and supplies	201.594	224.935	238.747	(23.341)	(0)
Employee costs	396.374	417.272	440.281	(20.898)	(0)
i) Early termination severance pay [(a)]	-	-	1.698	-	-
ii) Impact of the reversals on previous remuneration reduction [(b)]	-	-	-	-	-
iii) Impact of the application of Articles 20 and 21 of the 2017 State Budget Law	-	-	101	-	-
Staff expenses excluding costs i), ii) and iii)	396.374	417.272	438.482	(20.898)	(0)
Operational costs	597.968	642.207	677.229	(44.239)	(0)
Turnover [(d)]	1.352.754	1.163.667	1.116.319	189.087	0
Expenses/turnover	**44%**	**55%**	**61%**	**-**	**-11 p.p.**
Communications	11.500	10.704	15.489	796	0
Travel / accommodation	1.429	1.693	1.945	(264)	(0)
Allowances	262	239	227	24	0
Vehicle expenses	3.790	3.901	6.015	(111)	(0)
Total	**16.981**	**16.536**	**23.676**	**445**	**0**
Studies, opinions, projects and consultancy	17.762	10.177	17.460	7.585	1
Number HR (*)	6.918	7.419	7.988	(501)	(0)
No. Employees (exc. SBs and managers)	6.726	7.218	7.765	(492)	(0)
No. management positions	173	182	204	(9)	(0)
No. corporate bodies	19	19	19	-	-
No. Employees / management posts	39	40	38	(1)	(0)
No. vehicles	727	720	753	7	0

(a) Does not Include the compensations paid for Mutual Agreement Resignations.

(b) Net value between the Reversal and the Correction Factor (value).

(c) Total Operating Income.

Audits by the Court of Auditors during the last three years

As part of the audit works on the “Privatisation Process of CGD Group’s Insurance Companies” in 2014, the Portuguese Audit Court requested a series of documents and information in June, July, November and December 2018, with a view to complementing the information already supplied and which was promptly delivered.

In the referred to privatisation process, Caixa Seguros e Saúde, SGPS, S.A., a company hitherto fully owned by CGD and currently incorporated into CGD during the course of the merger operation which was completed in December 2018, disposed of 85% of the equity capital of Fidelidade - Companhia de Seguros, S.A. and 80% of the equity capital of Multicare - Seguros de Saúde, S.A. and Cares - Companhia de Seguros, S.A. – currently operating under the name of Fidelidade Assistência - Companhia de Seguros, S.A.

In December 2018, the Audit Court produced its audit report on the “Process for the Disposal of CGD Group’s Insurance Companies”, upon which CGD commented in due course as set in the “Audit Report” published in February of 2019 and that does not contain any recommendations for CGD to address. The report is available in https://www.tcontas.pt/pt-pt/ProdutosTC/Relatorios/RelatoriosAuditoria/Documents/2019/rel003-2019-2s.pdf

Reference should be made to the fact that CGD Group’s disposal of its insurance companies was based on a decision and strategic guidelines of its Portuguese state shareholder, in conformity with the memorandum of May 2011 of the Financial Assistance Programme for Portugal and was also a part of the programme of the 19th Constitutional Government and was retained in the documents revising the referred to Assistance Programme.

Reference should also, herein, be made to the fact that the European Commission, in July 2013, approved CGD’s restructuring plan, establishing the sale of its insurance and healthcare business owned by Caixa Seguros and Saúde, SGPS, SA.

In 2019, there is no knowledge that there have been recommendations addressed to CGD resulting from audits conducted by the Court of Auditors, namely the aforementioned.

Compliance with the duty to provide information on the “SEE” (State Corporate Sector) website

	Disclosure		
Information to be published on "SEE" (state corporate sector) website	Y / N / na	Last update	Remarks
Articles of association	Y	June 17	
Characterisation of company	Y	June 17	
Supervisory and shareholder function	Y	June 17	
Governance model / members of statutory bodies		March 18	
- Identification of statutory bodies	Y	March 18	
- Fixed remuneration status	Y	March 18	
- Disclosure of information on remuneration earned by statutory bodies	Y	March 18	
- Identification of functions and responsibilities of members of the board of directors	Y	March 18	
- Presentation of résumés of members of statutory bodies	Y	March 18	
State funding	Y	June 17	
Summary	Y	December 17	
Historical and current financial information	Y	September 17	
Good governance principles	Y	June 17	
Internal and external regulations binding on company	Y	June 17	
Relevant transactions with related entities	Y	June 17	
Other transactions	Y	June 17	
Analysis of company's sustainability in the following domains		June 17	
Economic	Y	June 17	
Social	Y	June 17	
Environmental	Y	June 17	
Appraisal of compliance with good governance principles	Y	June 17	
Code of ethics	Y	June 17	

Compliance of legal requirements under RJSPE

The applicability and degree of compliance of the requirements CGD must meet under Legal Regime of the Public Business Sector (RJSPE), as set out in Appendix 2 of Letter nº 1156 of March 15, 2019, is as follows:

	Compliance			Quantification / Identification	Justification / reference in report
	Y	N	N/A		
Management objectives	X				Chapter 1,2 Mission, Objectives and Policies
Targets of the 2019 Activity and Budget Plan	X				The 2019 CGD Activity and Budget Plan operationalizes the annual execution of the 2017-2020 Strategic Plan agreed between the Portuguese State and DG Comp. Within the scope of regular monitoring of the Plan and periodic meetings with CGD, DG Comp notes the success verified until the end of 2019 in the implementation of the Plan and the general fulfillment of the commitments assumed.
Execution % at the budgetary information system	X		x		The PAO was communicated to the guardianship in a previously agreed format. Its execution in 2019 allowed to successfully reach the objectives set for that year in the Strategic Plan 2017-2020 agreed between the Portuguese State and DG Comp.
Evolution of average payment time to suppliers				More 11 days	As a way of making this process more efficient, and aiming to reduce payment delays, a strategy of massive migration of CGD suppliers to electronic invoicing was initiated in 2019.
Disclosure of information on arrears	X			14.801.114 €	Cahpter 10 - Legal Guidelines Under RJSPE
Shareholder's recommendations at the time of the last approval of the accounts:			X		
Remunerations					
Non attribution of management bonuses			X		CGD's shareholder decided on June 3, 2019, on a proposal from the Remuneration Committee of the CGD General Meeting, to attribute to the executiveBoard Members, for the financial year 2018, variable remuneration under the terms described in Chapter 5 - Remuneration
Board of directors - Remuneration reduction in 2019 (if applicable)			X		Remuneration's variable component is subject to reduction and reversal mechanisms.
Supervisory bodies - Remuneration reduction in 2019 (if applicable)			X		
Article 32 of public manager statute					
Use of credit cards	X				Cahpter 10 - Legal Guidelines Under RJSPE
Reimbursement of personal expense account items	X				Cahpter 10 - Legal Guidelines Under RJSPE
Expenses with Communications (Maximum amount)			X		Cahpter 10 - Legal Guidelines Under RJSPE
Expenses with fleet car (Maximum amount)			X		Cahpter 10 - Legal Guidelines Under RJSPE
Confidencial or non-documented expenses	X				Cahpter 10 - Legal Guidelines Under RJSPE
Elaboration and promotion of Remuneration Report		X			Although CGD did not prepare the report in question, CGD complies with the rules of equality in the award of remuneration to men and women.
Elaboration and promotion of the Report on Corruption prevention	X				https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Praticas-de-Bom-Governo/Documents/Relatorio-Ocorrencias-Corrupcao-Infracoes-Conexas.pdf
Public contracts					
Company's application of rules on public contracts			X		CGD is governed by private law and is not subject to the public contracts code and is not bound to adhere to the National Public Procurement System (SNCP), including the BASE system.
Contracts submitted for the approval of the court of auditors	X			15	Cahpter 10 - Legal Guidelines Under RJSPE
Audits - court of auditors			X		In 2019, there is no knowledge that there were recommendations addressed to CGD resulting from audits conducted by the Court of Auditors
Vehicle fleet				727	In 2017, CGD owned a fleet of 753 vehicles, which in 2018 reduced to 720 vehicles. CGD has been reducing the number of vehicles over the past few years.
Operating expenses of state-owned companies			X		Compared to the previous year, there was a reduction on, external supplies and services of 8% and employee costs of 6%.

3.11. Assessment of Corporate Governance

3.11.1 Statement of Compliance - RJSPE

Assessment of the level of compliance with good corporate governance practice binding upon CGD

CORPORATE GOVERNANCE REPORT		Cumpre Yes	Cumpre No	Page
I	**Summary**	x		7
II	**Mission, Objectives and Policies**			
1.	Indication of mission and furtherance thereof, in addition to the company's vision and values	x		10
2.	Policies and guidelines triggered by the defined strategy: Objectives and results defined by the shareholder and their degree of compliance, as well as the justification of the deviations verified and the corrective measures applied or to be applied Key variables to company results	x		10-11 95
3.	Evidence of performance in acordance to the guidelines proposed by sectoral competent authorities	x		11.-12
III	**Capital**			
1.	Capital structure	x		13
2.	Eventual limitations on ownership and/or transferability of shares	x		13
3.	Shareholders' agreements	x		13
IV	**Group Structure and Bond holdings**			
1.	Identification of singular (statutory bodies) and/or collective persons (Corporate) with direct or indirect investments in other entities with detailed information on capital and voting percentages	x		14-15
2.	The acquisition and disposal of corporate investments and involvement in any associative or foundational entities	x		14 139
3.	Provision of financial guarantees or assumption of the debts or liabilities of other entities	n.a.		
4.	Indication of the number of shares and bonds held by members of boards of directors and inspection bodies	x		15
5.	Information on the existence of significant commercial relationships between equity stakeholders and the company	x		18-19
6.	Identification of the mechanisms adopted to prevent the existence of conflicts of interest	x		35-37
V	**Statutory Bodies and Committees**			
A	**Governance model**			
1.	Identification of the governance model adopted	x		16-17
2.	CGD organisational chart	x		17 41
B	Shareholders Meeting			
1.	Composition of the Board of the SM, term of office and remuneration	x		17 70
2.	Identification of shareholders' resolutions	x		17
C.	Administration and Supervision			
1.	Statutory rules on procedures applicable to the nomination and replacement of members	x		16
2.	Composition, duration of term of office, number of permanent members	x		18-19
3.	Identification of the executive and non-executive members of the Board of Directors and identification of the independent members of the CGS.	x		19 22
4.	CVs of each of the members	x		124-139
5.	Production of the declaration by each of the members of the board of directors to the board of directors and the audit body, in addition to IGF of any equity investments they may have in the company in addition to any relations they may maintain with suppliers, customers, financial institutions or any business partners which could generate conflicts of interest			140-141
6.	Family, professional or commercial relationships of members, with shareholders	x		37
7.	Organisational charts on the division of competencies among the various statutory bodies	x		41 22-32 122-123
8.	Functioning of Board of Directors	x		19
9.	Special committees	x		22-30

CORPORATE GOVERNANCE REPORT		Cumpre		Page
		Yes	No	
D	**Inspection**			
1.	Identification of the inspection body, corresponding to the model adopted and its composition, indication of the statutory minimum and maximum number of members, duration of term of office, number of permanent and deputy members	x		31-33
2.	Identification of members of the Inspection Body	x		32
3.	CVs of each member	x		137-139
4.	Functioning of inspection	x		31-32
E	**Statutory Auditor**			
1.	Identification of Statutory Auditor/ Statutory Audit Company	x		33
2.	Indication of legal limitations	x		33-34
3.	Indication of the number of years the Statutory Auditor and/or Statutory Audit Company has exercised functions in the company/group	x		33-34
4.	Description of other services provided to the company by the Statutory Audit Company	x		34-35
F	**External Auditor**			
1.	Identification	x		33
2.	Rotation policy and periodicity	x		33-34
3.	Identification of performance of works other than audits	x		34-35
4.	Indication of annual remuneration paid	x		33
VI	**Internal Organisation**			
A.	**Company´s Articles of Association and Communications**			
1.	Changes to the company's articles of association - Applicable rules	x		16
2.	Communication of irregularities	x		39-40
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3.11.2 Statement of Compliance - IPCG Code

Statement of Compliance with the Corporate Governance Code of the Portuguese Institute for Corporate Governance (IPCG)

CGD is a public company whose share capital is held solely by the Portuguese State. In accordance with CGD's legal framework, and in what concerns matters of corporate governance, it adheres to the guidelines for public sector companies set by the Technical Unit for Monitoring of Public Sector Companies (UTAM) and to Decree-Law 133/2013 – Legal Regime of Public Sector Companies.

Nevertheless, in this Report CGD also strived to accommodate the principles of good governance stated in the Corporate Governance Code of the Portuguese Institute for Corporate Governance (IPCG), which is applicable to entities that have issued shares admitted to trading in regulated markets. In that sense, the Board of Directors of CGD decided to include in its 2019 Governance Report a Statement of Compliance with the IPCG's Corporate Governance Code, to emphasize its commitment to the best practices in corporate governance, which have assumed a growing role in the management of the institution.

The Institution adopted the vast majority of recommendations included in the IPCG's Corporate Governance Code. From a total of sixty (60) recommendations, CGD adopted forty nine (49), while nine (9) are not applicable given its legal status and two (2) are not adopted due to the explanations contained in the table below. The justification for the adoption of each recommendation and the reference to the corresponding chapter of this report where each theme is addressed is included in the following table.

IPCG Recommendations	*Comply or explain*	Relevant section of this Report
Chapter I. General Provisions		
I.1 Company's relationship with investors and disclosure		
I.1.1. The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted	Chapter 6 –Sections 6.4 and 6.5
I.2 Diversity in the composition and functioning of the company's governing bodies		
I.2.1 Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted	Chapter 5 – Section 5.2.2
I.2.2 The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, and detailed minutes of the meetings of each of these bodies should be carried out.	Adopted	Chapter 5 – Sections 5.2 and 5.2.3
I.2.3. The internal regulations of the governing bodies — the managing body, the supervisory body and their respective committees — should be disclosed, in full, on the company's website.	Adopted	Chapter 6 – Section 6.5
I.2.4. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their	Adopted	Chapter 6 – Section 6.5

committees, should be disclosed on the company's website.		
I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (whistleblowing) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.	Adopted	Chapter 6 – Section 6.1 Article 34 of CGD's Conduct Code determines that the Institution must provide for the establishment of an internal channel of communication of irregular actions allegedly taking place in the course of its activity, ensuring confidentiality of treatment as well as non-retaliation to the authors of such communications that are made in good faith. This circuit is regulated by internal norms establishing the Internal System for the Communication of Irregular Practices (SCIPI).
I.3 Relationships between the company bodies		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	Chapter 5 – Sections 5.1, 5.2 and 5.2.3
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	Chapter 5 – Sections 5.1, 5.2 e 5.2.3
I.4 Conflicts of interest		
I.4.1. The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest.	Adopted	Chapter 5 – Section 5.3
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	Chapter 5 – Section 5.3

I.5 Related party transactions		
I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory body.	Adopted	Chapter 8
I.5.2. The managing body should report all the transactions contained in Recommendation 1.5.1. to the supervisory body, at least every six months.	Adopted Transactions with related parties are reviewed in meetings of the Board of Directors with the Supervisory Board in attendance.	Chapter 8
Chapter II – Shareholders and General Meetings		
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Not applicable CGD is a public company whose share capital is held solely by the Portuguese State, therefore there are no restrictions in place to limit voting rights or to apply defensive measures, in particular those that foresee the limitation of the number of votes conferred to shares held by single investors, individually or in tandem with other shareholders.	Chapter 5 – Sections 5.1 and 5.2.1
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Not applicable CGD is a public company whose share capital is held solely by the Portuguese State.	
II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	Not applicable CGD is a public company whose share capital is held solely by the Portuguese State.	
II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	Not applicable CGD is a public company whose share capital is held solely by the Portuguese State.	

II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Not applicable CGD is a public company whose share capital is held solely by the Portuguese State.	
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Not applicable in the case of CGD given its shareholding structure.	
Chapter III – Non-executive management, monitoring and supervision		
III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Not adopted CGD's Chairman of the Board (PCA) is not independent. Nonetheless, through the Board of Directors (CA), and in accordance with its Regulation, non-executive members of the Board promote and participate in defining the strategy of the Institution, its main Policies, its group structure and all decisions that are considered strategic for the Institution by virtue of their amount or risk, as well as in the evaluation of the fulfilment of such decisions. The governance model and the institutional and functional relationship between CGD's corporate bodies has contributed to the effective development of its activities, without constraints and giving primacy to the imperative social interest.	Chapter 5 – Section 5.2.2.
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.	Adopted	Chapter 5 – Sections 5.1, 5.2.2 and 5.2.3
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Not adopted	Chapter 5 – Section 5.2.2

	The Board of Directors of CGD is made up of eight executive members and seven non-executive members. Notwithstanding the fact that the number of non-executive members does not exceed that of executive members, the current composition and the working of the Board have assured that, permanently, mechanisms of control, equilibrium and transparency have been present in the decision making process of the Board, assuring the role of awareness, supervision and evaluation of the institution by non-executive members.	
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.	Adopted	Chapter 5 – Sections 5.1 and 5.2.2
III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new	Not applicable	Chapter 5 – Sections 5.1 and 5.2.2

appointment, a period of 3 years has elapsed (cooling-off period).	No Board member meets such condition	
III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Adopted	Chapter 5 – Section 5.2.2
III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Not applicable given CGD governance model (classical model).	Chapter 5 – Section 5.1
III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	Adopted	Chapter 5 – Section 5.2.3
III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	Adopted	Chapter 5 – Section 5.2
III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	Adopted	Chapter 6 – Section 6.2
III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	Adopted	Chapter 5 - Section 5.3 Chapter 6 – Section 6.2
III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	Chapter 5 – Section 5.3 Chapter 6 – Section 6.2
Chapter IV – Executive management		
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	Adopted	Chapter 5 – Section 5.2.2
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i. the definition of the strategy and main policies of the company; ii. the organisation and coordination of the business structure; iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted	Chapter 5 – Section 5.2.2

IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	Adopted	Chapter 5 – Section 5.2.2
IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	Chapter 5 – Section 5.2.3
Chapter V – Evaluation of performance, remuneration and appointment		
V.1. Annual evaluation of performance		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted	Chapter 5 – Section 5.2.2
V.1.2. The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted	Chapter 5 – Section 5.2.3
V.2 Remuneration		
V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.	Adopted	Chapter 5 – Section 5.2.1. (General Meeting's Remuneration Committee - CRAG)
V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	Adopted In CGD, Remuneration Policy of the members of governing bodies is proposed by General Meeting's Remuneration Committee (CRAG) in consultation with Nomination, Assessment and Remuneration Committee (CNAR).	Chapter 5 – Section 5.2.1. (General Meeting's Remuneration Committee - CRAG) Chapter 5 – Section 5.2.2. (Nomination, Assessment and Remuneration Committee - CNAR). Chapter 7 – Competence for assessing remuneration
V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following: i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's	Adopted	Chapter 5 – Section 5.2.1. (General Meeting's Remuneration Committee - CRAG) Chapter 7

performance in the long run, and information about how the performance requirements were applied; ii. remunerations from companies that belong to the same group as the company; iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date; iv. information on the possibility to request the reimbursement of variable remuneration; v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation; vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.		
V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	Adopted	Chapter 7
V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	Chapter 5 – Section 5.2.1
V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted	Chapter 5 – Section 5.2.2
V.3 Director remuneration		
V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Adopted	Chapter 7
V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Adopted	Chapter 7
V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not applicable in the case of CGD given its shareholding structure.	

V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	Chapter 7
V.3.6. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	Adopted	Chapter 7
V.4 Appointments		
V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	Chapter 5 – Section 5.2.2
V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Adopted	Chapter - Section 5.2.2
V.4.3. This nomination committee includes a majority of nonexecutive, independent members.	Adopted	Chapter 5 – Section 5.2.2.
V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Adopted	Chapter 5 – Section 5.2.2
Chapter VI – Risk management		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	Adopted	Chapter 6 – Section 6.2
VI.2. Based on its risk policy, the company should establish a system of risk management, identifying: i. the main risks it is subject to in carrying out its activity; ii. the probability of occurrence of those risks and their respective impact; iii. the devices and measures to adopt towards their mitigation; iv. the monitoring procedures, aiming at their accompaniment; and v. the procedure for control, periodic evaluation and adjustment of the system.	Adopted	Chapter 6 – Section 6.2
VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	Adopted	Chapter 5 – Section 5.2.2 Chapter 6 - Section 6.2

Chapter VII – Financial statements and accounting		
VII.1 Financial information		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted	Chapter 5 – Section 5.2.3
VII.2 Statutory audit of accounts and supervision		
VII.2.1. Through the use of internal regulations, the supervisory body should define: i. the criteria and the process of selection of the statutory auditor; ii. the methodology of communication between the company and the statutory auditor; iii. the monitoring procedures destined to ensure the independence of the statutory auditor; iv. the services, besides those of accounting, which may not be provided by the statutory auditor.	Adopted	Chapter 5 – Section 5.2.3
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Adopted	Chapter 5 – Sections 5.2.2. and 5.2.3
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted.	Chapter 5 – Section 5.2.3
VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.	Adopted	Chapter 5 – Section 5.2.3
VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.	Adopted	Chapter 5 – Section 5.2.3

Annexes

Annex I - Disclosure of non-financial information

Consolidated non-financial statement containing sufficient information for the comprehension of the evolution of the performance, position and impact of the group's activities, in respect of, at the minimum, environmental and social issues regarding workers, equality between women and men, non-discrimination, respect for human rights, the fight against corruption and attempts at bribery

This information reflects CGD Portugal's principal practice regarding social, economic, environmental and governance issues in order to comply with the reporting objectives of decree law 89/2017.

The performance of international structures on sustainability related issues, namely: Banco Comercial e de Investimentos, Banco Caixa Geral Angola, Timor branch, Banco Interatlântico, Banco Nacional Ultramarino Macau and Banco Comercial do Atlântico is also reported.

The chapter on the sustainability report 2019, produced in accordance with the most recent version (GRI Standards 2016) of the Global Reporting Initiative (GRI) should be read in order to ensure a more comprehensive vision of CGD group's sustainability-related performance.

a) Description of business model

CGD's mission is to create value for Portuguese society in providing quality banking services to personal and corporate customers and helping to improve the wellbeing of Portuguese families and business sector development, generating adequate returns for its shareholder. CGD ensures customers' access to a diversified range of quality financial products and services, particularly focusing on taking in savings and medium and long term lending based on an efficient corporate governance model and respect for the highest ethical standards.

Caixa Geral de Depósitos group has direct and indirect equity stakes in several domestic and international companies operating in such diverse sectors as commercial banking, investment banking, venture capital, asset management, specialised credit and real estate.

Its organisational management model combines this mission with a balanced desire to achieve profitability, growth and financial strength, prudent risk management, relationship with its essential stakeholders and strategic commitment to sustainable development based on its three fundamental pillars.

b) Description of policies followed by the company, including the application of due diligence

CGD's definition of policies, principles, codes and commitments provides the framework which governs its activity in terms of fundamental values and sustainability, encouraging the prevalence of ethics, rigour and transparency across all activities and operations. It is binding upon employees and functional structures, group companies and, when applicable, partners and stakeholders.

- Sustainability policy
- Environmental policy
- Involvement with the community policy
- Product and service policy
- Quality policy
- Business continuity policy
- Policy for the prevention of corruption and associated infractions
- Diversity policy
- Exclusion and sectoral limitation principles
- Principles regarding tax matters
- Ethical principles and good business practice for suppliers

- Declaration of commitment to human rights
- Portuguese diversity charter
- Code of conduct

CGD is a voluntary subscriber to principles and/or commitments to national and international entities, particularly:

- Responsible banking principles (UNEP-PRB);
- Responsible investment principles (UNEP-PRI);
- Letter of Commitment for Sustainable Finance in Portugal;
- The 10 global compact principles of the United Nations
- Charter for responsible business, European Savings Banks Group (WSBI/ESBG)

CGD is also a party to several taskforces designed to promote the integration of trends and national and/or international policies on sustainability issues, namely:

- Sustainable finance group of the European Banking Federation;
- Think tank for sustainable finance coordinated by the ministry of the environment and energy transition;
- Carbon neutrality group of BCSD Portugal;
- Taskforce on sustainable finance of the Portuguese Banking Association;
- Education and financial literacy taskforce of the Portuguese Banking Association;
- Implementation, monitoring and strategy assessment group (GIMAE).

Reference should be made to the following as tools for the furtherance of the already referred to policies, principles, codes and commitments:

1) Listening to stakeholders

CGD consulted its principal stakeholders, in 2019, on their perception of CGD's sustainability performance.

This process enables the identification of their main concerns, expectations and interests and allows CGD to define and/or adapt its corporate sustainability programme's operating priorities.

CGD will associate performance objectives and/or indicators on issues considered to be of relevance to enable it to efficiently monitor and improve its sustainability-related performance and integrate them with actions plans.

2) Sustainability strategy 2018/2020

The sustainability strategy 2018/2020 aims to implement an annual action plan to materialise CGD's contribution to sustainable development, reflecting the sustainability policies and commitments adopted by the bank.

Based on six structural intervention areas – responsible business, social responsibility, environmental footprint, ethics and compliance, risk management and involvement with stakeholders CGD's sustainability strategy is subject to oversight and periodic reporting requirements

3) Governance model

As a relevant part of its sustainability governance model, the sustainability committee (CSU) is the executive committee's advisory body, responsible for supervising the management of and issuing guidelines on the definition and implementation of the sustainability strategy, incorporating sustainable development, responsible banking and sustainable finance principles in CGD's current operations, in alignment with its strategic plan and stakeholders' expectations. CSU operates on a corporate approach, covering CGD group branches and subsidiaries.

As an advisory body it also informs the governance committee of planning and annual compliance with the sustainability strategy, as well as submitting matters identified as structuring and important actions for CGD's sustainable development-related evolution for the consideration of the executive committee.

c) Results of these policies

CGD communicates a clear, fair and balanced vision of the results of its sustainability-related policies in such a way as to assist stakeholders' understanding and oversight of the company's performance, disclosing information thereon in such media as, *inter alia*, its sustainability report, website and social networks.

Environmental responsibility

CGD adopts a proactive approach to preventing pollution, endeavouring to continually improve its environmental performance and further the implementation of its environmental strategy, in order to adequately manage the environmental impacts associated with its activity.

The principal environmental risks have been identified and controlled and mitigated by its environmental management system which retained its ISO 14001 certification in 2019.

The existence of an environmental management system enables environmental performance information to be managed more efficiently, permitting oversight of CGD's evolution in accordance with its environmental challenges whilst also contributing to the image and reputation of the CGD brand and perception of the ethical and responsible performance of its banking activity.

Reference should be made, herein, to the "identification of significant environmental aspects matrix" as an internal management tool permitting the assessment of environmental impacts, considering the severity and frequency or probability of their occurrence resulting in the environmental impact risk.

The results achieved on an environmental level are exemplified by the "A-" leadership classification in the climate change questionnaire 2019 of the Carbon Disclosure Project, as an entity which assesses how companies adapt to climate change and in which CGD was ranked in an above average position in the financial sector (C).

Contributions o this result were, *inter alia*, made by the energy efficiency measures implemented and respective reduction of energy consumption and definition of a new objective for the reduction of greenhouse gases, materialised in CGD's low carbon project.

CGD SA's energy consumption also particularly includes an 11% reduction in 2019 over 2018, as evidence of the efficiency of its diverse energy measures implemented across the last few years.

INTERNATIONAL STRUCTURES

Banco Comercial do Atlântico (BCA)

BCA started work on its internal *Menosémais* ("more is less") campaign in 2019 which consists of the possibility of implementing the identification of good environmental practice (rationalisation/standardisation).

BCA aims to become a more efficient, more aware and more sustainable company for the benefit of its customers, employees, shareholders and environment in which it operates.

With the objective of reducing the consumption of throwaway cups, BCA provide all of its employees with ceramic tankards.

Social responsibility

The initiatives and solutions implemented by CGD have been created in conjunction with stakeholders, with the aim of responding to social issues which cannot be resolved in isolation.

CGD continued to incentivise its employees' corporate voluntary work, in 2019, allowing them to participate in several initiatives.

Under its corporate volunteer programme, it was decided that *Caixa Volunteer* day would be on CGD's anniversary (10 April). If this occurs on a weekday the actions will take place on the following Saturday.

CGD's celebrations of *Caixa Volunteer* day on 13 April (Saturday) 2019 comprised 32 voluntary actions involving 1,179 employees, family members and friends, local charitable institutions and communities mobilising people over the whole of mainland Portugal and the islands of Madeira and the Azores.

Caixa volunteers helped communities with social needs, the homeless and people with special needs, organised forest and beach cleaning operations, reforestation activities, providing help for the recovery of living conditions in old people's homes and care centres, procuring and delivering toys and school materials for children and young students (in welfare institutions providing temporary accommodation), repaying society and the communities for the trust they have placed in the bank of all Portuguese citizens.

Social responsibility is also a core element of the identity of *Culturgest – Fundação Caixa Geral de Depósitos*.

Culturgest's functions are, by their very nature, part of CGD's social responsibility commitments in the promotion of art and culture area, in organising shows, exhibitions and other cultural events at accessible prices; promoting training and artistic and cultural participation, developing activities for this purpose targeted at or involving the participation of children, young people and the public in general.

Culturgest continued to promote the social inclusion of intellectually, sensorially or communicationally impaired persons, through its development of artistic activities targeted at or with specific functionalities for such persons.

2019 witnessed the holding of "Relaxation Sessions" enabling individuals or families to benefit from a more relaxed environment in a cultural space (persons suffering from attention deficit disorder, intellectual impairments, autistic spectrum conditions, sensory, social or communicational deficits) in addition to sessions comprising the use of sign language and audio description and theatre and dance events for persons with visual or auditory limitations

INTERNATIONAL STRUCTURES

Banco Nacional Ultramarino Macau (BNU MACAU)

BNU's various social inclusion, solidarity and volunteering actions in 2019 included:

- Donations to charities;
- Employee participation in the distribution of staple goods to those most in need;
- Donation of funds and participation in various charitable and sporting events such as participation in the *Walk for a Million* event;
- Annual employee blood donation programme;
- Sponsorship, support and participation in diverse activities to promote the population's general wellbeing (e.g. support for Macau's *Escuteiros Lusófonos* group).
- Community awareness of support for the population of Mozambique affected by the tropical cyclone *Idai* by in the form of "solidary" accounts;

Gender equality and non-discriminatory practice

One of the operating principles of CGD's code of conduct is non-discrimination based on criteria such as race, gender, disability, handicap, sexual orientation, ideological convictions, religion, education and civil status *et al*.

CGD promotes equal treatment for men and women, in addition to allowing workers to reconcile their personal, family and professional lives.

2019 saw the startup of works to approve and implement a gender equality plan to strengthen the commitment to diversity and equal opportunity in the workplace.

CGD SA had a global employee complement of 6,900 at 31 December 2019 with a gender balance of 61% for women and 39% for men.

CGD adhered to the *Portuguese Diversity Charter* in 2019. This European Commission initiative comprises one of the voluntary instruments created to encourage employers to implement and develop internal policies and practice to promote diversity.

The *Diversity Charter* describes concrete measures to promote diversity and equal opportunity in the workplace notwithstanding cultural, ethnic and social origin, sexual orientation, gender, age, physical characteristics, personal style and religion.

An organisation's adherence to this charter symbolises its intention to evolve and actively promote its potential diversity in line with its resources and possibilities.

CGD considers that diversity fuels innovation, attractiveness, retention, talent promotion and diverse competencies and represents a beneficial contribution to enhancing social and economic conditions, improving efficiency and competitiveness.

CGD's diversity policy, approved in 2019, establishes diversity principles for CGD's employees in addition to objectives and goals to achieve balance between women and men on CGD's management and supervisory boards.

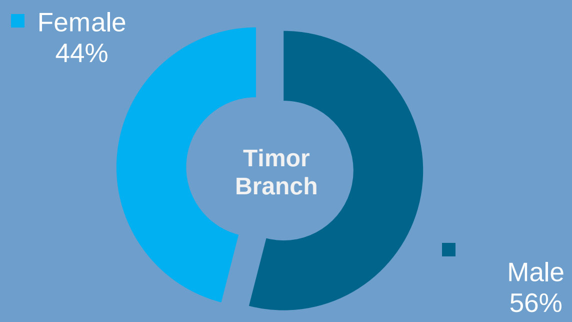
This is a corporate standard as regards the principles applicable to diversity issues. All CGD group entities should encourage its implementation, adjusted as necessary to the local legal jurisdiction.

INTERNATIONAL STRUCTURES

Timor branch

As regards equality between women and men and non-discriminatory practice, the Timor branch's recognition of merit and competence translates into a balanced employee complement in terms of gender.

Distribution by gender



Respect for human rights

Respect for human rights underpins the diverse policies adopted by CGD, in alignment with best corporate governance, social and environmental practice and contribution to sustainable development policies.

Based on its declaration of commitment to human rights, CGD undertakes to respect human rights, as internationally recognised, in the development of its relationship with employees, customers, suppliers and communities in which it operates, in endeavouring to mitigate the direct or indirect adverse impacts of its activity.

Respect for human dignity is a principle which should govern all relationships, including those in the business sphere.

In our present day world permanent situations involving risk both in the environmental sphere owing to climate emergency as in the social sphere, owing to migration and many other examples require companies to integrate respect for human rights in terms of responsible business management and to leverage the positive potential impacts they may have on society.

To strengthen the bank's commitment to human rights, CGD adhered to the Portuguese version of the *CEO Guide to Human Rights* in 2019, launched by the World Business Council for Sustainable Development (WBCSD).

In its awareness of the relevant role played by the supply chain in safeguarding respect for human rights, CGD promotes its suppliers' contractual adherence to its declaration of ethical principles and good business practice, undertaking to "adopt labour practice in conformity with the law and promote and protect human rights, as defined by international organisations, not adopting any practice or favouring any conduct which could be construed as an infraction thereof which they undertake to denounce and combat".

Such ethical principles and good business practice also assume suppliers' commitments "not to exploit or, in any other way, benefit from child labour, non-voluntary labour or labour which whose conditions and/or remuneration prejudices human rights, either directly or through third parties subcontracted to perform such activities, strictly complying with the legislation applicable in terms of labour matters and rest periods".

As a result 142 new agreements were entered into in 2019 with the involvement of Caixa Serviços Partilhados (CSP), as the body geared to providing CGD group with services in the sphere of negotiations, purchases and the financial management of the agreements entered into of which 92% include social and environmental clauses.

CGD is a member of the United Nations Global Compact (UNGC), having adhered to its 10 principles in areas such as human rights, labour practice, environmental protection and anti-corruption.

CGD evidenced its fulfilment of the 10 UNGC principles, by submitting its *Communication on Progress* (CoP) report which demonstrates its alignment with such principles, having achieved the highest "GC Advanced" classification.

INTERNATIONAL STRUCTURES

Banco Interatlântico (BI)

BI's sustainability policy is aligned with the corporate guidelines of CGD's sustainability policy, reflecting adjustments to the circumstances in Cape Verde and issues of relevance to the country's sustainable development in four operating areas.

1) Protection of human rights;
2) Promotion of its employees' professional and personal development;
3) Protection of natural resources;
4) Collective participation with its various stakeholders in promoting transparency.

Combating corruption and attempted bribery

Corruption and its associated infractions have the capacity to affect the functioning of an economy and development of society as a whole and should therefore be of concern of all actors, namely companies and credit institutions.

As part of its internal control system, CGD has implemented standing measures designed to prevent and repress the crime of corruption and its associated infractions. These measures are reflected in diverse procedures and internal standards of which special reference should be made to the code of conduct, policy for the prevention of corruption and associated infractions, global policy for the prevention and management of conflicts of interest and the internal reporting system on irregular practice.

In addition to the above referred to internal conduct instruments, CGD's internal control system also has specific instruments for the prevention and repression of infractions which may be related to acts of corruption, such as money-laundering, market abuse and violations of secrecy.

Anti-money laundering and countering the financing of terrorism (AML/CFT)

All employees are required to be familiar and comply with the legal and regulatory standards directly attributable to them, in the performance of their functions in addition to all internal rules and procedures governing the normal performance of their activity. Specific training has been given in various formats as one of the basic aspects of the prevention system as a whole.

Classroom training on AML/CFT was therefore given, in 2019, to account managers in the branch office network, trainees in Caixa's summer academy project and new academic year 2019, employees in the real estate business division (DNI) and Caixa Imobiliário, in addition to employees in the operations centre (CO), the latter on the identification of beneficial ownership and its respective legal regime. In terms of CGD group entities, classroom training was given to Banco Comercial de Investimentos de Moçambique (BCI), Banco Comercial do Atlântico (BCA) and Banco Interatlântico (BI) employees, both of Cape Verde.

INTERNATIONAL STRUCTURES

Banco Caixa Geral Angola (BCGA)

To comply with legal and regulatory standards and the recommendations issued by relevant international entities on anti money laundering and combating the financing of terrorism (AML/CFT), BCGA has implemented an advanced and effective system to prevent money laundering and combat the financing of terrorism which makes it possible to identify, assess and mitigate the potential risks associated with its customers and established business agreements.

AML/CFT activity is performed on a basis of policies and procedures defined with the objective of ensuring rigorous compliance with internationally accepted legal, regulatory, ethical and deontological standards and good practice.

BCGA is equipped with the IT tools to deal with AML/CFT, particularly software designed to monitor customers' accounts, classification of customers' risk profiles and the filtering of politically exposed persons.

a) Main risks associated with these matters

Banking activity in Europe has had to contend with several challenges over the last few years. This was particularly the case, in Portugal, on account of a prolonged environment of very low interest rates, more demanding regulation, a growth trend towards the digitalisation of financial services, technological innovation and the appearance of new players in financial brokerage activity, higher incidence of cybercrime and risks deriving from climate change.

The World Economic Forum published its Global Risks Report 2020, in January 2020, identifying the five global risks in terms of the probability of environmental risks:

1. Extreme climate events;
2. Failure to mitigate and adapt to climate change;
3. Major natural catastrophes;
4. Significant loss of biodiversity;
5. Man-made environmental disasters and damages.

Environmental risks are therefore a challenge to the stability of the present financial system and CGD should address this issue on a risk management level.

The new non-financial risks area was created as part of the risk management division in 2019, to address, *inter alia*, the risk of climate change.

As regards investment funds, Caixa Gestão de Ativos adhered to the principles for responsible investment in 2019. Adherence to this initiative mirrors the growing importance that the integration of environmental criteria and good governance has had in the financial sector, helping to manage risk and generate more sustainable long term income.

INTERNATIONAL STRUCTURES

Banco Comercial e de Investimentos (BCI)

BCI decided, in 2019, that socio-environmental risk analyses would be included as part of its daily credit risk assessment tasks, as an indication of the bank's commitment to comply with the international requirements in terms of its socio-environmental action. In the meantime, the implementation of such actions involved diverse challenges related to the updating of standards and processes, employee training, decision-making bodies and commercial areas regarding socio-environmental risk issues.

Socio-environmental risk analysis is currently based on existing national legislation and standards and policies designed by the bank with the assistance of BIO (Belgium Investment Company for Developing Countries) and IFC (International Finance Corporation). These entities contribute by supplying tools used in the assessment process on a certain entity such as a list of activities that the bank should not finance, socio-environmental performance standards, assessments of working conditions, prevention and reduction of pollution, assessments of safety and health in the community, protection of biodiversity, indigenous peoples and cultural heritage.

b) Key relevant performance indicators

In 2019, the global average for implementing the Sustainability Strategy was 91%, to which six areas of intervention contributed:

SUSTAINABILITY STRATEGY 2018/2020

Level of fulfilment by area

Accessible business | Social responsibility | Environmental footprint | Ethics and compliance | Risk Management | Stakeholders

Reference should be made, herein, to several of the projects in each area, taking into account their relevance to the corporate sustainability programme:

Area	Operating area	Key performance indicator	*Status (Nov 2019)*
Responsible business	Financial and digital literacy	Relaunch of *Saldo Positivo* portal	Completed
	Electronic billing	Launch of electronic billing project	In progress
Social responsibility	*Caixa Social* prizes	Launch of *Caixa Social* 2020 prizes	Completed
	Reintegration of the homeless	"I am a citizen" programme – creation of *e-flyer* with contacts for these situations and disclosure on branch office network	Completed
Environmental footprint	Environmental management system	Maintenance of ISO 14001:2015 certification	Completed
	Energy efficiency	10% reduction of electricity over period 2017 to 2020	In progress
Ethics and compliance	Sustainability commitments	Adherence to Letter of Commitment for Sustainable Finance in Portugal	Completed
	Sustainability policies	Approval of hospitality policy	In progress
Stakeholders	Community awareness on the adoption of good environmental practice	Production and publication of day-to-day guides on environmental sustainability	Completed
	Listening to stakeholders	Online questionnaire for assessing material sustainability issues with employees	In progress

Annex II – Executive Committee: Distribution of responsibilities

Executive Committee - Distribution of Responsibilities and respective substitutes as of 31 December 2019

Paulo Moita de Macedo

Organizational Units of CGD:	
Internal Audit Division (DAI) *	José de Brito
Compliance Division (DC) **	Carlos Albuquerque
Communication and Brand Management Division (DCM)	Carlos Albuquerque
Human Resources Division (DPE) ***	Maria João Carioca
Corporate Support Division (DSC) ****	Carlos Albuquerque
Economic Research Office (GET)	Carlos Albuquerque

* Reports to the Board of Directors according to the responsibilities / issues.
** Reports functionally to CACI. Since november 2019 reports functionally to CRF
*** Monitoring delegation : Maria João Carioca
**** Monitoring delegation: Carlos Albuquerque

José João Guilherme

Organizational Units of CGD:	
Retail Banking Division -North Area (DCN)	Francisco Cary
Retail Banking Division -South Area (DCS)	Francisco Cary
Bancassurance Division (DNB)	Francisco Cary
Payments and Consumer Credit Business Division (DNP)	Francisco Cary
Retail Marketing Division (DMR)	Francisco Cary
International Business Relations Division(DRI)	João Tudela Martins
International Office (OIT)	Francisco Cary
Domestic Units:	
Parbanca, SGPS	José Brito
Partang, SGPS (in liquidation)	José Brito
International Units:	
Banco Caixa Geral de Angola	Francisco Cary
Banco Comercial e de Investimentos – Mozambique	Francisco Cary
Banco Interatlântico – Cape Verde	Francisco Cary
Banco Internacional de S. Tomé e Príncipe	Francisco Cary
Banco Nacional Ultramarino – Macau	Francisco Cary
CGD Branch - France	Francisco Cary
CGD Branch -Timor	Francisco Cary

José António Silva Brito

Organizational Units of CGD:	
Accounting, Consolidation and Financial Information Division (DCI)	João Tudela Martins
Management information Division(DIG)	João Tudela Martins
Planning, Budgeting and Control Division (DPC)	João Tudela Martins
Financial Markets Division (DMF)	Francisco Cary
Domestic Units:	
Caixa Gestão de Ativos, SGF, SA	Carlos Albuquerque
CGD Pensões, SGPS, S.A.	Carlos Albuquerque
Caixa Participações, SGPS, S.A.	José João Guilherme
International Units:	
CGD Branch – Spain	Francisco Cary
CGD Branch – Luxembourg	Francisco Cary

Francisco Ravara Cary

Organizational Units of CGD:	
Large Corporate and Institutional Business Division (DBE)	José João Guilherme
Corporate Banking Division (DE)	José João Guilherme
Corporate Marketing Division (DME)	José João Guilherme
Domestic Units:	
Caixa Banco de Investimento, S.A.	Nuno Martins
Caixa Leasing e Factoring - SFC, SA	José João Guilherme
Locarent - Companhia Portuguesa de Aluguer de Viaturas, SA	Nuno Martins
International Units:	
Banco Comercial do Atlântico – Cape Verde	José João Guilherme
Banco Caixa Geral – Brazil	José João Guilherme
CGD Investimentos CVC – Brazil	José João Guilherme

João Tudela Martins

Organizational Units of CGD:	
Risk management Division (DGR)	Maria João Carioca
Rating Division (DRT)	Maria João Carioca
Prevention and Safety Office (GPS)	Nuno Martins
Validation Models Office (GVM)	Maria João Carioca
Domestic Units:	
Caixa Serviços Partilhados, ACE	Nuno Martins

Maria João Carioca

Organizational Units of CGD:	
Operations Centre(CO)	Nuno Martins
Caixa Geral de Aposentações Support Division (DAC)	Nuno Martins
Information and Technology Division (DSI)	Nuno Martins
Digital and Remote Banking Division (DCD)	Carlos Albuquerque
Distance Banking Management Division (DGD)	Carlos Albuquerque

Nuno Alexandre de Carvalho Martins

Organizational Units of CGD:	
Corporate Business Monitoring Division (DAE)	Francisco Cary
Retail Business Monitoring Division (DAP)	José João Guilherme
Non-core Investments Division (DGP)	José Brito
Organization and Quality Division (DOQ)	Maria João Carioca
Domestic Units:	
Caixa Capital, SCR, SA	Francisco Cary
Esegur - Empresa de Segurança, SA	Francisco Cary

Carlos António Torroaes Albuquerque

Organizational Units of CGD:	
Legal Affairs Division (DAJ)	José Brito
Real Estate Business Division (DNI)	Nuno Martins
Credit Risk Division (DRC)	Maria João Carioca
Logistic Support Divisions (DRM)	Maria João Carioca
Domestic Units:	
Caixa Imobiliário	Nuno Martins

Annex III – Curricula Vitae of members of the Statutory Bodies as of 31.12.2019

Members of the General Meeting

Chairman - Paulo Cardoso Correia da Mota Pinto

Date of Birth: 18 of November 1966

Current Positions

- Chairman of the Board of the General Meeting of Caixa Geral de Depósitos, SA.
- Member of the Supervisory Board of NOS, SGPS

Former positions

Business Positions

- Member of the Audit Committee and Non-Executive member of the Board of Directors of Zon SGPS

Government and Para-Governmental Positions

- Chairman of the Intelligence Oversight Committee of the Portuguese Republic (2013-2017)
- Member of Portuguese Parliament to the XII Legislature, Chairman of the Parliament´s European Affairs Committee (2011-2015)
- Member of the Portuguese Parliament to the XI Legislature, Chairman of the Parliament's Finance and Budget Committee (2009-2011)
- Judge at the Constitutional Court (1998-2007)

Academic Positions

- Lecturer at the Coimbra University Law School.
- Guest lecturer at the University of Sarre (Universität des Saarlandes), Germany

Academic qualifications

- Master's degree and Ph.D. in the field of Legal Civilist Sciences (Law Faculty of the Universidade de Coimbra)
- Certificate of German law foundations, Ludwig-Maximilians Universität, Munchen, 1990

Prizes and Distinctions

- Member of the International Academy of Portuguese Culture

Secretary - José Lourenço Soares

Date of Birth: 22 of November 1950

Current positions

- Secretary of the Board of the General Meeting of Caixa Geral de Depósitos, S.A.
- Chair of the Shareholders' Meeting of Caixa – Banco de Investimento S.A.
- Chair of the Shareholders' Meeting of Caixa - Participações, SGPS, S.A.
- Chair of the Shareholders' Meeting of Caixa Leasing e Factoring - IFIC, S.A.
- Chair of the Shareholders' Meeting of Gerbanca, SGPS, S.A.
- Chair of the Shareholders' Meeting of Parbanca, SGPS, S.A.
- Chair of the Shareholders' Meeting of Partang, SGPS, S.A.
- Chair of the Shareholders' Meeting of Banco Internacional de S. Tomé e Príncipe, SARL

Former positions

Business Positions

- Managing Director of the Legal Affairs Department of Caixa Geral de Depósitos, S.A.(up to 2017)
- Chairman of the Board of Directors of Parvalorem, S.A, (since 2010)
- Chairman of the Board of Directors of Parups, S.A., (since 2010)
- Chairman of the Board of Directors of Participações, SGPS, S.A., (since 2010)
- Board Member of BPN – Banco Português de Negócios, S.A., (2008)
- Board Member of BPN Internacional, SGPS, S.A., (2008)
- Board Member of BPN Serviços – Serviços Administrativos, Operacionais e Informáticos, ACE, (2008)
- Board Member of Banco Efisa, S.A., (2009)

- Chair of the Shareholders' Meeting of Bandeirantes, SGPS, S.A., (2009)
- Vice-Chairman of the Shareholders' Meeting of Companhia de Seguros Fidelidade - Mundial, S.A. (2009)

Academic Positions

- Assistant at the University of Lisbon School of Law
- Assistant lecturer at Universidade Autónoma de Lisboa

Academic qualifications

- Masters in Legal Sciences from the University of Lisbon School of Law
- Degree in Law from the University of Lisbon School of Law

Members of the Board of Directors

Non-Executive Chairman - Emílio Rui da Veiga Peixoto Vilar

Date of Birth: 17 May 1939

Current positions (Pro bono)

- Chairman of the Board of the Founders of Serralves Foundation (since 2018)
- Non-executive Director of the Casa de Mateus Foundation (since 2017)
- Member of the Superior Board of Portuguese Catholic University (since 2017)
- Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A. (since 2017)
- Council Member Europa Nostra (desde 2016)
- Non-Executive Member of the Board of Directors of the Calouste Gulbenkian Foundation (since 2012)

Former positions

- Vice-Chair of the Board of Directors of Caixa Geral de Depósitos, S.A., (2016-2017)
- President of the Supervisory Board of the Amigos do Hospital de Santa Maria (2015-2018)
- Member of the Advisory Board of the Bank of Portugal (2014-2016)
- President of the Board of Directors and Executive Committee of REN, SGPS, S.A. (2014-2015)
- Member of the Supervisoy Board of Partex Holding B.V. (2013-2019)
- Chair of the General Council of the University of Coimbra, (2013-2016)
- Vice-chair of Curators Council of the Museu Nacional de Arte Antiga (2012-2019)
- Non-Executive Member of the Board of Directors of Partex Oil & Gas (Holdings) Corporation
- (2012-218)
- Chairman of de Advisory Board of Fundações (2012-2018)
- Chairman of the Advisory Board of the Portuguese Oncology Institute (2012-2017)
- Lawyer-Consultant at PLMJ, Sociedade de Advogados, RL, (2012-2015)
- Non-Executive Member of the Board of Directors and member of the Audit Committee of REN, SGPS, S.A.,(2012-2014)
- President of the Nomination Committee of European Fondation Center (2012-2014)
- Co-President of the Global Philanthropy Leadership Iniciative (2009-2013)
- Chairman of the European Foundation Centre, (2008-2011)
- Chairman of the General Council of the Portuguese Institute of Corporate Governance, (2007-2011)
- Chairman of the Portuguese Foundations Centre, (2006-2012)
- Chairman of the Calouste Gulbenkian Foundation, (2002-2012)
- Chairman of Partex Oil & Gas (Holdings) Corporation, (2002-2012)
- Chairman of the Board of Directors of Galp Energia, (2001-2002)
- Non-Executive Member of the Board of Directors of SOPORCEL, (2000-2001)
- Chairman of the Board of Directors of Partex Oil & Gas (Holdings) Corporation (1998-2002)
- Chairman of the Board of Participations and Explorations Corporation, Partex (Oman) Corporation, Partex Gas Corporation, Partex (Kazakhistan) Corporation and Partex Service Corporation (1998-2002)
- Chairman of the Audit Board of the Bank of Portugal, (1996-2014)
- Member of the Board of Directors of the Gulbenkian Foundation, (1996-2002)
- Chairman of the European Savings Bank Group, (1991-1994)
- Chairman of the Board of Directors of Caixa Geral de Depósitos, (1989-1995)
- Commissary General of Europália 91 – Portugal, (1989-1992)
- Director General of the European Commission, (Brussels) (1986-1989)
- Chairman of the Management Board of BESCL, (1985-1986)
- Member of the Portuguese Parliament elected from the lists of the Socialist Party, as independent (1976)
- Vice-Governor of the Bank of Portugal, (1975-1984)
- Chairman and Founder of SEDES- Economical and Social Development Association (1970-1972)

- Director of Banco Português do Atlântico, (1969-1973)
- Technical Officer and Head of Department of GEPTT, Studies and Planning Department of the Land Transport Ministry.1966-1969)
- Military Service, (1962-1965)
- Law Traineeship, (1961-1962)

Government Positions

- Minister of Transport and Communications, of the First Constitutional Government (1976-1978)
- Minister of the Economy, of the First and Second Provisional Governments (1974-1975)
- Secretary of State for Foreign Trade and Tourism, (1974)

Academic Positions

- Guest lecturer at the Faculty of Economics and Management of Universidade Católica (Porto), (1998-2002)

Academic qualifications

- Degree in Law from the University of Coimbra, (1961)

Distinctions

- Honoris Causa PH.D. from the University of Lisbon, (2011)
- Grand Cross of the Military Order of Christ, (1996)
- Grand Cross of the Ordem do Infante, (1991)
- Commander of the Order of Agricultural and Industrial Merit – Industrial Merit Class, (1982)
- Campaign Medal, (Angola 1964-65)
- Gran Cordón of Order del Libertador (Venezuela)
- Grand Master of the Order of Léopold, (Belgium)
- Grand Master of the National Order of *Cruzeiro do Sul*, (Brazil)
- Officer of the National Order of the Legion of Honour, (France)
- Order of Civil Merit, (Spain)
- Grand Master of the Order of the Star and Italian Solidarity
- Royal Order of Merit (Norway)
- Life Time Achievement Award - LIDE
- Excelence Award - Exame Magazine
- Lifetime Achievement em Mercados Financeiros, Deloitte, IRG Awards
- Gold Medal – Brazilian Association of Librarians
- FEIEA Honourable Diploma – European Federation of Corporate Communication, as Communicator of the Year 1994
- Gold Medal – City of Lisbon
- Silver Medal - SIntra
- Gold Medal - Oeiras
- Gold Medal – Ministry of Health
- Honorary Member – National Cultural Centre
- Honorary Member Associação- Association for the Museum of Transport and Communications

Books Published

- Os Impostos sobre Transportes Rodoviários (com Francisco Alves dos Santos), Coimbra, Atlântida Editora, 1970
- New Projects and New Ventures in Portugal, Lisboa, Banco Português do Atlântico, 1972
- Portugal 73 – Ano político (com Diogo Duarte e Manuel Bidarra de Almeida), Porto, Telos Editora, 1973 (apreendido pela DGS)
- SEDES, Dossier 1970/72 (com António Sousa Gomes), Lisboa, Moraes Editora, 1973
- “O Sistema Bancário Português”, in Portugal Contemporâneo, INA, 1986
- “Consequences of Tax Frontier Abolition”, in European Affairs, 1/89, 1989
- “Desregulamentação.Re-Regulamentação e Código de Conduta” – Separata da Revista da Banca, nº 31, 1994
- “As Indústrias da Cultura”, in Boletim Informativo do Instituto Superior de Gestão, nº 17, Outubro de 1996
- “Gestão de Organizações Culturais”, in Leituras, Biblioteca Nacional, Outubro de 1997
- Livro Branco do Sector Empresarial do Estado (et alii), Lisboa, Ministério das Finanças, 1998
- Varia 1996-2012, Lisboa, Fundação Calouste Gulbenkian, 2012.

Vice-Chairman – Paulo José de Ribeiro Moita de Macedo

Date of Birth: 14 July 1963

Current positions

- Chief Executive Officer of Caixa Geral de Depósitos, S.A.
- Vice-Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A.
- Chairman of Caixa Geral de Depósitos – Culturgest Foundation

Former positions

Business Positions

- Board Member, Millenniumbcp Ageas Grupo Segurador, SGPS, S.A., (2016 - 2017)
- Board Member, Ocidental Vida – Companhia Portuguesa de Seguros de Vida, S.A., (2016 - 2017)
- Board Member, Ocidental – Sociedade Gestora de Fundos de Pensões, S.A., (2016 - 2017)
- Director-General of Banco Comercial Português, S.A. (Millennium BCP), (2015 - 2016)
- Vice-Chairman of the Board of Directors of Banco Comercial Português, S.A., (2008 - 2011)
- Vice-Chairman of the Board of Directors of Millenniumbcp Ageas Grupo Segurador, SGPS, S.A., (2011)
- Vice-Chairman of the Board of Directors of Ocidental – Companhia Portuguesa de Seguros, S.A., (2011)
- Vice-Chairman of the Board of Directors of Ocidental Vida – Companhia Portuguesa de Seguros de Vida, S.A., (2011)
- Vice-Chairman of the Board of Directors of Companhia Portuguesa de Seguros de Saúde, S.A. (Médis), (2011)
- Vice-Chairman of the Board of Directors of PensõesGere – Sociedade Gestora de Fundos de Pensões, S.A. (now Ocidental – Sociedade Gestora de Fundos de Pensões, S.A.), (2011)
- Member of the Supervisory Board of Bank Millennium (Poland), (2008 - 2011)
- Member of the Supervisory Board of Euronext, NV, (2010 - 2011)
- General Manager of Banco Comercial Português, S.A., (2007 - 2008)
- Member of the Directive Committee of Seguros e PensõesGere, SGPS, S.A., (2003-2004)
- Board Member of Companhia Portuguesa de Seguros de Saúde, S.A. (Médis), (2001-2004)
- Board Member of Interbanco, S.A., (2000-2001)
- Board Member of Comercial Leasing, S.A., (1998-2000)
- Director of the Strategic Marketing Unit; Director of the Credit Cards Commercial Division, Director of Marketing of the Commercial and Business Network; Director of the Corporate Centre; Director of the Euro Office, Banco Comercial Português, S.A. (1993-1998)
- Senior Assistant and Director, Arthur Andersen (whose activities were merged with Deloitte in Portugal, starting August 2002), (1986 - 1993)

Government and Para-Governmental Positions

- Minister of Health of the 19th Constitutional Government, (2011- 2015)
- Director General of Tax and Chairman of the Fiscal Administration Board, (2004-2007)

Academic Positions

- Guest professor at Lisbon University's (part-time 30%, without payment) at *Instituto Superior de Ciências Sociais e Políticas* (ISCSP) (2016- 2018)
- Guest professor at Lisbon University's *Instituto Superior de Economia e Gestão (ISEG)* (part-time 10%, without payment), (2016–2018)
- Trainee Assistant and Guest Assistant at Instituto Superior de Economia e Gestão (1986-2002)

Academic qualifications

- Program for Executives, "Closing the Gap Between Strategy and Execution", MIT-Massachusetts Institute of Technology Sloan School of Management, Boston, (2019)
- Program for Executives, "Leading Professional Service Firms", Harvard Business School, Boston, (/2019)
- Program for Executives "Complexities of Chairing in Modern Banking Governance", IFB-INSEAD, Lisboa, (2019)
- Breakthrough Program for Senior Executives, IMD – International Institute for Management Development, Lausanne (2018)
- National defence auditor course, Instituto de Defesa Nacional (2016)
- Executive training in Lisbon (Instituto Nacional de Administração, inter alia), Madrid, Buenos Aires
- PADE – Programa de Alta Direção de Empresas AESE – Escola de Direção e Negócios, (2001)
- Executive training in Lisbon, Rome, Paris, London – INSEAD (advanced senior staff training programme), (1993-2004)
- Executive training in London, Segovia, Paris, Berlin, Amsterdam and Chicago, (1986-1993)
- Degree in Corporate Organisation and Management, from Lisbon's University's *Instituto Superior de Economia e Gestão,* (1986)

<u>Distinctions</u>

- Grand Cross of the Order of Infante D. Henrique, (2016)
- Grand Master of the Official Order of *Infante D. Henrique,* (2006)
- Gold Medal of Health, Ministry of Health (2019)
- Praise from the Ministry of Health, for the relevant role, dedication and commitment, devoted to HPV vaccination under the National Vaccination Program, (2018)
- Distinction Professor Doctor Corino Andrade awarded by the Portuguese Paramiloidosis Association (APP), (2012)
- Professional of the Year prize, Lisbon Rotary Club (2006), Expresso – Gente prize, (2006) and Politician of the Year prize – Lux, (2015)
- *Alumni Económicas* prize – Lisbon University's *Instituto Superior de Economia e Gestão,* (2014)
- Commendation from the Minister of State and Finance, (2007)

Francisco Ravara Cary

Date of Birth: 29 August 1965

<u>Current positions</u>

- Executive Board Member of CGD, responsible for the Corporate Banking areas (SMEs and large enterprises), institutional banking, investment banking and international activities in Brazil, Cape Verde, Spain (sold in October 2019) and South Africa (sold in November 2019) , since 1 February 2017
- Non-executive Chairman of the Board of Caixa Banco de Investimento, SA (Portugal)
- Non-executive Chairman of the Board of Caixa Leasing e Factoring, SFC, S.A. (Portugal)
- Non-executive Chairman of the Board of BCG (Brazil)
- Non-executive Chairman Locarent, Companhia Portuguesa de Aluguer de Viaturas, S.A.
- Non-executive Board Member of Banco Comercial e de Investimentos (Mozambique)
- Non-executive Board Member of Banco Nacional Ultramarino, S.A. (Macau)
- Non-executive Board Member of Fidelidade – Companhia de Seguros, S.A.

<u>Former positions in the last 5 years</u>

- Non-Executive Board Member of Banco Caixa Geral (Espanha) (2017-2019)
- Non-executive Board Member of Banco Caixa Geral Angola (2018-2019)
- Executive Board Member of Novo Banco, SA, (2015-2017)
- Chairman of the Board of Directors of Espírito Santo Ventures, Sociedade de Capital de Risco, S.A., (2015-2016)
- Board Member of ES TECH VENTURES, SGPS, SA, (2016-2017)
- Chairman of the Board of Directors of GNB Gestão de Activos, SGPS, SA., (Portugal), (2015-2016)*
- Chairman of the Board of Directors of GNB Vida, SA., (Portugal), (2015/2016)
- Chairman of the Board of Directors of Banco BEST, SA., (Portugal), (2015-2016)
- Board Member of Banque Espírito Santo et de la Vénétie, (France), (2014-2016)
- Board Member of Pharol SGPS, SA, (Portugal), (2014-2016)
- Board Member of Oi SA., (Brazil), (2015-2016)
- Board Member of BESI Brasil SA., (Brazil), (2014-2016)
- Board Member of EMPARK Aparcamientos Y Servicios, SA., (Spain), (2014)
- Vice-Chairman of the Board of Directors Banco Espírito Santo de Investimento, S.A. (BESI), (Portugal), (2014-2015)
- Board Member of BESI Holdings Limited, (United Kingdom), (2014-2015)
- Chairman of the Board of Directors Espírito Santo Capital, SA, (Portugal), (2014-2015)
- Chairman of the Board of Directors SES Iberia Private Equity, SA., (Spain), (2014)
- Board Member of Espírito Santo Investimentos, SA., (Brazil), (2014/2016)
- Board Member of 2bCapital, SA., (Brazil), (2014)
- Board Member of COPORGESTE - Companhia Portuguesa de Gestão e Desenvolvimento Imobiliário, SA., (Portugal), (2014/2015
- Board Member of Emparque Portugal, SA., (Portugal), (2014)
- Board Member of Dornier, SA., (Spain), (2014)
- Board Member of BRB Internacional, SA (Spain), (2014)
- Board Member of Swan Street, (United Kingdom), (2014/2015)
- Member of the Supervisory Board of *Casa da América Latina,* (Portugal), (2014)
- Member of the *Conseil de Surveillance* of Siparex Dévélopment, (France), (2014)

Academic Positions

- Lecturer at *Universidade Católica Portuguesa,* (1988-1992)

Academic qualifications

- MBA (with distinction) from INSEAD, (Fontainebleau, France, 1993)
- Degree in Corporate Administration and Management from *Universidade Católica Portuguesa,* (1982-1988)

João Paulo Tudela Martins

Date of Birth: 25 April 1966

Current positions

- Member of the Board of Directors of CGD
- Member of the Board of Directors of BNU Macau

Former positions

Business Positions

- General Manager of DACR (Risk Control and Analysis Division), BPI, (2016)
- Coordination Manager of DRC (Credit Risk Division), in BPI, (2002- 2016)
- Commercial Coordination Manager of DGES (Large Enterprises Southern Division), in BPI,(2000-2002)
- Commercial Manager of Corporate Centre, in BPI, (1996-2000)

Academic qualifications

- Customer Analytics For Growth Using Machine Learning, AI, and Big Data – Wharton, USA (2019)
- Strategic and Risk Management in Banking – INSEAD, France (2017-2018)
- LCOR – Leading Change and Organizational Renewal – Stanford University Graduate School of Business (USA) (2018)
- Stanford Executive Program (2013)
- Post-Graduation in Corporate Finance – ISCTE Business School, from 2000 to 2001
- Degree in Management – Universidade Católica Portuguesa, from 1983 to 1989
- Postgraduate in Corporate Finance – ISCTE Business School, (2000-2001)

José António da Silva de Brito

Date of Birth: 9 February 1965

Current positions

- Member of the Board of Directors of Caixa Geral de Aposentações (since 23 March 2017)
- Executive Member of the Board of Directors of Caixa Geral de Depósitos, as CFO, (since 1 February 2017)

Former positions

Business Positions

- Managing Director of CGD's Financial Markets Division (June 2009 – January 2017)
- Executive Board Member of *MTS – Portugal, Sociedade Gestora do Mercado Especial da Dívida Pública, SGMR, SA*, representing CGD, (2004 – 2009)
- Director of CGD's Financial Markets Division of Caixa Geral de Depósitos, (January 2001 – June 2009)
- Member of the Board of Directors of Caixagest – Técnicas de Gestão de Fundos SA, representing CGD, (January to August 2000)
- Member of the Board of Directors of Servimédia, Sociedade Mediadora de Capitais SA, representing CGD, (March 1995 - March 2000)
- Management member of *Forex Club de Portugal,* (March 1996 – January 1998)
- CGD Sub-Director responsible for the trading room, (November 1993 – January 1995)
- Head of CGD's Money Markets Room, (May 1990 – November 1993)
- Contributor to the economics supplement of *Comércio do Porto* and *Revista das Empresas* (January 1990 – May 1991)
- Regular contributor to the economics supplement of *Diário de Noticias,* (May 1988 – December 1991)
- Technical Assistant, working in the capital market sphere in CGD's Treasury and Securities Management Division, (March 1988 – May 1990)
- Specialist in the Financial Division of Banco Português do Atlântico, working in the sphere of the secondary capital market, (September 1987 – March 1988)

Government and Para-Governmental Positions

- Deputy to the Assistant Secretary of State to the Minister of National Defence at the time of compulsory military service pursuant to a requisition process, as a corporate economic analyst in the defence sector, (September 1989 – May 1990)

Academic qualifications

- Post-Graduation, senior banking management course from the Bank Training Institute and *Universidade Católica Portuguesa*, (September 1991 – July 1992)
- Degree in Economics from the Faculty of Economics of *Universidade Nova de Lisboa*, in 1987

Other qualifications

- Attendance at the 1990 edition of the "International Banking Programme", organised by the Surrey Summer School in London
- Strategic Management in Banking – INSEAD (2018)

José João Guilherme

Date of Birth: 16 June 1957

Current positions

- Member of the Board of Directors and Executive Committee of Caixa Geral de Depósitos
- Chairman of the Board of Directors of Banco Nacional Ultramarino, in Macao
- First Vice-Chairman of the Board of Directors of Banco Caixa Geral Angola, SA, in Angola
- First Vice-Chairman of the Board of Directors of Banco Comercial e de Investimentos, SA, in Mozambique
- Member of the Board of Directors of Fidelidade Companhia de Seguros, SA
- Member of the Board of Directors of Caixa Leasing e Factoring, SA
- Member of the Supervisory Board of the Fundação Eugénio de Almeida

Former positions

- Worked with ECS Capital private equity on the management of various industrial companies, (2016 - 2017)
- Member of the Board of Directors of Novo Banco, (2014 - 2016)
- Vice-Chairman of the companies Investwood and IFM SA and Chairman of VIROC, SA., (May to September 2014)
- Foundation of the "Sociedade Agrícola do Monte da Rosa" S.A., agricultural company to exploit self-owned property, (2013-2017)
- Foundation of the "Pego dos Alhos", agricultural company as a partnership and managing partner of both companies, (2013)
- Member of the Board of Directors of Holding Bernardino Gomes SGPS SA, (2011-2013)
- Member of the Board of Directors of Banco Comercial Português, (2008-2011)
- Management member of *ELO - Associação Portuguesa para o Desenvolvimento Económico e Cooperação,* (2008-2011)
- Chairman of Remuneration Committee of SOFID, (2008-2011)
- Member of the Board of Directors of Fundação do Millennium BCP, (2008-2011)
- Board Member and Vice-Chairman of the Board of Directors of Millennium BIM Moçambique, (November 2009)
- CEO of Millennium BIM, (until March 2011)
- Board member of Fundo PVCI-Portugal Venture Capital Initiative, (2008-2010)
- Member of the Board of Directors of BCP Holdings (USA) Inc., (2008-2010)
- Manager of *BCP Participações Financeiras* and *BCP Internacional II*, (2008-2009)
- Member of the Board of Directors of Millennium BCP-Prestação de Serviços, (2008-2009)
- Chairman of the Board of Directors of Banco Millennium BCP de Investimento, (2008-2009)
- Chairman of the Board of Directors of Banco ActivoBank S.A., (2008-2009)
- Director General of Millennium BCP's Innovation and Commercial Promotion Division, (2007-2008)
- Chairman of the Board of Directors of Millennium BCP Teleserviços, (2007-2008)
- Member of the Board of Directors of Millennium BCP Gestão de Fundos, (2007-2008)
- Director General of the Assets Disinvestment Division, (2006-2007)
- Director General of the Credit Recovery Division, (2004-2006)
- Board Member of Ocidental Companhia de Seguros e Ocidental Vida, (2001-2005)
- Board Member of Seguro Direto, (2001-2005)
- Board Member of Seguro Direto S.A., (2001-2005)
- Board Member of Seguros e Pensões SGPS, (2001-2005)
- Responsible for the launch of the Millennium Big Bank SA project, (1998-2001)
- Vice-Chairman of Big Bank Gdansk, S.A, na Polónia, (1998-2001)
- Member of the Supervisory Board of Polcard, (1998-2001)
- Director General of Nova Rede, (1995-1998)
- Director of CISF (currently Banco Millennium BCP Investimento, SA), (responsible for the financial services area), (1991-1995)

- Board Member of CISF Risco- Companhia de Capital de Risco, SA, (1991-1995)
- Director of the Porto private banking branch, (1990-1991)
- Director of the Guimarães corporate branch, (1989-1990)
- Promoted to Deputy Director of the Capital Market Division (responsible for the first commercial bonds issuance programme), (1988-1989)
- International and Financial Division, (1986-1988)
- Joined BCP (Studies and Planning Division), (1986)
- Ministry of Finance and the Plan (*Instituto de Análise de Conjuntura* and Planning Studies), (1981-1986)

Academic qualifications

- Participation in Masters Degree in Economics from Faculty of Economics of *Universidade Nova de Lisboa* (interrupted in April 1986, when joining BCP), (1985-1986)
- Degree in Economics from *Universidade Católica Portuguesa,* (1976-1981)
- INSEAD 2004 – Customised programme for senior BCP staff
- AESE 2003 – *PADE - Programa de Alta Direção de Empresas*
- INSEAD 1996 – Programme for Executives

Maria João Borges Carioca Rodrigues

Date of Birth: 10 August 1971

Current positions

- Member of the Board of Directors and Executive Committee of Caixa Geral de Depósitos, (Since 2017)
- Non-executive Chairman of the Board of Directors of CGA – Caixa Geral de Aposentações, IP (CGD), (Since 2017)
- Non-executive Member of the Board of Directors of SIBS, SGPS e da SIBS – Forward Payment Solutions, S.A., (Since 2017)
- Non-executive Member of the Board of Directors and Executive Committee of Caixa – Banco de Investimento, S.A., (Since 2019)

Former positions

- Chairman of the Board of Directors of Euronext Lisboa, da Interbolsa and Euronext Tecnologies, (2016 - 2017)
- Board of Directors Member of Euronext NV, (2016-2017)
- Member of the Board of Directors and Executive Committee of Caixa Geral de Depósitos, S.A., (2013-2016)
- Non-Executive Member of the Board of *CGA - Caixa Geral de Aposentação*, *IP* (CGD), (2013- 2016)
- Non-Executive Chairman of the Board of Directors of *Caixatec – Tecnologia de Comunicações, S.A.,* (CGD), (2013-2017)
- Non-Executive Chairman of the Board of Directors of So*grupo – Sistemas de Informação, S.A*. (CGD), (2013-2016)
- Non-Executive Member of the Board of Directors of SIBS, SGPS e da SIBS – Forward Payment Solutions, S.A., (2011-2013)
- Board of Directors Member of *SIBS Pagamentos*, (2011- 2013)
- Non-Executive Member of the Board of Directors of *MULTICERT - Serviços de Certificação Electrónica, S.A*., (2009-2013)
- Director of the Corporate and Strategy Office of SIBS Forward Payment Solutions / SIBS SGPS, (2008 - 2013)
- Coordinating Director of GAE (Strategic Management Office) of *UNICRE – Instituição Financeira de Crédito, S.A.,* (2004-2008)
- Consultant and latterly Associate Principal of McKinsey & Company, (1994-2004)

Academic qualifications

- Leading Change and Organisational Renewal (LCOR), Harvard Business School, (2012)
- Master in Business and Administration (MBA), pela INSEAD, (1996)
- Degree in Economics from *Universidade Nova de Lisboa*, (1989-1993)

Nuno Alexandre de Carvalho Martins

Date of Birth: 24 September 1970

Current positions

- Member of the Board of Directors and Executive Committee of Caixa Geral de Depósitos, S.A.
- Chairman of the Board of Directors of Caixa Capital – Sociedade Capital de Risco, S.A.
- Chairman of the Board of Directors of Caixa – Serviços Partilhados, ACE
- Vice- Chairman of the Board of Directors of Caixa – Banco de Investimento, S.A.

Former positions

- Office of the Secretary of State for the Treasury and Finance – Consultant for the financial area, (2015-2016)
- Citigroup – Director – Responsible for the capital markets area for Portugal, (2011-2015)
- Barclays Capital, UK, Director – ALM distribution and solutions for financial institutions in the Iberian Peninsula, (2007-2011)
- Barclays Capital, London, UK, Deputy Manager – Financial Institutions in Portugal area, (2005-2007)
- Bank of Portugal, Department of Economic Studies – Financial Markets Group, (2001-2005)
- IFC, World Bank, Consultant to the Economic Department for the project: "Primary Financial Markets – Macroeconomic Conditions and Market Evolution", (1999-2000)
- Zacks Investment Research, Inc., Analyst – Global/International Markets Analysis, (1999-1999)

Academic Positions

- Universidade Católica Lisboa, Portugal, (2016)

Lecturer on MA in Finance Course, Executive Post-Graduation Programme

- Universidade Nova de Lisboa, Portugal, (2000-2005)

Lecturer in Finance on MBA courses, Executive Post-Graduation Programme in Finance and Degree in Economics and Management

- Universidad de Navarra, Spain, (2002-2005)

Lecturer in Finance responsible for the Derivatives Course in a Masters in Economics and Finance

- Northwestern University – Evanston, Illinois, Assistant Lecturer, macroeconomics course, (1999-2000)
- *Universidade Nova de Lisboa*, Portugal, Assistant Lecturer on calculation and algebra courses, Degree in Economics and Management, (1993-1995)
- *Instituto Superior Técnico*, Monitor on the Electromagnetism and Thermodynamics Courses, (1992-1993)

Academic qualifications

- Northwestern University – Evanston, Illinois, USA – Doctorate in Economics, (2000)
- *Universidade Nova de Lisboa* – Masters in Economics, (1995)

Amélia Mello Foundation" prize for the best academic performance in the Masters Programme

- *Instituto Superior Técnico* – Lisbon, Degree in Physical Engineering, (1993)

Prizes and Distinctions

- Awarded insignia of *Comendador da Ordem do Infante D. Henrique* by the President of the Portuguese Republic

Carlos António Torroaes Albuquerque

Date of Birth: 27 February 1955

Current positions

- Executive Member of the Board of Directors of Caixa Geral de Depósitos (since 2017)

Former positions

Business Positions

- Director of the Prudential Supervision Department of the Bank of Portugal, (2014 to 2017)
- Alternate Portuguese Member on the Supervisory Board of the ECB's Single Supervisory Mechanism, Bank of Portugal, (2014 to 2017)
- General Manager of the purchases and means area, including the Purchasing Division, Real Estate Infrastructures Management, Third Party Services Unit, IT Security Division, Physical Security Division, Business Continuity Unit and the General Secretariat – Millennium BCP, (2012 - 2014)
- Board Member of Fundação Millennium BCP, (2013-2014)
- Group Head of Compliance, Millennium BCP, (2008 to 2012)
- Head of Retail no Millennium Bank – Grécia, (2006 to 2008)
- Responsible for the Call Centre (internet banking for individual and corporate customers telephone banking and the complaints area), Millenium BCP, (2005 to 2006)
- Responsible for the Marketing and Communications Area, Activo Bank7, (2003 to 2005)
- Responsible for the *BCP'* University Area, Millennium BCP, (2001 to 2003)
- Marketing and Communication for Millennium BCP's *Cidadebcp.pt*, (2000 to 2001)
- Marketing at AF Investimentos, (1995 to 2000)
- Director of the Financial Brokers Division, CMVM (Portuguese Securities Market Commission), (1990 to 1995)
- Financial Services Director, Printer Portuguesa Indústria Gráfica, Lda. – Bertelsmann Group – Germany, (1980 to 1986)
- Accounts and finance in a private company, (1976 to 1980)
- Assistant Statutory Auditor, (February 1976 to 1979)

Academic Positions

- Lecturer at *Instituto Superior de Economia e Gestão* (UTL)
- Lecturer at *Instituto Superior de Gestão Bancária*
- Lecturer at the Portuguese Open University
- Lecturer at the Faculty of Law of Lisbon University

Academic qualifications

- INSEAD – Risk Management in Banking - Fontainebleau
- International Institute for Management Development (IMD) – Breakthrough Program for Senior Executive - Lausanne
- Post-Graduation in Political Science and International Relations – Political Studies Institute – *Universidade Católica* – Lisbon
- Academic Examinations for Pedagogical Aptitude and Scientific Capacity. Summary project (thesis) on: "Conglomerate Type Mergers: their Consequences on the Value of Companies' Capital and Debt)" and classroom project on "Share Purchase Options – Practical Application of the Black-Scholes" model – ISE UTL
- Degree in Corporate Organisation and Management, ISE UTL
- Bachelor's degree in Accountancy and Administration from Lisbon's *Instituto Superior de Contabilidade e Administração*
- Senior Corporate Management Programme AESE – *Escola de Direção e Negócios* – Lisbon
- Programme for Senior BCP Management at INSEAD
- Development programme on market regulation of SEC – Securities and Exchange Commission – Washington, USA

Books Published

- "*Análise e Avaliação de Obrigações*", 1995, Publisher: Rei dos Livros
- "*Investimento, Contas Margem e Flutuações de Bolsa*", 1998, Publisher: Rei dos Livros
- "*Contas à Margem*", 2016, Publisher: Poesia Fã Clube
- "*À Margem das Contas*", 2018, Publisher: Chiado Editora
- "*Os Bancos Portugueses e o Mecanismo Único de Supervisão (SSM)* ", 2018, Publisher: Almedina

Ana Maria Machado Fernandes

Date of Birth: 01 November 1962

Current positions

- Non-executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A. (since 2017)
- Member of the Advisory Board of Faculty of Sciences and Technology of the New University of Lisbon, (since 2018)

Former positions

- Member of the Advisory Board of WELink Group Dublin (Housing and Energy), (February 2019-October 2019)
- Member of the Board of Directors of *EDP Renováveis Brasil*, (2015-2016)
- Member of the Advisory Board of *EDP* Foundation, (2015-2016)
- Chairman of *EDP Brasil – Energias de Portugal no Brasil* – Chairman and CEO of *Instituto EDP Brasil* and Chairman of *EDP Renováveis Brasil*, (2014-2015)
- CEO of *EDP Brasil*, (2012-2014)
- Member of the Board of Directors of *EDP – Energias de Portugal*, (2006-2012)
- CEO of EDP Renováveis (2007-2012)
- Member of the Board of Directors of COTEC, (2008-2011)
- CEO of Galp Power (2004-2006)
- Member of the Board of Directors of GALP – Petróleos e Gás de Portugal (2004 – 2005)
- Member of the Board of Directors of Transgás, (2000-2004)
- Responsible for the Strategy and Management Portfolio of GALP, (2000-2005)
- Responsible for the Strategy and Management Portfolio of Gás de Portugal, (1998-2000)
- Corporate Finance Director in BPI, (1995-1998)
- Corporate Finance Director in *EFISA – Engenharia Financeira, SA*, (1989-1993)
- Assistant Professor at the Oporto Faculty of Economics of Oporto University (1986-1990)
- Financial Analist Council – Gestão e Investimento. BPA Group , (1986-1988)

Academic qualifications

- Risk Management in Banking/INSEAD (2019)
- International Directors Programme, INSEAD (2018-2019)
- Value Creation on Boards / IESE / Harvard Barcelona (2018)
- Corporate Governance, UNL (2017)
- MBA in Management, Porto School of Management, (1989 -1989)
- Post-Graduation in International Finance, Faculty of Economics (Porto), (1988-1989)

- Degree in Economics, from the Faculty of Economics (Porto), (1981-1986)

José Maria Monteiro de Azevedo Rodrigues

Date of Birth: 5 March 1952

Current positions

- Non-executive Member of the Board of Directors of *Caixa Geral de Depósitos, S.A*.
- Statutory Auditor and Partner of the specialised "ABC – Azevedo Rodrigues, Batalha, Costa, & Associados, SROC, Lda." company
- Guest Associate Professor at *ISCTE – IUL, Instituto Universitário de Lisboa*
- Vice-rector of ISCTE – IUL, for the Financial Area

Former positions

Business Positions

- Chairman and Member of the Supervisory Board of private entities
- Assistant Manager and coordinator of the finance and management control area of CIFAG – IPE, an entity providing training activities on national and international programmes for executives

Government and Para-Governmental Positions

- President and Chairman of the Advisory Board of the Order of Statutory Auditors (2017)
- Member of the Board of Management and Chairman of the registration committee and jury of the Order of Statutory Auditors (2011)
- Member of the National Council of Audit Supervision, representing the Order of Statutory Auditors (2015)
- Chairman and Member of the supervisory bodies of public entities
- Consultant for the auditing of the Portuguese Social Security's consolidated account for the economic years 2003 and 2008 – Portuguese Audit Court (2003-2008)

Academic Positions

- Management Member of OVERGEST – ISCTE, an entity with training activity for programmes for executives, postgraduate and other specialised programmes (2013)
- Guest Associate Professor at *ISCTE – IUL, Instituto Universitário de Lisboa*, coordinating the programmes for the 1st and 2nd cycles
- Director and Lecturer on the Executive Masters for Management and Control of Performance course for the 2nd educational cycle (up to the end of 2016)
- Member of the ISCTE Senate and the Pedagogical Committee of *IBS – ISCTE Business School*
- Chair of the Audit Committee of *UNIDE – Centro de Investigação da IBS* – ISCTE Business School
- Author of several books in the accounting, finance and management control areas

Academic qualifications

- Degree in Finance from *Instituto Superior de Economia*
- Post-graduation in Management Control – HEC – ISA
- Master in Business Management from *Instituto Superior de Economia*

Prizes and Distinctions

- Pedagogical prize in ISCTE – IUL
- Several prizes as the "best lecturer" for postgraduate programmes and executive masters degrees promoted by ISCTE - IUL
- Honorary citizen of the city of Chaves

Hans-Helmut Kotz

Date of Birth: 17 January 1957

Current positions

- Non-Executive Member of the Board of Directors of *Caixa Geral de Depósitos, S.A*.
- Officer in charge of the *SAFE Policy Center*, Goethe University (Frankfurt)
- Academic Advisory Board of McKinsey & Co
- Senior Consultant at McKinsey & Co
- Member of the Advisory Board of *Konstanz* Seminar on Monetary Theory (Bonn)
- Member of the Advisory Board of the *Revue d'Économie Financière* (Paris)

- Member of the Scientific Council of the *Centre Cournot la Recherche en Économie*
- Member of the Scientific Council of the *Fondation de la Banque Centrale du Luxembourg*
- Member of the Scientific Council of Hamburg World Economic Institute

Former positions

- Monopolkommission, Cologne, Research Assistant, (1982)
- Deutsche Girozentrale, Frankfurt, Economist, (1983)
- Deutsche Girozentrale, Frankfurt, Chief Economist, (1984-1999)
- Landeszentralbank Bremen, Niedersachen und Sachen-Anhalt, President and Member of the Board of Deutsche Bundesbank's, (1999-2002)
- Member of the Financial Expert Panel of the European Parliament, (2002-2006)
- Deutsche Bundesbank, Member of the Board of Directors, initially responsible for the Markets, IT, Training and Education, Post-graduation, Financial Stability and Departments of Statistics; member of various committees and working groups of the BIS, FSB and OECD (president of the FMC), representative in the G7 and G20, (2002-2010)

Academic Positions

- Professor at the Center for European Studies, Harvard University, (since 2010)
- Honorary professor at the Faculty of Economics and Behavioural Sciences, Freiburg University, (since 1997)

Academic qualifications

- Pre-diploma in Economics from the University of Cologne, (1977-1981)
- Diploma in Economics from the University of Mainz, (1975-1977)

Distinctions

- University Teaching Award - Albert-Ludwigs University, (2010)
- Excellence in Teaching Award – University of Harvard, (2015)
- Turgot Prize (*Ouvrages Collectifs*) – *Cercle Turgot*, (2017)

Mary Jane Antenen

Date of Birth: 18 August 1959

Current positions

- Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A
- Member of the Advisory Board of SONETEC (Fin Tech start-up), Switzerland, (since 2016)

Former positions

- Member of the Advisory Board of Touchstone Ventures, Switzerland, (2015-2016)
- Member of the Board of Directors and Member of Audit Committee of Bank Zweeiplus AG, Switzerland, (2013-2014)
- Vice Chair of the Board of Falcon Europe AG, Austria, (2009-2012)
- Chief Financial Officer / Member of the Management Board of Falcon Private Bank (formely AIG Private Bank), Zurich, Switzerland, (2006-2014)
- Member of the Board of Directors of AIG International Trust Managenment Co., Luxembourg, (2005-2007)
- Head of Financial Control of Falcon Private Bank (Anterior AIG Private Bank), Zurich, Switzerland, (1998-2005)
- Head of Financial Control / CFO of Goldman Sachs & Co. Bank, Zurich, Switzerland, (1994-1998)
- Assistant Auditor at Bankers Trust AG, Zurique, Suiça (1993-1994)
- Financial Assistant at Bankers Trust AG, Zurique, Suiça (1988-1992)
- Other financial positions in Minneapolis, Geneve, London, Amsterdam, Tokio, Melbourne Cargil Inc., Minneapolis, Minnesota USA (1981-1987)

Academic qualifications

- Degree in Business Administration & Accounting with a specialization in Economics, St. Catherine University, St. Paul, Minnesota USA (1981)
- Certificate in Corporate Governance, IDP-C, International Directors Programme, INSEAD, Fontainebleau, France (2016)

Altina Sebastian Gonzalez

Date of Birth: 13 July 1955

Current positions

- Non-executive Board member of Caixa Geral de Depósitos, S.A (from 2018)

- SAN JOSE BUSINESS GROUP, (since 2009)
  - Independent Board member
  - Member of Audit Committee
- EXPANSION Y ACTUALIDA ECONOMICA, (since 2012)
  - Member of Advisory Board
- COUNCIL OF THE PORTUGUESE DIASPORA, (since 2013)
  - Portugal's world advisor and member of the World Portuguese Network
- COMPLUTENSE UNIVERSITY, (since 1998)
  - Associate lecturer – Department of the Financial Management and Accounting
- UNIVERSIDADE CATÓLICA PORTUGUESA, (since 2009)
  - Coordinating lecturer of banking programmes in Luanda – Angola

Former positions

Business Positions

- BANCO CAIXA GERAL (EX-SIMEON) – CGD GROUP, (2003- October 2019)
  In October 2019, the Bank was sold to ABANCA
  - Independent Board member
  - Chair of Audit and Compliance Committee
  - Chair of Appointments and Wages Committee
- INSTITUIÇÃO FINANCEIRA DE DESENVOLVIMENTO, (2015- April 2018)
  - Independent Board member of the state-owned bank
  - Chair of Audit Committee
- PARQUESOL INMOBILIARIA Y PROYECTOS,S.A (Now a member of the San Jose Business Group), (2006-2019)
  - Board member
  - Chair of Audit Committee
- PORTUGUESE BANKS' ASSOCIATION, (since 2010-2017)
  - External consultant
- DIAGNOSTICO & SOLUCIONES, S.L
  - Partner - Consultant for financial and actuarial matters

Academic Positions

- Director of Summer Course of UCM-Fundacion Ramon Areces: "The reconfiguration of Spain's banking sector prior to the new financial regulation : scope and impact of the crisis", (2012)
- CARLOS III UNIVERSITY

  Associated lecturer in the Department of Corporate Economy
- UNIVERSIDADE CATÓLICA PORTUGUESA
  - Guest lecturer – Católica Lisbon Business & Economics
  - Lecturer on the Advanced Programme on Corporate Finance
  - Lecturer and coordinator of the Advanced Bank Management Programme
  - Lecturer in Executive Masters in Bank Management for Banco Espirito Santo
  - Lecturer and coordinator of Caixa Geral de Depósitos's Training Programmes
  - Coordinating lecturer for banking programmes in Maputo – Mozambique
- IDE BUSINESS SCHOOL
  - Guest lecturer for an in-company programme of Gauyaquil Bank
  - Guest lecturer for an in-company programme of Amazonas Bank
  - Guest lecturer for an in-company programme of Rumifihaui General Bank
  - Guest lecturer for an in-company programme of Banco del Pacifico Group
  - Conference on: "The international financial crisis and impact on the banking system""- Quito and Guayaquil

Academic qualifications

- Degree in Business Management and Administration from Portuguese Catholic University
- Doctorate in Business Management and Administration from IESE. University of Navarre – Barcelona
- Post-doctorate Visitor for Individual Studies Program Harvard Business School

- Post-Doctoral Research: "Gap management and profitability at banks of different size", supervised by Professor Dwight Crane – Banking Professor at the Harvard Business School

- Interest rate risk management at U.S. commercial banks, presented at the European Finance Association Meeting in Dublin (1986).
- Summer Course on Management Research in Real Colegio Complutense at Havard,(2003)
- Complexities of Board Chairing in Modern Governance in Banking, Banking Training Institute / Insead, 18-19 March 2019

Nuno Filipe Abrantes Leal da Cunha Rodrigues

Date of Birth: 10 February 1973

Current positions

- Non-Executive Member of the Board of Directors of Caixa Geral de Depósitos, S.A (from 2019)
- Associate Professor at the Faculty of Law of Lisbon University
- Vice-Chairman of the European Institute of the Faculty of Law of Lisbon University
- Vice-Chairman of IDEFF (Institute of Economic, Financial and Fiscal Law) of the University of Lisbon
- Lawyer

Former positions

- Monitor and latterly lecturer at the Faculty of Law of Lisbon University. Assistant lecturer at the Department of Law and Department of International Relations of Lisbon's *Autónoma* University
- Guest professor for several masters, postgraduate courses and conferences at *Universidade Católica Portuguesa* (Portugal); Faculty of Law of Guinea Bissau; Faculty of Law of Louvain-La-Neuve (Belgium); Faculty of Law of Eduardo Mondlane University (Mozambique); Salgaocar Law School (Goa, India); International Law Institute (New Delhi, India); Faculty of Law of the Getúlio Vargas Foundation (São Paulo – Brazil) and the Faculty of Law of the University of Vigo (Spain)
- Scientific coordinator of various postgraduate courses at the Faculty of Law of Lisbon University
- Assistant for the economic-financial area of the Office of the Minister of the Republic for the Autonomous Region of Madeira, (2000-2005)
- Principal deputy at the Office of the Minister of the Republic for the Autonomous Region of Madeira, (2006-2013)
- *Chef de cabinet* of the Office of the Minister of the Republic for the Autonomous Region of Madeira, (2005-2006)
- Member of the taskforce charged with preparing and presenting the model of a system to provide protection against catastrophic phenomena in Portugal (Ruling 1192/2006-SETF of the Secretary of State for the Treasury and Finance, (issued on 27 September 2006)
- Member of the Budget Law Reform Framework Committee (Ruling 10975/2014 of 28 August issued by the Minister of State and Finance, published in *Diário da República* 165/2014, Series II of 2014-08-28)
- Member of the Public Contracts Code Review Committee (Ruling 3290/2016 of 3 March issued by the Secretary of State for Infrastructures, published in *Diário da República*, Series II of 2016-03-03)
- Member of the Supervisory Board of CGD, S.A.
- Member of the Supervisory Board of Banco Caixa-BI (2019)

Academic qualifications

- Degree (1995); Masters (2003) and Doctorate in Law (2012) from the Faculty of Law of Lisbon University.

Members of the Supervisory Board

Chairman - Guilherme Valdemar Pereira de Oliveira Martins

Date of Birth: 23 de September de 1952

Current positions

- Chairman of the Supervisory Board of Caixa Geral de Depósitos, S.A., (since 2016)
- Executive Director of Calouste Gulbenkian Foundation, (since 2015)
- Chairman of the Great Council of Centro Nacional de Cultura (National Centre for Culture), (since 2016)
- Correspondent Member of Academia das Ciências de Lisboa (Lisbon Academy of Science), (elected on 31/05/2010)
- Acting Member of the Academia de Marinha (Naval Academy), (elected on 16/12/2014)
- Academic of Merit in the Academia Portuguesa da História (Portuguese History Academy), (elected on 6/07/2015)
- Guest Professor at Lusíada University
- Guest Professor at Instituto Superior de Ciências Sociais e Políticas da Universidade Técnica de Lisboa (ISCSP)
- Chairman of the Board of Curators of University of Minho
- Chairman of the Supervisory Board of Caritas Portuguesa
- Chairman of the Surpervisory Board of Irmandade de São Roque (Lisboa).

Former positions

Business Positions

- Chairman of Centro Nacional de Cultura, (2003-2016)
- Chairman of Tribunal de Contas (Audit Court), (2005-2015)
- Chairman of Conselho de Prevenção da Corrupção (Council for the Prevention of Corruption), (2008-2015)
- Chairman of EUROSAI – Organização das Instituições Superiores de Controlo das Finanças Públicas da Europa (Organisation of Higher Institutions for the Control of Public Finances in Europe) - elected at the 7th EUROSAI Congress, Lisbon (Portugal), (2011-2014)
- Chairman of the Comité de Contacto dos Presidentes das Instituições Superiores de Controlo da União Europeia (Contact Committee of Presidents of Higher Control Institutes of the European Union), (2011-2012)
- General Meeting Auditor of the WEU – Western European Union, (2008-2011)
- First Vice-Chairman of EUROSAI, (2008-2011)

Government Positions:

- Minister of the Presidency, (2000-2002)
- Minister of Finance, (2001-2002)
- Minister of Education, (1999-2000)
- Secretary of State for Educational Administration, (1995-1999)
- Chef de cabinet of the Minister of Finance, (1979)

Other:

- Deputy in the Portuguese Parliament, (1980-1988, 1991-1995, 1995, 1999, 2002-2005)
- Vice-Chairman of Socialist Party Parliamentary Group, (2002-2005)
- Vice-Chairman of the National Committee for UNESCO, (1988-1994)
- Chairman of SEDES - Associação para o Desenvolvimento Económico e Social (Association for Economic and Social Development), (1985-1995)
- Political advisor to the Casa Civil do Presidente da República (Civil Household of the Presidency of the Republic), (1985-1991)
- Secretary General of Portuguese Committee of the European Cultural Foundation
- Director of the Legal Services of the Directorate General for the Treasury
- Member of Convention on the Future of Europe
- Chairman of the Steering Committee of the Council of Europe, (27/10/2005)

Academic Positions

- Lecturer at Lisbon Faculty of Law, (1977-1985)

Academic qualifications

- Degree in Law from the Faculty of Law of the University of Lisbon
- Master's Degree in Law, University of Lisbon

Prizes and Distinctions

- Honorary Doctorate from the Portuguese Open University, (September 2016)
- Honorary Doctorate from Lusíada University, (June 2016)
- Grand Master of Ordem do Infante D. Henrique
- Commander of the Order of Isabella the Catholic, (Spain)
- Gran Cruz of the Order of *Cruzeiro do Sul*, (Brazil)
- Officer of the Order of the Legion of Honour, (France)
- Medal of Gratitude from the European Solidarity Centre, (Poland)
- Cross of the Grand Master of the Order of Merit of the Republic of Poland
- Municipal Medal of Merit – Gold, (Loulé City Hall)
- Collar of Merit of the Minister Victor Nunes Leal, (Audit Court of the Rio de Janeiro City Hall, Brazil)
- Grand Cross of the Military Order of Christ
- Grand Cross of the Infante D. Henrique Order
- Medal of Merit awarded by the Municipal Council of Vila do Conde

António Luís Traça Borges de Assunção

Date of Birth: 8 of November 1958

Current positions

- Member of the Supervisory Board of Geral de Depósitos, S.A

- Manager, VLX (Altauto Fahren,Lda.)
- Manager, VLX, Lda
- Manager, Sinvegere, Lda. Consulting
- Professor of Finance at Universidade Católica Portuguesa, Courses : Mergers and Acquisitions, Capital Markets and Asset Management ; Seminars for Thesis

Former positions

Business Positions

- Advisory to the Executive Committee, Banco BPI, (2011-2015)
- Non-Executive Member of the Board of Directors, TagusPark, SA, (2013-2014)
- Board Member, BPI Global Investment Fund Management Company, SA, (2005-2012)
- Board Member, BPI Vida, SA, (2007-2011)
- Board Member, BPI Pensões, SA, (2007-2011)
- Board Member, BPI Gestão de Activos, SA, (2005-2011)
- Board Member, Banco Português de Investimento, SA, (1998-2007)
- Chairman, BPI – Serviços Financeiros, SA, (1997-1999)
- Board Member, BFE – Mercado de Capitais e Serviços, SGPS, SA, (1993-1996)
- Board Member, BFE – Serviços Financeiros, SA, (1993-1996)
- Manager, Sociedade Independente de Serviços Financeiros, Lda., (1991-1993)
- Director, CISF, SA, (1988-1990)
- Director General, Vanguarda – Sociedade Gestora de Fundos de Pensões, SA, (1987-1990)
- Economist, Chase Econometrics, EUA, (1983-1984)
- Economist, Planning and Financial Analysis Department, Banco Fonsecas & Burnay, (1981-1982)

Academic Positions

- Associate Professor, Universidade Nova de Lisboa, Business School, (1987-1989)
- Professor of Finance at Universidade Católica Portuguesa, Lisboa, (1987-1989)
- Assistant Professor, Investments and Financial Management, Wharton School, University of Pennsylvania, EUA, (1983-1986)
- Assistant Professor, Universidade Católica, Lisbon, (1980-1982)
- Monitor, Universidade Católica, Lisboa, (1978-1980)

Academic qualifications

- Ph.D in Finance, Wharton School, Universidade da Pennsylvania, EUA, (1987)
- MBA, Universidade Nova de Lisboa, (1981)
- Graduated in Business Administration, Universidade Católica Portuguesa, Lisbon, (1980)

Manuel Lázaro Oliveira de Brito

Date of Birth: 8 May 1961

Current positions

- Member of the Supervisory Board of CGD, S.A.
- Manager of *DFK & Associados, Sociedade de Revisores Oficiais de Contas, Lda*.

Former positions

- Manager of Sul, Sol e Sal, Lda.., (2014-2017)
- Manager of Sun Concept, Lda., (2015-2017)
- Sole director of *MRM – Investimentos e Serviços, SA.*, (2014-2017)
- Manager of DFK & Associados, SROC, Lda., (1997-2017)
- Board Member of *Brito Crisóstomo & Roque, Sociedade de Revisores Oficiais de Contas,* (1995-1997)
- Manager and Statutory Auditor at BDO, (1993-1995)
- Audit Supervisor at BDO, (1991-1992)
- Senior Auditor at BDO, (1989-1991)
- Junior Auditor at BDO, (1988-1989)

Academic qualifications

- Degree in Business Management, Instituto Superior de Línguas e Administração

Annex IV - Declarations of interest

Declarations referred to in article 22 of Decree-Law n. 71/2007 of 27 of March and article 52 of Decree-Law n. 133/2013 of 3 of October for members of the Board of Directors for the 2017-2020 mandate, who initiated their term in 2017 and 2018 are found in the Annual Report of the corresponding year.

Below are the Declarations relating to the two members who were elected in 2018 as non-executive members of the Board of Directors of CGD, S.A., to complete the current 2017-2020 mandate, Professor Nuno Filipe Abrantes Leal da Cunha Rodrigues and an update by the Chairman of the Board, Emílio Rui da Veiga Peixoto Vilar, to his declaration.

INSPEÇÃO-GERAL DE FINANÇAS
Rua Angelina Vidal 41
1199-005 LISBOA
19/7/2019

Exmo. Senhor

Inspetor-Geral de Finanças

Nuno Filipe Abrantes Leal da Cunha Rodrigues, tendo sido eleito, em 05/07/2019, Administrador não executivo do Conselho de Administração da Caixa Geral de Depósitos, S.A., declara, antes de iniciar as correspondentes funções, nos termos e para os efeitos do número 9 do artigo 22° do Estatuto do Gestor Público, aprovado pelo Decreto-Lei n.° 71/2007, de 27 de março e do artigo 52° do Decreto-Lei n.° 133/2013, de 3 de outubro, que não detém, direta ou indiretamente, participação ou interesses patrimoniais na Caixa Geral de Depósitos, S.A. ou em qualquer outra empresa.

Mais declara que não tem qualquer relação relevante com fornecedores, clientes, outras instituições financeiras ou quaisquer parceiros de negócio da Caixa Geral de Depósitos, S.A. suscetíveis de gerar conflitos de interesse.

Lisboa, 5 de julho de 2019

Nuno Filipe Abrantes Leal da Cunha Rodrigues

Ao

Conselho Fiscal da

Caixa Geral de Depósitos, S.A.

Nuno Filipe Abrantes Leal da Cunha Rodrigues, tendo sido eleito, em 05/07/2019, Administrador não executivo do Conselho de Administração da Caixa Geral de Depósitos, S.A., declara, antes de iniciar as correspondentes funções, nos termos e para os efeitos do número 9 do artigo 22° do Estatuto do Gestor Público, aprovado pelo Decreto-Lei n.° 71/2007, de 27 de março e do artigo 52° do Decreto-Lei n.° 133/2013, de 3 de outubro, que não detém, direta ou indiretamente, participação ou interesses patrimoniais na Caixa Geral de Depósitos, S.A. ou em qualquer outra empresa.

Mais declara que não tem qualquer relação relevante com fornecedores, clientes, outras instituições financeiras ou quaisquer parceiros de negócio da Caixa Geral de Depósitos, S.A. suscetíveis de gerar conflitos de interesse.

Lisboa, 5 de Julho de 2019

Nuno Filipe Abrantes Leal da Cunha Rodrigues

Ao

Conselho de Administração da

Caixa Geral de Depósitos, S.A.

Nuno Filipe Abrantes Leal da Cunha Rodrigues, tendo sido eleito, em 05/07/2019, Administrador não executivo do Conselho de Administração da Caixa Geral de Depósitos, S.A., declara, antes de iniciar as correspondentes funções, nos termos e para os efeitos do número 9 do artigo 22° do Estatuto do Gestor Público, aprovado pelo Decreto-Lei n.° 71/2007, de 27 de março e do artigo 52° do Decreto-Lei n.° 133/2013, de 3 de outubro, que não detém, direta ou indiretamente, participação ou interesses patrimoniais na Caixa Geral de Depósitos, S.A. ou em qualquer outra empresa.

Mais declara que não tem qualquer relação relevante com fornecedores, clientes, outras instituições financeiras ou quaisquer parceiros de negócio da Caixa Geral de Depósitos, S.A. suscetíveis de gerar conflitos de interesse.

Lisboa, 5 de Julho de 2019

Nuno Filipe Abrantes Leal da Cunha Rodrigues

Exmo. Senhor

Inspector-Geral de Finanças

Assunto: Actualização da Declaração sobre Participações Patrimoniais

Emílio Rui da Veiga Peixoto Vilar, NIF nº 111661056, com domicílio profissional na Avenida João XXI, 63, 1000-300 Lisboa, tendo sido eleito Presidente do Conselho de Administração da Caixa Geral de Depósitos, S.A., em 31 de Janeiro de 2017, para o mandato de 2017-2020, reitera, para efeitos do artigo 52º nº 1 do DL 133/2013, de 3/10, que não detém, directa ou indirectamente, participações ou interesses patrimoniais na Caixa Geral de Depósitos, SA, nem relações com fornecedores, clientes, instituições financeiras ou quaisquer outros parceiros de negócio da CGD, suscetíveis de gerar conflitos de interesse.

Mais declara, actualizando a informação anteriormente prestada, nos termos do nº 9 do artigo 22º do Estatuto do Gestor Público (DL nº 71/2007, de 27/3), disposição que se mantém aplicável aos Administradores da CGD por força do artigo 59º da Lei do Orçamento de Estado para 2019 (Lei nº 71/2018, de 31/12), que detém as seguintes participações:

Entidade	Morada	NIF	%Capital
Emílio Vilar, Lda.	R. da Arrifana, 16-18 4435-115 Rio Tinto	500 094 942	5%
The Lisbon Club – Actividades Hoteleiras, SA	Rua de Santa Catarina, 1 1200-401 Lisboa	513 353 380	1%

Lisboa, 31 de Dezembro de 2019

Members of the Statutory Board for the 2016-2019 mandate, were appointed by Unanimous Written Resolution of 31-08-2016 and 20-04-2017 and are found in the Annual Report for those years.

Annex V - Non-profitable organizations of which CGD is an associated member

December 2019

Organization
Associação Portuguesa de Bancos
AEP - Associação Empresarial de Portugal
AIP - Associação Industrial Portuguesa
COTEC
Centro Nacional da Cultura
Forum para a competitividade
Fundação de Serralves
Instituto Português de Corporate Governance
American Club of Lisbon
Câmara de Comércio Industria Árabe Portuguesa
Câmara de Comércio Americana em Portugal
Câmara de Comércio e Industria Luso Alemã
Câmara de Comércio e Industria Luso Britânica
Câmara de Comércio e Industria Luso Chinesa
Câmara de Comércio e Indústria Luso Colombiana
Câmara de Comércio e Industria Luso Espanhola
Câmara de Comércio e Industria Luso Francesa
Câmara de Comércio e Industria Luso Marroquina
Câmara de Comércio e Industria Luso-Brasileira - Fusão com Clube de Empresarios do Brasil
Câmara de Comércio e Industria Luso-Mexicana
Câmara de Comércio e Industria Portugal Angola
Câmara de Comércio e Industria Portuguesa
Câmara de Comércio Industria e Turismo Portugal Cabo-Verde
Câmara de Comércio Luso Sul Africana
Câmara de Comércio Luso-Belga-Luxemburguesa
Câmara de Comércio Portugal Moçambique
Fundação Portugal África
UCCLA - União das Capitais Luso-Afro-Américo-Asiáticas
Associação Smart Waste Portugal
BCSD - Conselho Empresarial para o Desenvolvimento Sustentável
CADIN
Carbon Disclosure Project
Foundation Global Compact
GRACE - Grupo de Reflexão e Apoio à Cidadania Empresarial
IPAI - Instituto Português de Auditores Internos
ACEPI - Associação para o Desenvolvimento e Promoção do Comércio eletrónico em Portugal
APCC - Associação Portuguesa de Contact Centers
Associação Fiscal Portuguesa
Associação Portuguesa de Bibliotecários, Arquivistas e Documentalistas - BAD
ICA - Internacional Coucil on Archives
ACI Portugal (Ex-Forex Club Portugal)
ECBC - European Covered Bond Council
ICC - Câmara de Comércio e Industria Internacional - Secção Portuguesa
Camâra comercial Portuguesa na Alemanha
Câmara de Comercio Belgo-Portuguesa
Centro Português de Caracas
APAN - Associação Portuguesa de Anunciantes
ARP (Ex-ICAP)
Associação Afrika Verein der deutshen wirtsch
ESBG - European Savings Banks Group (GECE) / WSBI - World Savings Retail Banking Institute

Annex VI – Report by the Supervisory Body

Caixa Geral de Depósitos, S.A.

Report and Opinion of the Supervisory Board for 2019

In conformity with the dispositions of sub-paragraph g) of no. 1 of article 420, in conjunction with no. 1 of article 508-D, both of the Commercial Companies Code, the Supervisory Board is responsible for producing an annual report on its inspection activities and issuing an opinion on the Board of Directors' report of Caixa Geral de Depósitos (CGD).

In the sphere of its competencies, as attributed by law and the articles of association, the Supervisory Board oversaw the management and results of CGD and CGD Group during the course of 2018, which particularly included:

(k) Participation in all meetings of the Board of Directors, including the analysis of all of the documentation distributed on which the respective works were based;

(l) The reception and analysis of the explanations given by the officers in charge of each of the areas whose issues were discussed, analysed and decided;

(m) The submission of issues and requests for clarification raised by the documents under analysis and presentations and explanations;

(n) Oversight of matters debated in the weekly meetings of the Executive Committee and, in light of the agenda previously made available, participation in the meetings of the Executive Committee, in a total of six throughout 2019;

(o) Interactions with members of the supervisory bodies of CGD Group's main entities;

(p) Direct oversight of multiple aspects of the evolution of CGD Group's activity, paying special attention to compliance with the company's articles of association and legal and regulatory dispositions; and;

(q) Participation in all of the activities of CGD's Board of Directors' special advisory and supporting committees, based on its members' presence at meetings of the Nomination, Appraisals and Remuneration, Audit, of the Governance Committee and Audit and Internal Control Committee up to the appointment of Professor Nuno Cunha Rodrigues to the Board of Directors (July 5th, 2019);

(r) Monitoring of the activity of control functions – Internal Audit, Risk and Compliance;

(s) Oversight of improvements to CGD Group's Internal Control System and of the resolution of identified deficiencies;

(t) Periodic meetings with the External Auditor to monitor and audit its activity.

During the course of 2018, the Supervisory Board met 24 times, with all meetings held with no absences. Minutes have been drawn up for all the meetings. Special reference should be made to the following issues that were discussed and analysed:

(i) An analysis of the activity plans of the Internal Audit Division, the Risk Management Division the Compliance Division (previously named Compliance Office) and their respective quarterly activity reports;

(j) Oversight of the reports of the auditors by the Audit Division and an examination of the activities of the Compliance and Risk Management Divisions;

(k) The issue of opinions within its sphere of competence;

(l) Consideration of the reports on the adequacy and effectiveness of the internal control system of CGD, CGD Group and its most relevant subsidiaries, with the reports provided for in the Bank of Portugal's

Official Notice 5/2008 having been issued in June 2018;

(m) Analysis of the complaints and claims submitted to it whose processes were passed on to the CGD's appropriate services;

(n) Analysis of the exchange of correspondence between CGD and the supervisory entities;

(o) Analysis of the reports on the evolution of actions to mitigate the defects found by the supervisors;

(p) The holding of a meeting with regulators CMVM and Joint Supervisory Team – Bank of Portugal / European Central Bank.

Pursuant to the provisions of article 3 of Law 148/2015 of 9 September, the Supervisory Board undertook the following procedures:

(h) Inspection of the effectiveness of the internal quality control and risk management and internal audit systems as regards the process for the preparation and disclosure of financial information, without violating their independence;

(i) Oversight of the legal revision of the consolidated and separate annual accounts, having been present, for the said purpose, at 11 meetings with the representatives of the Statutory Audit Company - Ernst & Young Audit & Associados - SROC, S.A. ("EY") for the understanding and planning of the evolution of its works and the main conclusions and recommendations formulated in the sphere of the performance of its attributions, including the discussion and approval of the general audit plan. The clarifications both necessary and sufficient in response to the issues raised and particularly on the conformity of the accounting records and their supporting documents, the existence of assets or amounts belonging to CGD or received by or deposited with it by any other means and whether the accounting policies and measurement criteria adopted lead to an adequate presentation of the equity and results of CGD and CGD Group were herein obtained;

(j) Verification and oversight of the independence of the Statutory Audit Company in legal terms, including the provisions of no. 2 of article 6 of the Regulation (EU) no. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and, especially, verification of adequacy for approving the provision of other services, in addition to audit services, pursuant to the terms of articles 10 and 11 of article 77 of the articles of association of the statutes of the Statutory Auditors as published in the annex to Law 140/2015;

(k) Consideration of the Statutory Audit Company's additional report, produced in compliance with the dispositions of article 24 nos. 1 to 3 of the legal regulations on audit supervision, approved by Law 148/2015 of 9 September, having discussed the contents thereof with the representatives of EY and with which the Supervisory Board was in agreement;

(l) Informing the Board of Directors of the results of the statutory audit on the consolidated and separate accounts, explaining the form of contribution to the integrity of the process for the preparation and disclosure of the financial information in addition to the role played by the Supervisory Board in this process;

(m) Oversight of the process for the preparation and disclosure of CGD's and CGD Group's quarterly financial information, having obtained the clarifications requested in the sphere of the respective closing of the accounts from DCI (Accounting, Consolidation and Financial Information Division);

(n) Production of the quarterly reports for the Ministry of Finance under the terms of the dispositions of no. 2 of article 6 of Decree-Law no.287/93 of 20 August, presenting the analysis of CGD's and CGD Group's main financial indicators in addition to the results of the other analysis performed by the Supervisory Board.

Under the terms of article 452 of the Commercial Companies Code, the Supervisory Board examined the Board of Directors' report and the separate and consolidated financial statements of CGD with reference to the year ended 31 December 2018 and the respective statutory audit certificates and audit reports issued by EY without reservations but with one emphasis that merited the agreement of the Supervisory Board.

Specifically, the Supervisory Board analysed the relevant audit matters and obtained from EY all the clarifications necessary for its understanding, in particular on:

- Recoverability of deferred tax assets;
- Responsibilities with post-employment benefits of CGD employees and with the commitments made under the pre-retirement program;
- Valuation of foreclosed assets;
- Classification and measurement of subsidiaries considered as non-current assets held for sale;
- Financial instruments measured at fair value and classified as stage 3 under IFRS 13;
- Resolution fund.

The Statutory Board highlights the fact the Statutory and Auditor´s report issued by EY includes an emphasis regarding Covid-19. In this context, in chapters 1.4.3 and 1.6 of the Board of Directors' Report and in Notes 41 and 44, respectively, of the Notes to the separate and consolidated financial statements, the main risks and challenges for 2020 from this pandemic are identified and it is stated that its anticipated impacts, although uncertain, in the CGD Group's activity ant its ability to meet economic and financial targets, the achievement of which will depend on multiple factors, such as the depth of the economic crisis, its duration, the economic sectors most severely impacted, the nature and impact of monetary and fiscal policy measures that individual and governments economic blocs will undertake, namely the European Union. In light of these uncertainties, and based on the information currently available, it is not possible to accurately estimate the economic impact of this pandemic including the evaluation of financial and non-financial assets and the accrual of expected losses in the credit book that will be recognized prospectively. Notwithstanding, and with the best information available at this date, it is the understanding of the Board of Directors that Caixa Geral de Depósitos is adequately prepared in terms of capital, asset value and liquidity to assure the continuity of its operations and uphold its support of clients and the national economy.

Additionally, the Supervisory Board assessed compliance with the legal guidelines in force for the state's corporate sector, i.e. compliance with the guidelines on remuneration in force in 2018 and those in respect of the corporate governance report included in the Board of Directors' report.

It also verified that the information set out in the corporate governance report includes the items required under the terms of article 245-A of the Securities Market Code.

In light of the above, the following opinion is issued:

Opinion of the Supervisory Board

Within the scope of its powers, the Supervisory Board reviewed CGD's separate and consolidated Board of Directors' report referring to the 2018 period and the respective Statutory and Auditor's Report on the Accounts issued without reservations with one emphasis, regarding COVID-19, as well as the Additional Report to the Supervisory Body carried out by EY, and concluded that:

(a) The Board of Directors' report meets the requirements of the Commercial Companies Code and Securities Market Code;

(b) The balance sheet, profit and loss statement, profit and loss and other comprehensive income statement, statement of changes in shareholders' equity and statement of cash flows and the notes to the separate financial statements of Caixa Geral de Depósitos satisfy the applicable legal and accounting requirements;

(c) The consolidated balance sheet, consolidated profit and loss statement, consolidated profit and loss and other comprehensive income statement, consolidated statement of changes to shareholders' equity and consolidated statement of cash flows and the notes to the consolidated financial statements satisfy the applicable legal and accounting requirements;

(d) The proposal for the appropriation of net income presented by the Board of Directors in its report does not contravene the applicable legal and statutory dispositions;

(e) The corporate governance report complies with the legal guidelines in force;

The members of the Supervisory Board declare, pursuant to the terms and for the purposes of sub-paragraph c) of no. 1 of article 245 of the Securities Market Code that, to the best of their knowledge the Board of Directors' report and the separate and consolidated financial statements, in addition to other documents for the provision of CGD Group's accounts, all of which in respect of 2018, have been produced in conformity with the applicable accounting standards and provide a true and appropriate image of the equity and financial results of CGD and the companies included in its consolidation perimeter and that the Board of Directors' report provides a faithful description of the evolution of business the performance and position of CGD and the referred to Group and contains a description of the main risks and uncertainties facing it.

In light of the aforementioned, the Supervisory Board recommends:

c) The approval of the Board of Directors' report and other accounting documents referring to the year 2018, presented by the Board of Directors, taking into account the aspects highlighted in the Statutory and Auditor's Report on the separate financial statements and consolidated financial statements issued by the Statutory Audit Company;

d) The approval of the proposal for the application of net income presented by the Board of Directors in its Board of Directors' report.

Lastly, the Supervisory Board wishes to express its gratitude to the Board of Directors, Executive Committee, officers in charge of CGD's divisions and other employees as well as the Statutory Audit Company, for the collaboration provided in the performance of their functions.

Lisbon 30 April 2020

SUPERVISORY BOARD

Guilherme d'Oliveira Martins

______________*(Signed)*________________

Chairman

António Luís Traça Borges de Assunção

______________*(Signed)*________________

(Member)

Manuel Lázaro Oliveira de Brito

______________*(Signed)*________________

(Member)

Annex VII – Approval of the 2019 Annual Report by the Board of Directors

CERTIFICATE

João Eduardo de Noronha Gamito de Faria, Company Secretary of Caixa Geral de Depóstios, a public limited liability company with head office in Lisbon at Avenida João XXI, number 63, registered with the Lisbon Commercial Company Register and tax identification number 500960046 and with share capital of € 3,844,143,735, certifies that the following transcription is a true, current and complete version of the deliberation of the Board of Directors' meeting that took place on April 30th of 2020, with all 15 members present, regarding the topic: "Annual Report, Corporate Governance Report and Sustainability Report for 2019"…

Following consideration of and discussion on the documentation submitted, the Board of Directors unanimously approved the Board of Directors' report, the corporate governance report and the sustainability report for 2019, showing a consolidated net result of €775,928,450 and a net result in respect of CGD's separate activity of €762,013,126 and the respective proposal for the appropriation of results, with 20% for the legal reserve €152,402,625 and €609,610,501 for "Other reserves and retained income" balance sheet account …

Because it is true, I issue this Certificate.

Lisbon, April 30, 2020

(Signed)

Annex VIII – Resolutions of the General Meeting of May 29, 2020

The following text is an excerpt of the minute of CGD's General Meeting of May 29, 2020, containing a resolution on CGD, S.A.'s 2019 annual report and the proposal for the appropriation of net income:

" (…)

Addressing the first item in the agenda, the Chairman of the General Meeting invited Mr. Rui Vilar to speak (…) At the end of the interventions by the Chairman and Vice-Chairman of the Board of Directors, the Chairman and member of the Supervisory Board, the Chairman of the General Meeting thanked them for their statements and dispensing with the reading of the Opinion of the Supervisory Board, invited the state representative to address the meeting who greeted all those present and voted in favour of the approval of the documents relating to the 2019 financial year, including the Board of Directors' 2019 management report, the consolidated and separate financial statements, the sustainability report as well as the corporate governance report, taking into consideration the favourable opinion expressed in the separate and consolidated statutory and auditor' reports, and the report and opinion of the Supervisory Board.

(…)

The meeting then proceeded with the discussion of item two on the agenda, with the Chairman of the General Meeting inviting Mr. Rui Vilar to read the proposal for appropriation of net income, henceforth transcribed:

As a consequence of the exceptional situation deriving from the COVID-19 pandemic and particularly owing to the uncertainty over its impacts on the evolution of the eurozone economy, on 27 March last the European Central Bank reviewed its recommendation on the payment of dividends (recommendation ECB/2020/19), urging prudence in the proposals for 2019 and 2020.

CGD's board of directors therefore considered that a motion for the non-payment of dividends for 2019 should be submitted to the shareholders' meeting and that net profit should be paid into free reserves net of the legal reserve.

Accordingly, under article 66, no, 5 of sub-paragraph f) and article 376 of the commercial companies code and article 33 of the articles of association of Caixa Geral de Depósitos, it is proposed that net income of €762,013,126 for the year as set out in the financial statements of Caixa Geral de Depósitos, S.A., should be appropriated as follows:

- 20% for the legal reserve, €152,402,625;
- €609,610,501 for the "Other reserves and retained earnings"

Presented to a vote, the state representative voted in favour of the proposal submitted by the board of directors. *(...)*

At the end of the agenda, the President of the Board of the General Meeting once again greeted everyone present, wished that the CGD maintain its positive evolution, even under a particularly complex scenario and, having no one else wishing to address the Meeting, declared it concluded at thirteen o´clock."

The Company Secretary

4.

SUSTAINABILITY REPORT

Index

4.1. On this Report

Caixa Geral de Depósitos, S.A., also referred to as CGD, S.A., Caixa or CGD throughout this document, hereby issues the annual corporate sustainability report concerning the activity carried out during the 2019 financial year.

The quantitative data contained herein refer to the period from 1 January to 31 December 2019; where relevant, information related to previous years is also included, so as to provide an overview of the way CGD's performance has progressed throughout the years.

Reported information on sustainability mainly concerns CGD's activities in Portugal, including information related to Caixa Gestão de Ativos, Caixa Banco de Investimento, Caixa Serviços Partilhados, Culturgest – Fundação Caixa Geral de Depósitos and Serviços Sociais da CGD. Sustainability related information on international structures is also reported, namely: Banco Comercial e de Investimentos, Banco Caixa Geral Angola, Timor Branch, Banco Interatlântico, Banco Nacional Ultramarino Macau and Banco Comercial do Atlântico.

Acknowledging the importance of the various dimensions of Sustainability for a thorough insight on the way a company operates, CGD kept the Sustainability Report within its Annual Report. This sustainability reporting model aims to improve access to the available information for all stakeholders, as well as to adopt a more comprehensive approach, informing about the factors liable to materially affect CGD's ability to achieve long-term sustainability.

The approach to sustainability related matters was carried out according to the Global Reporting Initiative (GRI) guidelines, pursuant to the 2016 version of the GRI Standards, for the core option, including the financial services sector supplement. The topics addressed report the materiality assessment outcome following consultation with internal and external stakeholders.

In CGD, S.A.'s case, the scope of the report is in line with the outcome of the materiality assessment, whereas affiliate banks report some of the indicators according to their reporting and monitoring capacity and their alignment with the identified material topics.

CGD takes on an active role in contributing to the Principles of the UN Global Compact and to the UN Sustainable Development Goals. The indicators and initiatives reflecting CGD's alignment are highlighted in the GRI table.

In order to ensure the continuous improvements to the sustainability report, readers are welcome to their feedback to the e-mail address sustentabilidade@cgd.pt.

The contents of this document were verified by Ernst & Young Audit & Associados, SROC, S.A.

4.2. 2019 Highlights

11,537

Employees[1]

58% Women[1]

42% Men[1]

281,398

Training hours[1]

A-

Leadership score in the **Climate Change 2019** questionnaire

apcer ISO 14001 · IQNet

Maintenance of the **ISO 14001** standard at CGD's Head Office

5,014 GJ

Renewable Energy production[2]

CGD signing up to the **Principles for Responsible Banking**

Caixa Gestão de Ativos signing up to the **Principles for Responsible Investment**

Sustainable Finance Award Euronext Awards 2020

7M€

Investment in Higher Education[2]

GC Advanced level in the UNGC's **Communication on Progress** (CoP)

92%

New contracts with suppliers with **Social and Environmental Clauses**[2]

[1] CGD S.A. and affiliate banks within the scope of this Sustainability Report (Banco Comercial e de Investimentos, Banco Caixa Geral Angola, Timor Branch, Banco Interatlântico, Banco Nacional Ultramarino Macau and Banco Comercial do Atlântico).

[2] CGD S.A.

MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE.

Paulo Moita de Macedo
Vice-chairman of the board of directors
and chairman of the executive committee

The world and our country are faced with exceptional circumstances.

The pandemic caused by Covid-19 has pushed the world economy towards uncertainty and change, with families and companies being significantly affected by its devastaing impact. The response of a State-owned bank is of the utmost importance in these tremendously challenging times.

Aware of our mission of helping Portuguese families and companies overcome this troubled period of their lives, we take on the commitment to implement measures tailored to mitigate the impact of this unprecedented crisis.

Our customers need and depend on us, as we need and depend on them. We must be available at a time when our service is most needed, build-ing mechanisms to remain focused on the essen-tials on a daily basis, tightening our bonds with customers and maintaining the banks' services, ensuring its presence in the daily life of families and companies. Bearing this responsibility in mind, we have defined our Sustainability Strategy for the 2018/2020 triennium, aiming to efficiently respond to society's economic, envorinmental and social challenges in an efficient, innovative and inclusive way.

The 2019 financial year mirrored this conviction.

We have reinforced our commitment to the climate emergency and the need to actively take part in the funding of a low carbon economy, through the sign-ing of the Principles for Responsible Banking, a financial initiative promoted by the United Nations Environment Programme, and of the Letter of Com-mitment to Sustainable Finance in Portugal, an ini-tiave carried out by the main players in the Portu-guese financial sector and coordinated by the Minis-try of Environment and Energy Transition, in part-nership with the Ministry of Finance and the Ministry of Economy. Concerning Group companies, it is important to highlight Caixa Gestão de Ativos' sign-ing up to the Principles for Responsible Investment (PRI), as part of a comprehensive strategy defined for the CGD Group.

In what concerns social responsibility, we have maintained social investment and social support in the forefront of our response to social challenges aiming to build a fairer and more inclusive society. Within this scope, we have launched the second edition of Caixa Social Awards. CGD remains com-mitted to supporting Universities and helping stu-dents from higher education institutions pursue their studies and build up close relationships from their first professional experiences. In addition, and in order to promote a corporate responsibility culture, we have created the "corporate volunteering day" at CGD. Concerning culture endorsement, we must highlight the important role of Culturgest in contrib-uting to the population's access to art and culture and in fostering social inclusion within the artistic and cultural spheres.

In the environment front, CGD scored A- (Leader-ship position) in Carbon Disclosure Project's Climate Change 2019 questionnaire and kept the ISO 14001 certification for the Environmental Management System implemented in CGD's Head Office.

In 2019, the implementation of the Strategic Plan was furthered, resulting in the improvement of CGD's profitability. The Plan is anchored on a trans-parent governance model, respecting the highest ethical and compliance standards. By investing in the future, we become resilient and confident to face the toughest challenges and, as a benchmark insti-tution for the Portuguese people, CGD will do every-thing within its reach to contribute to a more sus-tainable future for the current generations and the ones to come.

Social responsibility is more important than ever to support the population in these trying times. We are confident that, in the near future, the Portuguese society will emerge more resilient, stronger and fairer for everyone.

4.4. Mission, Vision and Values

In 2019, the Shareholder of Caixa Geral de Depósitos (CGD), approved its Mission Statement, formalizing the Bank's Mission, Vision and fundamental Values.

Mission

The mission of Caixa Geral de Depósitos (CGD) is to generate value for the Portuguese society, providing quality banking services to both individual customers and corporates, hence contributing to the improvement of the well-being of Portuguese families and to the development of the corporate sector, ensuring the right amount of profit for the Shareholder.

CGD provides its customers with a wide range of quality products and financial services, particularly by promoting savings and granting medium and long-term financing to customers, based on an efficient corporate governance model and the respect for the highest ethical standards.

Vision

The Shareholder envisions CGD as a benchmark institution in the financial system and as the leader of the Portuguese banking sector, continuously striving to improve its competitive advantage and to ensure more robustness, profitability, services and efficiency in line with the best practices of the European banking sector.

Values

CGD's activity and conduct shall be guided by the following fundamental values:

- **Trust**, by ensuring the safety of the depositors, promoting a long-lasting relationship with customers and prioritizing customer retention, through a high-quality service and a range of products that is suitable to their risk profile, and strengthening the institution's financial stability and robustness;
- **Profitability**, by ensuring a suitable return of public funds, underpinned by the business model's sustainability and by an effective and rigorous management;
- **Transparency**, by providing services and communicating on both external and internal fronts, with a truthful, clear and objective message;
- **Integrity**, by faithfully complying with the legal, regulatory and contractual provisions, respecting ethical values and observing the rules of conduct in place;
- **Professionalism**, so as to provide the best service to customers and establish relationships with all the stakeholders, with high technical competence, rigor and diligence;
- **Proximity**, through the wide network of branches across Portugal, as well as through remote channels using state-of-the-art technology, providing an innovative, diversified and accessible offer;
- **Responsibility** towards customers who trust CGD with their savings, investors and the society, with a special emphasis on Caixa's participation in social responsibility, sustainable development and financial literacy programs and initiatives;
- **Risk and rigor culture**, by ensuring compliance with the best practices in risk management, strengthening the customers' confidence, the market's and the Shareholder's trust through a suitable management of its balance sheet;
- **Innovation**, by investing in technological advances and becoming the number one digital bank for Portuguese people, with open architecture solutions, via a multichannel approach to the changes in customers' expectations and preferences.

4.5. Policies, Commitments and Working Groups

Policies and commitments define CGD's actions in terms of its responsible management practices, calling upon the exercise of ethics, rigor and transparency in all activities and operations, binding employees and functional structures, Group companies and whenever appropriate, partners, suppliers and the remaining stakeholders.

4.5.1. Policies for Sustainable Development

In 2019, CGD made available a set of Policies and other corporate documents supporting its action across the various dimensions of responsible business, namely:

- Code of Conduct
- Sustainability Policy
- Environmental Policy
- Community Engagement Policy
- Product and Service Policy
- Quality Policy
- Business Continuity Policy
- Prevention of Corruption and Connected Infractions Policy
- Principles of Exclusion and Limitation
- Principles on Tax Related Matters
- Product Governance, Approval and Monitoring Policy
- Ethical Principles and Corporate Best Practices for Suppliers
- Human Rights Declaration
- Code of Conduct for the Prevention and Combat of Harassment in the Workplace

CGD, S.A. – Code of Conduct for the Prevention and Combat of Harassment in the Workplace

CGD's Code of Conduct for the Prevention and Combat of Harassment in the Workplace was drafted with the aim to, on the one hand, enforce the most recent legal updates enforcing the drafting and implementation of codes of conduct aiming to prevent and combat harassment in the workplace and, on the other hand, defining guidelines for all CGD employees, ensuring the identification of behaviors liable of constituting situations of harassment in the workplace, the drawing up of measures for preventing and combating such behaviors and the setting up of a number of principles and procedures for characterizing, preventing, reporting and assessing harassment situations in the workplace.

4.5.2. Adopted Commitments

CGD voluntarily subscribes to commitments and/or principles from standard-setting national and international organizations, complementary to its corporate policies and codes, within the Sustainability Programme, among which we highlight:

The Ten Principles of the United Nations (UN) Global Compact

CGD is a member of the United Nations Global Compact (UNGC), subscribing to the 10 universally accepted principles in the following areas: Human Rights, Labor, Environment and Anti-corruption.

These principles stem from the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization, the United Nations Development Programme and the United Nations Environment Programme.

Subscribing to these 10 Global Compact Principles requires CGD, as well as any other subscribing company, to submit an annual performance report on activities within this scope – the Communication on Progress (CoP).

In 2019, CGD's CoP met the criteria for the “GC Advanced” level, which proves the quality of the practices adopted by the Bank.

At the national level, CGD is a member of the executive committee of Global Compact Network Portugal, actively participating in the dissemination of UNGC principles.

Letter of Commitment to sustainable finance in Portugal

Sustainable finance is now a central issue for the international agenda, as the financial sector plays a key role in ensuring the transition to a low carbon economy. In Portugal. This is a key topic given the Portuguese Government's commitment to achieving carbon neutrality by 2050.

In this context, it is essential to align the financial sector with the commitments taken on by the country, so as to allocate the necessary funding to projects and companies that promote this transition.

In 2019 CGD signed the Letter of Commitment to Sustainable Finance in Portugal, an initiative deployed by the main players in the Portuguese financial sector and coordinated by the Ministry of Environment and Energy Transition, in partnership with the Ministry of Finance and the Ministry of Economy.

The signatory financial institutions commit to the following:

- Promoting the debate on sustainability and on environmental, social and governance risks and opportunities at the level of the Boards of Directors of financial institutions, in order for these risks and opportunities to be considered in the outlining of the corresponding strategies;

- Promoting training in sustainable finance aimed at its employees at different organizational levels (including the Board of Directors), with special emphasis on credit risk analysis, financial products, branch network and / or production;

- Monitoring the review of the criteria for the Leader SME and the Excellency SME categories, in order to gradually incorporate sustainability issues into these criteria and accept the possibility of creating a category for Green SMEs or Sustainable SMEs;

- Promoting the gradual incorporation of environmental, social and governance criteria into funding and investment analyses;

- Monitoring and participating in future work produced by the “Think Tank for Sustainable Finance” (Grupo de Reflexão para o Financiamento Sustentável).

The 2019 Sustainability Report presents several initiatives that contribute to the goals undertaken in the Letter of Commitment to Sustainable Finance in Portugal.

Principles for Responsible Banking (PRB)

In 2019, CGD signed up to the Principles for Responsible Banking (PRB) of the United Nations Environment Programme (UNEP).

PRBs set out the role and duty of the financial sector in building a sustainable future, as well as its alignment with the sustainable development goals laid out by the UN and by the 2015 Paris Climate Agreement. They also decisively allow for banks not only to integrate sustainability into all their areas, but also to identify the impact of their contributions for building a more sustainable world.

PRBs also enable new business opportunities, stemming from the transition into an economy with less environmental impacts and greater social equity.

CGD is taking on several activities with a view to the effective implementation of the Principles for Responsible Banking.

In this context, the materiality analysis carried out in 2019 was very important, as it allowed for the identification of the topics with the greatest impact, as well as emerging risks and opportunities that may affect the various stakeholders and, consequently, CGD's activities.

Principles for Responsible Investment (PRI)

In 2019, Caixa Gestão de Ativos officially became a signatory to the United Nations Principles for Responsible Investment (PRI).

Responsible Investment is a strategy and practice that aims to incorporate environmental, social and corporate governance factors into investment decisions.

Signing up to the PRI is a natural step towards the reinforcement of the importance of incorporating ESG (Environmental, Social and Governance) factors into the investment process of the various funds under management.

This philosophy is the foundation of the Management Company's activity and a fundamental part of a broader strategy of the CGD Group, aiming support a more sustainable future.

The Principles for Responsible Investment defend the long-term interests of its signatories, the financial markets, the economies in which they operate and, ultimately, the interests of society and the environment as a whole.

Climate Action - Business Ambition 1.5ºC

According to the most recent research by the Intergovernmental Panel on Climate Change (IPCC), it is imperative to curb global warming, preventing it from exceeding 1.5ºC. To this end, it is urgent to promote the use of cleaner sources of power generation and the reduction of greenhouse gas emissions. With this global objective in mind, the United Nations Global Compact recently presented the "Business Ambition for 1.5ºC", an initiative promoted by the Secretary-General of the United Nations, Mr. António Guterres.

This commitment was signed and published by leaders of leading companies, aiming to encourage organizations worldwide to draw up measures to combat climate change, focusing on the urgent need for reducing greenhouse gas emissions and transitioning to a low carbon economy.

As Portugal's representative of this UN initiative, the Global Compact Network Portugal invited CGD to be one of the first signatories of this commitment, in a ceremony that took place in Lisbon, at Caixa Geral de Depósitos Foundation - Culturgest, on 6 November.

By signing this commitment, Caixa Geral de Depósitos publicly undertakes to align its business plans to fostering the decarbonisation of the economy aiming to limit global temperature rise to 1.5ºC.

Portuguese Charter for Diversity

CGD signed the Portuguese Charter for Diversity in 2019. This initiative of the European Commission is one of the voluntary instruments created with the aim of encouraging employers to implement and develop internal policies and practices that promote diversity.

The Charter for Diversity contains specific measures that can be implemented to promote diversity and equal opportunities at work regardless of cultural, ethnic and social background, sexual orientation, gender, age, physical appearance, personal style and religion.

Signing this Charter symbolizes CGD's will to evolve and actively promote and explore the full potential of diversity in line with its resources and possibilities.

CGD, S.A. – Timely payment commitment (ACEGE)

The Christian Association of Entrepreneurs and Managers (ACEGE)'s commitment to timely payment aims to help change the current payment culture, promoting timely payment to suppliers by drawing attention to the negative impacts of late payments on the development of Portuguese companies and the Portuguese economy.

By signing this commitment, CGD agrees to pay its suppliers on time, in accordance with the legislation in force and in compliance with the agreed deadlines.

In March 2020, CGD kicked-off a prepayment strategy aiming to support companies and service providers with tax residency in Portugal during the exceptional period, thus improving those entities'' Treasury management. Conditions have been created so that, from March 17, all invoices that are not yet past due be paid daily, provided they are duly approved and accounted for.

To date, the value of these advance payments amounts to 17 M €.

COMPROMISSO
PAGAMENTO
PONTUAL

4.5.3. Working Groups

In 2019, CGD participated in several multisector working groups aiming to create mechanisms and tools for responding to corporate challenges in terms of sustainability, of which we highlight:

European Banking Federation (EBF) Sustainable Finance Working Group (SFWG) - On behalf of the Portuguese Banking Association, CGD is part of the "Sustainable Finance" working group and of the subgroup for "Taxonomy".

High Level Think Tank for Sustainable Finance - Coordinated by the Ministry of Environment in partnership with the Ministries of Economy and Finance, this group aims to align all areas of the financial sector in Portugal so as to identify obstacles and solutions and streamline sustainable finance in Portugal, with a view to ensuring energy transition and to providing new opportunities for the economy.

"Sustainable Finance" Working group of the Portuguese Banking Association - Along with representatives from all banks in Portugal CGD is a participant of this working group, whose mission is to disseminate the European agenda for sustainable finance from an informative and constructive point of view promoting the need for response, whenever required by European entities.

Financial Literacy and Education Working Group of the Portuguese Banking Association - One of the goals of the Portuguese Banking Association (APB) is to improve financial culture for a better use of financial products and services and a more transparent relationship between the banking industry and society. CGD is part of the APB Financial Education and Literacy Working Group, supporting and promoting initiatives tailored to promote financial education amidst young people.

BCSD Portugal working groups - BCSD Portugal contributes to the drafting of public policies and to raising awareness among the Portuguese society with a view to its sustainable development.

CGD is a member of the following BCSD Portugal projects:

- **Carbon neutrality**: Applying the Roadmap for Carbon Neutrality to specific measures in addition to the Portuguese Government's diligences, including the sharing of best practices, results and implementation challenges.
- **Sustainable finance**: Monitoring of the policies being launched by the European Commission, particularly the ones pertaining to taxonomy, benchmarking and review of the non-financial reporting directive.

Strategy Implementation, Monitoring and Evaluation Group (GIMAE) - CGD is part of the Strategy Implementation, Monitoring and Evaluation Group (GIMAE) for the Integration of Homeless People 2017-2023, within the scope of the National Strategy for the Integration of Homeless People (ENIPSSA). CGD acknowledges the social challenge of combating poverty and social exclusion, by supporting society in many ways, including the provision of financial support for the issuance of identification documents to homeless people.

Think Tank for Supporting Corporate Citizenship (GRACE) – In 2015, CGD joined this entity that aims to increase the business sector's contribution to sustainable development, while meeting the environmental dimension's ambitions and acknowledging its importance for the necessary balance between quality of life and corporate profitability. CGD is represented on GRACE's governing bodies for the 2018/2020 triennium.

4.6. Materiality Analysis

CGD has reviewed material topics in accordance with the materiality principle defined by the Global Reporting Initiative (GRI), through the deployment of a comprehensive approach with the following main goals:

- Identifying future trends, new risks and business opportunities for generating value in the medium and long term;
- Identifying the expectations of internal and external stakeholders for economic, environmental and social matters;
- Monitoring trends in the financial sector pertaining to non-financial matters;
- Assessing the impact on business of the main non-financial risks;
- Monitoring market regulation challenges;
- Increasing the transparency of practices applied to the management of non-financial topics;
- Incorporating the main challenges, trends and opportunities into the Sustainability strategy.
- Structuring and increasing the scope of the Sustainability Report.

The materiality analysis provides information on future trends, risks and business opportunities that influence the value generation. It also allows us to get a better insight on the topics that our internal and external stakeholders expect us to address within the sustainability strategy.

4.6.1. Methodological approach

In order to have a holistic view of all relevant topics pertaining to environmental, social and governance matters, a systematic, comprehensive and rigorous process was implemented, based on the following premises:

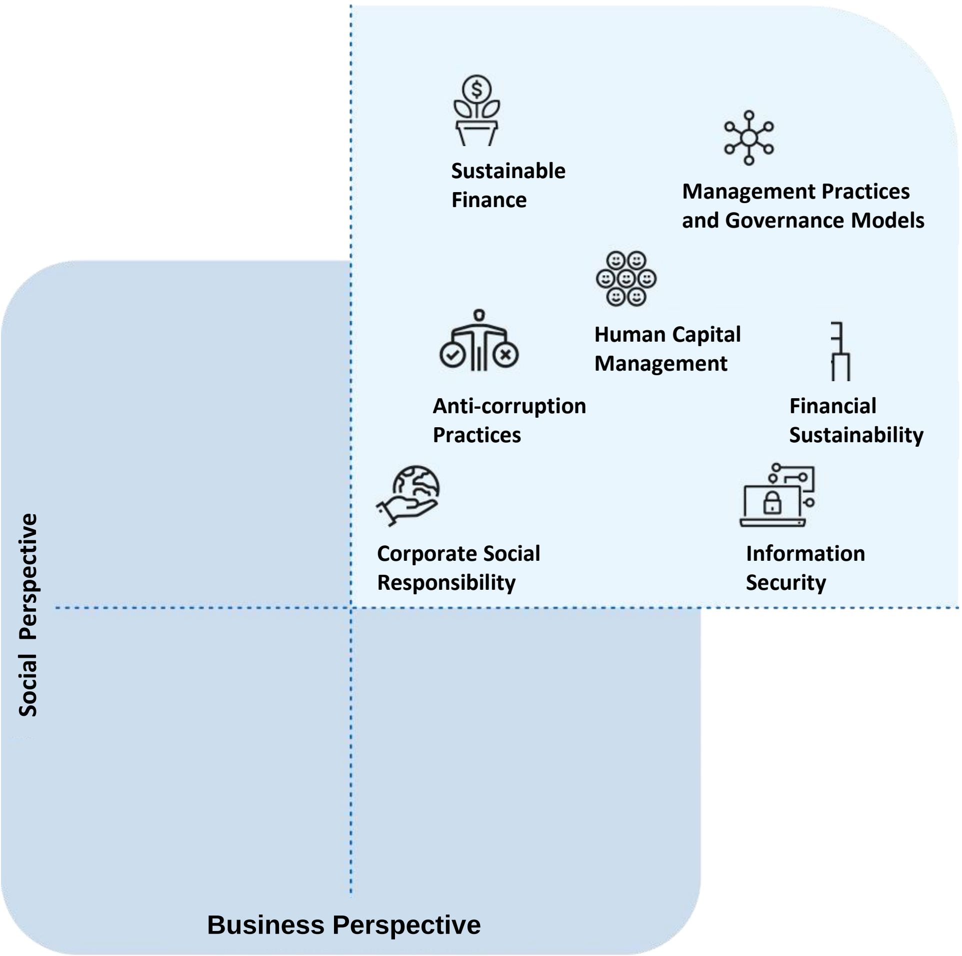
1. Consulting with stakeholders to understand their main expectations;
2. Identifying the main trends of the financial market trends at an international level;
3. Acknowledging future challenges and opportunities identified by leading institutions in the financial sector.

The identification of relevant topics took into account the trends identified in documents and / or leading international entities, namely the WEF Global Risks Report, the Carbon Disclosure Project (CDP), the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations' Human Development Report.

Phase 1 **Topic identification**	**Phase 2** **Topic Assessment**	**Phase 3** **Topic Prioritization**
Compiling of an extensive list of material topics Validation of the list through an assessment on leading research at an international level and analysis of materiality outcomes from other financial institutions	Submittal of list of topics to the various internal and external stakeholder groups Assessment of each topic considering the various information sources concerning ESG Assessment of the importance of each subject to the business by the top management	Comparing the assessment from a social perspective and a business-related perspective Validation of results with the top management
List of 31 topics subject to consultation and assessment by stakeholders	**List of relevant topics by stakeholder group**	**Materiality Matrix**

4.6.2. Materiality Matrix

The materiality matrix identified seven topics deemed to be the most relevant – material topics. This matrix shows the relevance of each topic from a social perspective and from that of CGD's internal business, as highlighted in the following diagram:



Meaning of each material topic

Financial Sustainability – To be a financially solid company and to ensure the highest profitability for the Shareholder.

Information Security – To manage customer data and other third-party confidential information according to the principles of confidentiality, caution and integrity, and to protect against external attacks.

Management Practices and Governance Model – To ensure transparent management practices in line with ethical standards, as well as to implement good practices from governance and independence models pertaining to the Management Bodies.

Human Capital Management – To foster the employees' development, training and career advancement, with a special emphasis on managing and retaining talent, safeguarding fair and dignified working conditions and the respect for Human Rights for everyone working for CGD, including suppliers and outsourcers.

Sustainable Finance – To incorporate environmental and social aspects into all organization levels, namely by supplying sustainable products, assessing non-financial risks, drafting financing policies to support the company's energy transition so as to promote projects with environmental and social criteria allowing for the expected long-term economic recovery.

Anti-corruption Practices – To ensure the implementation of the best methodological practices and tools to combat corruption, money laundering and other common unlawful practices in the financial system, through the enforcement of regulations and laws.

Corporate Social Responsibility – To draft up strategies, policies and measures fostering a more responsible and inclusive business, namely within the environmental and social spheres, thus promoting value generation for the company and other stakeholders.

This Sustainability Report, pertaining to the 2019, was drafted in accordance with the materiality principle, as established in the GRI standards; its content and structure addresses the topics deemed to be material. The management approach and the performance of each material topic is described at the beginning of the corresponding chapter.

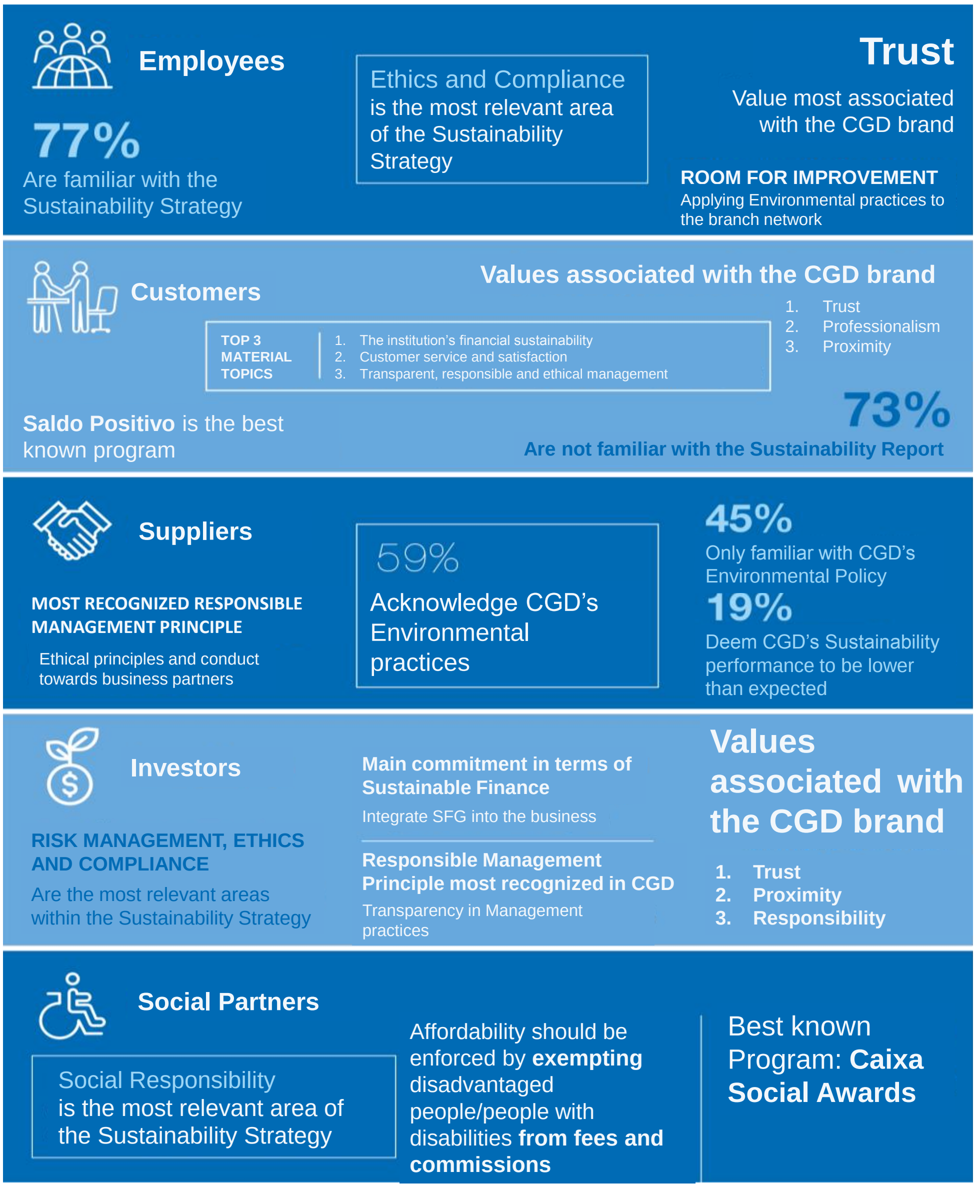
Consultation of stakeholders

Within the framework of CGD's sustainability strategy, it is essential to identify, analyze and respond to the main expectations and concerns of the stakeholders, ensuring the evolution towards a more responsible and inclusive business model. The internal and external stakeholders have been consulted through an on-line survey, in addition to focus group meetings with suppliers, third-sector social institutions and environmental NGOs.

We have gathered around 3,000 answers from the on-line survey, from employees and stakeholders, namely: customers, suppliers, investors and financial analysts, organizations from the industry, financial institutions, media, local community, social institutions and environmental organizations.

The consultation of stakeholders was carried out within the scope of CGD's business/companies in Portugal, where the CGD Group concentrates most part of its activity.

The main outcome of this consultation is shown in the image below:



4.6.3. Forms of interaction with stakeholders

CGD interacts with the various stakeholders on a regular basis, allowing for continuous management and a close follow-up on their relationship, whether it is a commercial relationship, a partnership, a cooperation or other.

We have summarized the different forms of interaction with each of the main stakeholder groups and the topics considered to be the most relevant:

Stakeholder group	Form of interaction	Main expectations
Employees	- Surveys on organizational environment - Intranet (SomosCaixa) - Caixapessoal Portal - Annual company meeting - Performance assessment and feedback meetings - Sustainability Survey	- Employee training, development and career advancement - Transparency, principles of integrity and ethics in management practices - Financial stability of the institution
Customers	- Customer Area - Suggestions and Complaints - Satisfaction Surveys - CGD website - Social networks - Branch office network - Cycle of meetings outside CGD - Sustainability Survey	- Customer relationship management, service and customer satisfaction - Cybersecurity and data protection - Transparent and responsible communication of financial products
State	- Meetings / Assemblies - Period information reporting - Sustainability Survey	- Compliance with the Strategic Business Plan - Improved profitability - Financial stability and soundness - Boosting economic growth
Investors and analysts	- Presentations to investors (Roadshow) - Regular meetings and contacts - CGD website - CGD reports - Sustainability Survey	- Cybersecurity and data protection - Legal and regulatory compliance - Anti-corruption practices and measures - Corporate governance best practices - Transparency, principles of integrity and ethics in management practices
Suppliers	- Trading platform and contract management - Periodic meetings and contacts - Audits (via Environmental Management System) - Sustainability Surveys	- Financial sustainability of the institution - Anti-corruption practices and measures - Financing Policy for a low carbon economy - Transparency, principles of integrity and ethics in management practices
Community (e.g.. institutions for social solidarity, NGOs)	- Social Responsibility Projects (e.g. Caixa Social Awards) - CGD Foundation Culturgest - Protocols with Higher Education Institutions - Participation in working groups - Periodic meetings and contacts - Free access training - Sustainability Surveys - CGD website	- Initiatives for solidarity, combating poverty and social integration - Support for 3rd sector initiatives - Fostering entrepreneurship and environmental innovation - Financing the transition to a low carbon economy - Policies for the criminalization of funding polluting sectors
Entities and trade associations	- Participation in working groups - Participation in public consultations - Sustainability Surveys - CGD website	- Financial sustainability of the institution - Anti-corruption practices and measures - Legal and regulatory compliance - Integration of ESG criteria into the analysis of investments / risk models
Regulators	- Supervisory actions - Periodic reporting to the regulator - Participation in working groups - CGD website - Sustainability Survey	- Legal and regulatory compliance - Financial sustainability of the institution - Anti-corruption practices and measures
Media	- Press office - Disclosure of results - Cycle of meetings outside CGD - CGD website - Sustainability Survey	- Access to relevant information of public interest

Brand and reputation

In 2019, the reputation of the CGD brand continued to follow an upward trend, according to the prestigious magazine The Banker.

The ranking of the Caixa Geral de Depósitos brand increased from AA to AA +, having been considered a “Very Strong +” brand.

In the ranking of the 500 best global banking brands of 2019, Caixa Geral de Depósitos is the 1st Portuguese bank, having ranked 215th worldwide, going up 32 positions in only one year.

Historically, Caixa is the most renowned brand in Portuguese banking. According to BrandScore, Caixa reached 28% top-of-mind notoriety and 68% spontaneous notoriety in 2019.

According to a BrandScore research, the reputation of the CGD brand maintains a positive assessment, namely in the components considered to be essential to the bank's sustainability (Trust, Soundness, Governance, Ethics and Transparency), emphasizing the customers’ and the general public’s acknowledgement and preference for the CGD Brand.

4.6.4. CGD's contribution to the Sustainable Development Agenda

The 2030 Sustainable Development Agenda, which incorporates the 17 Sustainable Development Goals (SDGs), came into force on 1 January 2016, with the commitment taken on by world leaders in September 2015, during a United Nations (UN) summit.

The SDGs aim to create a new model of economic development to end poverty, foster prosperity and well-being for everyone, protect the environment and combat climate change.

As a driver for economic growth, employment and innovation, the financial sector plays a critical role in the achievement of SDGs, since it is the banks that provide the majority of external financing to companies and investment projects in the various sectors of activity.

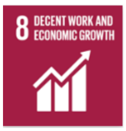
As of March 2, 2016, CGD has been part of the Coordinating Committee of the Portuguese Alliance for the UN's SDGs – Sustainable Development Goals. The Alliance will follow the guidelines of the United Nations and other international organizations, as well as the directives and guidelines issued by the European Union with a bearing on the Companies' activity and reporting duties.

The materiality assessment carried out by CGD identified a set of priority SDGs for the Bank's business.

Priority SDGs

Considering the specificities of the financial sector and taking into account the material issues recently identified in the materiality analysis exercise, Caixa highlights six priority SDGs, developed in line with CGD's Sustainability Strategy, based on the 10 Principles of the Global Compact.

CGD promotes diversity and respect for human rights and implements social activities to support projects aimed at mitigating poverty, promoting social inclusion and building fairer societies.



CGD provides financial solutions for socio-economic inclusion, encouraging entrepreneurship and savings, supporting education and financial literacy, contributing to the generation of value, resilience and economic growth of Portuguese businesses and society.

CGD operates under the principles of human capital management, ensuring equal opportunities, decent working conditions and respect for human rights, across the entire value chain.

CGD is committed to financing the transition to a low carbon economy, through products that promote a circular economy, decarbonisation and energy efficiency, fostering more inclusive, sustainable and resilient societies.

CGD takes direct and indirect responsibility for the contribution to combating climate change, both through financing and through its low carbon program for improving the efficiency and climate resilience of its operations.

CGD follows an efficient governance model incorporating principles of integrity, ethics and transparency as fundamental values, as well as the adoption of anti-corruption practices.

SDGs for supporting initiatives

The development of initiatives in line with each of the priority SDGs is enhanced through the establishment of strategic partnerships.

CGD promotes transparent and responsible partnerships to support the pursuit of its sustainability strategy by finding synergies between partners from different areas of society.

CGD, S.A. – Training Agenda 2030

CGD is committed to being part of the change towards a more sustainable future, influencing employees, business partners, customers and the civil society in the adoption of principles of sustainability and responsible business.

In 2019, within the scope of the Social Responsibility week, CGD promoted a set of initiatives with its partners aiming to foster dialogue and prepare for the transition to a low-carbon economy.

In this context, 5 free master classes were held for various stakeholders on topics considered relevant for sustainable development.

We highlight Masterclass II on the challenges of the 2030 Agenda for Sustainable Development that allowed for participants to learn about: the rationale behind of the United Nations' decisions; the 2030 Agenda for Sustainable Development and the main sustainability challenges for companies and businesses posed by SDGs.

Training Partner: Pedra Base

CGD, S.A. – Partnership projects (Gertal)

As a stakeholder and an active partner in initiatives that contribute to the various dimensions of Sustainability, Gertal has been developing several initiatives with CGD, including:

DarIAcordar Project: With the beginning of the protocol on September 17, 2019, approximately 2,980 kg of food surpluses have already been donated from daily production at the CGD Head Office;

Banco Alimentar Contra a Fome: Meals provided to volunteers working at the Banco Alimentar Contra a Fome Lisbon warehouse during the campaign produced in the CGD Head Office cafeteria.

4.7. Sustainability strategy 2018-2020

CGD's activity is oriented towards generate value for its stakeholders in a sustainable way, which requires its management to be based on economic, social and environmental responsibility principles.

CGD has been implementing its Sustainability Strategy for the 2018/2020 triennium in line with the Bank's business strategy, based on a set of areas of activity that go beyond legal and compliance obligations.

The 2018/2020 Sustainability Strategy addresses six areas of structural intervention - Responsible Business, Social Responsibility, Environmental Footprint, Ethics and Compliance, Risk Management and Stakeholder Engagement.

Strategic vectors of commitment towards the company

Responsible Business: Providing innovative, sustainable and responsible products, ensuring their proximity and accessibility, to customers and the general public.

Social Responsibility: Contributing to the socio-economic, cultural and digital inclusion of citizens; managing the talent and meritocracy of employees; acting according to the values of active citizenship and safeguarding Human Rights.

Environmental Footprint: Promoting eco-efficiency in operations, reducing the consumption of materials, energy and other natural resources. Being an active part of the commitment to sustainable development.

Essential Links of the Sustainability Strategy Chain

Risk: Detecting and mitigating events or damages potentially harmful for CGD, namely in terms of financing models and investment opportunities, managing potential socio-environmental risk of commercial transactions.

Ethics: Promoting a corporate culture of integrity, underpinned by ethical and transparent conduct and on principles, policies and commitments tailored to ensure the safety and trust of stakeholders.

Stakeholders: Establishing partnerships and relationships based on trust, ensuring transparency of the information provided and value creation.

Through an annual action plan, with the direct participation of several internal structures, CGD promotes the regular assessment of the progress of its Sustainability Strategy.

In 2019, the implementation of the Sustainability Strategy was 91% achieved, to which six lines of intervention contributed:

4.8. Financial Sustainability

Financial Sustainability is considered to be a material issue for CGD's activity, as a State-owned Financial Institution with a structuring role in the Portuguese financial system.

A solid, efficient and profitable Bank is a fundamental pillar of society, through its ability to finance the national economy and to support strategic and structural investments boosting economic growth. It also encourages savings and investment options with controlled risk, thus promoting the sustainable and responsible growth of society.

CGD's recapitalization process was designed based on a Strategic Plan that defined the Bank's strategy until 2020 and highlights the rationale and sustainability of CGD's single investment decision. Regular monitoring of the implementation of the Strategic Plan is carried out based on the agreed objectives.

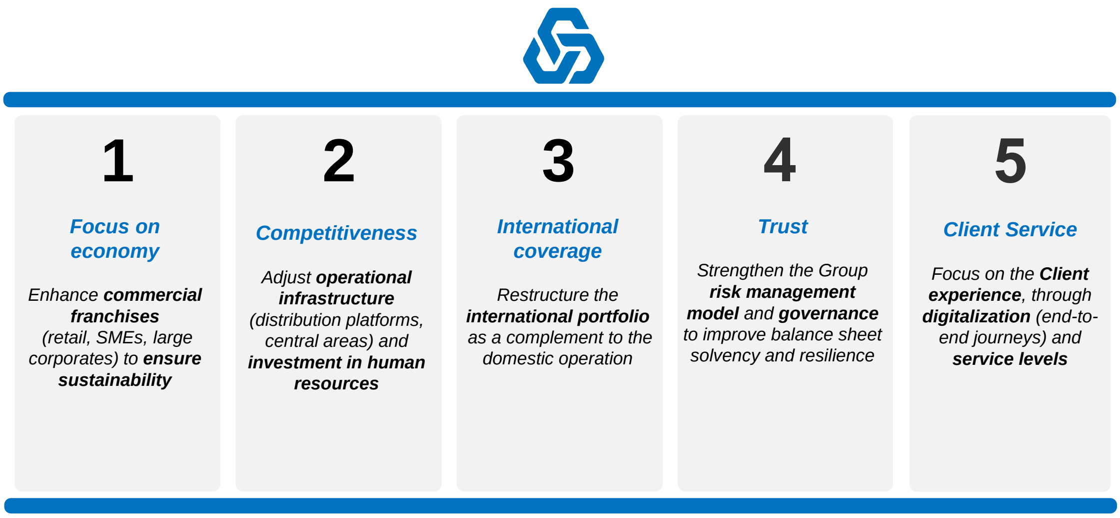
Over the years, CGD has promoted several initiatives that contribute directly and indirectly to this topic, which are reported in this chapter of the 2019 Sustainability Report.

In order to assess the management approach used, CGD measures and monitors the qualitative and/or quantitative indicators associated with this topic, described in this chapter and also in Annex B - GRI Table.

4.8.1. Strategic Plan 2020

The goal of the 2020 Strategic Plan’s measures is to ensure CGD's long-term sustainability and value creation for its Shareholder.

- The Strategic Plan is underpinned by the following principles:
- Maintaining CGD’s current leadership position in the market without fundamentally changing its current universal banking business model;
- Increasing the operational efficiency of its domestic operations, combining them with the simplification of the Group's structure and the restructuring of the international portfolio;
- Delivering attractive returns to the investor (> 9%) within 5 years;
- Strengthening the Bank's solvency in order to meet the requirements defined by the supervisors and the market expectations, Common Equity Tier 1 (CET 1) above 12.5%;
- Maintaining a governance model and an independent and accountable management.



The Strategic Plan consists of 5 fundamental pillars:

Pillar 1 - Modernization of the commercial franchise of domestic operations to ensure sustainability.

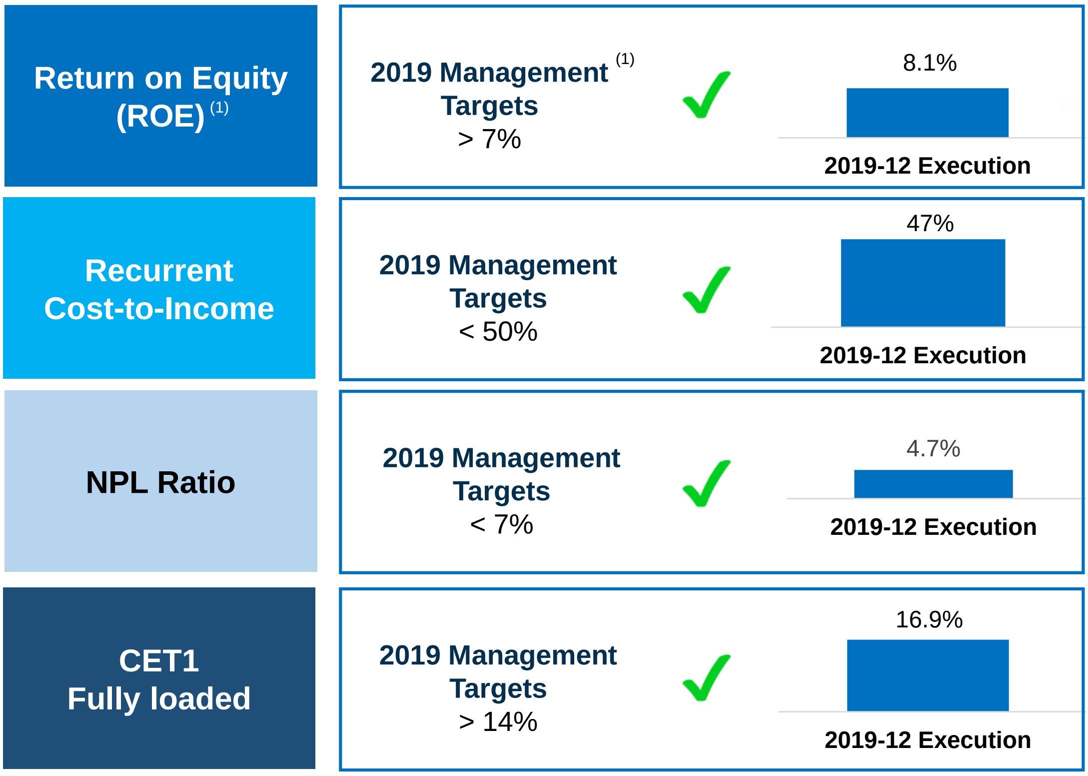
Pillar 2 - Adjustment of CGD's domestic operational infrastructure to increase efficiency.

Pillar 3 - Restructuring of the international portfolio in order to focus on selected geographies.

Pillar 4 - Restructuring of CGD's asset portfolio and reinforcement of its risk management model in order to improve the solvency and resilience of the balance sheet.

Pillar 5 - Customer Service.

The implementation of the Strategic Plan in 2019 has allowed for the successful achievement of a large number of goals set for that year:

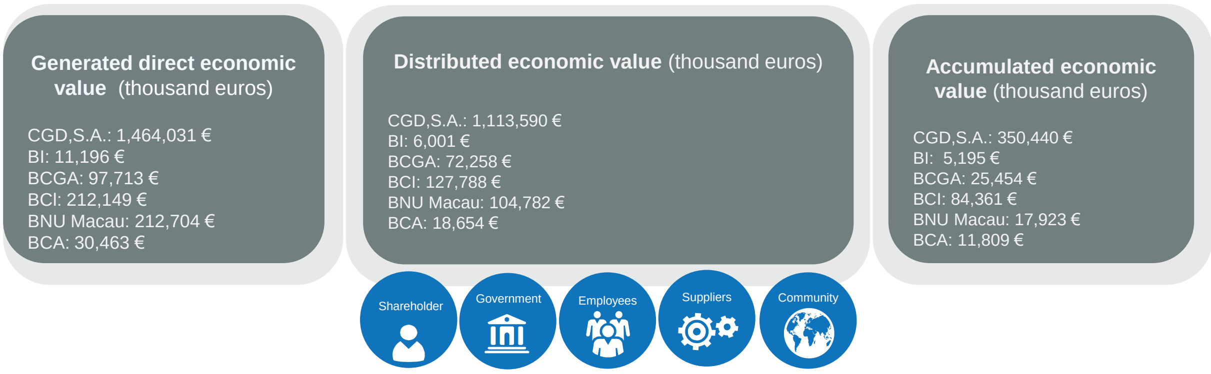


(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders ' equity (average of 13 monthly observations, annualized.

4.8.2. Financial Performance and Value Distribution

In 2019, the Strategic Plan was further implemented, with an impact on the improvement of CGD's profitability. The consolidated net income of the CGD Group amounted to 776 million euros (+280 million euros as compared to 2018).

CGD ensures a complete and universal service that generates and distributes value through several financial areas, providing it to several stakeholder groups.



4.9. Governance Model and Management Practices

Ethical and transparent management practices are fundamental for maintaining the trustworthiness and credibility of the financial sector, namely through the implementation of best practices in the governance model.

Weaknesses in the governance model of financial institutions, which include the ethics and integrity components, can cause several impacts on the entire banking sector with negative socioeconomic effects.

One of the lines of action of the CGD Strategic Plan negotiated with the European authorities, in place until 2020, aims to strengthen CGD's governance model. CGD has approved and enforces rules pertaining to the independence of the governing bodies and of their members, including, inter alia, those contained in the Articles of Association, the Regulations of the Board of Directors, the Policy for the Selection and the Assessment of the Suitability of Members of the Management and Supervisory Bodies and Key Function Holders and CGD's Global Conflict of Interests Prevention and Management Policy.

In 2019, CGD approved the Board of Directors' Statement of Independence, which aims to prevent the risk of subjecting the members of the Board of Directors (as well as of the Supervisory Board) to undue influence by other persons or entities, providing conditions to allow for an unbiased performance of their duties. The independence of the members of the Board of Directors is subject to an initial assessment and a reassessment, annually or whenever there are supervening events (that is, facts that occur after the last (re) assessment or that, if prior to the assessment, come out at a later stage).

Over the years, CGD has promoted several initiatives that contribute directly and indirectly to this topic; these initiatives are described in this chapter of the 2019 Sustainability Report.

In order to assess the chosen management approach, CGD measures and monitors the qualitative and / or quantitative indicators associated with this topic, reporting them in this chapter and also in Annex B - GRI Table.

4.9.1. CGD's Governance Model

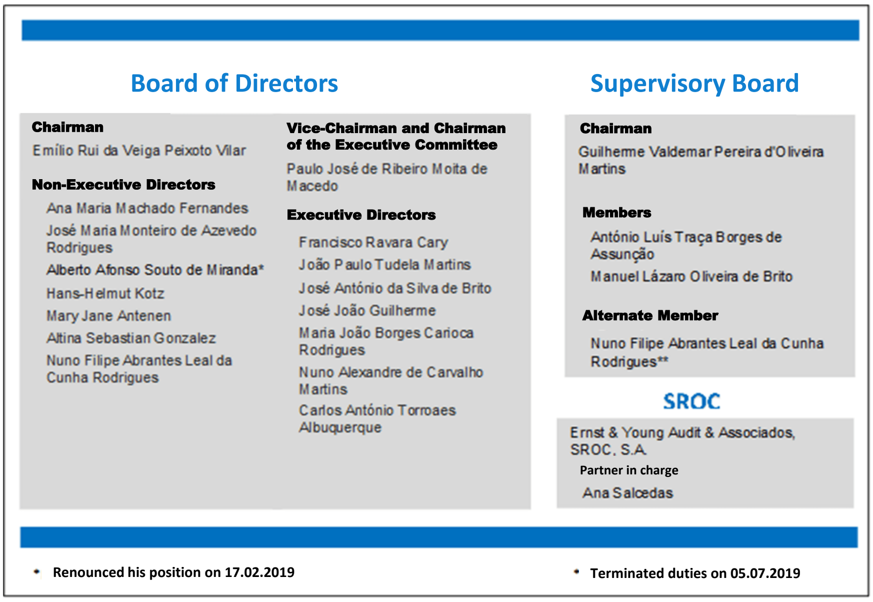
CGD is a public limited liability company fully owned by the State, and its share capital, including shares that come to be issued in future capital increases, belong to the Portuguese State alone, and are held by the Directorate-General for Treasury; all shareholder resolutions are passed unanimously, as it is a single shareholder.

CGD's activity is regulated in compliance with the law and in accordance with the Company's articles of ncorporation, pursuant to the provisions of the Commercial Companies Code (CSC) and the General Framework of Credit Institutions and Financial Companies (RGICSF). Any amendment proposals must be duly substantiated and approved by the Shareholder. Amendments are subject to prior approval by the European Central Bank (ECB) in case they pertain to the management or supervisory structure, or to the limitation of powers of the management or supervisory bodies.

The governance model adopted by CGD includes in its internal governance structure a Board of Directors (BoD), a Supervisory Board and a Statutory Audit Firm (SROC). This model assigns auditing functions to an independent Statutory Auditor (ROC), or to a Statutory Audit Firm that is not a member of the Supervisory Board, which also performs auditing duties.

The division of responsibilities has allowed for an effective separation between the supervisory and themanagement functions, adding to the benefit of constant and extensive supervision, in pursuit of the objectives and interests of the company, its Shareholder, employees and other stakeholders. This allows for the achievement of the appropriate degree of trust, transparency and balance between the various functions that is vital for its proper functioning and optimization. The institutional and functional relationship between CGD's statutory bodies has contributed to the effective development of its activity, prioritizing the imperative social interest.

The Board of Directors has the broadest powers to manage and represent the company, being able to effectively steer the institution's activity towards the best results, and the Executive Committee (ExCo) is responsible for day-to-day management, under the terms of the delegation of powers approved during a meeting of the Board of Directors of CGD held in 2017, which remains in force.



In order to ensure the continuity of CGD's management and avoid replacing an excessive number of members simultaneously, the Succession Plan for members of the Board of Directors and key function holders was implemented. The Plan consists of the procedures for the succession of directors, namely the identification of the necessary skills and qualifications for the different members of the Board of Directors in order to ensure sufficiency and adequacy to the exercise of specific functions.

In 2019, CGD approved the Adequacy Matrix for the Succession of Directors, which mirrors the ESMA and EBA guidelines on the assessment of the suitability of members of the management body and key function holders (ESMA71-99-598 - EBA / GL / 12 of 03/21/2018).

The composition of the management body must reflect the knowledge, skills and experience necessary to fulfill its duties. This implies that, collectively, the management body has an adequate understanding of the areas for which its members are collectively responsible, as well as the skills to effectively manage and supervise the institution.

With regard to diversity in the Board, CGD has a firm commitment to greater gender diversity and parity in its composition and to ensuring that it also provides a balance between knowledge, skills, qualifications and professional experience.

Special committees

During the 2019 financial year, the following special committees were established, operating within the scope of the Board of Directors:

- **Audit and Internal Control Committee**, whose function, inter alia, is to monitor the activity of the Executive Committee and, without prejudice to the powers of the Supervisory Board, to follow up on the process of disclosing financial information and on the effectiveness of CGD's internal audit control and risk management systems and those of CGD Group entities.

- **Financial Risk Committee**, which, among other functions, is responsible for monitoring the management policies of all financial and non-financial risks related to CGD's activity, on an individual and consolidated basis, such as liquidity, interest rate, exchange rate, market and credit, compliance and reputational risks, without prejudice to the powers of the Supervisory Board in these matters. This Committee also performs the functions of the risk committee provided for in article 115-L of the RGICSF.

- **Appointment, Assessment and Remuneration Committee**, which is responsible, in particular, for the filling of any vacancy in CGD's statutory bodies and other companies that are in a control or group relationship with CGD, assessing a person’s suitability for the position, as well as selecting directors to be part of the Executive Committee and following up on their assessment and remuneration policy. This Committee also performs the functions of the appointment committee and the remuneration committee, provided for in articles 115-B and 115-H of the RGICSF.

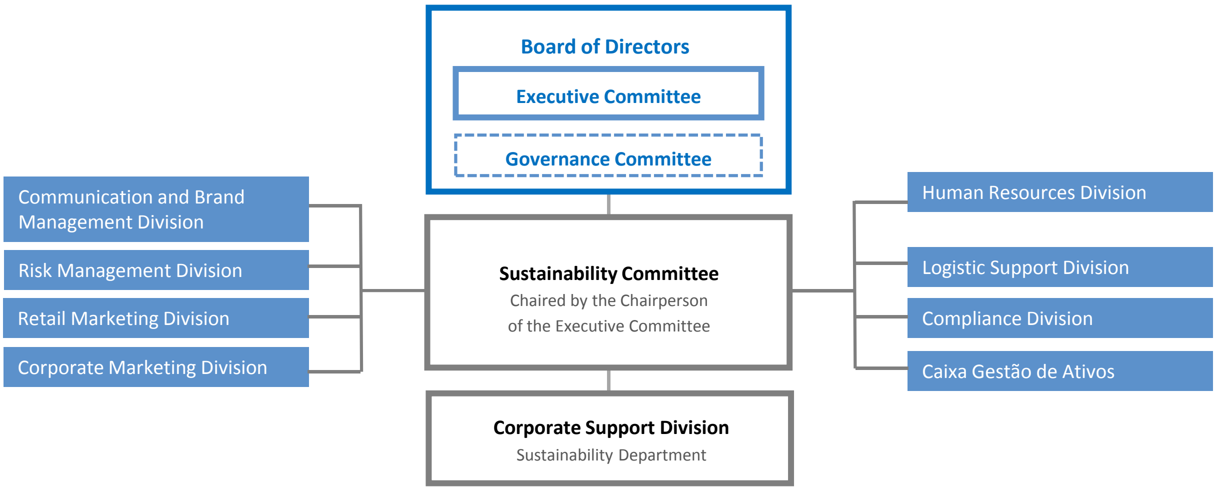
- **Governance Committee**, whose function is, namely, to analyze and advise on matters such as corporate governance, ethics and conduct, conflicts of interest, social responsibility, sustainability and sustainable finance, the annual report on the functioning of the corporate governance structure and the opinion on the Corporate Governance Report, included in the Annual Report.

COMMITTEES – INDEPENDENT MEMBERS (AS OF 31/12/2019)

	Non-Executive Directors	Members of the Supervisory Board	Meetings in 2019
Audit and Internal Control Committee	3	0	25
Financial Risk Committee	4	0	16
Appointment, Assessment and Remuneration Committee	2	2	17
Governance Committee	4	0	10

4.9.2. Sustainability management model

The management model for sustainability is cross-sectional to CGD, with the most relevant structural bodies involved in the execution of the Corporate Sustainability Program, as well as other structures (national and international) depending on the subjects under assessment.



The **Board of Directors** is the uppermost decision-making body of the CGD Group for passing policies and strategies related to Sustainability, with the Executive Committee overseeing the progress of the implemented initiatives in CGD and Group companies, with the aim of generating value and profitability for CGD.

The **Governance Committee** ensures compliance with the principles of governance and the assessment of Sustainability strategies and policies, presenting guidelines for Sustainability, social and environmental responsibility to the Board of Directors.

The **Sustainability Committee** is an advisory body to the Executive Committee, chaired by the Chair of the Executive Committee and composed of managers from different corporate areas responsible for carrying out the defined activities.

Depending on the scheduled topics, the following entities also participate in the Sustainability Committee:

- The representatives, or their substitutes, of the CGD Group Structural Bodies and Companies that make up the working groups of the Corporate Sustainability Program;
- Top management for the Environmental Management System (EMS) and the representatives, or their substitutes, of the Structural Bodies / Entities responsible for maintaining the System and the EMS Team;
- The representatives of the Executive Committees of the Group's Branches and Subsidiaries, in Portugal and abroad.

The Sustainability Committee meets at least every six months and proposes, coordinates and promotes the implementation, inter alia, of the annual activity plan, further informing the Governance Committee. Three meetings were held in 2019.

The Sustainability Department, integrated in the Corporate Support Division, coordinates the plan for strategic initiatives, programs and related systems, ensuring mechanisms and internal circuits for the pursuit of performance indicators, assessment procedures and reporting processes.

4.9.3. Ethics, integrity and transparency

The values, ethical principles and standards of professional conduct governing the performance of employees are provided for in the Code of Conduct, revised at the beginning of 2020, as a self-regulatory, binding and imperative document to be observed in, and by, CGD and a fundamental instrument for ethical management, contributing to:

- Harmonizing reference standards in the light of ethical dilemmas;
- Formalizing the values, operating principles and rules of conduct that constitute the relationship with the various stakeholders;
- Promoting an organizational culture of legal compliance and compliance with the values and principles adopted;
- Developing the best corporate governance practices and ethical conduct.

In addition to the Code, CGD drew up and published specific rules, such as the Global Conflict of Interests Prevention and Management Policy (PGPGCI), the Policy for the Prevention of Corruption and Related Infractions (PPCIC) and the Code of Conduct for the Prevention and Combat of Harassment in the Workplace.

CGD has also in force a Corruption and Related Infractions Prevention Plan for identifying the risks of corruption and describing the measures taken to mitigate these risks.

Pursuant to the PGPGCI, potential conflicts of interest are analyzed, managed, monitored and recorded.

In 2019, CGD provided training in Ethics and Code of Conduct to new Employees, Caixa Academia interns, current Employees from different Caixa structural bodies and to Employees of CGD Group Entities.

Banco Caixa Geral Angola – Combating corruption and bribery attempts

BCGA's internal control system includes documented procedures and practices for detecting and preventing situations of corruption, bribery attempts and connected infractions - namely through the Code of Conduct, its organic and functional structure, decision-making processes and the enforcement of the principle of function segregation in activities and tasks where it is justifiable, binding all the activities and employees of the Institution.

For this purpose, the following mechanisms are implemented:

- Internal Communication System of Irregular Practices, which allows for employees to report corruption-related situations;
- Employee Performance Management System, which includes the “Attitudes and Behaviors” assessment parameter, in which the ethics and corruption prevention dimension is assessed.

4.10. Corporate Social Responsibility

To CGD, Corporate Social Responsibility aims to implement strategies, policies and actions to foster a more responsible and inclusive business, within the Bank's various spheres of activity, namely at the social and environmental level, promoting value creation for society and other stakeholders.

The most critical social and environmental impacts related to this topic pertain mainly to two components. On the external level, anchored on CGD's role as a State-owned Bank with a social role to fulfil, by having a positive impact on local communities through social investment, to invest in environmental conservation, to manage and monitor the direct and indirect impacts of its activities, products and services.

On an internal level, through the fostering of a corporate culture underpinned by the values of volunteering and skill-sharing, as well as the search for better efficiency in the Bank's daily management, through waste reduction and the improvement of natural and energy resources.

4.10.1. Social Responsibility

The Community Engagement Policy aims to consolidate CGD's position as a socially responsible Bank, centering its action around innovation in the remits of financial supply, financial education, social entrepreneurship and response to social emergencies, inter alia, with a view to act on an internal and an external level.

This commitment has been made at the highest management level, and CGD's Executive Committee has stood by it throughout the Bank's history, aware that the company's sustainable development depends on its contribution to a better society.

Within the framework of the Sustainability Strategy for the 2018-2020 triennium, the Caixa Social Program was launched, allowing for CGD and CGD Group companies to promote socioeconomic projects and models, in line with these strategic challenges.

Throughout the years, CGD has promoted several initiatives contributing directly and indirectly to this fundamental goal, describing them in the 2019 Sustainability Report.

In order to assess the chosen management approach, CGD measures and monitors the qualitative and/or quantitative indicators related to this topic, reporting them in this chapter and also in Annex B – GRI Table.

Caixa Social Program

Caixa Social Awards

Caixa Social Awards are an initiative carried out by Caixa Geral de Depósitos within the scope of its contribution to the creation of a fairer, more inclusive and prosper society, and it aims to helps reach the Sustainable Development Goals (SDGs) and the 10 Principles of the Global Compact, both UN initiatives.

The creation of the Caixa Social Awards has allowed for CGD to promote its socioeconomic project, in line with its strategic challenges, and aims to fund and develop innovative social projects that are replicable and aim to reduce poverty, foster inclusion on its several components and forms, promote initiatives created by third sector entities, namely private social solidarity institutions, NGOs and other non-profit organizations.

The Caixa Social Awards reward the work carried out by third-sector entities. During its first edition, four lines of intervention were defined, centered around the development of people.

- Economic Inclusion and Job Creation
- Social Inclusion and Solidarity
- Digital and Financial Inclusion
- Education and Knowledge

Around 600 applications were received, of which 325 were deemed valid.

The applications and their corresponding projects were assessed by an independent panel of judges consisting of persons of recognized standing with different visions and experiences and an in-depth understanding of the Portuguese social reality: Maria José Ritta, Filipe Santos, Paula Guimarães and Jorge Líbano Monteiro.

The panel was chaired by Mr. Emílio Rui Vilar, Chairman of CGD’s Board of Directors.

Nineteen initiatives designed by social institutions from all around the country received an award as a way to reward their contribution to the improvement of the living conditions of thousands of people.

CGD, S.A. – Launching of Caixa Social Awards 2020

On 9 September 2019 the second edition of the Caixa Social Awards was launched with a substitution of the axis of intervention previously known as "Education and Knowledge", by a new vector: Environmental Sustainability.

A global amount of 500,000 euros is made available for awarding the selected projects with prizes ranging from 10,000 euros to 50,000 euros.

Caixa Mais Mundo Awards

The first edition of the Caixa Mais Mundo awards has rewarded the best students, on a national level, that joined higher education institutions with protocols with CGD, via the national college entrance examination, during the 2018/2019 school year.

Forty awards were assigned to Universities and 40 awards to polytechnics and technical schools, and distributed to students enrolled in bachelor’s degrees or integrated master’s degrees and to students enrolled in technical courses, amounting to a total of 80 awards.

Each 1,500€ prize aimed to reward academic merit and encourage students to further pursue their academic careers.

The first edition of the award-giving ceremony, which also included merit diplomas, took place on 6 May, at CGD’s Head Office.

In view of the success of the first edition, CGD will once more reward students enrolled in higher institutions via the national college entrance examination during the 2019/2020 school year.

On the second edition of the Caixa Mais Mundo awards, 100 merit prizes will be assigned, each amounting to 1,500€, according to the following criteria:

- 40 merit-based scholarships for students with the highest grades enrolled in bachelor's degrees, integrated master's degrees and higher education technical courses during the 2019/2020 school year;
- 20 social support-based scholarships for students enrolled in bachelor's degrees and, integrated master's degrees during the 2019/2020 school year;
- 20 merit prizes for students who have graduated from technical courses (new) during the 2019/2020 school year;
- 20 merit-based prizes for students enrolled in bachelor's degrees or integrated master's degrees during the 2019/2020 school year from the following Portuguese-speaking African countries: Angola, Cape Verde, Guinea-Bissau, Mozambique, Timor, São Tomé and Príncipe.

Banco Nacional Ultramarino Macau – Commitment to the Community

In 2019, BNU Macao supported a number of projects from social solidarity institutions, universities and local associations, aside from participating in several community and social events, namely:

Social integration, solidarity and volunteer work

- Participation of employees in the distribution of basic essentials to disadvantaged communities;

- Donation of funds and participation on several charity and sports events, such as Walk for a Million;

- Annual program the collection of blood donated by employees;

- Contribution to or solidarity-related activities with a portion of the customers' expenses in BNU affinity cards.

Initiatives to foster knowledge

- Support to the educational system through existing financial support protocols with several Universities and Institutes: University of Macao, Institute for Tourism Studies, Macao Polytechnic Institute, University of Saint Joseph, and Portuguese School of Macao.

Patronage and culture

- Sponsorship of several cultural events, such as the New Year concert of the Macao Youth Symphony Orchestra, Portuguese painting exhibitions, the Day of Portugal holiday celebrations, and the 19th edition of the short film festival Som e Imagem 2019.

"Sou Cidadão" (I am a Citizen) Program

Within the scope of the National Strategy for the Integration of Homeless People (ENIPSSA, in the Portuguese acronym), which aims to achieve socioeconomic inclusion and fight poverty, CGD is invested in the important mission of finding ways to facilitate the social integration of our citizens.

Through the implementation of the "Sou Cidadão" program, CGD reinforced its cooperation by helping solve problems within the most vulnerable fringes of the population in order to contribute to the reduction of homelessness.

This program financially supports the issuance and assignment of identification documents (ID card, passport, residence permit) for homeless people eligible for these documents, thus fostering social inclusion and dignity for homeless people.

In 2019, CGD, in cooperation with the Group for Strategy Implementation, Monitoring and Assessment (GIMAE) and the Nuclei for Homelessness Prevention (NPISA), ensured the issuance of 50 identification documents for homeless people, contributing to retrieve these citizens' "identity" and their access to basic rights, thus fostering the reduction of the number of people under the poverty threshold.

The "Sou Cidadão" program aims to promote ways of streamlining social integration of homeless people within the branch network and automatic zones that are being monitored by CGD, in articulation with the NPISA, ensuring the population’s adequate social integration, which is mainly located in the Lisbon and Porto Districts (large urban areas), with a view to finding accommodation in specialized centers.

Banco Comercial e de Investimentos – “Ser solidário é daqui” (Solidarity is our local brand)

In 2019, BCI created an Internal Campaign named “Ser solidário é daqui” (Solidarity is our local brand), aiming to raise several essential goods (clothing, toys, shoes and other articles).

Orphanage Casas de Esperança, an accommodation center for orphaned children aged 3-22, located in the Katembe District, was the beneficiary of the articles raised through this campaign.

Donation Program

CGD continued its donation program targeted at third sector institutions whose merit and social intervention capacity, in cooperation with EntrAjuda, allows for fulfilling the needs of the various entities, by promoting the recycling of obsolete equipment and material by donating them to local communities and schools that may find a new use for them.

The reuse of materials is a priority, as it contributes to waste reduction and reducing the environmental footprint, facilitating the reorganization of the amortized or written-off assets for accounting purposes and with no futures use.

In 2019, CGD donated 1.131 articles of office furniture to 22 institutions.

Corporate Volunteering

CGD's Corporate Volunteering Program encourages solidarity and team work among employees, fostering a corporate social responsibility culture, promoting their engagement in environmental and social projects.

In 2019, CGD's Volunteering Day was celebrated through 32 volunteering actions throughout the country - mainland, Azores and Madeira, involving 1,179 employees, family and friends, giving back to the Portuguese society and communities the trust they have invested in the Bank.

CGD volunteers took on the challenge of joining a nation-wide mission to carry out activities to support disadvantaged communities with special needs and homeless people, help clean forests and beaches, support reforestation programs, support the restoring of housing conditions for nursery homes and accommodation centers, raising and distribution of toys and school material for children and young students.

Volunteering programs strengthen people’s sense of belonging, their team spirit and the engagement of the whole CGD community, supporting those in need and helping institutions.

CGD, S.A. – 31st Christmas Party at Comunidade Vida e Paz

For the second year in a row, CGD participated in the Christmas Party of Comunidade Vida e Paz (CVP), which hosted around 1,490 guests - families in need and homeless people - from 20 to 22 December, at the Rectorate of the University of Lisbon.

The organization of a Christmas Party for homeless people aimed to provide them a family Christmas, where the guests were invited to lunch, dinner and a snack, as well as to pick articles of clothing and footwear, hygiene products, inter alia. Homeless people were also encouraged to resort to other available services, such as an open space to dialogue where they could express their will to start over.

Over the course of three days, at the 31st Christmas Party of CVP, 3,500 meals were served - lunches, dinners and snacks - and 4,938 articles of clothing were handed out.

Thirty-seven CGD voluntaries joined this initiative.

Banco Comercial e de Investimentos – Support to People with Albinism

BCI strengthened its support to the Albinism Support Association (KMB), an entity that promotes and supports the full inclusion of people with albinism in Portuguese-speaking African Countries, mainly Mozambique.

This association protects people with albinism through education on this condition and by raising sun-blocking products (sunscreens, skin healers, UV-blocking prescription glasses and sunglasses, hats) and articles for social integration (clothing, school material and toys).

Blood Donor Group

Created in 1983, the Blood Donor Group (GDS, in the Portuguese acronym) aims to be an ambassador for CGD's social image. Due to its contribution to the sustainability of Portugal's blood supply, it is the largest corporate group of this kind and the only one linked with a financial institution in the country.

GDS is composed of 11,149 donors, of which 8,719 have been active in the past few years.

GDS organizes blood collection drives across the country, as well as awareness-raising initiatives in partnership with the Portuguese Blood and Transplantation Institute (IPST).

In 2019, GDS performed 62 blood collections, which resulted in 1,713 blood donations. There was a 12% increase as compared to 2018, due to the participation of 432 new donors.

Apart from meeting the goals of the collection schedule throughout the whole country, in 2019 several initiatives were carried out to clear doubts about voluntary blood donation, as well as to promote GDS, either in person, by participating in promotion events and sessions, or through media coverage on blood donation, namely:

- 36th Anniversary Gala: event for promoting GDS and blood donation held in Culturgest' Auditory on 27 March, coinciding with the National Blood Donor Day, with several guest artists and entities;
- News publishing in specialized medical journals;
- Promoting blood donation among CGD employees (Serviços Sociais Portal, CGD's Intranet, locally in branch offices and at CGD's Head Office).

Dadores de Sangue
SERVIÇOS SOCIAIS DA CGD

Christmas Campaign

To celebrate Christmas, CGD made a 40,000 € donation to six social institutions to implement six social projects aiming to improve and promote the building up of personal and social skills to increase the autonomy and well-being of women and/or children at risk, who are victims of domestic violence or particularly vulnerable.

This campaign was implemented nation-wide and the following projects were supported, in partnership with EntrAjuda:

- Project Abrigo de Sabores - Casa Abrigo - Cruz Vermelha Portuguesa (Matosinhos Delegation).

  Goal: To promote social and professional rehabilitation for the hosted women, through the creation of a catering service managed by these women.

  Donation: 5,000 €

- Project: Janela Solidária - Casa de Proteção e Amparo de St. António (Lisboa)

  Goal: To provide better comfort and security conditions for the “Casa das Mães” home for mothers, by replacing the building's windows, which were damaged.

  Donation: 7,000€

- Project: Renovar para Recomeçar - Centro Jovem Tabor (Setúbal)

  Goal: To renovate the rooms, which are deteriorated, providing comfort for young people and helping them adapt to their "new home".

  Donation: 7,000€

- Project: Construir para preparar Futuro - Irmãs do Bom Pastor - Casa de Santana (Sintra)

  Goal: To build a room for storing goods donated by the community, to furnish the future houses of the women who are ready to leave the institution.

  Donation: 7,000€

- Project: Renovar o Espaço Exterior - Centro Infantil Coronel Sousa Tavares - Centro de Acolhimento A Buganvília (Beja)

  Goal: To renovate the outdoor space of Casa Buganvília, which is currently underexploited, turning into a space for children to hang out and play, both during daily activities and whenever their families visit.

  Donation: 7,000€

- Project: Ampliar e Renovar - Infantário da Fundação Santa Luísa de Marillac (Funchal)

  Goal: To expand the Babies' Room and to waterproof walls so as to prevent rain water leaks.

  Donation: 7,000€

CGD has also kicked-off a fund raiser to support these six charities, encouraging solidarity and help among its employees and the community.

CGD, S.A. – “De mão para mão” (Hand in Hand)

Employees were challenged to take part in the campaign “De mão para mão” (Hand in Hand) individually or in a team, through the promotion of solidarity projects, fundraisers, production of baskets of essentials, inter alia (independent initiatives from each employee/team).

CGD joined forces with Operação Nariz Vermelho, making a donation to this institution. This event, attended by CGD's Chief Executive Officer (CEO) and Chief Technology and Innovation Officer (CTIO), was a proud moment for the Bank.

Fostering Knowledge

The investment in the university market remains essential for CGD's future sustainability.

The university market is made up of different dimensions and spheres - educational institutions, students, teachers, staff and other supporting bodies, which create financial solutions and services supporting the institutions' internal management, alongside policies supporting the search for knowledge and promoting scientific/academic projects with positive impacts on the economy and society.

CGD, in partnership with Higher Education Institutions, welcomed new students (from Universities and Polytechnics) through the NEU - New University Season program, with the placement of over 250 reception desks in schools with protocols with the Bank, helping over 40,000 students integrate in the academic environment over the course of 6 weeks.

With a one hundred percent digital approach, subscribing to the academic identification card (a multifunctional card allowing to access the services provided by the Higher Education Institution and making students' lives easier, namely by access control, attendance record, internal payments, library management and access and parking payments) is carried out without resorting to paper support, by using mobile devices to help new students and managing digital procedures for the creation of a customer profile, opening an account and activating services.

CGD has been active on social media and attending important events at Universities and Polytechnics, rewarding students with merit prizes and awarding scholarships (c. 200). The Bank has also attended conferences and contributed to innovative national and international projects.

CGD’s partnerships with Higher Education Institutions are a testament to the Bank’s contribution to the development of Higher Education in Portugal, aiming to support projects to foster knowledge while improving customer service quality through financial solutions.

One of 2019’s milestones was the renewal of protocols with the Universities of Lisbon, Minho, Algarve, and with the Polytechnic Institutes of Leiria, Santarém and Bragança.

The partnerships established with the over 40 National Higher Education Institutions have allowed, over a quarter of a century, for the increase of the younger fringes of its customer database, with over one million and forty thousand customers raised through this CGD Program. Currently, in order to support Higher Education, CGD:

- Provides a 7M€ annual investment in higher education;
- Holds a 56% share of the Portuguese customers enrolled in academic institutions;
- Covers more than 225,000 university customers;
- Raises, through its University Program, 30% of its annual share of new customers.

Financial Literacy

Saldo Positivo

The Saldo Positivo Portal aims to make available valuable information on personal finance management and financial literacy for individuals and companies. It is an editorial project integrated in the Financial Literacy pillar of the Bank's Sustainability strategy, and is therefore a structural project for CGD's Social Responsibility Strategy.

Saldo Positivo includes a versatile editorial platform, which is organized into several sections that seek to respond to today's challenges, ranging from Digital Banking, to Technology, Family Management and urgent environmental and sustainable matters.

This Portal publishes, on average, twenty articles per month, including opinion articles endorsed by several experts.

Financial Literacy Initiatives

As a member of the Financial Literacy and Education Working Group of the Portuguese Banking Association (APB), CGD supports and promotes a variety of initiatives with the aim of promoting financial education among young people.

European Money Quiz

The European Money Quiz (EMQ) took place in Portugal with the mentoring of the Portuguese Banking Association (APB) in partnership with national banks.

The EMQ is a financial literacy digital game, available for computers and smartphones, which seeks to create a competition between students at European level and tests their knowledge of areas such as savings, over-indebtedness, online security and personal finance management.

In its 2019 edition, the team from Colégio Vasco da Gama, in Meleças - Belas, represented Portugal in the finals that took place on May 7 in Brussels, played by teams of two students from 28 countries, invited by the respective Banking Associations .

Portugal was the country that managed to get the most students to play the Money Quiz - 3,000 students from 60 schools - with APB receiving the award for “Best use of EMQ 2019”.

The European Money Quiz was played by over 100,000 students across Europe, from 2,000 schools and in 28 different countries.

World Investor Week

At the invitation of the Portuguese Banking Association (APB), CGD hosted the second edition of the banking sector's Open Day on the 2019 World Investor Week, at the Viseu and Santarém branches.

World Investor Week is a global initiative promoted by the International Organization of Securities Commissions (IOSCO) in order to raise awareness and alert to the importance of financial education and investor protection.

APB, through its associated banks, promoted the "banking sector's Open Day", where doubts were cleared out by members of the Portuguese Securities Market Commission (CMVM) at various branches of the national banking network.

Innovation Challenge 2019

APB, together with Junior Achievement Portugal (JAP), organized the 2nd edition of the Innovation Challenge, at the Ismaili Centre, in Lisbon.

This initiative promoted the creation of innovative projects / solutions for banking activities by 50 students divided into 9 teams from different Higher Education Institutions in the Lisbon region.

Among the nine projects presented, three stood out and made the podium:

- 1st place - "Swipecard": a virtual card for young people to safely shop and make payments exclusively on social media.
- 2nd place - "Trivago da Banca": an app for comparing the costs of a bank credit from different banks and choose the one that is most advantageous according to the criteria defined by the user.
- 3rd place - "Eazyway" app: an information feed specifically designed for young people, providing them with a graphic on their mobile phone with all monthly expenses, allowing them to define limits for those expenses, make a piggy bank and even receive notifications when the budgeted amount is exceeded.

The three best projects received prizes awarded by a panel of judges based on predefined criteria.

This panel was composed of members of the governing bodies of the banks that are part of the Financial Education Working Group of APB.

Banco Comercial e de Investimentos – Rural Banking Project

Within the scope of its policy for the financial inclusion of rural communities, through the Rural Banking Project, BCI, in partnership with the Financial Sector Deepening (FSD) Mozambique and Fundación Capital, has been carrying out, in the districts of Malema (Nampula Province) and Gurué (Zambézia Province), activities related to the implementation of the BCI Financial Education program, namely the broadcasting of content on community radio stations and face-to-face financial education sessions with the communities selected for the pilot.

Culture Promotion

Culturgest – Foundation Caixa Geral de Depósitos

Culturgest – Foundation Caixa Geral de Depósitos aims to promote cultural and scientific activities.

For over a quarter of a century, Culturgest has carried out its mission by making available a program dedicated to contemporary creation in the areas of performing arts, music, visual arts and cinema, as well as conferences and debates that seek to provide a critical and open perspective on the world around us and the challenges with which our society is faced. It provides several initiatives and programs targeted at families and schools.

Social responsibility is a core value of Culturgest's identity, and one of the pillars of its creation.

Culturgest has been marketing a number of social responsibility programs whose goals include, namely, to promote access to art and culture, social integration in the artistic and cultural spheres, artistic and cultural training in general, and more specifically in schools.

The initiatives and actions carried out within this framework are detailed in the annual schedule that was implemented in 2019, containing regular and occasional activities, recurring programs and policies and guidelines of a permanent nature.

As an example, the 2019 schedule included several social responsibility spheres, namely:

- **Fostering access to art and culture**. Culturgest continued to enforce its affordable price policy at all times, making available tickets for shows, exhibitions and other cultural events at affordable prices for everyone, with additional specific discounts for young people, senior citizens, people with disabilities and their plus-ones, unemployed persons, inter alia.

- **Social inclusion, in the artistic and cultural sphere**. Culturgest continued to promote social inclusion, in the artistic and cultural domains, of people with intellectual, sensory or communication disabilities, namely through the development of artistic activities targeted at this audience or with specific functionalities for people with these features.

- **Artistic and cultural training**. Culturgest continued to promote a taste and interest for art and culture, through the integration of children, young people and the general public in artistic and cultural activities, and through their interaction with the surrounding community.

- **Cultural and artistic training in schools**. Within the scope of fostering interest for art and culture, Culturgest continued to carry out, throughout 2019, a set of specific initiatives for schools, specifically designed for teaching arts and culture to students and providing them with specific tools and specialized teachers.

In 2019, Culturgest hosted 59 shows and conferences, adding up to 305 sessions (42 - dance, 34 - music, 32 - theater, 164 - cinema, 33 - conferences and others), to which 459 sessions of specific events organized by Participação, Famílias e Escolas (former Educational Service), and organized 9 exhibitions (5 in Lisbon, 3 in Porto, 1 in São João da Madeira and 1 in Sines).

The total audience - including viewers from the entire range of available events, visitors at the exhibitions and the participants of the various events organizes by of Participação, Famílias e Escolas - of Culturgest's activities scheduled for 2019 added up to 85,000 people.

Historical Heritage

Historical Heritage is one of the areas of CGD's Communication and Brand Management Division (DCM) mainly dedicated to the management of archive, collections and museum items, as well as the organization of the external entities' media libraries.

As a permanent management service, CGD's Historical Archive, also known as the Definitive Archive, mainly aims to preserve and archive the documents under its jurisdiction.

One of its most important missions is to prepare a project on CGD's buildings. The buildings are an essential part of the progressive evolution of the Bank's history, especially in the 1940s, in which most of the construction of its buildings took place, as a direct consequence of the evolution of its services.

With regard to the management of collections and museum articles, CGD's heritage starred in the RTP 1 national television series "Conta-me como foi", through the provision of period furniture pieces, for the sets of the series.

Of the pieces of furniture that make up CGD's museum collection, we highlight an Indo-Portuguese Cabinet that was loaned for a temporary exhibition at the old Convento da Trindade, in Coimbra, on the occasion of the 150th anniversary of the implementation of the 1867 Portuguese Civil Code in Goa. Also within the scope of its activities, CGD's Management of Historical Heritage stood out for its participation in the "Tardes de Arquivo" workshop dedicated to the management and research in the archives of financial institutions, promoted by the Bank of Portugal.

4.10.2. Environmental Responsibility

CGD takes on three fundamental commitments within the scope of its Environmental Policy: compliance with environmental rules, the adoption of a proactive attitude and the implementation of measures to prevent pollution and the continuous improvement of environmental performance.

The Environmental Policy is communicated to all CGD S.A. employees, as well as its performance and the environmental management practices developed to meet the established objectives, ensuring the involvement of all stakeholders.

As part of the Sustainability Strategy for the 2018-2020 period, the Environmental Footprint vector was created, in order to promote eco-efficiency in operations, minimizing the consumption of materials, energy and other natural resources.

Over the years, CGD has carried out several initiatives that contribute directly and indirectly to this fundamental matter, described in this 2019 Sustainability Report.

In order to assess the management approach used, CGD measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2019 Sustainability Report and also in Annex B - GRI Table.

Environmental Management System

In 2019, CGD maintained the Environmental Management System implemented and certified at the Head Office, in accordance with ISO 14001: 2015.

During this period, and acknowledging the importance of the involvement of each of its employees in this project, CGD focused its activities around raising awareness, namely through the following initiatives:

- **Launching of the e-learning "EMS – Change for the Better"** aiming to provide employees with knowledge about the Environmental Management System's purpose, document structure, communication channels and best practices to be adopted in the workplace. In 2019, 77% of the employees finished this course;
- **Internal campaign "Solutions for Saving the Environment"**, which reviews the rules of recycling for each of the main existing CGD facilities and stresses the importance of employees in meeting the proposed goals;
- **Communication of good environmental practices** on internal digital channels to be adopted on a daily basis at CGD facilities.

CGD, S.A. – Bank card recycling

In 2019, CGD continued to promote its Bank Card recycling program, allowing for bank cards and other PVC cards - handed over by customers and the general public at the branch network - to be recycled.

PVC debris resulting from the destruction of these cards are incorporated into urban furniture made of 100% recycled plastic.

This process came to being in partnership with Extruplás, a company responsible for collecting and recycling cards, as well as producing urban furniture that CGD donates to charities that help children and elderly people in need, signaled by ENTRAJUDA.

In 2019, CGD donated an urban furniture article to Associação de Amigos da Criança e da Família "Chão dos Meninos" (Évora) and 2 articles to Centro de Educação para o Cidadão Deficiente, CRL (Mira Sintra).

Eco-efficiency

CGD monitors several indicators and environmental information in order to assess the effectiveness of the implemented measures, as well as the environmental impact related to its activities.

Until 2018, CGD reported only the environmental information pertaining to CGD S.A., Banco Interatlântico (Cape Verde), Banco Comercial do Atlântico (Cape Verde) and Banco Caixa Geral (Brazil)[11]. In 2019, there was a broadening of the scope of reported information: currently, environmental information concerning Banco Comercial e de Investimentos, Mozambique (BCI), Banco Nacional Ultramarino, Macao (BNU Macau) and Timor Branch is also reported.

Energy consumption

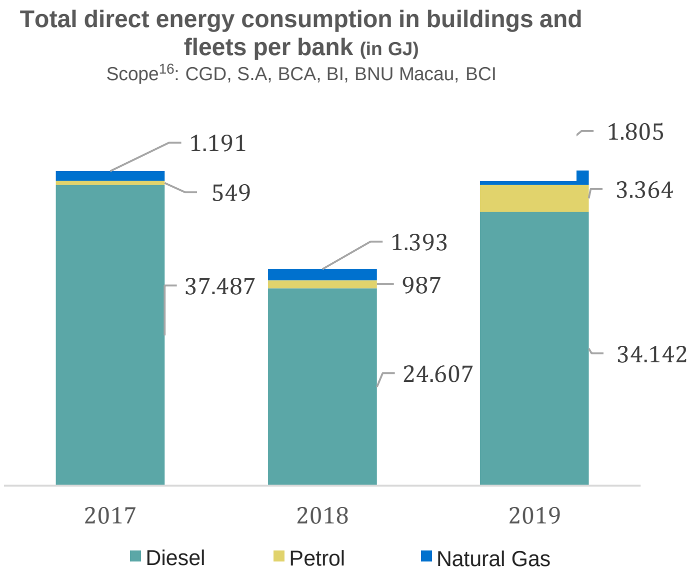
Energy consumption at CGD is divided into direct energy, fleet fuel consumption (diesel and petrol) and consumption by buildings (diesel and natural gas in Portugal) and indirect energy consumption in the central buildings and the branch network.

In what concerns corporate energy consumption, the energy consumed by CGD, S.A., BI, BCA, BCI and BNU Macau was assessed, and a total consumption of 341, 783 GJ was registered. This value was higher than previous years due to infrastructure extension.

Considering the scope of the previous years for CGD, S.A., BI and BCA, there was an 8% decrease in the total energy consumption, which represents a. 20,000 GJ saving.

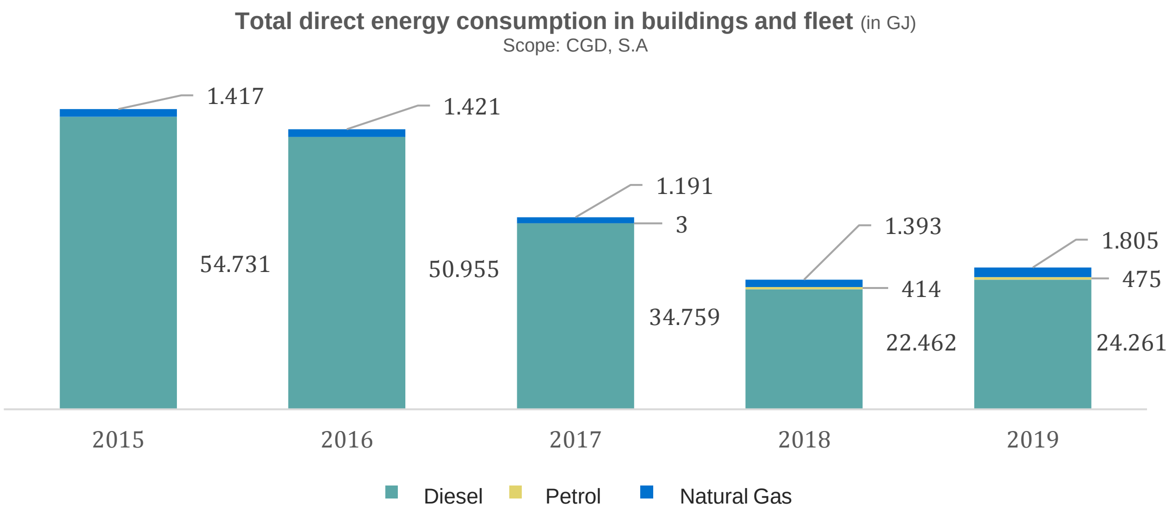
An 8% increase in energy consumption as compared to 2018 was observed in direct energy consumption. This increase was essentially due to the rise in natural gas usage in buildings (CGD, S.A.) and to an increase in petrol consumption by CGD S.A.'s and BCA's fleet.

[11] Bank sold in 2018.



Structure	Direct energy 2019 (GJ)
CGD, S.A	26,542
BCI	9,845
BCA	2,098
BI	498
BNU Macau	330

In what concerns the Portuguese operation, despite the small increase registered in 2019, CGD has registered major reductions in terms of direct energy consumption. For the past five years, we have observed a 53% decrease in total fuel consumption. This reduction reflects the gradual restructuring of the Bank's car fleet, carried out in order to meet the goals of the 2017-2020 Strategic Plan and is also a consequence of the reduction in the Bank's environmental impact and continuous awareness-raising for employees to use public transportation and telematic means (e.g. video conference), fostering the adoption of less polluting practices.

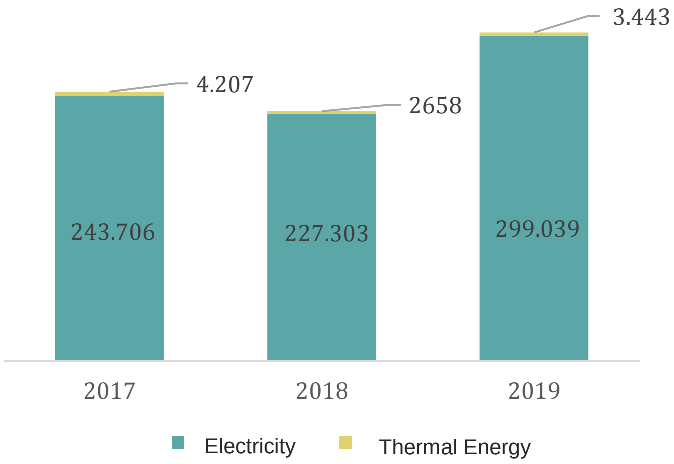


The total indirect energy consumption amounted to 302,482 GJ. The registered increase was due to the broadening of the reporting scope, now including international structures BCI, BNU Macau and Timor Branch.

Considering only CGD, S.A., BI and BCA, there has been a 10% reduction as compared to 2018 and a 16% reduction as compared to 2017.

[12] In 2019, there was a broadening of the scope of direct energy consumption, as the data concerning Banco Comercial e de Investimentos and Banco Nacional Ultramarino Macau were also considered.

Total indirect energy consumption per type
(in GJ)
Scope[17]: CGD,S.A, BI, BCA, BCI, BNU Macau and Timor Branch



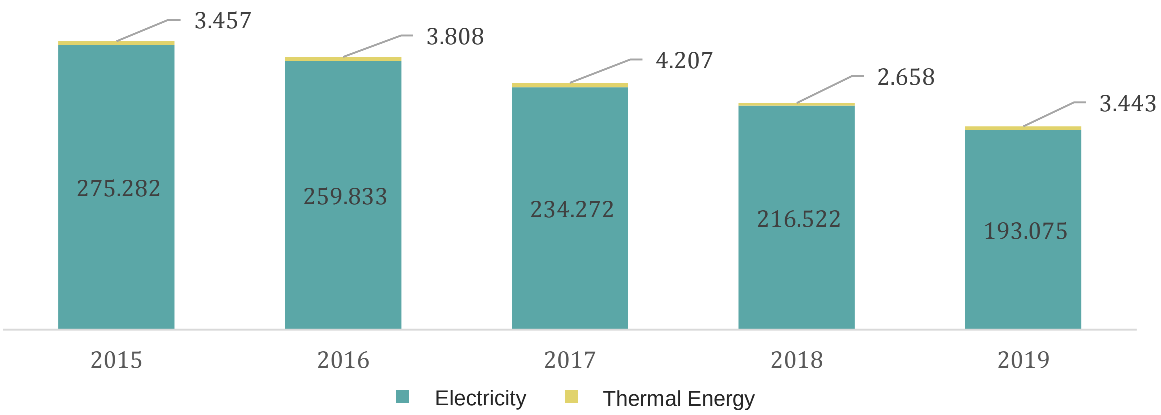
Structure	Direct energy 2019 (GJ)
CGD, S.A	193,075
	3,443
BCI	81,351
BCA	9,615
BI	1,682
BNU Macau	10,706
Timor Branch	2,610

The observed electricity consumption registered in CGD, S.A. throughout the past 5 years was due to the replacement of lighting systems with LED technology and of old equipment with more efficient one (e.g. fans, air conditioning), to the installation of software for reducing time and lighting levels in some areas of the Head Office, and also to environmental awareness-raising. The reduction of the number of branch offices and central buildings, stemming from the 2017-2020 Strategic Plan, has also contributed to a significant reduction in electricity consumption.

In 2019, LED technology lamps were purchased for the branch office network, fans were replaced with modern ones and the air conditioning system was replaced with a more efficient one in 10 branches.

This set of measures for energetic efficiency implemented in 2019 is expected to allow for a 14.76 GJ/year saving.

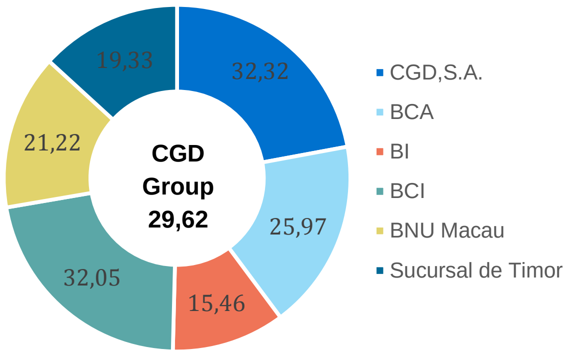
Total indirect energy consumption per type (in GJ)
Scope: CGD, S.A



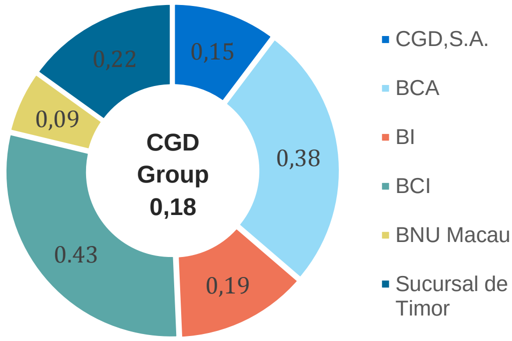
In what concerns the energetic intensity of the various infrastructures, energy consumption per FTE has reduced, both in CGD, S.A. and in BI; in BCA there has been an increase.

[13] There has also been a broadening of the indirect energy consumption scope, with data concerning Banco Comercial e de Investimentos, Banco Nacional Ultramarino Macau and Sucursal de Timorbeing also considered

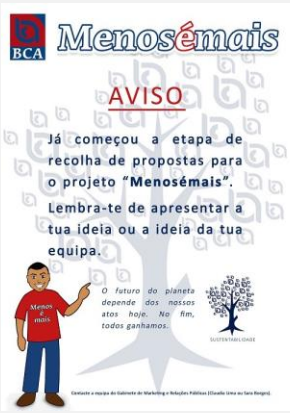
Energy consumption per FTE (GJ/FTE)



Energy consumption per revenue
(GJ/thousand €)



Banco Comercial do Atlântico – "MenoséMais"



In 2019, BCA kicked off its internal campaign named "MenoséMais" (Less is more) which consists in the identification of the best environmental prac-tices (rationalization/standardization) to implement.

BCA aims to become a more efficient, conscious and sustainable compa-ny for the well-being of its customers, employees, shareholders and the environment.

So as to reduce the use of disposable cups, BCA has handed out ceramic mugs to all its employees.

Renewable Energy

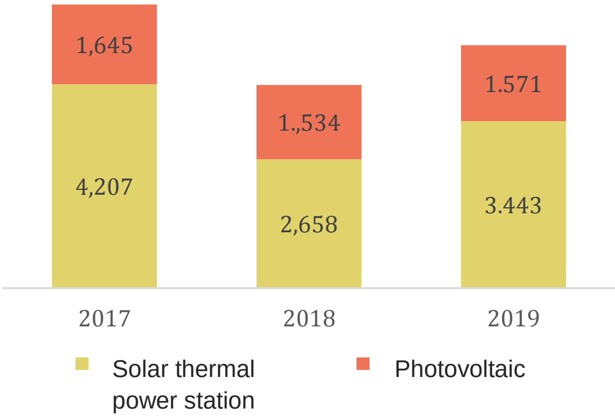
Using renewable energy is a fundamental part of mitigating energetic dependence on a national level, as well as of reducing carbon emissions. Among the several measures that have been successfully implemented, we highlight the installation of a solar thermal power station at the CGD Head Office.

The solar thermal power station at CGD's Head Office is composed of 158 solar collectors installed over 1,660 m² of the roof of the building, located at Av. João XXI, in Lisbon. It allows for producing the power used for cooling (through an absorption chiller) water for air conditioning, hygiene facilities and the cafeteria's kitchen.

The solar thermal power station has registered a 30% increase in thermal power production as compared to 2018, whereas photovoltaic power production in the branch office network has registered a 2% increase.

All the photovoltaic power produced in the branch office network is sold to the national electric grid.

Renewable Energy Production(in GJ)
Scope: CGD, S.A

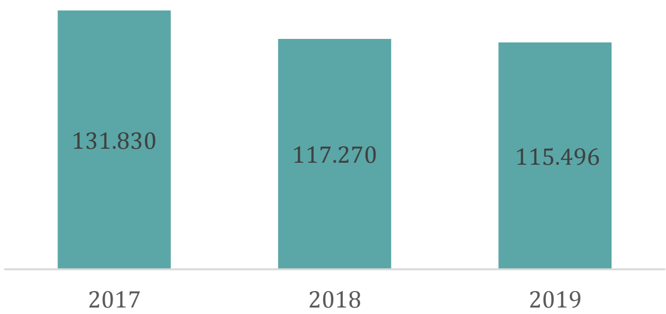


Water Consumption

In 2019, corporate water consumption reached 115,496 m³. The increase in water consumption was due to the broadening of the scope, now including BNU Macau.

Considering only CGD, S.A., BI and BCA, the same scope of the previous years, we observe an 8% reduction and an 18% reduction, as compared to 2018 and 2017, respectively.

Total water consumption (in m³)
Scope[18]: CGD,S.A, BCA, BI and BNU Macau



Structure	Water 2019 (m³)
CGD, S.A	98,845
BCA	6,632
BI	1,028
BNU Macau	8,991

Throughout the years, CGD has been promoting more efficient water consumption in its buildings, through internal awareness-raising campaigns and through the implementation of several measures aiming to reduce water consumption (e.g. by installing water flow restrictors in basin taps, timers).

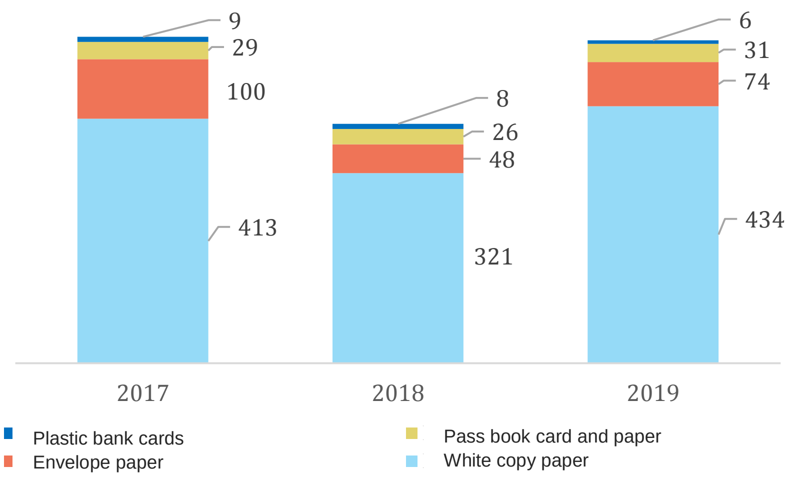
Material consumption

The most relevant material consumption for CGD is the consumption of copy paper, envelope paper, passbook paper and plastic bank cards.

CGD does not use recycled paper, as the consumed copy paper has Ecolabel, PEFC and FSC ecologic certificates, ensuring the enforcement of rigorous environmental performance criteria (e.g. use of certified wood with registered designation of origin and prevention from using substances that threaten the environment and human health).

[14] In 2019, there was a broadening of the scope of direct energy consumption, as the data concerning Banco Nacional Ultramarino Macau was considered.

Material consumption (in Tons)
Scope[19]: CGD,S.A, BCA, BI and BNU Macau



Structure	Materials 2019 (Tons)
CGD, S.A	436
BCA	18
BI	9
BNU Macau	83

Due to the nature of its activity, CGD consumes PVC plastic to produce bank cards. With the reduction in card supply, there has also been an adjustment to the amount of plastic used.

In the graphic, we observe a 136 ton increase in material consumption during 2019; this increase was essentially due to the broadening of the scope to BNU Macau (83 tons) and to the increase in CGD S.A:'s paper consumption in printing and packing services due to requests for printing/reprinting of works, e.g. in the support services of Caixa Geral de Aposentações, I.P. (CGA).

Despite this increase, it is important to mention that paper consumption related to services provided by the branch office network and by the central services has registered a decrease due to the following initiatives:

- In 2019, CGD kicked off its internal campaign "Papel Zero" (Paperless), aiming to promote the reduction of paper consumption at the CGD Head Office.
- Carrying out the Paperless program, aiming to strategically boost initiatives towards the digital evolution of the current document and archive management processes at CGD, innovating working procedures by limiting paper consumption to minimum regulatory needs.
- Dematerialization process and automatic digital archive of receipts issued by ATS machines upon the performance of daily internal supervisory activities by branch office employees. In the pilot phase of the project, estimates pointed to the current initiative coming to allow for the optimization of time currently needed for employees from branch offices to operate ATS machines, as well as eliminate costs related to receipt printing (estimate: around 2.8 million receipts currently issued per year) and archive processing services (receipt digitalization and physical storage).

Low Carbon Program

The low carbon program materializes CGD's strategy aiming to contribute to the reduction of the environmental impacts of its activities, promoting sustainable development and aiming to simultaneously encourage its stakeholders to comply with the best practices.

The Low Carbon program is driven by four fronts:

- **Low Carbon Economy Financing:** Making available products and services contributing to the transition towards a low carbon economy.

[15] In 2019, there was a broadening of the scope of direct energy consumption, as the data concerning Banco Nacional Ultramarino Macau (BNU Macau) was considered.
Methodology has change for paper consumption data reported concerning 2017, 2018 and 2019 in CGD S.A., allowing to report only what is effectively consumed instead of the previous reporting process which included all purchased materials.

CGD, S.A. – Leasing for hybrid and electrical vehicles.

Leasing for Hybrid and Electrical Vehicles aims to support corporate investment in hybrid and electrical vehicles, contributing to a reduction of greenhouse gas emissions by CGD customers.

In 2019 CGD financed 571 vehicles, which corresponds to a 77% increase as compared to 2018. 571 hybrid and electrical vehicles are estimated to avoid the emission of 844 t CO2e /per year as compared to the same number of combustion motor vehicles corresponding to 17,418 car trips from Lisbon to Porto.

- **Reduction of Greenhouse Gas Emissions**: Implementation of measures aiming to reduce energy consumption and the corresponding emissions; 1617

Within the scope of the low carbon program, CGD discloses the inventory of greenhouse gas emissions (GHG) produced through its activity, calculated according to the green gas protocol guidelines (GHG Protocol). CGD Greenhouse gas emissions are divided into three scopes:

Scope 1: Direct emissions stemming from fuel consumption in buildings; direct emissions stemming from fuel consumption by the CGD fleet; direct emissions stemming from F-gas leaks in equipment installed in CGD's facilities.

Scope 2: Indirect emissions stemming from electricity production.

Scope 3: Work trips (plane, train, boat); Private transport.

Total GHG emissions[20]
27,656 t CO_2e

Scope1 2,928 t CO_2e	Scope 2 (market-based)[21] 21,657 t CO_2e	Scope 2 (location-based) 23,476 t CO_2e	Scope 3: 1,252 t CO_2e
Fuel consumption - Buildings 175 t CO_2e	Electricity 21,657 t CO_2e	Electricity 23,476 t CO_2e	Airplane 1,094 t CO_2e
Fuel consumption - Fleet 2,612 t CO_2e			Train 17 t CO_2e
F-gas leaks 142 t CO_2e			Private transport 68 t CO_2e
			Treatment of waste produced in the buildings 72 tCO_2e

In emissions related to direct energy fuel and F-gas leaks we observe that 2.925 tCO2e were issued at corporate level.

By drawing a parallel with the CGD S.A., BI and BCA scope, we verify a 141 t CO2e increase, which represents a 7% increase as compared to the previous year. This enhancement was mainly due to the increase in fuel consumption by the fleet and buildings.

[16] The total amount of emissions by the CGD Group includes the electricity-related emissions calculated with the location-based method.

[17] In calculating market-based emissions, affiliate banks BCA, BI and Timor Branch are not being considered.

In what concerns scope 2, and so as to allow for increased transparency, CGD included, in 2019, the report on emissions calculated with the location-based method on a corporate level18. This method has shown as that electricity-driven emissions have reached 23.476 t CO2e.

According to the market-based method, it was only possible to verify the emissions corresponding to CGD, S.A., BCI and BNU Macau.

On CGD, S.A's level, a 2% (299 tCO2e) decrease was felt and, using the market-based method, in electricity-related emissions. The implemented energetic efficiency measures have contributed to this reduction (e.g. nation-wide replacement of LED lamps).

Reported scope 3 emissions are related to work trips (corporate) and waste treatment (CGD, S.A.). There is a decrease as compared to the previous year despite the broadening of the scope to BNU Macau and BCI, which contribute with with 165 tCO2e.

There has been a 238 tCO2e decrease in scope 3 emissions for CGD,S.A, BI e BCA, related with work trips representing a 18% variation as compared to the previous year.

In what concerns the treatment of waste produced by the buildings, their contribution to the overall emissions amounts 0,3%(72 tCO2e), so they do not bear material relevance.

Aiming to be the leading bank in adapting to and mitigating climate change, CGD S.A., has embraced the goal of reducing 43% of the overall GHG emissions (scope 1 and 2) until 2021, as compared to 2015. This goal was set on the back of the tool of one of the main international trends, Science Based Targets Initiative (SBTi), to whose simulation five percentage points were added. Within this scope, CGD, S.A. has reached, in 2019, a 63% reduction as compared to 2015 (market-based method), due to policies and measures implemented for the efficiency of resources and awareness-raising for environmental issues carried for the past few years.

CGD, S.A. – Carbon Disclosure Project

Carbon Disclosure Project (CDP), an NGO providing the largest and most complete international system for corporate environmental information, praised CGD for its strategies and actions in adapting and mitigating climate change.

In 2019, CGD was awarded leadership rank A-, standing above the financial sector average (C).

CDP
DRIVING SUSTAINABLE ECONOMIES

- **Environmental Risk Mitigation:** Implementation of measures aiming to reduce environmental risks that may affect CGD's activities;

In order to ensure environmental risk management at CGD's Head Office, daily rounds are performed to verify the storage of critical and hazardous products, all which are duly identified, stored and kept inside retention containers.

Aiming to test the defined procedures, throughout 2019 CGD implemented five operational exercises where environmental scenarios were tested with hazardous materials and a nation-wide simulation (Head Office and 81 branches along the Portuguese coast) tested the action and self-protection measures deployed upon an extreme climate scenario (an earthquakes and a potential tsunami).

In assessing risks and environmental and social opportunities in terms of sustainable development, Caixa Gestão de Ativos selects the companies that make up the socially responsible funds of CXA, through a very reputable entity, specialized in these matters, that defines an investment range and, afterwards, combines a fundamental analysis based on the presuppositions of traditional financial analysis with an ESG analysis based on the recommendations of an external ESC research supplier (MSCI ESG).

[18] The location-based method was used for calculating emissions related to CGD, S.A. and affiliate banks (BI, BCA, BNU Macau and Timor Branch).

In 2019, a non-financial risk department was created within the Risk Management Division (DGR), aiming to identify, assess, measure, follow up, control and report non-financial risks, including risks connected with climate change.

- **Transparency and Awareness-raising:** Transparency in information reporting and awareness-raising for stakeholders to adopt the environmental best practices.

CGD also takes on the commitment to promote environmental literacy between employees, customers and the general society through a set of measures aiming to increase public acknowledgment on this subject and provide simple and rigorous information on individual behavior to reduce emissions.

In 2019 CGD created a best practices guide aiming to promote environmental best practices, increase environmental awareness and build a more sustainable future.

The Guide on environmental best practices is available to the general public in the Saldo Positivo Portal.

Caixa Gestão de Ativos – Pedrogão Plantation Project

Following the Pedrogão Grande fires in June 2017, CGD and Caixagest launched a campaign marketing the Caixagest Socially Responsible Investment Fund to support the forest rehabilitation of a burnt area in Pedrógão Grande.

In 2019 the forest management plan was approved.

Operations concerning plantation/rehabilitation kicked off in October 2019 and ended in March 2020.

CGD promotes the preservation of the Portuguese forest by valuing plantation, reforesting and recovery of burnt areas containing native species.

Established in 2015 by the Financial Stability Board and aiming to generate recommendations capable of streamlining the disclosure of financial information related to climate change, the Task-force on Climate-related Financial Disclosures (TCFD) is underpinned by four main pillars: Governance; Strategy; Risk management and target metrics, providing an important guidance structure for companies.

CGD has performed a response approach to the four basic recommendations of TCFD.

Governance	The Sustainability Committee, chaired by the Chair of the Executive Committee, supervises management practices and advises on the decision-making processes concerning the implementation of the sustainability strategy encompassing environmental issues. Heads of several CGD structures attend the Sustainability Committee, such as the Risk Management Division, the Corporate Marketing Division and the Compliance Division.
Strategy	- CGD's Environmental Policy (available online) takes on the commitment to make available products and services with a positive impact on the environment; - CGD's signing of the Commitment Letter for sustainable finance in Portugal materializes the purpose of promoting the gradual application of environmental, social and governance criteria to financial and investment analyses. - The subscription to the Responsible Banking Principles defines the role and duty CGD must fulfil in building a sustainable future, as well as its alignment with the sustainability goals set forth by the UN and by the Paris Climate Agreement of 2015. - The subscription to the Principles for Responsible Investment (PRI) by Caixa Gestão de Ativos aims to apply societies' environmental, social and governance factors to investment decisions. - CGD's participation in several working groups, such as the European Banking Federation's Sustainable Finance Group; BCSD Portugal's Carbon Neutrality Group, the Portuguese Banking Association (APB)'s Working Group on Sustainable Finance have streamlined the integration of national and international sustainability policies. - The signing of the commitment letter "Business Ambition 1.5°C", encouraging CGD to create measures to combat climate change and establish climate targets in line with the 1.5°C scenarios.
Risk Management	- Creation of the Non-Financial Risk Department, whose main responsibilities are the identification, assessment, measurement, follow up, control and reporting of the Group's non-financial risks that are not addressed in the specialized operational risk center. Among them, different emerging risk dimensions closely connected with sustainability can be found, as well as a subtype of specific risk concerning the impact of climate change within the context of banking activity; - CGD's Principles for Exclusion and Sectorial Limitation, available online, acknowledge the existence of activity sectors or projects that may negatively contribute to sustainable development; it is a list of principles underlying activities and projects that are excluded or restricted, under certain conditions, from the Bank's credit policy; - Ethical Principles and Corporate Best Practices, to which CGD suppliers must subscribe, lay down the behavior requirements concerning sustainability in order to mitigate environmental and social risks in the supply chain.
Goals and Metrics	- 43% reduction in CGD S.A.'s Scope 1 and 2 emissions by 2021, as compared to 2015; -10% reduction in energy consumption in CGD,S.A in 2020, as compared to 2017; - Reporting of greenhouse gas emissions (scope 1, 2 and 3) pursuant to the Greenhouse Gas Protocol guidelines; - Annual assessment of material environmental issues linked with CGD's activity, within the scope of the Environmental Management System.

4.11. Sustainable Finance

In 2015, the Paris Agreement on Climate Change and the UN 2030 Agenda for Sustainable Development established the need for a more sustainable development model for our planet and our economy.

The UN 2030 Agenda is structured around 17 Sustainable Development Goals (SDGs). Over the forthcoming 10 years, these goals will serve as a guide to prepare for a future that ensures stability, a healthier planet, fairer, more inclusive and resilient societies and more prosperous economies. The Paris Agreement, signed in December 2015, was the first universal climate agreement and aims to ensure adaptation and greater resilience to climate change and limit global warming to well below 2 °C.

Sustainability and the transition towards a circular economy, low in carbon and more efficient in terms of the use of resources will be essential to ensure the competitiveness of companies in the long term.

The financial sector is faced with this challenge of investing private capital in a more sustainable manner, which requires a fundamental change in the way the financial system works.

This evolution will be necessary for societies to have more sustainable economic growth, on which the stability of the financial system also depends, since it reduces risk, costs, internalizes environmental costs and promotes an efficient resource management.

In order to assess the management approach used, CGD measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2019 Sustainability Report and also in Annex B - GRI Table.

Framework and challenges

The European Union has taken on Sustainable Finance as one of the goals to assess the competitiveness of member states and achieve the goal of being the first carbon neutral continent by 2050.

In this sense, it has drafted an action plan for sustainable finance, addressing 10 priority actions to foster cooperation between the entire financial system, in an articulated transition, with common taxonomy, using community funds, such as the Green Deal, transparently disclosing the available information for the various financial agents to substantiate their decision-making processes.

Within this framework, CGD made numerous commitments over the course of 2019 in terms of sustainable finance, guiding the future investment strategy in the transition to a low carbon economy, namely by:

- Signing the Letter of Commitment for sustainable finance in Portugal;
- Adhering to the Principles of Responsible Banking (PRB) of the United Nations Environmental Program for the Financial Sector (UNEP FI);
- Signing up to the United Nations Principles for Responsible Investment (PRI).

4.11.1. Sustainable Products and Services

As one of the main drivers of economic development, the financial sectors plays a decisive role in leveraging a low carbon economy and in accessing products that contribute to meeting the challenges faced by society in general and some communities in particular.

In this context, CGD follows trends and opportunities provided by new markets and agents of change, integrating aspects of this evolution into its portfolio and developing a financial offer that facilitates access to environmentally and socially responsible products.

CGD also values its active role in terms of communication and promotion of sustainable finance, having developed, in 2019, the communication campaign "Build a Sustainable Future".

This campaign, geared towards CGD's credit solutions that contribute to the implementation of more environmentally sustainable business models, had nation-wide media coverage and was promoted by the press, on ATS screens, branch posters and corporate TV.

In 2019, CGD maintained a set of specific financial solutions providing preferential conditions for the access of its customers - , individual, corporate and institutional - to goods and services that promote greater environmental responsibility, namely:

- **Caixa European Shares Socially Responsible Fund**, investment fund for socially responsible investment in European shares through the selection of assets from a pool with ESG certification (STOXX® Europe Sustainability). By the end of 2019, it managed a total amount of 25.9 million euros;
- **Caixa Socially Responsible Investment Fund,** a multi-asset fund for investing in stock and bonds, by picking assets included in indexes that measure ESG / ISR indicators (STOXX® Europe Sustainability for stock and Bloomberg Barclays SRI + ESG for bonds). The stock component cannot exceed 40% of the fund's total investment. By the end of 2019 it managed a total amount of 128.7 million euros;
- **Alternative Investment Fund (FIA) Caixagest Energias Renováveis**, an alternative investment fund that invests in shares from funds with assets directly and indirectly associated with Renewable Energies, Environment Quality and "Carbon" Assets. By the end of 2019 it managed a total amount of 7.8 million euros;
- **Leasing Hybrid and Electric Vehicles**, a credit facility to support investment in hybrid and electric vehicles, financing companies with environmental concerns. In 2019, 10.9 million euros were granted;
- **Caixa Casa Eficiente Personal Credit**, a financing solution that aims to improve the environmental performance of residential buildings, with a special focus on energy and water efficiency, as well as on urban waste management. 148 thousand euros were granted in 2019.
- **Caixa Invest Inovação Facility,** a credit facility to support the development of innovative projects | EIF Innovfin. Sustainability drives innovation, in order to adapt the current production and business models to meet the needs of an ever growing world population stemming from the scarcity and volatility of raw materials. 183.9 million euros were granted in 2019.
- **Caixa Webuy Prepaid Card,** a card issued only on paper, without the issuance of a PIN, which works exclusively with online payments on national or foreign websites providing enhanced security, and simultaneously contributing to the dematerialization of the use of PVC / plastic. 15 million euros were traded in 2019.

Banco Comercial e de Investimentos –Partnership with Biofund

Biofund is a private non-profit foundation, created in 2011, aiming at long-term sustainable funding for the preservation of biological species, with a mission to preserve life below water and life on land, as well as to ensure the sustainable use of natural resources, including the consolidation of the national system for biodiversity preservation.

In 2017, BCI developed and launched the BIO card, a debit card whose plastic is made of biodegradable material, and is associated with a social responsibility system, contributing, whenever used, to operationalize projects and initiatives that aim to support the Mozambican biodiversity preservation program.

In this context, the BIO card contributed to the fundraising for Biofund with approximately 8,091 euros, representing 0.04% of the total amount registered in POS from 1 January to 31 December 2019.

CGD has a range of products for promoting the social and financial inclusion of its customers, of which we highlight:

- **Subsidized mortgage loans for people with disabilities,** a credit facility that allows individual customers with a ≥ 60% degree of disability to purchase, build or carry out works in their own permanent home, with reduced interest rate financing. 25.4 million euros worth of credit were granted in 2019. This product is provided for in the law.

- **Crediformação Caixa,** a solution aiming to provide financial support to higher education students, both for their students' fees and for purchasing school and training material. In 2019, 6.9 million euros in credit were granted for this purpose.

- **CaixaPoupança Reformado,** aimed at individual customers who are in retirement and whose monthly pension does not exceed, upon the opening of the account, a total amount equal to three times the highest national minimum wage. Deposits made to these accounts are exempt from paying income tax up to a € 10,500 total amount. By the end of 2019, 1,077.2 million euros had been deposited.

- **Personal Health Credit,** a credit facility for purchasing goods or services related to health needs. In 2019, 1.5 million euros in credit were granted.

- **Credit Facilities for Beneficiaries of the Directorate-General for the Arts,** a credit facility designed for artistic creation and programming activities allowing access to short-term financing for Artistic Entities under the jurisdiction of the Directorate-General for the Arts. In 2019, 280 thousand euros of credit were granted.

- **MICROINVESTE AND INVEST + Credit Facilities,** supporting entrepreneurship and the creation of one's own job. In 2019, 1.3 million euros in credit were granted.

- **Business development support facility (ADN) and ADN Start Up,** credit facilities with mutual guarantee for micro, small and medium enterprises that seek short to medium term credit, as well as furniture and real estate leasing operations and the provision of tools to help companies grow in the early stages of their life cycle. In 2019, 2.8 million euros in credit were granted.

CGD, S.A. – Branch on Wheels

Branch on Wheels is a service of proximity and excellence for populations from remote, places that are far from urban centers, providing all possible operations that can be performed at a bank branch, with the exception (for security reasons) of operations involving the movement of funds.

Currently with three mobile units, Caixa spans a geographic area of about 10,700 km^2, covering over 3,000 km every two weeks to serve a population of 43,000 inhabitants, distributed over 52 locations, from 20 municipalities.

The Branch on Wheels drives through previously established locations, operating as a regular service, following a fortnightly but non-permanent route.

Caixa Gestão de Ativos – Portuguese League Against Cancer

In December 2019, Caixa Gestão de Ativos made available to its Customers a new investment facility for Retirement Savings Plans in the form of open-ended investment funds.

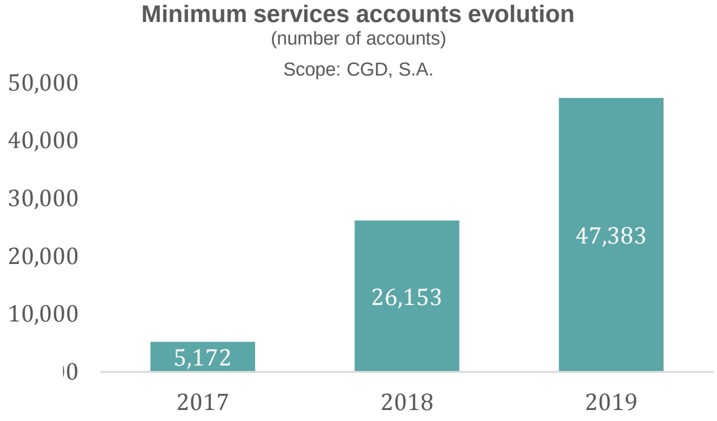
With a minimum 100 euro amount, customers can start building up their savings by subscribing to one of the 3 funds available, Caixa PPR Defensivo PP / UCOS, Caixa Moderado PPR / UCOS or Caixa Arrojado PPR / UCOS.

The Portuguese League Against Cancer will receive 0.1% of the total amount of the Funds' subscribed and not repaid capital, from 2 to 31 December.

Minimum banking services account

Caixa has made available minimum banking services from 03/20/2000, following the signing of the tripartite protocol signed between Caixa, the Government and Bank of Portugal and within the scope of DL no. 27-C / 2000 of March 2000, aiming to provide customers with access to the banking system regardless of their financial situation. Currently, this services is aimed at individual customers with a single account in the banking system[19] who, in addition to maintenance and checking account management, are granted access to the Caixadirecta service, to the minimum services debit card and the following bank transactions: deposits, withdrawals, payments for goods and services, direct debits and transfers, standing within the EU (including intra-bank credit transfers, transfers made via ATMs and 24 SEPA + credit transfers and / or SEPA + standing orders, per calendar year, made through the Caixadirecta online service). CGD does not charge any commission for the provision of the aforementioned services. As of December 31, 2019, 47,383 minimum services accounts were opened.

[19] Current legislation also allows a natural person who holds other sight depositt account (s) to access minimum banking services as long as one of the holders of the account is a natural person with over 65 years old or dependent on third parties (degree of permanent disability, duly proven by the competent entity, equal to or greater than 60%). In case of joint ownership of the minimum banking services account with a natural person over the age of 65 or dependent on a third party, the natural person under the age of 65 or who is not dependent can continue to access the minimum banking services account individually.



Basic Account

Since December 31, 2014, CGD has made available an exclusive sight deposits account for individual customers, the Bank Statement Basic Account, following the recommendations of Circular Letter no. 24/2014 of the Bank of Portugal, aiming to increase transparency and facilitate the comparison between different Bank offers.

The holder of this account benefits from basic transactions and payment services (Caixautomática Electron / Maestro debit card with a free annual fee, access to the Caixadirecta service, three free withdrawals per month / account at the Branch and free national transfers between CGD accounts), against the payment of a single charge. As of December 31, 2019, 1,252 accounts have been opened.

4.11.2. Integration of Environmental, Social and Governance Criteria

The financial sector must incorporate in its investment policies and in the offer of new financial products, the appropriate incentives for achieving a carbon neutral economy by 2050.

CGD aims to promote the gradual integration of environmental, social and governance (ESG) criteria in finance and investment assessments.

Strategy for sustainable development

Caixa Gestão de Ativos (CXA) believes that the integration of ESG variables contributes to a better understanding of the risks and opportunities underlying investment portfolios, while strengthening environmental, social and best corporate governance practices. To this purpose, the Socially Responsible Investment strategy defined by CXA has been gradually integrating the ESG dimension into investment portfolios.

2019 was an extremely important year in CXA's strategy for Socially Responsible Investment (SRI), with several initiatives that CXA considers to be strong foundations of its future position within this remit.

In May 2019, the European Shares Socially Responsible Fund fulfilled CXA's goal of having a European equity fund incorporating socially responsible investment policies. To this end, CXA selected its assets based on a pool with ESG certification, carried out by an entity of renowned reputation in this field (STOXX® Europe Sustainability).

In June, adherence to the United Nations Principles for Responsible Investment (UNPRI) was formalized, an initiative in which over 2,000 entities from around the world participated, gathering an amount under management in excess of 80 billion euros in assets and reflecting the growing importance of integrating ESG criteria.

To produce a better assessment and have a better overview upon the choice of companies with ESG factors, in July CXA hired an external supplier specialized in ESG research, MSCI ESG, aiming to combine fundamental assessments, based on the assumptions of traditional financial analysis, with a more in-depth knowledge of ESGs. Additionally, the fund management team attended specific training on Socially Responsible Investments, and was awarded the “Certified Environmental, Social and Governance Analyst (CESGA)” certification by the European Federation of Financial Analysts (EFFAS) in October 2019. The year 2019 culminated with the approval of the new socially responsible investment policy by CXA and the commitment to extend the inclusion of ESG factors in the investment process by the end of 2021 to the total assets under management eligible for ESG integration.

Caixa Gestão de Ativos – Sustainable Finance Award

In January, Euronext rewarded the European Shares Socially Responsible Fund with the Sustainable Finance Award during its annual award ceremony (Euronext Lisbon Awards 2020).

The European Shares Socially Responsible Fund was created in May 2019 as the first equity fund managed by a national asset manager to incorporate Socially Responsible Investment (SRI) principles in its management.

This initiative is part of the SRI strategy defined by Caixa Gestão de Ativos, which, in 2017, had already launched the first national investment fund with an ISR approach (Caixa Socially Responsible Investment).

Risk management procedures

In 2019, CGD continued to strengthen its procedures for a more comprehensive risk management with increased awareness of market changes and regulatory trends, integrating social and environmental criteria in the risk assessment process and in credit-granting decisions.

The institution maintains proactive and comprehensive processes that facilitate the identification of economic, environmental and social, effective and potentially negative impacts stemming from decisions and initiatives associated with the life cycle of a product, service or institutional activity, with the purpose to avoid and mitigate them. Within the scope of commercial activity, CGD identifies sectors of activity or projects that can contribute negatively to sustainable development and to economic, socio-environmental and reputational risk, establishing principles, guidelines and requirements to be applied to financing models in its customer portfolio.

Sustainability and socio-environmental impact are a risk factor taken into account in the rating assigned, being incorporated by the Rating Division (DRT) in its qualitative assessment of scoring factors such as business profile, political-legal framework or environment regulatory framework in which the company and / or the project is inserted, influencing the rating underlying the credit granting process. The main mission is to enhance positive impacts, thereby encouraging CGD customers to adopt sustainable practices in their businesses.

Caixa Banco de Investimento – Project Finance

CGD Group's project finance portfolio consists mainly of projects in the Iberian Peninsula, where the safeguarding of a set of obligations at the environmental and social levels is a prerequisite of the national legislation, and compliance therewith by the respective economic agents is mandatory. Confirmation that the environmental license for a given project has been properly obtained is a precondition for applying to funding.

For the assessment of the Project's risks (including environmental and social risks), CaixaBI uses an independent technical consultant. Only when justified in terms of risk, an audit is carried out exclusively focused on the social and / or environmental dimension of a given project. In the case of involvement of Bilateral or Multilateral Institutions as potential funders of the projects assessed by CaixaBI, there is a higher degree of focus on the analysis of the project's sustainability, including the description / evaluation of its social and environmental impact.

Non-financial risks

The CGD Group defined the strengthening of control over non-financial risks as a priority in the strategic transformation process of the Risk Management Function (RMF).

To this end, and in addition to the compliance risk management ensured by the Compliance Division and the corresponding structures across the Group, the Non-Financial Risks Department was created, being mainly responsible for the identification, assessment, measurement, monitoring, control and reporting of the Group's non-financial risks, other than those addressed at the specialized operational risk center. These include the dimensions of emerging risks intrinsically related to sustainability, as well as a specific risk sub-category on the impact of climate change in the context of banking activity.

The non-financial risks department further aims to define the strategy for managing non-financial risks, as well as its model. One of the main aspects of the non-financial risk management methodology is the CGD Group's Risk

Taxonomy, providing a unique and common language for the three lines of defense, under a joint intervention framework to be used throughout the CGD Group and establishing a foundation from on which the Group can create an integrated approach to manage all of its non-financial risks, with special emphasis on sustainability's underlying risks.

The goal of this management model is to understand and improve CGD's non-financial risk profile through its own tools and methods, including questionnaires, risk matrices and controls, the definition of specific risk appetite frameworks for non-financial risks, through metrics and indicators incorporating qualitative and / or quantitative approaches.

The non-financial risk management strategy is established in accordance with the CGD Group's risk appetite, aiming to adequately control all activities and processes, in order to limit losses motivated by non-financial risks, keeping them within the tolerance levels established by CGD's Board of Directors, and mitigate other relevant negative impacts.

The Group will maintain an organized process of collecting and acting on the various categories of non-financial risks, as well as recording the resulting information in a database of non-financial and emerging risks, in addition to what has already been done in terms of operational risk. It will therefore include the event log, any associated losses and corrective and / or mitigating measures implemented.

The management of non-financial risks and, in particular, sustainability-related challenges, have been gaining increasing relevance in the CGD Group. The concern with the risks underlying sustainability is intended to be increasingly relevant and effectively make a difference in the decision-making process.

We highlight some of the short-term objectives within this scope:

- Developing a strong risk management culture and adopting the best practices in the management of emerging risks underlying sustainability;
- Among these, identifying the risks to which CGD and its customers are most exposed;
- Increasing the portfolio of sustainable products and ongoing projects, defining specific objectives for broadening the scope of the 2020 supply;
- Incorporating the risks associated with environmental factors and climate change in credit risk policies and procedures;
- Making a positive assessment of companies with environmental concerns when assessing risk;
- Analyzing new products / businesses, from the point of view of non-financial risks and with an emphasis on sustainability;
- Designing the report templates to be created by Group within the scope of the risks underlying sustainability.

4.12. Human Capital Management

Human capital is of the utmost importance an efficient, innovative and competitive management and functioning of a company.

CGD's Principles for Social and Family Responsibility are a testament to a management focused on the human factor and on socially responsible leadership, involving all hierarchical levels of the Company to create an environment of respect, inclusion and meritocracy, taking on the commitment to invest in the personal growth and career advancement.

Over the years, CGD has carried out several initiatives that contribute directly and indirectly to this subject, herein addressed in this 2019 Sustainability Report.

In order to assess the management approach used, CGD measures and monitors the indicators associated with this material topic, reporting them in this chapter of the 2019 Sustainability Report and also in Annex B - GRI Table.

4.12.1. Human Rights and Labor Practices

Respect for Human Rights underlies several policies adopted by CGD, in line with the best practices of corporate governance, social and environmental responsibility and contribution to sustainable development.

Respect for human rights and the promotion of decent work practices and respectful relationships are principles adopted internally in the daily management of our employees, and are extendable to the relationship we establish with our customers, our supply chain and other business partners.

By signing the Statement of Commitment to Human Rights, CGD undertakes to respect internationally recognized Human Rights upon the establishment of its relationship with employees, customers, suppliers and communities in which it operates, seeking to avoid and mitigate the direct or indirect adverse impacts of its activity.

We live in a world of permanent risk, whether in environmental terms, due to the climate emergency, or in social terms, with migrations, among countless other examples. It is therefore essential that companies integrate the respect for Human Rights as part of the responsible management of their business and enhancing their positive impact on society.

In order to strengthen the Bank's commitment to Human Rights, in 2019 CGD signed up to Portuguese version of the “CEO Guide for Human Rights”, published by the World Business Council for Sustainable Development (WBCSD).

CGD is a member of the United Nations Global Compact (UNGC), subscribing to 10 principles in areas such as human rights, labor practices, environmental protection and anti-corruption practices. As evidence of its compliance with the 10 UNGC principles, CGD submitted, in 2019, the Communication on Progress (CoP), a report proving the Bank’s alignment with the principles, and earning the highest score: GC Advanced.

With regard to CGD's supply chain and in order to reduce the risk of human rights violation and forced or child labor practices, all the principles and rules that must be complied with by suppliers of materials or service providers, in addition to legal and regulatory requirements, are laid down in the hiring protocol.

CGD, S.A. – Ethical principles and corporate best practices

Aware of the relevant role played by the supply chain in safeguarding the respect for human rights, CGD promotes the suppliers' respect for the Declaration on Ethical Principles and Good Business Practices, enforcing them, upon their hiring, to commit to "adopting labor practices in accordance with the law and to promote, respect and protect human rights, as established by international organizations, refraining from the adoption of any practices or benefiting from conducts that may constitute the violation of such rights, for which it is committed to fighting".

In addition, the Ethical Principles and Best Business Practices also assume require the commitment of suppliers to "not resorting, in any way, to child labor, non-voluntary work, or work done under conditions and / or a remuneration that violates human rights, by themselves or by third parties outsourced for the performance of a part of its activity, strictly observing the applicable legislation for work and rest periods".

As a result, in 2019 142 new contracts were performed with the support of Caixa Serviços Partilhados (CSP), as a service provider to the CGD Group within the scope of negotiations, purchases and financial management of formalized contracts, of which 92% include social and environmental clauses.

In 2019, CGD continued to enforce measures to optimize and adapt the employees from domestic Divisions and Entities, as provided for in the Strategic Plan agreed with the State, strengthening control departments, in line with the regulations' increasing requirements, and adjusting support structures by optimizing processes and harmonizing teams.

The fulfillment of the objectives of workforce adjustment was carried out essentially based on voluntary resignations and retirements and pre-retirement procedures agreed with employees. However, in view of the demanding reduction goals, CGD maintained a process of Mutual Agreement Resignations, to which employees are able to apply.

As part of this process, CGD continued to provide its employees with an outplacement program, with a view to returning to the labor market and supporting them in a potential career transition, namely upon their search for new jobs or the creation of their own business.

The context of the ongoing restructuring of the CGD Group also came to shed more light on the psychosocial issues that affected employees and their families and their need for support.

Among the measures with an impact on the balance between personal-family and professional life at CGD, the PAE - Employee Support Program, carried out by the Social Action Unit, provides the following:

- **Psychosocial support** (eg psychosocial care / counseling, by articulating areas such as social action, psychology, company health services, with guaranteed confidentiality);
- **Socioeconomic support** (eg possibility of granting mortgage loans and personal loans to employees with flexible deadlines and subsidized rates, according to specific criteria, on the basis of a risk assessment);
- **Health support** (eg referral to specialized support in the health area, tailored for each situation, and taking into account the protocols and support measures provided by CGD Social Services);
- **Socio-professional support** (eg providing advice and assistance in situations of pre-retirement, retirement, terminations and mutual agreement resignations, as well as dismissals);
- **Social and family support** (eg support for employees in situations of family crises, through psychosocial counseling and appropriate referrals, with protocols signed by CGD Social Services and community resources);
- **Social solidarity** (eg referral to corporate volunteering, mobilizing employees and families around social and environmental causes and reinforcing the company's culture).

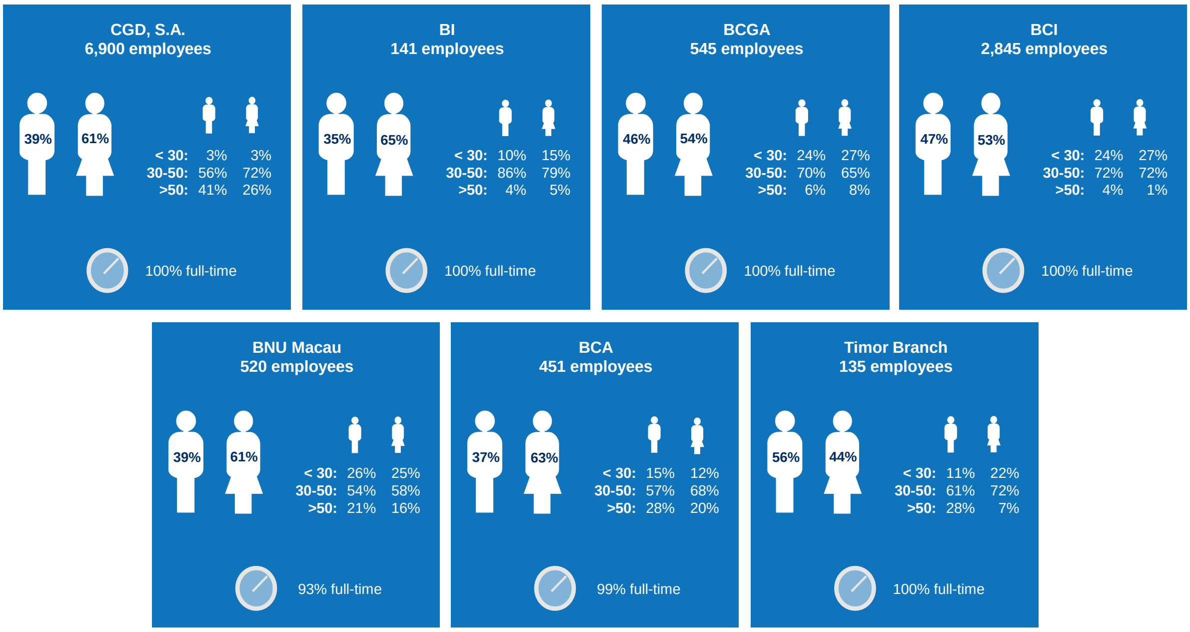
CGD's excellence policy of family-work reconciliation is only possible on the back of a culture of social leadership and active participation, in which the individual is not merely the receiving end of social measures, but an agent of change and a manager of challenges.

Gender equality and non-discrimination practices

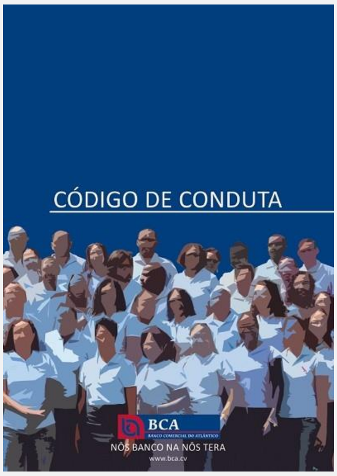
The CGD Code of Conduct takes on a commitment to non-discrimination based on criteria such as race, gender, disability, sexual orientation, ideological beliefs, religion, education, marital status, inter alia.

CGD believes that diversity promotes innovation, attraction and retention of talent and the optimization of skills. It also considers it to be an added value, as it positively contributes to social and economic conditions, improving efficiency and competitiveness.

In 2019, work began on the approval and implementation of a Plan for Gender Equality, in order to reinforce the commitment to diversity and equal opportunities at work.



Banco Comercial do Atlântico – Non-discrimination and equality of treatment



BCA carries out its activity according to international principles and best practices in the field of Social Responsibility, respecting and fulfilling management commitments and contributing to sustainable development.

Regarding non-discrimination and equal treatment:

- BCA and its employees do not discriminate based on criteria such as race, gender, disability, sexual orientation, political or ideological beliefs, religion, education, marital status, inter alia.

- BCA employees must act with courtesy, tolerance and respect and refrain from any behavior that may be considered offensive.

- Within its internal environment, the Bank promotes equal treatment and opportunities between men and women, as well as the reconciliation between the personal, family and professional lives of its employees.

Health at work

In 2019, in compliance with the regulations on occupational health, a total of 5,217 medical exams were carried out (CGD and CGD Group Companies).

- Periodic Exams: 4,731
- Initial Exams / Admission: 138
- Occasional exams: 265
- Interviews: 83

Outside the scope of legal obligation and within the scope of health prevention:

- Support to business travelers: 46 medical appointments

The psychology department describes and monitors problematic situations that impact the employee's health and well-being, affecting his/her performance and productivity, such as: working overtime, critical situations (assault, mourning and other traumatic events), interpersonal conflicts, dissatisfaction, demotivation and burnout, and prolonged absenteeism due to illness (absence due to illness for more than 30 consecutive days).

In 2019, the psychology department described and followed a total of 1,051 interviews:

- All situations of prolonged absenteeism due to illness, amounting to 772 interviews;
- All problematic situations identified, amounting to 269 interviews;
- Psychosocial intervention in all critical situations, amounting to 10 interviews.

4.12.2. Training, development and career advancement

The 2019CGD Training Plan's main goal was to support the Bank's structures in the implementation of the ongoing Global Transformation Process, taking on three lines of action:

- Development of skills associated with business transactions;
- Development of skills arising from emerging regulatory requirements;
- Development of skills related to innovation and transformational change.

From the set of training programs and initiatives carried out, we highlight the following:

Welcoming New Employees - On-site and Remote Welcoming Programs, targeted at new employees, based on knowledge transmission and the engagement of new employees with the Organization and the Brand.

Structuring Training - Programs aimed at the development of core competencies for critical functions for CGD, of which 3 Programs stand out that covered almost all core spheres this year: the In Company Program, called Customer Strategic Management in Banking, for the Group's Managers (80h training), the Development Program for Bank Managers (66h30m training) and the Internal Audit Methodology Program, 35h).

Cross-functional Training - Comprehensive programs, of which we highlight the following e-Learning courses: Conflict of interests and Irregular Practices Communication System, aimed at all CGD Group employees (with access to the e-Learning platform) and Environmental Management System, aimed at all employees working at the CGD Headquarters and CLIAC-Commercial Approach, a Program created to exercise practices related to the new customer creation/maintenance process, available via e-Learning or face-to-face training and aimed at the entire branch office network.

Regulatory Training - Training programs with certification, mandatory for the Bank's core activity, involving employees who carry out commercial activities: DMIF II Certification (80h) and DMIF II Maintenance (20h), Mortgage Loan Marketing (25h), Insurance Intermediaries (80h) and Euro Banknote (2h).

Specific Training - The need to acquire specific knowledge resulted in a total of 441 enrollments in courses and seminars abroad, adding up to 4,189 hours. A significant part of the courses were provided by in-house trainers, and in 2019 there was increased engagement of employees in this activity. There was a 46% increase in the number of in-house trainers as compared to the previous year - 121 in-house trainers taught a total of 2,136 hours of training.

Within the scope of the development and reinforcement of Leadership skills, in 2019, the Command and Leadership Training Activity" program gathered 32 Managers in a total of 1,600 training hours, providing trainees with tools for team management optimization, based on the implementation of challenges and fostering team spirit, thus contributing to improve the organizational environment. Still within the scope of Leadership and Personal Development, CGD maintained its training offer for the Top Management Program for Companies, the General Management Program and the Customer Strategic Management in Banking (in Company), gathering 93 trainees in a total of 8,418 hours of training.

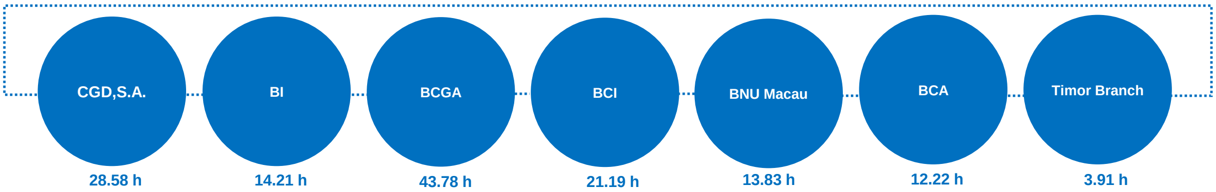
In terms of soft skills, the main focus was Communication, which provided a total of 304 hours for 38 participants.

Following the Strategic Plan and business-level priorities, several training sessions on banking products took place, namely at the insurance level, with the aim of clarifying the business model and improving communication circuits.

Widespread application of level 1 training effectiveness questionnaires (Satisfaction Assessment) was maintained throughout the internal training, with an average of 4.34 in 2019 (5-point Likert scale), where the acquired knowledge, the organization of the course, the trainer and the global assessment of actions are evaluated.

The number of courses with learning assessment increased and the average scores were 92.14% (on a 100% scale).

Average training hours per employee in 2019



In effective terms, in 2019, CGD spent 263,426 hours with Bank and Group Companies employees (domestic perimeter), which represents an average of 37.10 hours per employee. Considering the active employees on December 31 and the respective training (197,198 training hours), the average training hours per employee corresponds to 28.58 hours.

Performance Management

In the 1st quarter of 2019, the 2018 performance assessment of employees of CGD and of the Domestic Perimeter Group Companies was carried out, for the first time using the same computer system for the entire universe of companies.

In view of the results achieved by CGD in 2019 and the evolution of compliance with the Strategic Plan 2017-2020, the conditions for a merit promotion and salary review process were maintained, as well as for the attribution of a Performance and Potential Award to the employees of GGD and of the Domestic Perimeter Companies that stood out the most for their performance and contribution to results, demonstrating their commitment to improving the conditions of CGD employees. In 2019 there were 699 promotions on merit.

Within the scope of the incentive system applied to the CGD branch office network, commercial prizes were awarded to teams and / or managers who stood out in meeting the established objectives, with a 36.2% increase in the total amount of the 2019 performance bonuses.

With regard to the Individuals Network, liaison campaigns were created, with a view to rewarding the teams / managers who stood out at this level.

During 2019, in terms of performance and recognition, there was a greater integration of the management of the Group's employees, with several processes taking place in a centralized manner, expected to increase in 2020.

CGD, S.A. – Caixa Excellence Awards 2019

The Caixa Excellence Award is an additional way of recognizing the work of employees and valuing their contribution as an essential factor for the development and success of the company. The initiative's main objectives are to reinforce the culture of meritocracy, to stimulate personal appreciation and professional development.

The 2nd edition of the Caixa Excellence Awards, which took place during the 3rd Caixa Fora da Caixa Meeting (Meeting Outside CGD), rewarded 25 employees.

Company Agreement

In July 2018, CGD started negotiating a new Company Agreement with all the Unions represented in the Company, in order to reach a balanced instrument that would allow Caixa to achieve better competitiveness conditions in the industry.

As a result of the negotiation that took place throughout the year, by the end of 2019 a new Company Agreement was reached to enter into force from 2020 onwards, responding to the initial objectives of the negotiation process and ensuring the maintenance of a specific framework for Caixa and even more advantageous conditions for its employees in what concerns the banking sector.

The negotiations that took place also allowed for a review of the wage scale, ensuring its increase for the years 2019 and 2020, on a weighted average basis, respectively, of 0.77% and 0.95%, applying to CGD and, following a management decision, to the remaining domestic companies.

It was thus possible to obtain, in 2019, a single and transversal instrument that covers all CGD employees, ensuring the harmonization of conditions for all employees and fostering social peace, a key component for CGD's sustainability and success.

Pension Fund

With regard to the CGD Employee Pension Fund, in view of the structural increase in life expectancy and the fall in interest rates in 2019, in a scenario of historically low rates, the calculation assumptions used for the purposes of determining pension liabilities were revised through:

- the adoption of the TV88 / 90 mortality table for the male population and TV 88 /) 0 (-3) for the female population;
- the reduction of the discount rate from 2.075% to 1.4%;
- the envisioning of a salary growth rate of 0.75% after 2020 and a pension growth rate of 0.4% after 2020.

In 2019, CGD made contributions to the Fund in the amount of 266.859 thousand euros and, in 2020, an extraordinary contribution of 221.474 thousand euros to fully cover liabilities.

In 2019, the Fund's return was 6.53%.

4.13. Anti-corruption practices

CGD is committed to combating corruptions and related offenses, as well as other forms of crime such as money laundering and terrorist financing. To this end, CGD adopts measures, control mechanisms and training programs aimed at its prevention and detection.

In the exercise of its activity and in the relationship with the various stakeholders, CGD acts in accordance with the values, principles of action and standards of professional conduct laid down in its Code of Conduct.

In addition, CGD developed and published specific regulations, namely the Global Policy for the Prevention and Management of Conflicts of Interest (PGPGCI) and the Policy for the Prevention of Corruption and Related Infractions (PPCIC). The latter was complemented by the drafting of the Corruption and Related Infractions Prevention Plan, which, based on the recommendations of the Corruption Prevention Board and the best international practices, identifies the corruption risks associated with the activity of the several structural bodies and indicates the measures adopted to mitigate its occurrence.

CGD Group Entities were also required to prepare Corruption and Related Infractions Prevention Plans in line with their local realities.

Over the years, CGD has promoted several initiatives that contribute directly and indirectly to this subject, herein reported in the 2019 Sustainability Report.

In order to assess the management approach used, CGD measures and monitors the indicators associated with this topic, reporting them in this chapter and also in Annex B - GRI Table.

4.13.1. Compliance risk management

CGD has an autonomous, permanent and effective compliance function, and the Compliance Division is responsible for coordinating compliance risk management at CGD and within the Group. Monitoring and assessment of control procedures for preventing money laundering and countering terrorist financing belong in this remit, as well as the prevention of market abuse.

There are several internal rules in force that regulate the Compliance Function and the management of this risk, namely in what concerns the prevention of financial crimes and the assessment of the adequacy and effectiveness of the procedures adopted for the identification of risks of non-compliance with legal obligations and duties to which CGD is subject, as well as the measures taken to correct any control deficiencies.

These internal rules provide for compliance risk management procedures applicable to the commercial relationship with third parties, such as the Outsourcing Policy, establishing the assessment of service providers in the light of several risks, including compliance and reputational.

In addition, CGD's suppliers contractually sign up to the Declaration of Ethical Principles and Good Business Practices, thus being bound to certain conduct requirements, namely compliance with legislation and regulations, corporate governance practices, prevention of conflicts of interest and financial crimes, labor obligations, environmental preservation and sustainability.

CGD, S.A. – Electronic invoicing

The electronic invoicing project is part of CGD's digital transformation strategy, promoting the dematerialization of processes associated with invoice management and the massification of electronic invoicing with suppliers, aiming to promptly pay companies for their services:

• Providing suppliers with a simple and innovative portal, for sending electronic invoices, with no associated costs;

• All billing is subject to immediate treatment as soon as it is received by CGD;

• Following the approval of the services, payment occurs within 3 days.

By the end of 2019, over 300 suppliers had subscribed to this format, which makes up around 67% of the total amount of invoices issued to CGD. The massification of the new invoicing format with suppliers is being measured based on the number of documents covered by electronic invoicing in different groups of suppliers, based on how often the services are required and their importance for CGD Group.

The initiatives carried out within the scope of this project have contributed to the improvement of CGD's image with its suppliers in terms of sustainability and environmental impact.

4.13.2. Prevention and Management of External Fraud

In 2019, we witnessed the implementation of a new Fraud Management Model, whose nucleus lies in the Compliance Division, for the activities carried out within this scope by other CGD structures.

The prime goals of CGD's performance in this area is to prevent fraud incidents, on the back of a preventive and proactive analysis component in order to reduce its exposure to risk situations.

In 2019, several reported fraud situations were analyzed, issuing and acquiring warnings, cases of phishing, smishing and vishing, as well as fraudulent practices within the scope of electronic banking and other means for banking transactions.

CGD defined and implemented control mechanisms and procedures to mitigate the risk of (external) fraud, which translates into losses resulting from activities with fraudulent intent within the scope of the Bank’s relationship with customers and third parties.

During the period in question, news, alerts and recommendations were also published, aimed at monitoring trends and new types of fraud, with the fundamental goal of containing verified incidents and preventing future situations.

4.13.3. Prevention of money laundering and countering terrorist financing

In order to comply with the legal norms, regulations and recommendations issued by relevant international entities within the remit of Anti-money laundering and counter terrorist financing (AML / CTF), CGD has an advanced and effective system for preventing money laundering (ML) and terrorism financing (TC) phenomena, that allows for the identification, assessment and mitigation of potential risks associated with its customers and the business relationships established with them.

In order to mitigate the various types of risks and taking into account the high standards of rigor and transparency on which the Bank’s activity is anchored, control mechanisms and procedures are established in the Bank’s internal regulations, which contain guidelines for enforcing compliance with the standards, laws and regulations in force within the scope of AML / CTF, namely, the provisions of Law No. 83/2017, of August 18, and of Notice No. 2/2018 of the Bank of Portugal.

To this purpose, CGD is fitted with IT tools suitable for AML / CTF, namely apps designed for monitoring accounts and customers (a process carried out continuously, systematically and according to indicators established based on a risk-based approach - RBA - Risk Based Approach), the classification of the customer's risk profile and the filtering of sanctioned customers and politically exposed people.

As CGD is required to comply with international economic sanctions, of a binding nature, issued by various international organizations, the 2019 revised version of its “Sanctions Policy” is published on the Bank’s institutional website. It is also worth mentioning the revision of the “Principles of Acceptance and Maintenance of Customers” and the “Statement on AML / CFT”.

All employees are required be informed about and complying with the legal and regulatory standards that directly apply to them upon the performance of their duties, as well as all the internal rules and procedures established for the normal development of their activity. A training session was therefore was provided, in different formats, which is one of the main pillars of the AML/CTF system.

In this context, in 2019, face-to-face training sessions on AML / CTF were provided for account managers of the branch office network, for the interns of the “Summer School and NEU 2019” Project, for the employees of “DNI - Real Estate Business Division” and “Caixa Imobiliário”, as well as from the “CO - Operations Center”(the latter on the identification of *de facto* beneficiaries and the corresponding legal framework). In terms of CGD Group entities, face-to-face training sessions were held for employees of “BCI - Banco Comercial de Investimentos” in Mozambique ”and for employees of “BCA - Banco Comercial Atlântico” and “BI - Banco Interatlântico”, both from Cape Verde.

Banco Interatlântico – Skills enhancement

BI rejects all forms of corruption and employees must not be involved in situations that may be associated with the phenomenon of corruption. Whenever they are aware of a situation of this nature, they should immediately report it.

Prevention is also ensured through the drafting of the Prevention Plan for corruption and related infractions, through which the identification of the risks associated with it is carried out by each structural body, as well as the identification of the measures adopted to mitigate its occurrence and the appointment of persons in charge of its management and responsible for the drafting of the report on the plan’s implementation.

The Corruption and Related Infractions Prevention Plan defines measures to be implemented in order to enhance prevention in exposed areas.

In 2019, a skill reinforcement program took place, namely:

- 124 employees in internal training on the Prevention of Corruption and Related Infractions;
- 1 employee attending the Workshop for Compliance Experts of CGD Group Entities;
- 1 employee attending the Seminar on Preventing Money Laundering and Countering Terrorist Financing, held by Banco de Cabo Verde and the Financial Technology Transfer Agency (BCV / ATTF);
- 84 employees in internal training on the Prevention of Money Laundering and Countering Terrorist Financing.

4.14. Information Security

With the increase in cybercrime and similar threats, boosted by new technologies, the engagement and commitment of all employees, whatever their role, is crucial for the security and protection of the Information and Communication technologies (ICT) managed by them upon the performance of their activities.

This topic strongly impacts reputation and business management, as the protection of our customers' data is one of our main responsibilities, as it is the cornerstone of business processes and competitiveness in the sector.

CGD's Global Information Security Policy aims to formalize and communicate to the entire organization the strategic and programmatic definitions approved by CGD's governing bodies for information security, as well as its commitment to meeting the requirements of information security.

The Information Security Governance model measures and monitors the performance of Information Security, through metrics and indicators, in order to assess whether the organization's objectives in this area are being achieved.

Over the year, CGD has promoted several initiatives that contribute directly and indirectly to this topic, herein described in this 2019 Sustainability Report.

In order to assess the management approach used, CGD measures and monitors the indicators associated with this topic, reporting them in this chapter and also in Annex B - GRI Table.

4.14.1. Information Security and Data Protection

The rise of cybercrime has made it crucial to continuously monitor the global landscape of cyber threats, adapting security measures - either through the constant updating of security infrastructures and architectures, or through the continuous improvement of security controls - with a view to the prudent management of risks and opportunities associated with digital transformation.

Raising awareness and training employees was a fundamental strategic option as it is one of the main pillars of information security.

Information security governance involves all CGD stakeholders and managers, the Board of Directors, business units, areas supporting its normal functioning and control functions (risk management, compliance and internal audit).

The direct stakeholders in information security governance are the Executive Committee, the General Information Security Committee, the Chief Information Security Officer, the Risk Management Division, the Compliance Division and the Internal Audit Division.

Information Security at CGD is based on the following general principles:

- **Safeguarding information**, namely against its loss or destruction, disclosure, dissemination, alteration, storage or unauthorized access, regardless of its format, processing method, means of transmission and support;
- **Prudent and careful actions concerning Information Security risks**, ensuring their inclusion in the Operational Risk Management processes and taking appropriate mitigation or reduction measures to acceptable levels of risk;
- **Fostering a security culture**, progressively adopting the best practices enshrined in ISO / IEC 27001/27002 and ensuring that all employees understand and adequately enforce their Information Security responsibilities;
- Compliance with business, legal, statutory and contractual requirements applicable in the context of Information Security;
- Continuous improvement in order to guarantee its permanent applicability, suitability and effectiveness, namely through the Information Security Management System.

CGD, S.A. – DSI *SummerBIT* 19

On 16 July, Culturgest's Main Auditorium hosted the DSI SummerBIT´19 event, attended by Ms. Maria João Carioca, CGD Director responsible for the Information and Technology Division (DSI), as well as 230 internal employees from this division.

The initiative is part of the DSI communication plan, which aims to share with employees important information about the initiatives taking place at DSI and to mobilize them to meet the demands and challenges arising from Caixa's strategy.

Main topics: IT Risk Management, Technological Transformation, Data Transformation and compliance with the BCBS239 standard and the New International Management Model for the corporate management of CGD Group's Information Systems.

CGD, S.A. – Digital Talks #7 Cybersecurity

With attacks emerging from all corners of the planet, employees are an active and fundamental part in the strategic defense against cyber threats, complying with their information security responsibilities and duties on a daily basis and paying special attention and prudence to warning signs on potential cyber-attacks or cyber incidents.

CGD has been holding sessions on critical issues for meeting the challenges of digital transformation.

In 2019 the seventh Digital Talk took place, having Cybersecurity as its main topic.

General Data Protection Regulation

The General Data Protection Regulation (GDPR) came to establish extensive and demanding rules with a view to safeguarding personal data, giving holders control over them.

For CGD, the implementation of the GDPR represents an opportunity to reinforce the values of Trust and Transparency that are company's trademark, for both customers and employees.

Regarding data protection, we highlight the following internal regulations:

- **Code of Conduct**, specifically stating that CGD respects the legislation, as well as the guidelines issued by the competent authorities in terms of personal data protection;
- **Regulations on Information Security**, which, due to their importance and impact, materialize into a wide range of internal Work Orders;
- **Privacy Policy and Personal Data Protection**, published on cgd.pt, whose purpose is to communicate with customers in a transparent manner so that the legitimate purposes for collection and processing of their personal data are made explicit at each moment of the commercial relationship established between CGD and the Customer, as well as the legal basis for the necessary data processing provided by CGD;
- **Cookies Policy,** published on cgd.pt, clarifying the types of cookies used by CGD on its website.

4.15. Response to crisis scenarios

Impact of the Covid-19 pandemic on the Sustainability strategy

The COVID-19 pandemic has direct impacts on CGD's business and, consequently, on the lines of action to be adopted within the Sustainability Strategy in the short term, so as to effectively and appropriately response to the imminent challenges of Portuguese society, at the social, economic, environmental and governance levels.

The impact of the pandemic will have repercussions at all levels of the Banking Institution, in terms of business model, operational model, risk management, working conditions, governance model, profitability, new product supply, forms of communication, process efficiency, digitalization of services, information security and cyber-attack control.

The impacts of Covid-19 are real and tangible to all of us, urging us to act, change and adopt our society to an external factor, the same did not happen the threat of climate change, as it causes intangible impacts such as thawing, loss of biodiversity, water scarcity or air pollution.

Greenhouse gas emissions have decreased and air quality has increased as a side effect of the COVID-19 pandemic. However, the spokesperson of the United Nations Environment Program warned that they would only benefit the environment if the economic model undergoes a profound change towards a more sustainable economy that serves both people and the planet.

CGD is committed to the Sustainable Development Goals and recognizes that the next 10 years would probably be too tough for us to be able to achieve such demanding goals, especially in a pandemic context with multiplying effects in terms of poverty, hunger, unemployment, social isolation, inequalities, access to education and health, and injustices.

Based on this premise, CGD reviewed the strategic axes of Sustainability and the corresponding Action Plan, in order to ensure the alignment with the 17 Sustainable Development Goals (SDGs), responding to the United Nations' call for joining efforts to fight the biggest crisis of the latest years, for a decade of action, with the same deadline as the one defined for the implementation of the Sustainable Development Agenda: 2030.

In this new global context, we will be faced with different challenges and opportunities associated with each SDG, and preventing and fighting the epidemic of the new Corona virus will be the common denominator of all our actions.

Several lines of action have been defined for five strategic pillars within the scope of the short-medium term response to combatting and preventing Covid-19. We have matched each action with the corresponding Sustainable Development Goal, in CGD's commitment to address the challenges of the 2030 Agenda, on the one hand, and the much needed urgent support responses to companies, families, community, social sector, employees and other members of civil society.

Action Plan	Strategic line of action	Corresponding SDG
Sustainable Finance	Laying out measures to support corporates and individual customers	11 SUSTAINABLE CITIES AND COMMUNITIES
	Developing products/services to support families, corporates, social economy and companies	8 DECENT WORK AND ECONOMIC GROWTH
	Incorporating SDG aspects into credit risk models	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Financing projects with a significantly positive impact on society and the environment	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Human Capital Management	Laying out measures for employees' support and protection	1 NO POVERTY
	Developing mental health and psychological support programs	3 GOOD HEALTH AND WELL-BEING
	Reviewing workplace practices and on-site and remote working conditions	10 REDUCED INEQUALITIES; 5 GENDER EQUALITY
	Enhancing e-learning training and knowledge digitalization	4 QUALITY EDUCATION
Corporate Social Responsibility	Supporting local communities and the third sector	1 NO POVERTY; 2 ZERO HUNGER
	Encouraging social and environmental entrepreneurship	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Enhancing financial and digital literacy	4 QUALITY EDUCATION
	Promoting remote volunteer work in Covid affected areas	17 PARTNERSHIPS FOR THE GOALS

	Promoting programs to support society and the environment	14 LIFE BELOW WATER; 15 LIFE ON LAND; 6 CLEAN WATER AND SANITATION
	Optimizing digital channels for raising funds and sharing information	1 NO POVERTY
Sustainable Supply Chain	Supporting suppliers in financial and cash-flow management	8 DECENT WORK AND ECONOMIC GROWTH
	Supporting national production and consumption	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Incorporating SDG criteria into the supply chain	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Governance Model, Management Practices and Anti-corruption Practices	Remaining faithful to the Sustainable development committee at the Bank's highest level	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Establishing Responsible Management Principles	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Adapting and strengthening the governance model	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

However, crises are always a great opportunity to reflect on a new path and to accelerate structural and systemic changes. This path must include aspects of environmental preservation, such as the protection of biodiversity, the reduction of gas emissions, the reduction of consumption of natural resources and the mitigation of climate change.

In a lecture recently promoted by Foundation Caixa Geral de Depósitos - Culturgest on “Economy and Regenerative Cultures”, renowned biologist Daniel Christian Wahl, defends that the future should be based on the balance between the natural ecosystem and the economy, which is intended to be regenerative and cooperating, further stressing its importance for people and the planet.

Plan for Family, Company and Business Support Measures

The exceptional moment in which we find ourselves requires that action be taken to support companies and families to overcome the strong liquidity constraints resulting from the decrease in business activity and income. Reduction. CGD has decided to take a set of measures to be implemented in a simple and immediate way, which will contemplate its customers with active credits.

Measures for companies and businesses

These measures include the government facilities created by Caixa specifically to help the treasury and working capital of companies and 3 billion euros in sector facilities. They also includes immediate decisions for projects within the scope of Caixa Invest Inovação, exemption from monthly fees in POS and many more measures with an impact on contracted credit, leasing, confirming, factoring, among others.

We highlight the following facilities:

Capitalizar 2018 Facility - COVID 19: Credit facility to support companies and businesses affected by the outbreak of COVID 19, aimed at strengthening the Working Fund and financing the Treasury ceiling, with an 80% Mutual Guarantee;

Sectorial Support Facility for the Economy-COVID 19: 3 billion euros are available for a set of credit facilities aimed at the sectors most affected by the Covid-19 pandemic;

- 1,3 billion euros for the industry;
- 900 million euros for tourism;
- 600 million euros for Catering and similar activities;
- 200 million euros for travel agencies, entertainment and event organization.

Caixa Invest Inovação:

Create teleworking conditions - Financing the purchase of computers and telecommunications equipment so as to meet the need of creating the necessary conditions for telework, effective immediately. For Caixa Top customers or customers who meet the eligibility criteria.

Conversion to home deliveries - Intended for small food and catering businesses to be converted into home deliveries, namely the purchase of light goods vehicles and / or low-capacity motorcycles, effective immediately. For customers who meet the eligibility criteria.

Other support measures for small businesses:

Point-of-sale terminals: As a support measure for small merchants, Caixa will refund the monthly payment of all Points of Sale with a billing of under € 7,500 per month until May 31st.

Cash Solutions for Companies (Medium-Term Financing, Furniture and Real Estate Leasing, CLF Credits with reservation of title, Amortizing Commercial Paper up to € 25M, Bond Loans up to € 50M): For operations that are in good standing, upon request of the customer, Caixa offers the possibility of renegotiating the current operations, and the capital component of installments due until September 30 has the following options:

- Transferred to the last installment;
- Their value can be diluted in outstanding installment;
- The contractual deadline can be extended for 6 more months.

Short Term Financing: Possibility of extending short term facilities up to 90 days.

Support for companies' treasury:

Factoring (with appeal and notification): Possibility of increasing up to 30% of the available ceiling (Adherent: companies in the areas of Health, supply, distribution and production of goods; Debtors: public sector and large distribution chains).

Confirming: Increase of up to 20% in the available ceiling and the possibility of extending current payment orders (up to +90 days).

Health and social sector: For companies or entities in the health and social sector (hospitals, clinics, laboratories, nursery homes, firefighters, social support entities, in general), Caixa allows, upon the customer's request, and based on each case, the possibility for a 12-month extension of the total term of auto furniture or equipment leasing operations that are in force and / or introducing capital grace periods of up to 3 months.

Transport sector: For companies in the transport sector, Caixa allows, upon request of the client and case by case assessment, the extension of the payment period for leases on light vehicles and heavy vehicles for another 12 months, with a maximum of 72 and 84 months respectively, and / or introduce a 90-day grace period.

Tourism Sector: In addition to the measures provided for Medium and Long Term Credit, Furniture and Real Estate Leasing, the client may request to extend the term of the MLP and Real Estate Leasing operations up to another 5 years, due to a case by case analysis.

Portuguese State Moratorium: In the current context originated from the new COVID-19 pandemic, which is affecting the full functioning of companies, on March 26, the Portuguese State approved a moratorium that will allow companies to extend or suspend for a period up to 6 payment of principal and interest on the loans contracted. This is yet another measure to protect and support companies' liquidity and treasury during this very troubled period of our society.

Measures for individual customers

Mortgage Loans or Personal Credit: For individual customers with credit (housing or personal credit), CGD will assess the possible capital shortage of up to 6 months, upon customer request and under easy access conditions.

Holders of Caixa Accounts: For customers holding Caixa Accounts, in addition to the advantages already included in those packages, all transfers, SEPA and MB Way, made through digital channels will be free during this period of crisis.

Measures for employee protection

Caixa has activated, and is developing, its Business Continuity Plan, whose objectives aim to contribute to the protection of employees and create the necessary conditions for them to ensure functioning of the fundamental areas of the bank that support the operation of the branch network , highlighting the following measures:

Teleworking: CGD's Contingency Plan COVID-19 put almost all the employees who usually work at its Head Office, in Lisbon in teleworking conditions. In this context, it is important to highlight the Caixa Contact Center, whose total amount employees were equipped with the necessary technological conditions to be able to develop 100% safe work from home, via Caixa's computer network. On average, this Contact Center receives approximately 6,000 calls, but in view of the measures implemented, within the scope of the Declaration of the State of Emergency, this number has risen to more than 11,000 daily interactions.

Complementary means of protection: For CGD, it is a priority to ensure maximum safety for employees, who remain in their jobs, as is the case with branches. Complementary means of protection were strengthened, through the distribution of masks, gloves, manual disinfectant packaging, disinfectant packaging for surfaces and the placement of acrylics in the service spaces of the commercial network.

Internal communication: Development of a specific area on the intranet, with relevant information at the level of the Contingency Plan and Procedural Flows to be adopted by CGD employees. The development of content on the rules for distance work, good cybersecurity practices, action measures in case of symptoms and support procedures for family members is highlighted.

Business continuity

Within the scope of Business Continuity Management, several operational and organizational measures were taken to respond effectively to Pandemic - Covid-19.

In this sense, we highlight the main initiatives implemented:

- Implementation of the Contingency Plan - COVID-19, with several levels of alert and the definition of procedures and actions to be taken;
- Creation of infrastructures (isolation rooms, protection acrylics at the branches) and adaptation of the buildings in accordance with the recommendations issued by the DGS, as well as the provision of appropriate personal protective equipment to all employees;
- Implementation of containing measures, such as reinforcing cleanliness, replacing face-to-face meetings with remote meetings, canceling trips, training and events, as well as reducing the number of employees in central buildings and establishing rotation mechanisms inside the branches;
- Creation of our own page at Somos Caixa as a repository of information on the topic (contacts, news dissemination, action measures, etc.), in order to ensure adequate communication;
- Creation of an extended Governance Model with forums and specific intervals for the various areas of activity: operational, financial, domestic business, international activity, and supervision;
- Creation of a tool to monitor the critical functions of CGD's operations, Business Continuity dashboard, as well as maps related to the operational component, human and physical resources.
- Implementation of a new operating model and current management:

- Approximately 80% of Central Services employees and 20% of the Commercial Network, which corresponds to close to 3,400 teleworkers.
- This operating mode places CGD with approximately 5,400 remote accesses, of which more than 4,000 were assigned in response to the Covid-19 challenge.
- The employees present in CGD's central buildings (Av. João XXI, Aliados and Antas) are limited to around 550, which demonstrates CGD's effective strategic and operational capacity to move around 80% of its employees in a short space time, considering the logistical and operational complexity inherent to the current crisis situation.
- Reinforcement of the entire operation in terms of digital channels and telephone service.

4.16. Appendices

Annex A - Sustainability Indicators

102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

(in number)

CGD, S.A.(by region and gender)	Male	Female	Total
Portugal	2,692	4,165	6,857
Germany	1	4	5
Angola	3	0	3
Belgium	2	0	2
Cape Verde	6	0	6
Canada	0	1	1
Spain	1	0	1
France	2	1	3
England	2	0	2
Luxembourg	2	3	5
Macau	1	0	1
Mozambique	3	0	3
São Tomé and Principe	2	0	2
Switzerland	0	2	2
Timor	4	2	6
Venezuela	1	0	1

401-1 – NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

(in percentage)

	< age 30		ages 30 - 50		> age 50		TOTAL		TOTAL		
	M	F	M	F	M	F	M	R	2017	2018	2019
CGD, S.A.											
Rate of new hirings	1%	1%	0%	0%	0%	0%	1%	1%	2%	2%	2%
Turnover rate	0%	0%	1%	1%	4%	3%	5%	5%	8%	7%	9%
BCA											
Rate of new hirings	3%	3%	2%	2%	0%	0%	4%	6%	6%	2%	10%
Turnover rate	0%	0%	0%	1%	3%	6%	4%	7%	5%	5%	11%
BI											
Rate of new hirings	4%	6%	2%	2%	0%	0%	6%	9%	11%	2%	14%
Turnover rate	0%	1%	2%	4%	0%	0%	2%	5%	5%	7%	7%
Timor Branch											
Rate of new hirings	2%	3%	1%	1%	0%	0%	3%	4%	8%	4%	7%
Turnover rate	0%	3%	1%	3%	1%	1%	2%	7%	8%	2%	8%
BNU Macau											
Rate of new hirings	3%	5%	5%	4%	0%	1%	8%	9%	-	16%	18%
Turnover rate	3%	4%	3%	4%	1%	0%	6%	8%	-	19%	14%
BCGA											
Rate of new hirings	2%	3%	2%	2%	0%	0%	3%	4%	-	0%	8%
Turnover rate	1%	1%	1%	2%	1%	1%	3%	4%	-	5%	7%
BCI											
Rate of new hirings	1%	0%	0%	0%	0%	0%	1%	0%	-	3%	1%
Turnover rate	1%	0%	1%	1%	0%	0%	2%	1%	-	4%	3%

404-1 - AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

(in hours/employee)

CGD, S.A.	2017	2018	2019
Board of Directors	74.00	-	
Senior Managers	36.54	33.21	31.47
Intermediate Managers	73.97	31.53	30.79
Highly-skilled and skilled professionals	68.38	34.93	25.52
Semi-skilled professionals	1.82	3.00	0.54
Unskilled professionals	0.39	0.05	0.00
TOTAL	67.25	32.98	28.58

CGD S.A.	2017	2018	2019
Female	46.90	21.36	28.01
Male	96.24	50.28	29.45
Total	67.25	32.98	28.58

BCA	2017	2018	2019
Board of Directors	-	0	0
Administration	12.30	9.5	13.50
Leadership/Management	11.99	19.06	11.20
Technical Staff	20.57	22.99	18.06
Multi-role	10.02	10.76	5.54
Administrative	0.85	0.07	0
Auxiliary Staff	0.34	1.31	0.80
Total	13.47	16.19	12.22

BCA	2017	2018	2019
Female	12.57	16.6	11.98
Male	15.06	15.17	12.63
Total	13.47	16.09	12.22

BI	2017	2018	2019
Board of Directors	-	-	-
Technicians	31.01	10.7	22.4
Bank clerks	10.41	9.6	12.3
General Service Assistants	-	1	0.8
Total	13.16	21.3	14.21

BI	2017	2018	2019
Female	12.53	9.17	12.18
Male	14.52	13.77	18.01
Total	13.16	10.69	14.21

Timor Branch	2019
Administration	-
Leadership/Management	4.35
Technical Staff	3.56
Administrative	147.20
Auxiliary Staff	4.17
Total	3.91

Timor Branch	2019
Female	4.03
Male	3.83
Total	3.91

BNU Macau	2019
Executive Committee	12.00
Administration	11.90
Management	14.90
Technical Staff	13.90
Supervisor	18.90
Administrative	9.30
Auxiliary Staff	1.30
Total	13.83

	2019
Female	11.69
Male	15.20
Total	13.83

BCI	2019
Board of Directors	13.7
Administration	28.6
Leadership/Management	15.4
Technical Staff	29.1
Client Management	22.3
Administrative	20.2
Auxiliary Staff	13.8
Total	21.19

	2019
Female	20.3
Male	22.1
Total	21.19

BCGA	2019
Board of Directors	14.50
Administration	47.82
Leadership/Management	53.13
Technical Staff	50.49
Multi-role	7.22
Administrative	-
Auxiliary Staff	1.68
Total	43.78

	2019
Female	44.50
Male	42.97
Total	43.78

404-3 -NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

(in number)

CGD, S.A.	Gender		Total Number
	M	F	
Board of Directors	0	0	0
Senior Managers	318	294	612
Intermediate Managers	1,332	1,982	3,314
Highly skilled professionals	958	1,790	2,748
Semi-skilled professionals	9	0	9
Unskilled professionals	0	13	13
TOTAL	2,617	4,079	6,696

405-1 – DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

(in percentage and number)

CGD, S.A.	< age 30	Ages 30 to 50	> age 50	Gender		Total Number
				M	F	
Board of Directors	0%	0%	100%	100%	0%	1
Senior Managers	0%	47%	53%	54%	46%	658
Intermediate Managers	3%	74%	23%	40%	60%	3,373
Highly skilled professionals	3%	60%	37%	35%	65%	2,846
Semi-skilled professionals	0%	22%	78%	100%	0%	9
Unskilled professionals	0%	0%	100%	0%	100%	13

BCA	< age 30	Ages 30 to 50	> age 50	Gender		Total Number
				M	F	
Board of Directors	0%	0%	100%	100%	0%	3
Administration	0%	50%	50%	60%	40%	10
Leadership/Management	1%	86%	13%	30%	70%	99
Technical Staff	26%	58%	16%	35%	65%	221
Multi-role	5%	93%	2%	31%	69%	42
Administrative	0%	29%	71%	43%	57%	21
Auxiliary Staff	0%	44%	56%	55%	45%	55

BI	< age 30	Ages 30 to 50	> age 50	Gender		Total Number
				M	F	
Board of Directors	0%	0%	0%	0%	0%	0
Technicians	16%	71%	13%	32%	68%	31
Bank Clerks	13%	85%	2%	33%	67%	106
General Service Assistants	0%	75%	25%	100%	0%	4

Timor Branch	< age 30	Ages 30 to 50	> age 50	Gender		Total Number
				M	F	
Board of Directors	23%	73%	4%	45%	55%	71
Administration	0%	80%	20%	100%	0%	5
Leadership/Management	6%	60%	34%	60%	40%	35
Technical Staff	19%	56%	25%	63%	38%	16
Administrative	0%	50%	50%	50%	50%	2
Auxiliary Staff	0%	33%	67%	100%	0%	6

BNU Macau	< age 30	Ages 30 to 50	> age 50	Gender		Total Number
				M	R	
Executive Committee	0%	0%	100%	100%	0%	4
Administration	3%	50%	47%	50%	50%	30
Management	2%	69%	29%	34%	66%	130
Technical	32%	63%	5%	74%	26%	38
Supervisor	22%	67%	11%	31%	69%	147
Administrative	50%	41%	10%	39%	61%	167
Auxiliary Staff	0%	0%	100%	25%	75%	4

BCI	< age 30	Ages 30 to 50	> age 50	Gender		Total Number
				M	F	
Board of Directors	0%	50%	50%	100%	0%	6
Administration	0%	82%	18%	74%	26%	107
Coordination/Management	12%	87%	1%	50%	50%	654
Technical	20%	78%	2%	60%	40%	555
Client Management	19%	81%	1%	23%	77%	196
Administrative	39%	61%	0%	41%	59%	1,279
Auxiliary Staff	2%	36%	52%	75%	25%	48

405-2 - RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

(in percentage)

CGD, S.A.	AVERAGE BASE SALARY RATIO (F/M)	AVERAGE REMUNERATION RATIO (F/M)
Board of Directors	-	-
Senior Managers	93%	85%
Intermediate Managers	94%	93%
Highly-skilled and skilled professionals	97%	96%
Semi-skilled professionals	-	-
Unskilled professionals	-	-
Total	90%	86%

BCI	AVERAGE BASE SALARY RATIO (F/M)	AVERAGE REMUNERATION RATIO (F/M)
Board of Directors	-	-
Administration	94%	94%
Leadership/Management	100%	93%
Technical	93%	89%
Client Management	103%	102%
Administrative	99%	99%
Auxiliary Staff	70%	69%
Total	69%	67%

BCA	AVERAGE BASE SALARY RATIO (F/M)	AVERAGE REMUNERATION RATIO (F/M)
Board of Directors	-	-
Administration	99%	102%
Leadership/Management	99%	98%
Technical	29%	30%
Multi-role	97%	97%
Administrative	110%	108%
Auxiliary Staff	77%	75%
Total	56%	56%

BI	AVERAGE BASE SALARY RATIO (F/M)	AVERAGE REMUNERATION RATIO (F/M)
Board of Directors	-	-
Technicians	95%	113%
Bank clerks	98%	94%
General Service Assistants	-	-
Total	101%	103%

BNU Macau	AVERAGE BASE SALARY RATIO (F/M)	AVERAGE REMUNERATION RATIO (F/M)
Executive Committee	-	-
Administration	99%	100%
Management	94%	95%
Technical	82%	79%
Supervisor	115%	115%
Administrative	92%	93%
Auxiliary Staff	42%	29%
Total	85%	86%

BCGA	AVERAGE BASE SALARY RATIO (F/M)	AVERAGE REMUNERATION RATIO (F/M)
Board of Directors	-	-
Management	66%	78%
Coordination	98%	99%
Specialised	112%	116%
Operational	97%	102%
Support	87%	82%
Total	60%	69%

Timor Branch	AVERAGE BASE SALARY RATIO (F/M)	AVERAGE REMUNERATION RATIO (F/M)
Board of Directors	42%	42%
Administration	-	-
Leadership/Management	88%	84%
Technical	121%	118%
Administrative	99%	91%
Auxiliary Staff	-	-
Total	52%	35%

ENERGY CONSUMPTION BY SOURCE AND COUNTRY

(in GJ)

	CGD SA			BCA			BI			BNU MACAU			BCI			Timor Branch		
	2017	2018	2019	2017	2018	2019	2017	2017	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Energy consumption																		
Fuels for buildings	1,529	1,649	**2,006**	215	214	**170**	65	63	**65**	-	-	**2**	**-**	**-**	**531**	**-**	**-**	**-**
Diesel (GJ)	338	256	**201**	215	214	**170**	65	63	**65**	-	-	**2**	**-**	**-**	**531**	**-**	**-**	**-**
Natural gas (GJ)	1,191	1,393	**1,805**	-	-	**-**	-	-	**-**	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fuels used by own fleet	34,424	22,661	**24,536**	2,458	1,963	**1,928**	537	477	**433**	-	-	**328**	**-**	**-**	**9,314**	**-**	**-**	**-**
Gasoline (GJ)	2.8	414	**475**	483	516	**624**	63	72	**59**	-	-	**328**	**-**	**-**	**1,878**	**-**	**-**	**-**
Diesel (GJ)	34,422	22,206	**24,061**	1,975	1,447	**1,304**	473	421	**374**	-	-	**-**	**-**	**-**	**7,435**	**-**	**-**	**-**
Electricity	234,272	216,522	**193,075**	7,671	9,143	**9,615**	1,762	1,638	**1,682**	-	-	**10,706**	**-**	**-**	**81,351**	**-**	**-**	**2,610**
Central Buildings (GJ)	97,643	80,324	**71,418**	1,535	1,386	**1,445**	677	602	**603**	-	-	**6,293**	**-**	**-**	**11,032** **60,276**	**-**	**-**	**1,899**
Commercial Network (GJ)	136,629	136,198	**121,657**	6,136	7,757	**8,171**	1,085	1,036	**1,079**			**4,413**	**-**	**-**		**-**	**-**	**711**
Other	-	-	**-**	-	-	**-**	-	-	**-**	-	-	**-**	**-**	**-**	**10,043**	**-**	**-**	**-**

Direct primary energy generated			
Solar Thermal Power Plant at CGD's Head Offices (GJ)	4,207	2,658	**3,443**
Photovoltaic Electricity, Commercial Network (GJ)	1,645	1,534	**1,571**

Direct primary energy sold																		
Photovoltaic Electricity, Commercial Network (GJ)	1,645	1,534	**1,571**															
Total energy consumption (GJ)	274,432	243,450	**223,059**	10,344	11,319	**11,713**	2,373	2,179	**2,180**	-	-	**11,035**	**-**	**-**	**91,196**	**-**	**-**	**2,610**

GHG EMISSIONS BY SCOPE, SOURCE AND STRUCTURE

(in t CO2e)

	CGD SA			BCA			BI			BNU MACAU			BCI			Timor Branch		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
GHG Emissions																		
Scope 1	4,838	1,813	**1,954**	214	181	**189**	45	40	**37**	-	-	**23**	-	-	**725**	-	-	-
Direct emissions resulting from fuel consumption at facilities (t CO_2e)	92	97	**117**	16	16	**13**	5	5	**5**	-	-	**0**	-	-	**40**	-	-	-
Direct emissions resulting from fuel consumption by CGD's vehicle fleet (t CO_2e)	2,551	1,656	**1,731**	181	144	**141**	40	35	**32**	-	-	**23**	-	-	**685**	-	-	-
Direct emissions resulting from f-gas leaks from equipment at facilities (t CO_2e)	2,195	59	**106**	17	22	**36**	-	-	-	-	-	-	-	-	-	-	-	-
Scope 2	25,289	14,133	**19,415**	997	924	**1,517**	229	213	**265**	-	-	**1,814**	-	-	**23**	-	-	**442**
Indirect emissions resulting from electricity generation (t CO_2e)– market-based	25,289	14,133	**13,834**	-	-	NA	-	-	NA	-	-	**2,626**	-	-	**5,197**	-	-	NA
Indirect emissions resulting from electricity generation (t CO_2e)– location-based	-	-	**19,415**	997	924	**1,517**	229	213	**265**	-	-	**1,814**	-	-	**23**	-	-	**442**

Scope 3	1,137	1,256	**1,024**	20	30	**18**	39	39	45	-	-	**36**	-	-	**129**	-	-	-
Work-related trips (t CO_2e)																		
Aeroplane	985	1,094	**866**	20	30	**18**	39	39	45	-	-	**36**	-	-	**129**	-	-	-
Train	20	8	**17**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Boat	-	-	**-**	0	0	**0**	-	-	-	-	-	-	-	-	-	-	-	-
Private transportation	83	87	**68**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment of waste produced at the facilities	48	67	**72**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (t CO_2e)	31,263	17,202	**22,392**	1,231	1,136	**1,724**	312	292	**347**	-	-	**1,873**	-	-	**877**	-	-	**442**

Note: In 2018, actual leakage was obtained via service providers' maintenance reports issued to the entire universe of CGD, S.A.'s facilities in Portugal.
In 2019, the *location-based* method was used for the calculation of the overall emissions from each Bank, as it is the only method available for all entities reported within the group.

DISTANCE TRAVELLED BY MEANS OF TRANSPORTATION AND STRUCTURE

(in km)

	CGD, S.A.			BCA			BI			BNU MACAU			BCI		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Work-related trips (km)															
Aeroplane	5,383,977	5,756,352	**6,367,494**	202,322	340,794	**194,043**	432,553	436,270	**524,968**	-	-	**350,369**	-	-	**1,383,843**
Train	745,240	244,444	**657,101**	-	-	-	-	-	-	-	-	-	-	-	
Boat	-	-	**-**	1,230	430	**37**	-	-	-	-	-	-	-	-	
Private Transportation	471,527	700,932	**401,029**	-	-	-	-	-	-	-	-	-	-	-	

WASTE BY TYPE AND DISPOSAL METHOD

		CGD, S.A.		
		2017	2018	2019
Method of Disposal	**Type of Waste**	**Tons**		
Recycling/ Energy recovery (t)	Paper and Cardboard	488.8	407.3	**270.8**
	Glass	18.0	27.5	**32.7**
	Plastic and containers	15.1	22.3	**13.4**
	Biodegradable waste from kitchens and canteens	181.4	199.3	**130.7**
	Metals	0.0	210.9	**76.7**
	Woods	13.3	97	**8.3**

	Electrical and electronic equipment in disuse	11.8	63.6	**4.3**
	Mixture of urban and equivalent waste	-	32.39	**1.56**
	Batteries	0.08	0.06	**0.16**
	Other	34.9	45.0	**18.0**
Incineration/ Disposal into soil	Mixture of urban and equivalent waste	53.4	73.0	**102.0**
	Hospital Waste	4.9	5.0	**4.5**
	Other	0.2	0.4	**0.3**

WATER CONSUMPTION BY SOURCE AND COUNTRY

(in m^3)

	CGD, S.A.			BCA				BI			BNU MACAU		
	2017	2018	2019	2017	2018	2019		2017	2018	2019	2017	2018	2019
Municipal water supply or others	125,261	110,920	**98,845**	5,389	5,370	**6,632**		1,179	980	**1,028**	-	-	**8,991**

MATERIAL CONSUMPTION BY TYPE AND COUNTRY

(in Ton)

	CGD, S.A.			BCA			BI			BNU Macau		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
White photocopy paper	391	303	**334**	9	14	**18**	13	10	**9**	-	-	**74**
Paper in the form of envelopes	99	48	**67**	0.4	0.7	**0**	0	0	**0**	-	-	**7**
Paper and cardboard in the form of passbooks	29	26	**30**	0	-	**-**	-	-	**-**	-	-	**1**
Plastic in the form of bank cards	9	8	**5**	-	0	**0**	0	0	**0**	-	-	**1**

Annex B - Global Reporting Initiative (GRI) 2019 Index

GRI Standards 2016 Indicator		Location or omission	Global Compact Principles	Sustainable Development Goal	Omissions and their justification
1 - ORGANISATIONAL PROFILE					
102-1	Name of the organisation	Caixa Geral de Depósitos S.A.	-	-	-
102-2	Activities, brands, products, and services	CGD ensures that its customers have access to a diversified set of high-quality financial products and services, with a particular emphasis on the attraction of savings and the granting of medium- and long-term loans, based on an efficient corporate governance model in compliance with the highest ethical standards. The financial products and services marketed by CGD comply with strict legal and internal regulatory criteria ranging from their identification and design to their marketing and dissemination/advertising. Commercial offer for retail customers at: https://www.cgd.pt/Particulares/Pages/Particulares_v2.aspx Commercial offer for corporate customers at: https://www.cgd.pt/Empresas/Pages/Empresas_V2.aspx Scope: CGD, S.A.	-	-	-
102-3	Location of headquarters	CGD's head office is located at Avenida João XXI, 63, 1000-300, Lisbon.	-	-	-

102-4	Location of operations	Annual Report 2019 » 1.3. CGD Today » 1.3.3 CGD Group	-	-	-
102-5	Ownership and legal form	Annual Report 2019 » 1.3. CGD Today » 1.3.3 CGD Group	-	-	-
102-6	Markets served	Annual Report 2019 » 1.3. CGD Today » 1.3.3 CGD Group	-	-	-
102-7	Scale of the organization	Annual Report 2019 » 1.3. CGD Today » 1.3.3 CGD Group	-	-	-
102-8	Information on employees and other workers	Sustainability Report 2019 » 4.12 Human Capital Management » 4.12.1 Human Rights and Labor Practices Sustainability Report 2019 » Annex A - Sustainability Indicators Annual Report 2019 » 1.3. CGD Today » 1.3.3 CGD Group Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	Principle 6 - Ending discrimination in the workplace.	SDG 8 - Dignified work and economic growth	-
102-9	Supply chain	In 2019, CGD had 894 active suppliers. The main types of supply are:	-	-	-

		Purchase and maintenance of automatic machines; Purchase and maintenance of IT equipment; Provision of printing, enveloping and multitasking services; Supply of stationery items and advertising materials; Energy: water, electricity, fuels. Supply of the following services: - Cleaning and maintenance of plants; - Human Surveillance: - Consulting, Auditing, Rating, Dealing, etc. - Subcontracting of Backoffice services; - Advertising; - Insurance; - Storage and dispatch of stationery; - Transport and processing of correspondence; - Renovation works; CGD selects, for the most part, domestic suppliers - in Portugal, 91% of CGD´s suppliers are domestic suppliers, corresponding to 96% of supplier expenditure. This is also one of the ways in which the Bank fosters the stimulation of the domestic economy, while boosting indirect job creation. CGD has in place transparent procedures regarding the purchase of goods and services, guided by principles such as economy and efficiency. As part of its sustainability strategy, and considering that a large part of the Bank's environmental and social impacts are indirectly manifested through the performance of its suppliers, CGD has promoted sustainability principles among these companies, as a way to mitigate environmental and social risks throughout its supply chain. Scope: CGD, S.A.			
102-10	Significant changes to the organization and its supply chain	Annual Report 2019 » 1.2 Highlights in 2019	-	-	-

102-11	Precautionary Principle or approach	CGD has an active approach to risk management in order to mitigate the potential adverse effects arising from it. By signing on to the United Nations Environment Programme Financial Initiative(UNEP-FI), CGD set an example of preventive approach to environmental and social issues, which strives to anticipate and prevent potential negative impacts on the environment and society. Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.2 Integration of Environmental, Social and Governance Criteria	-	-	-
102-12	External initiatives	CGD supports policies and commitments that encapsulate its responsible management practices, urging the prevalence of ethics, rigour and transparency in all activities and operations, binding employees and functional structures, Group companies and, when applicable, partners, suppliers and other stakeholders. Sustainability Report 2019 » 4.5 Policies, Commitments and Working Groups	-	-	-
102-13	Membership of associations	CGD is involved in several multi-sectoral workgroups whose mission is to create mechanisms and tools to tackle corporate sustainability challenges. Sustainability Report 2019 » 4.5 Policies, Commitments and Working Groups	-	-	-

2 - STRATEGY					
102-14	Statement from senior decision-maker	Sustainability Report 2019 » 4.3 Message from the Chairman of the Executive Committee	-	-	-
102-15	Key impacts, risks, and opportunities	Annual Report 2019 » 1.5 Risk Management Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.2 Integration of Environmental, Social and Governance Criteria Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.1 Sustainable products and services	-	-	-

3 - ETHICS AND INTEGRITY					
102-16	Values, principles, standards, and norms of behavior	The Code of Conduct establishes the operating principles and the rules of professional conduct observed in, and by, CGD in the execution of its activity. The Code of Conduct is available at: https://www.cgd.pt/Institucional/Governo-Sociedade-CGD/Regulamentos/Documents/Codigo-de-Conduta-CGD.pdf Sustainability Report 2019 » 4.4 Mission, Vision and Values SUSTAINABILITY REPORT 2019 » 4.5 POLICIES, COMMITMENTS AND WORKING GROUPS	-	SDG 16 - Peace, Justice and Strong Institutions	-

102-17	Mechanisms for advice and concerns about ethics	CGD seeks to ensure an adequate control environment, a sound risk management system, an efficient information and communication system, and a continuous monitoring process, with the aim of ensuring the quality and effectiveness of the system over time. CGD provides a circuit, which is duly regulated by specific internal regulations, that enables the internal reporting of irregular practices allegedly occurred as part of its activity, ensuring that complaints are handled confidentially and that there are no retaliations against anyone who makes a complaint in good faith and in a non-anonymous way. It should also be mentioned that CGD's activity is supported by internal regulations that reflect the best banking practices and the regulations and legislation in force as part of a wide range of subjects. These internal regulations are published in the Internal Regulations System (SNI), available to all Employees. Sustainability Report 2019 » 4.9 Governance Model and Management Practices » 4.9.3 Ethics, integrity and transparency Sustainability Report 2019 » 4.6 Materiality Analysis » 4.6.3 Forms of interaction with stakeholders	-	SDG 16 - Peace, Justice and Strong Institutions	-

4 - GOVERNANCE | **Material Topic: Governance Model and Management Practices**					
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2019 » 4.9 Governance Model and Management Practices	-	-	-
103-2	The management approach and its components	Sustainability Report 2019 » 4.9 Governance Model and Management Practices	-	-	-

103-3	Evaluation of the management approach	Sustainability Report 2019 » 4.9 Governance Model and Management Practices	-	-	-
102-18	Governance structure	Sustainability Report 2019 » 4.9 Governance Model and Management Practices » 4.9.1 CGD´s Governance Model	-	-	-
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Report 2019 » 4.6 Materiality Analysis » 4.6.2 Materiality Matrix » Consultation of stakeholders	-	SDG 16 - Peace, Justice and Strong Institutions	-
102-31	Review of economic, environmental, and social topics	Sustainability Report 2019 » 4.9 Governance Model and Management Practices » 4.9.2 Sustainability Management Model	-	-	-

5 - STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholder groups	Sustainability Report 2019 » 4.6 Materiality Analysis » 4.6.3 Forms of interaction with stakeholders	-	-	-
102-41	Collective bargaining agreements	All of CGD, S.A.'s employees are under collective bargaining agreements, directly, by virtue of Company Agreements, or via an internal regulation that determines their enforcement on the remaining workers. CGD signed Company Agreements with all trade unions with representation at the Company. Scope: CGD, S.A.	Principle 1: Human Rights - Companies need to support and respect the protecting of internationally recognised human rights. Principle 3 - Support freedom of association and the actual recognition of collective bargaining	-	-

102-42	Identifying and selecting stakeholders	CGD periodically conducts a stakeholder consultation process on issues related to sustainability. Materiality analysis provides information on future trends, risks and business opportunities that influence value creation. It also allows us to get acquainted with the issues that CGD's stakeholders, both internal and external, expect us to address in the sustainability strategy. Sustainability Report 2019 » 4.6 Materiality Analysis » 4.6.1 Methodological Approach Scope: CGD, S.A.	-	-	-
102-43	Approach to stakeholder engagement	The procedure to determine the material topics covered three stages: Identification of topics; Assessment of the topics and prioritisation of the topics. Internal and external stakeholders were consulted through an *online* survey, and in addition focus group meetings were held with suppliers, social institutions of the 3rd sector and environmental non-governmental organisations. Customer satisfaction: In 2019 the number of complaints received fell once again, 6% compared to 2018, with the total number of complaints being 12,253, the lowest figure since 2015. The most complained-about topics were Customer Service and Payment Methods, accounting for 32% and 20% of the total respectively, with a 21% increase in Customer Service and a 27% decrease in Payment Methods complaints compared to 2018. Scope: CGD, S.A.	-	-	-

102-44	Key topics and concerns raised	Sustainability Report 2019 » 4.6 Materiality Analysis » 4.6.2 Materiality Matrix Scope: CGD, S.A.	-	-	-

6 - REPORTING PRACTICE					
102-45	Entities included in the consolidated financial statements	Annual Report 2019 » 1.9. Separate and Consolidated Financial Statements	-	-	-
102-46	Defining report content and topic Boundaries	For the outlining of the structure and contents of the 2019 Sustainability Report, CGD took into consideration the principles established by GRI. Stakeholder inclusion: CGD has identified its main stakeholders and addressed their main interests and expectations; Sustainability Framework: CGD performs in a comprehensive manner and towards the various aspects of sustainability; Materiality: CGD introduces its material topics, taking into consideration the stakeholders' expectations and the respective perceived impacts. Completeness: CGD provides sufficient information, including its limitations, to allow stakeholders to assess the organisation's performance. Sustainability Report 2019 » 4.6 Materiality Analysis Scope: CGD, S.A Annex C - 2019 Methodological Notes	-	-	-

102-47	List of material topics	Sustainability Report 2019 » 4.6 Materiality Analysis » 4.6.2 Materiality Matrix Scope: CGD, S.A.	-	-	-
102-48	Restatements of information	Any reworking occurred from the last reporting period, (e.g. methodology for calculating indicators), is indicated in the methodological notes or throughout the report, where applicable. Annex C - 2019 Methodological Notes	-	-	-
102-49	Changes in reporting	Any significant changes from the last reporting period (e.g. scope of reporting) are indicated in the methodological notes or throughout the report, where applicable. However, it should be noted that the scope of reporting of international structures has been broadened, a new materiality matrix has been developed, the *GRI Comprehensive* option has been changed to *GRI Core* and the scope of reporting of waste generated at the premises of CGD S.A. has been changed. In 2019, the scope of reporting of waste generated did not include Culturgest (Lisbon and Porto), or the waste generated by Siemens, CGI, Canon and Gertal. Annex C - 2019 Methodological Notes	-	-	-

102-50	Reporting period	1 January 2019 to 31 December 2019	-	-	-
102-51	Date of most recent report	2018	-	-	-
102-52	Reporting cycle	Annual reporting cycle	-	-	-
102-53	Contact point for questions regarding the report	Sustainability Report 2019 » 4.1 On this Report	-	-	-
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report 2019 » 4.1 On this Report	-	-	-
102-55	GRI content index	Present table	-	-	-
102-56	External assurance	Sustainability Report 2019 » 4.1 On this Report	-	-	-

SPECIFIC STANDARD CONTENTS - CATEGORY: ECONOMIC					
GRI STANDARD: ECONOMIC PERFORMANCE (201) | **Material topic: Financial Sustainability**					
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2019 » 4.8 Financial Sustainability	-	-	-
103-2	The management approach and its components	Sustainability Report 2019 » 4.8 Financial Sustainability	-	-	-
103-3	Evaluation of the management approach	Sustainability Report 2019 » 4.8 Financial Sustainability	-	-	-

201-1	Direct economic value generated and distributed	Sustainability Report 2019 » 4.8 Financial Sustainability » 4.8.2 Financial Performance and Value Distribution Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	-	SDG 2 - Zero hunger SDG 5 - Gender equality SDG 7 - Energy SDG 8 - Economic Growth SDG 9 - Infrastructure, industrialization	-
201-2	Financial implications and other risks and opportunities due to climate change	Each year, CGD voluntarily takes part in the *CDP – Carbon Disclosure Project, where* it lists the risks and opportunities arising for its activity due to climate change. CGD's response can be found on the *CDP website* or on CGD's institutional *website* (https://www.cgd.pt/Institucional/Sustentabilidade-CGD/Indices-Externos/Pages/distincao-CDP-2019.aspx)) In 2019, CGD did not acquire any carbon credits. Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.2 Integration of Environmental, Social and Governance Criteria Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Low Carbon Program Scope: CGD, S.A.	-	SDG 13 - Climate Change	-
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2019 » 2.1 Notes to the consolidated financial statements » 32 Retirement pensions and other long term benefits. Scope: CGD, S.A.	-	-	-

GRI STANDARD: MARKET PRESENCE (202)					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	CGD, S.A. Females: 191% Males: N.A. (in 2019, there were no males in the lowest pay grade) BI Females: 243% Males: 243% BCGA Females: 614% Males: 474% BCI Females: 118% Males: 145% BNU Macau Females: 172% Males: 172% BCA Females: 208% Males: 208% Timor Branch Females: 225% Males: 225% Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	Principle 6 - Ending discrimination in the workplace.	SDG 1 - End poverty in all its forms SDG 5 - Gender equality SDG 8: Economic Growth	-

GRI STANDARD: INDIRECT ECONOMIC IMPACTS (203) | **Material topic: Corporate Social Responsibility**					
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2019 » 4.10 Corporate Social Responsibility	-	-	-
103-2	The management approach and its components	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.1 Social Responsibility	-	-	-

103-3	Evaluation of the management approach	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.1 Social Responsibility	-	-	-
203-1	Infrastructure investments and services supported	CGD supports the development of projects that have a positive social impact by monitoring their progress and their impact on the community, such as the Prémios Caixa Social (Caixa Social Awards). In 2019 CGD S.A. invested 10.7 million euros in the community, highlighting such areas as patronage (6.8 million euros) and the Promotion of Knowledge (3.1 million euros). Scope: CGD, S.A.	-	SDG 2 - Zero hunger SDG 5 - Gender equality SDG 7 - Energy SDG 9 - Infrastructure, industrialisation SDG 11 - Sustainable cities and communities	-

GRI STANDARD: PROCUREMENT PRACTICES (204)					
204-1	Proportion of spending on local suppliers	In 2019 the total annual expenditure of CGD S.A. with suppliers was 433,519,713 million euros, out of which 96.8% corresponded to local (national) suppliers. BI had an expenditure ratio with local suppliers of 69.9%, BCGA of 83.3%, BCI of 96.7%, BNU Macau of 84%, and BCA of 65%. Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCGA and BCI)	-	SDG 12 - Sustainable consumption and production	-

GRI STANDARD: ANTI-CORRUPTION (205) | **Material topic: Anti-corruption practices**					
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2019 » 4.13 Anti-corruption practices	-	-	-
103-2	The management approach and its components	Sustainability Report 2019 » 4.13 Anti-corruption practices	-	-	-
103-3	Evaluation of the management approach	Sustainability Report 2019 » 4.13 Anti-corruption practices	-	-	-
205-1	Operations assessed for risks related to corruption	As part of its internal control system, CGD has implemented permanent measures to prevent and repress the crime of corruption and related offences, which are reflected in various internal procedures and regulations, including the Code of Conduct, the Policy on the Prevention of Corruption and Related Offences, the Global Policy on the Prevention and Management of Conflicts of Interest or the System for Internal Reporting of Irregular Practices. The CGD Group entities were also instructed to draft Plans for the Prevention of Corruption and Related Offences applicable to their respective local contexts In 2019, DAI carried out several audits to commercial, central and process structures, information systems, group entities, monitoring of recommendations and continuous improvement and performed inspections; however, there were no actions specifically aimed at performing anti-corruption audits Sustainability Report 2019 » 4.13 Anti-corruption practices » 4.13.2 Prevention and Management of External Fraud Scope: CGD, S.A.	Principle 10: Anti-Corruption - The companies shall fight corruption in all its forms, including extortion, and bribery.	SDG 16 - Peace, Justice and Strong Institutions	-

205-2	Communication and training about anti-corruption policies and procedures	CGD develops several measures towards enabling training and communication on anti-corruption policies and procedures. CGD, S.A., through its website, provides information related to its Code of Conduct, namely its mission and values, operating principles and standards of professional conduct. In 2019, 84% of CGD S.A. employees had received training in compliance risk, money laundering prevention and combating the financing of terrorism, thus contributing to the prevention of corruption. BI: 94% of the employees received training on anti-corruption policies and procedures. BCI: 24% of the employees received training on anti-corruption policies and procedures. BCGA: 92% of the employees/members of the management bodies were informed of the company's anti-corruption policies and procedures BNU Macau: 97% of the employees/members of the management bodies were informed of the company's anti-corruption policies and procedures BCA: 100% of the employees/members of the management bodies were informed of the company's anti-corruption policies and procedures Timor Branch: 100% of the employees/members of the management bodies were informed of the company's anti-corruption policies and procedures Sustainability Report 2019 » 4.13 Anti-corruption practices Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCGA and BCI)	Principle 10: Anti-Corruption - The companies shall fight corruption in all its forms, including extortion, and bribery.	SDG 16 - Peace, Justice and Strong Institutions	-

SPECIFIC STANDARD CONTENTS - CATEGORY: ENVIRONMENT					
GRI STANDARD: MATERIALS (301)					
301-1	Materials used by weight or volume	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Eco-efficiency » Material Consumption Annex A - Sustainability Indicators Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCGA and BCI)	Principle 7: Environment - Companies should support a preventive approach to environmental challenges Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 8 - Economic Growth SDG 12 - Sustainable consumption and production	-
301-2	Recycled input materials used	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Eco-efficiency » Material Consumption Annex C - 2019 Methodological Notes Scope: CGD, S.A.	Principle 7: Environment - Companies should support a preventive approach to environmental challenges Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 8 - Economic Growth SDG 12 - Sustainable consumption and production	-

GRI STANDARD: ENERGY (302)					
302-1	Energy consumption within the organisation	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Eco-efficiency » Energy Consumption Annexx A - Sustainability Indicators Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCI and Timor Branch)	Principle 7: Environment - Companies should support a preventive approach to environmental challenges Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 7 - Renewable and accessible energy sources SDG 8 - Economic Growth SDG 12 - Sustainable consumption and production SDG 13 - Climate Change	-

302-3	Energy intensity	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Eco-efficiency » Energy Consumption Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCI and Timor Branch)	Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 7 - Renewable and accessible energy sources SDG 8 - Economic Growth SDG 12 - Sustainable consumption and production SDG 13 - Climate Change	-
302-4	Reduction of energy consumption	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Eco-efficiency » Energy Consumption Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCI and Timor Branch)	Principle 8 - Conduct initiatives to promote environmental responsibilities Principle 9 - Support the development and dissemination of environmentally-friendly technologies.	SDG 7 - Renewable and accessible energy sources SDG 8 - Economic Growth SDG 12 - Sustainable consumption and production SDG 13 - Climate Change	-

GRI STANDARD: WATER (303)					
303-1	Water withdrawal by source	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Eco-efficiency » Water Consumption Annex A - Sustainability Indicators 2019 Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCGA and BCI)	Principle 7: Environment - Companies should support a preventive approach to environmental challenges. Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 6 - Water and Sanitation	-

GRI STANDARD: EMISSIONS (305) | **Material topic: Corporate Social Responsibility**					
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2019 » 4.10 Corporate Social Responsibility	-	-	-
103-2	The management approach and its components	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility	-	-	-
103-3	Evaluation of the management approach	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility	-	-	-
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Low Carbon Program Annex A - Sustainability Indicators Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCGA and BCI)	Principle 7: Environment - Companies should support a preventive approach to environmental challenges. Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 3 - Health SDG 12 - Sustainable consumption and production SDG 13 - Climate Change SDG 14 - Oceans SDG 15 - Biodiversity, forests, desertification	-
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Low Carbon Program Annex A - Sustainability Indicators Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCI and Timor Branch)	Principle 7: Environment - Companies should support a preventive approach to environmental challenges. Principle 8 - Conduct initiatives to promote environmental responsibilities	SDG 3 - Health SDG 12 - Sustainable consumption and production SDG 13 - Climate Change SDG 14 - Oceans SDG 15 - Biodiversity, forests, desertification	-
305-3	Other indirect (Scope 3) GHG emissions	The scope 3 emissions reported are related to business trips by CGD.S.A. employees and Affiliated Banks, and the treatment of waste generated at the facilities.	Principle 7: Environment - Companies should support a preventive approach to environmental challenges.	SDG 3 - Health SDG 12 - Sustainable consumption and production SDG 13 - Climate Change SDG 14 - Oceans SDG 15 - Biodiversity, forests, desertification	-

<table>
<tr><td></td><td></td><td>Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Low Carbon Program

Annex A - Sustainability Indicators
Annex C - 2019 Methodological Notes
Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCGA and BCI)</td><td>Principle 8 - Conduct initiatives to promote environmental responsibilities</td><td></td><td></td></tr>
<tr><td>305-4</td><td>GHG emissions intensity</td><td><table><tr><th>Structure</th><th>FTE</th><th>tCO_2e/FTE</th></tr><tr><td>CGD Group</td><td>10,992</td><td>2.5</td></tr><tr><td>CGD, S.A.</td><td>6,900</td><td>3.2</td></tr><tr><td>BCA</td><td>451</td><td>3.8</td></tr><tr><td>BI</td><td>141</td><td>2.5</td></tr><tr><td>BCI</td><td>2,845</td><td>0.3</td></tr><tr><td>BNU Macau</td><td>520</td><td>3.6</td></tr><tr><td>Timor Branch</td><td>135</td><td>3.3</td></tr></table>Annex A - Sustainability Indicators
Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCI and Timor Branch)</td><td>Principle 8 - Conduct initiatives to promote environmental responsibilities</td><td>SDG 13 - Climate Change
SDG 14 - Oceans
SDG 15 - Biodiversity, forests, desertification</td><td>-</td></tr>
<tr><td>305-5</td><td>Reduction of GHG emissions</td><td>Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.2 Environmental Responsibility » Low Carbon Program

Scope: CGD, S.A. + Affiliated Banks (BCA. BI, BNU Macau, BCI and Timor Branch)</td><td>Principle 8 - Conduct initiatives to promote environmental responsibilities
Principle 9 - Support the development and dissemination of environmentally-friendly technologies.</td><td>SDG 13 - Climate Change
SDG 14 - Oceans
SDG 15 - Biodiversity, forests, desertification</td><td>-</td></tr>
<tr><td>305-7</td><td>Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</td><td>Emissions of this type of substances can stem from the use of emergency generators and the vehicle fleet. In the case of CGD, these emissions are not very significant.

Total NO_x emissions: 19.69 t
Total SO_x emissions: 5.13 t

Annex C - 2019 Methodological Notes
Scope: CGD, S.A.</td><td>Principle 7: Environment - Companies should support a preventive approach to environmental challenges.
Principle 8 - Conduct initiatives to promote environmental responsibilities</td><td>SDG 3 - Health
SDG 12 - Sustainable consumption and production
SDG 14 - Oceans
SDG 15 - Biodiversity, forests, desertification</td><td>-</td></tr>
</table>

<table>
<tr><th colspan="6">GRI STANDARD: EFFLUENTS AND WASTE (306)</th></tr>
<tr><td>306-2</td><td>Waste by type and disposal method</td><td>Based on the current context and the date of submission of MIRR (Integrated Waste Registration Chart), CGD is only reporting MIRR 2019 waste from CGD, S.A: the Warehouse at Sacavém, the Buildings at Aliados (Porto), Praça da Liberdade (Porto) and Head Office (Lisbon), as well as the waste generated at the CGD and Schindler's Social Services Clinical Centres as a result of the work carried out.
<table><tr><th>Degree of danger</th><th>Quantity (t)</th></tr><tr><td>Non-hazardous</td><td>658.94</td></tr><tr><td>Hazardous</td><td>4.65</td></tr><tr><td>Total</td><td>663.59</td></tr></table>Compared to the previous year, the waste generated by Culturgest (Lisbon and Porto) and the waste generated by Siemens, CGI, Canon and Gertal were excluded from the scope of reporting. Another aspect to be considered was the ceasing of operations at two central buildings that were previously accounted for by MIRR (Edifício Av. de França (Porto), Edifício Pinta (Lisbon).

Affiliated Banks do not compile the information regarding waste production.

Annex A - Sustainability Indicators 2019

Scope: CGD, S.A.</td><td>Principle 8 - Conduct initiatives to promote environmental responsibilities</td><td>SDG 3 - Health
SDG 6 - Water and Sanitation
SDG 12 - Sustainable consumption and production</td><td>-</td></tr>
<tr><td>306-3</td><td>Significant spills</td><td>According to CGD's operations, this indicator is not considered to be material.

However, hazardous products are stored in retention basins to prevent and contain possible spills. The proper storage of existing products is checked during the daily rounds.</td><td>Principle 8 - Conduct initiatives to promote environmental responsibilities</td><td>SDG 3 - Health
SDG 6 - Water and Sanitation
SDG 12 - Sustainable consumption and production
SDG 14 - Oceans
SDG 15 - Biodiversity, forests, desertification</td><td>-</td></tr>
</table>

		As part of the audits of the Environmental Management System, as certified under ISO 14001:2015, emergency response procedures are reviewed annually and drills are carried out where emergency response procedures, including those that may have a significant environmental impact, are tested. Throughout 2019, in order to prevent and mitigate these situations and to test the action protocols, in addition to the annual drill, 4 operational drills were carried out regarding environmental issues (accidents with hazardous materials). Scope: CGD, S.A.			

SPECIFIC STANDARD CONTENTS - CATEGORY: SOCIAL					
GRI STANDARD: EMPLOYMENT (401)					
401-1	New employee hires and employee turnover	Sustainability Report 2019 » Annex A - Sustainability Indicators Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	-	SDG 5 - Gender equality SDG 8 - Economic Growth	-
401-3	Parental leave	Rates of return to work CGD, S.A.: Males: 94% Females: 98% Total: 97% Retention rates CGD, S.A.: Males: 92% Females: 96% Total: 95% Rates of return to work BCA.: Males: 100% Females: 76% Total: 81% Retention rates BCA.: Males: 100% Females: 100% Total: 100% Annex C - 2019 Methodological Notes Scope: CGD, S.A. + BCA	Principle 3 - Support freedom of association and the actual recognition of collective bargaining	SDG 5 - Gender equality SDG 8 - Economic Growth	-

GRI STANDARD: OCCUPATIONAL HEALTH AND SAFETY (403)					
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Rate of occurrence of work-related accidents: CGD,S.A.: M: 2.96; F: 6.05; Portugal: 4.75 BCA: M: 0; F: 0; Cape Verde: 0 Degree of seriousness of work-related accidents: CGD,S.A.: M: 54.37; F: 135.77; Portugal: 101.51 BCA: M: 0; F: 0; Cape Verde: 0 Rate of occurrence of occupational diseases: CGD,S.A.: M: 0.00; F: 0.00; Portugal: 0.00 BCA: M: 0; F: 0; Cape Verde: 0 Absenteeism rate: CGD,S.A.: M: 2.42%; F: 4.58%; Portugal: 3.67% BCA: M: 1%; F: 3%; Cape Verde: 2% Number of work-related deaths CGD,S.A.: M: 0; F: 0; Portugal: 0 BCA: M: 0; F: 0; Cape Verde: 0 Annex C - 2019 Methodological Notes Scope: CGD, S.A. + BCA	-	SDG 3 - Health SDG 8 - Economic Growth	-

GRI STANDARD: TRANING AND EDUCATION (404) | **Material Topic: Human Capital Management**					
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2019 » 4.12 Human Capital Management	-	-	-
103-2	The management approach and its components	Sustainability Report 2019 » 4.12 Human Capital Management	-	-	-
103-3	Evaluation of the management approach	Sustainability Report 2019 » 4.12 Human Capital Management	-	-	-

404-1	Average hours of training per year per employee	Sustainability Report 2019 » Annex A - Sustainability Indicators Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	-	SDG 4 -Education SDG 5 - Gender equality SDG 8 - Economic Growth	-
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2019 » 4.12 Human Capital Management » 4.12.2 Training, development and career advancement Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	-	SDG 8 - Economic Growth	-
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report 2019 » Annex A - Sustainability Indicators In 2019, 100% of CGD,S.A.'s employees (eligible for the assessment process) on duty were subject to performance assessment. BI has updated its performance assessment management model, which is based on the assessment of the performance of the Bank's Employees and Managers, in accordance with the strategic goals set by Management, which are duly framed in each area's annual activity plan. The annual assessment for 2019 will be made in the 1st quarter of 2020. The performance assessment at BCA is conducted annually on all Bank employees (except the Board of Directors), regardless of their labor contract. It is the duty of the Bank, in general, and of the assessor, in particular, to assess employees who have been active for at least 3 months during the year of the evaluation.	Principle 6 - Ending discrimination in the workplace.	SDG 5 - Gender equality SDG 8 - Economic Growth	-

		All employees who met the requirement of having been active for at least 3 months were assessed. Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliate Banks (BCA and BI)			

GRI STANDARD: DIVERSITY AND EQUAL OPPORTUNITY (405) | **Material Topic: Human Capital Management**					
405-1	Diversity of governance bodies and employees	Sustainability Report 2019 » Annex A - Sustainability Indicators Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau and BCI)	Principle 6 - Ending discrimination in the workplace.	SDG 5 - Gender equality SDG 8 - Economic Growth	-
405-2	Ratio of basic salary and remuneration of women to men	Sustainability Report 2019 » Annex A - Sustainability Indicators Annex C - 2019 Methodological Notes Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	Principle 6 - Ending discrimination in the workplace.	SDG 5 - Gender equality SDG 8 - Economic Growth SDG 10 - Inequality	-

GRI STANDARD: NON-DISCRIMINATION (406)					
406-1	Incidents of discrimination and corrective measures taken	Article 11 of the CGD Code of Conduct states: 1. CGD and its employees do not practise any type of discrimination based on such criteria as: race, gender, disability, sexual preference, political or ideological beliefs, religion, education, marital status or others. 2. CGD employees are required to act with courtesy, tolerance and respect and abstain from any behaviour that may be taken as offensive. 3. Internally, CGD promotes equal treatment and opportunities between men and women, as well	Principle 6 - Ending discrimination in the workplace.	SDG 5 - Gender equality SDG 8 - Economic Growth SDG 16 - Peace, Justice and Strong Institutions	-

		as the conciliation of personal, family and professional life of its employees At CGD S.A., there is no knowledge of situations of this nature in 2019. Likewise, no cases of discrimination were identified in the affiliated banks in 2019. Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)			

GRI STANDARD: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (407)					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Under the CGD Principles of Exclusion and Limitation, the CGD Group acknowledges the existence of sectors of activity or projects that may contribute negatively towards Sustainable Development and therefore establishes a list of principles underpinning activities and projects that are excluded, or restricted under certain conditions, from its credit policy. The CGD Group also expects its suppliers to ensure an operational performance that guarantees the efficient management and use of economic, social and environmental resources associated with the design and production of goods and services. In line with the Ethical Principles and Good Business Practices, CGD commits, among several aspects, its suppliers to: - Condemn and prevent discrimination at work, by any means, ensuring and recognising the freedom of association of its employees, namely the right to join a trade union;	Principle 3 - Support freedom of association and the actual recognition of collective bargaining	SDG 8 - Economic Growth	-

		At CGD S.A., there is no knowledge of situations of this nature in 2019. No specific procedures for identifying this type of occurrences are in place. Likewise, no cases of discrimination were identified in the affiliated banks in 2019. Scope: CGD, S.A.			
GRI STANDARD: CHILD LABOR (408)					
408-1	Operations and suppliers at significant risk for incidents of child labor	Under the CGD Principles of Exclusion and Limitation, the CGD Group acknowledges the existence of sectors of activity or projects that may contribute negatively towards Sustainable Development and therefore establishes a list of principles underpinning activities and projects that are excluded, or restricted under certain conditions, from its credit policy. In line with the Ethical Principles and Good Business Practices, CGD commits, among several aspects, its suppliers to: - Refrain from resorting to, or in any way, benefiting from child labor, non-voluntary work, or work performed under conditions and/or remunerated in a way that violates human rights, either on its own or via third parties outsourced to perform part of its activities, strictly complying with the applicable legislation on working hours and rest periods. At CGD S.A., there is no knowledge of situations of this nature in 2019. No specific procedures for identifying this type of occurrences are in place. Scope: CGD, S.A.	Principle 5 - Abolition of child labor	SDG 8 - Economic Growth SDG 16 - Peace, Justice and Strong Institutions	-

GRI STANDARD: FORCED OR COMPULSORY LABOR (409)					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Under the CGD Principles of Exclusion and Limitation, the CGD Group acknowledges the existence of sectors of activity or projects that may contribute negatively towards Sustainable Development and therefore establishes a list of principles underpinning activities and projects that are excluded, or restricted under certain conditions, from its credit policy. Pursuant to the CGD Principles of exclusion and limitation, CGD does not finance projects that may involve the use of child labor, or forced labor. In line with the Ethical Principles and Good Business Practices, CGD commits, among several aspects, its suppliers to: - Adopt employment practices compliant with the law, being committed to promoting, respecting and protecting human rights, as established by international organisations, abstaining from adopting any practices or benefiting from behaviours that may constitute a violation thereof, which it undertakes to denounce and combat; At CGD S.A., there is no knowledge of situations of this nature in 2019. No specific procedures for identifying this type of occurrences are in place. Scope: CGD, S.A.	Principle 4 - Abolition of all kinds of forced or compulsory labor	SDG 8 - Economic Growth	-

GRI STANDARD: SECURITY PRACTICES (410)					
410-1	Security personnel trained in human rights policies or procedures	CGD's Prevention and Security Office (GPS) received no human rights training; however, it is a member of the Advisory Committee of UNICRI – Security Governance and Counter-Terrorism Laboratory, and, within this context, has made efforts considering that CGD is a member of the United Nations Global Compact (UNGC). The security companies providing services to CGD are duly qualified with a professional private security licence, issued by the National Private Security Administration of the Portuguese Police. The issuance of the corresponding card is regulated under Ordinance no. 148/2014 of 18 July. Said ordinance also regulates the training required for obtaining the professional licence; Art. 9(2) (b) (Annex III – Basic training module), as concerns promoting rights, freedoms and guarantees. The issuance of replacement cards and/or forms dated prior to said ordinance was regulated under Section 3(a) of Ordinance No. 1325/2001, regarding training in rights, freedoms and guarantees. The training content on the topics in question basically hinges on the Universal Declaration of Human Rights. For CGD, verification of compliance with the Law involves confirming the authenticity and validity of each security guard's professional licence during the accreditation procedure at GPS. In 2019, 9% of CGD's security guards underwent training, covering human rights, at the time of the renewal of the professional security card. Said renewal occurs every 5 years. Scope: CGD, S.A.	Principle 1: Human Rights - Companies need to support and respect the protecting of internationally recognised human rights.	SDG 8 - Economic Growth	-

GRI STANDARD: RIGHTS OF INDIGENOUS PEOPLE (411)					
411-1	Incidents of violations involving rights of indigenous peoples	There were no instances of violation of the rights of indigenous peoples reported as part of CGD's operations. Despite the fact that this indicator is not considered material, due to the type of activity carried out by CGD, the risks associated with possible violations of the rights of indigenous peoples are mitigated through various principles and policies that CGD adheres to as part of human rights protection. Scope: CGD, S.A.	Principle 1: Human Rights - Companies need to support and respect the protecting of internationally recognised human rights.	SDG 2 - Zero Hunger	-

GRI STANDARD: HUMAN RIGHTS ASSESSMENT (412)					
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Regarding its Credit Policy, and based on the CGD Principles of Exclusion and Limitation, CGD does not finance projects that may fall into the following categories and/or sectors of activity: I. Manufacturing of or trade in any product or activity considered illegal in the country where the investment takes place, or considered illegal under the terms of international regulations or agreements, including those that CGD subscribes to or integrates; II. Companies and/or projects that use child labor or forced labor; III. Companies and activities related to prostitution; IV. Companies and/or projects that disseminate discriminatory information or carry out discriminatory acts based on religion, politics, race or gender; V. Companies and/or activities engaged in the unlicensed trade of wildlife and/or endangered species. CGD also promotes the inclusion of social and environmental clauses in contracts with suppliers. In 2019, 142 new contracts were signed with Caixa Serviços Partilhados (CSP), as an entity dedicated to providing services to the CGD Group in the negotiation, procurement and financial management of formalised contracts, 92% of which include social and environmental clauses. Scope: CGD, S.A.	Principle 2 - Ensure that they do not engage in human rights violations	-	-

GRI STANDARD: LOCAL COMMUNITIES (413)					
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report 2019 » 4.10 Corporate Social Responsibility » 4.10.1 Social Responsibility As far as its impact is concerned, it is worth highlighting the 2019 edition of the Caixa Social Awards, which recorded: * 561 applications; * 325 Applications validated; * 19 Entities supported; * 13752 Beneficiaries impacted. Regular monitoring of the projects developed by the awarded entities is performed. Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau, BCGA and BCI)	Principle 1: Human Rights - Companies need to support and respect the protecting of internationally recognised human rights.	-	-
G4 - FS13	Access points in low-populated or economically disadvantaged areas by type	Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.1 Sustainable products and services Scope: CGD, S.A.	-	SDG 1 - End poverty in all its forms SDG 8 - Economic Growth SDG 10 - Inequality	-
G4 - FS14	Initiatives to improve access to financial services for disadvantaged people	Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.1 Sustainable products and services As of 15 January 2020, 96.7% of the agencies met the accessibility requirements for people with motor disabilities. Scope: CGD, S.A.	-	SDG 1 - End poverty in all its forms SDG 8: Economic Growth SDG 10 - Inequality	-

GRI STANDARD: MARKETING AND LABELLING (417)					
417-2	Incidents of non-compliance concerning product and service information and labelling	CGD, S.A. recorded a total of 8 non-compliances with regulations and voluntary codes related to product/service information and labelling, 3 of which resulted in a fine or penalty and the remaining 5 in a warning by Banco de Portugal. Scope: CGD, S.A.	-	SDG 16 - Peace, Justice and Strong Institutions	-
417-3	Incidents of non-compliance concerning marketing communications	CGD, S.A. recorded a total of 5 non-compliances with regulations and voluntary codes related to marketing communications, including advertising, promotion and sponsorship. The 5 non-compliances resulted in a warning by Banco de Portugal. Scope: CGD, S.A.	-	-	-

GRI STANDARD: CUSTOMER PRIVACY (418) | **Material Topic: Cyber-security and Data Protection**					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2019 CGD S.A. recorded 12 complaints regarding breaches of customer data privacy arising from: -Disclosure of customer's personal data to third parties, namely via email and secure message (e.g. account statements); -Disclosure of customer's personal data to third parties, namely by sending a letter to an address different from the addressee of the correspondence (e.g. account statements); -Correspondence delivered in a mailbox other than the customer's (e.g. global statement); -Contacts made with customers for commercial/promotional purposes, without their consent to do so. BCA has received 16 complaints regarding breaches of client data privacy, specifically related to leakage, theft or loss of client data, with 10 complaints falling under the responsibility of the complaining client, 4 falling under the responsibility of the bank and 2 under review. The remaining affiliated banks have not registered complaints regarding breaches of customer data privacy Scope: CGD, S.A. + Affiliated Banks (BCA. BI, Timor Branch, BNU Macau and BCGA)	-	-	-

GRI STANDARD: SOCIOECONOMIC COMPLIANCE (419)					
419-1	Non-compliance with laws and regulations in the social and economic area	Over the course of 2019, CGD received 2 sanctions/fines deemed substantial (miscellaneous administrative offences and breach of the duty of banking secrecy) and paid a total of 65,000 euros. Scope: CGD, S.A.	-	SDG 16 - Peace, Justice and Strong Institutions	-

FINANCIAL SERVICES SECTOR SUPPLEMENT **| Material Topic: Sustainable Financing**					
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2019 » 4.11 Sustainable Finance	-	-	-
103-2	The management approach and its components	Sustainability Report 2019 » 4.11 Sustainable Finance	-	-	-
103-3	Evaluation of the management approach	Sustainability Report 2019 » 4.11 Sustainable Finance	-	-	-
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Sustainability Report 2019 » 4.11 Sustainable Finance» 4.11.1 Sustainable products and services Proportion of the monetary value of products and services with social benefits in the total monetary value of the retail customer segment: 9%. Proportion of the monetary value of products and services with social benefit in the total monetary value of the corporate customer segment: 5%. Scope: CGD, S.A.	-	SDG 1 - End poverty in all its forms SDG 8 - Economic Growth SDG 9 - Industry, innovation and infrastructures SDG 10 - Inequality SDG 11 - Sustainable Cities and Communities	-

G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.1 Sustainable products and services Proportion of the monetary value of products and services with social benefit in the total monetary value of the retail customer segment: 1%. Proportion of the monetary value of products and services with social benefit in the total monetary value of the corporate customer segment: 1%. Scope: CGD, S.A.	-	-	-
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Sustainability Report 2019 » 4.11 Sustainable Finance » 4.11.1 Sustainable products and services CGD has developed a proximity service called Mobile Branch, to enable the populations of secluded locations to carry out bank operations, with the exception of value moving operations. Scope: CGD, S.A.			
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	In 2019, CGD developed initiatives to improve the accessibility to banking services, namely the availability of a financial literacy site (Saldo Positivo), the development of mechanisms that allow remote account opening, as well as the access and consultation of accounts in digital format (APP CaixaDirecta and Caderneta Digital), and the redesign of 100% of the cgd.pt site to be compatible with 3AAA. Regarding the motor level accessibility to CGD's services, the following aspects are worth highlighting: - Branches: 96.7%; - Automatic Branches: 85.7% - Corporate Offices: 70.8% Scope: CGD, S.A.			

Annex C – 2019 Methodological Notes

301-2

CGD does not use recycled photocopy paper as the paper used holds the Ecolabel ecological certification, thus ensuring the application of strict environmental performance criteria.

302-1

CGD, S.A.: The figures shown for electricity consumption in CGD, SA's central buildings concern the following buildings: Av. João XXI - Lisbon (Head Office); Av. Aliados - Porto (Praça D. João I); Praça da Liberdade – Porto; Camões – Porto; Rua 31 Janeiro – Porto; Sapadores – Lisbon; Cabo Ruivo – Lisbon; Rua Eduardo Neves (Edifício Pinta) – Lisbon. In 2019, we considered the consumptions associated with the CGD, S.A.'s commercial network facilities in mainland Portugal and on the Azores and Madeira islands.

At BI, BCA and BNU Macau: Consumption figures are estimated based on the specific consumption of each vehicle, considering the kilometres travelled.

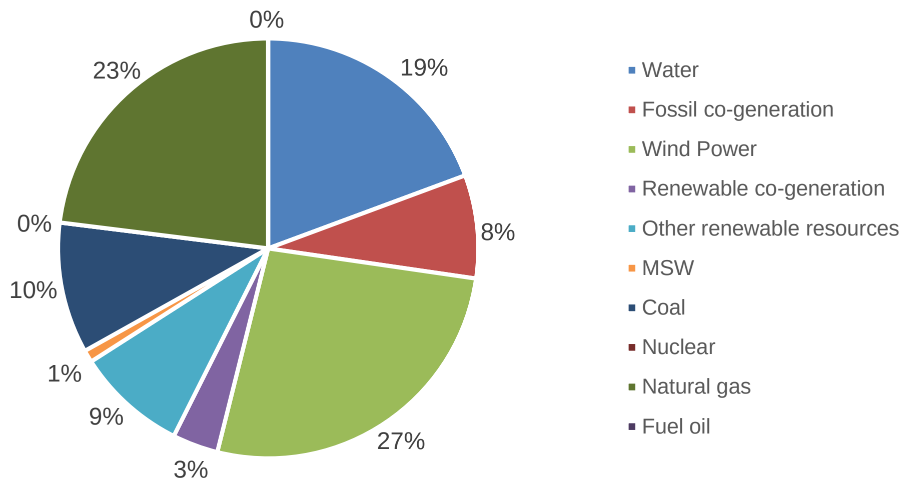
At BCI: The consumption values correspond to the litres of fuel used by each vehicle.

Energy consumption within the organisation was converted to energy units (GJ), using conversion factors. The following table reports the factors used for CGD S.A, BI Cape Verde, BCA Cape Verde, BNU Macau, BCI Mozambique and Timor Branch.

Conversion factors		General		
		Unit	Amount	Source
Electricity		kWh/GJ	0.0036	International Energy Agency
		CGD, S.A		
Diesel	PCI (heat of combustion)	GJ/ton	42.60	APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016
	Density	kg/l	0.8400	APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016
Petrol	PCI (heat of combustion)	GJ/ton	43,77	APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016
	Density	kg/l	0.75	APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016
Natural gas	PCI (heat of combustion)	GJ/((N)m³ x 10³	46.10	APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016
		BI Cape Verde, BCA Cape Verde, BCI Mozambique, BNU Macau		
Diesel	PCI (heat of combustion)	GJ/t	43.0	GHG Protocol (March 2017) http://www.ghgprotocol.org/calculation-tools/all-tools
	Density	kg/l	0.84	
Petrol	PCI (heat of combustion)	GJ/t	44.3	
	Density	kg/l	0.74	

In 2019, EDP supplied the electricity for CGD, S.A. In the Azores Autonomous Region, electricity was supplied by Eletricidade dos Açores (EDA), and in the Madeira Autonomous Region, it was supplied by Empresa de Eletricidade da Madeira (EEM). The figures given do not reflect the losses associated with the distribution and transport of electricity in the grid, or the losses inherent to limitations of efficiency associated with production processes that are behind the electricity consumed, as we were unable to obtain from public sources updated figures that would comprise all of these aspects.

CGD S.A. 2019 Electricity Energy Mix



Sources:

EDP energy mix (Businesses) - available on the website https://www.edp.pt/origem-energia/?sector=Empresas&year=-1&period=-1

302-3 and 305-4

Energy and carbon intensity are calculated considering FTE and net operating income. The FTE value considers only the activity carried out in Portugal and the net operating income considers the value of the activity carried out in Portugal and the respective branches.

For calculating energy intensity, all types of energy consumption within the organisation (included in response to indicator 301-1) are being considered. Emissions of scope 1 (indicator 305-1), scope 2 (indicator 305-2) and scope 3 (indicator 305-3) are taken into account for calculating the carbon intensity, assuming the assumptions described in the respective methodological notes.

303-1

The figures shown for water consumption at CGD, S.A.'s central buildings concern the following buildings: Av. João XXI - Lisbon (Head Office); Av. Aliados - Porto (Praça D. João I); Praça da Liberdade – Porto; Rua 31 Janeiro – Porto; Sapadores – Lisbon; Cabo Ruivo – Lisbon;

In Portugal, because of the large number of installations, their geographic dispersion, corresponding diversity of suppliers and the fact that their information was provided in a format rendering their computer processing infeasible, CGD S.A. cannot, under such conditions, control the commercial network's water consumption.

All water consumed by BI, BCA and BNU Macau comes from municipal supply. At BI there are exceptional instances duly identified where the water consumption comes from tank trucks.

In the case of BI, the water consumption at the Head Office is included in the Central Buildings, and it is not possible to obtain the consumption figures of some central services (SGE, Administration and GAL). The branch network includes: Santiago (ASA Branch, Plateau Branch, AGF Branch, ASA Warehouse, Assomada Branch), Sal (Espargos Branch, Santa Maria Branch), Boavista (Sal Rei Branch).

BCA's water consumption concerns central buildings and branches located on the islands of Santiago, Fogo, Brava, Maio, São Vicente, Santo Antão, Sal, São Nicolau, Boavista and Praia.

305-1

The calculation of CGD's direct emissions (scope 1) considered the energy consumption reported under indicator 302-1. The emission factors were updated according to the latest domestic and international references. The following table presents the emission factors considered for CGD S.A, BI Cape Verde, BCA Cape Verde, BCI Mozambique and BNU Macau.

Emission factors	CGD, S.A		
	Unit	Amount	Source
Natural gas	kg CO_2/GJ	56.4	APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016. Annex D - Table D.3 – Road transportation energy based implied emission factors (kg/GJ) for 2017
	kg CH_4/GJ	0.001	
	kg N_2O/GJ	0.001	
Diesel	kg CO_2/GJ	72.00	
	kg CH_4/GJ	0.006	
	kg N_2O/GJ	0.004	
Petrol	kg CO_2/GJ	70.50	
	kg CH_4/GJ	0.00	
	kg N_2O/GJ	0.003	
	BI Cape Verde, BCA Cape Verde, BCI Mozambique, BNU Macau		
Diesel	kg CO_2/TJ	74,100	*GHG Protocol* (March 2017) http://www.ghgprotocol.org/calculation-tools/all-tools
	kg CH_4/TJ	10	
	kg N_2O/TJ	0.6	
Petrol	kg CO_2/TJ	69,300	
	kg CH_4/TJ	10	
	kg N_2O/TJ	0.6	
Oxidation Factors	Unit	Amount	Source
Natural gas	-	1	APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2016 (pg. 187)
Diesel	-	1	

In order to convert methane (CH_4) and nitrous oxide (N_2O) emissions, the *Global Warming Potential* (GWP) of the IPCC *Fourth Assessment Report* (AR4) (IPCC 2007) was used.

Global Warming Potential (2016)		
Unit	Amount	Source
CO_2	1	Portuguese Agency for the Environment - *Portuguese National Inventory Report on Greenhouse Gases* 1990-2015, 2017 (page 1-7, table 1.1)
CH_4	25	
N_2O	298	

In the case of gas leaks, the global warming potential of the gas was considered. At CGD,S.A., only leaks from central building air conditioning systems are accounted for (extinction equipment is excluded). As of 2017, the scope covered around 773 facilities. In 2018, leakage on every piece of equipment in the commercial network and central buildings in Portugal were accounted for at the head office; thus, no annual f-gas loss estimates were used as in preceding years.

In BCA's case the quantity of gases purchased during the reporting year at the facilities is accounted for. BI, BNU Macau and BCI do not have standardised methods to collect this information.

	CGD and BCA		
	Gas	**Value**	**Source**
Gas	R134	1.100	Values found on the *website* of the Portuguese Environment Agency, available at: https://formularios.apambiente.pt/conversor/
	R134A	1,430	
	R402A	2,100	
	R404A	3,922	
	R407C	1,774	
	R410A	2,088	
	R417A	2,346	
	R417C	-	
	R422A	3,143	
	R422D	2,729	
	R502	-	
	R410C	-	
	R424A	2,440	
	SF6	-	

305-2

The calculation of scope 2 indirect emissions considered the consumption reported under indicator 302-1. The following table shows the emission factors used.

Emission factors	**CGD, S.A**		
	Unit	**2019 Value**	**Source**
Electricity (EDP)	kg CO_2/kWh	0.251	https://www.edp.pt/origem-energia/
EDA (Eletricidade dos Açores)	kg CO_2/kWh	0.495	http://www.eda.pt/Regulacao/Rotulagem
EEM (Empresa de Eletricidade Madeira)	kg CO_2/kWh	0.535	https://www.eem.pt/media/631047/ano-2019.pdf
Location-based	kg CO_2/kWh	0.362	International Energy Agency (2019).
	BI Cape Verde and BCA Cape Verde		
Africa	kg CO_2/kWh	0.568	International Energy Agency (2019), CO2 Emissions from Fuel Combustion 2019 Highlights https://webstore.iea.org/co2-emissions-from-fuel-combustion-2019-highlights
	BCI Mozambique		
Mozambique (2011)	kg CO_2/kWh	0.001	International Energy Agency (2013), CO2 Emissions from Fuel Combustion Highlights 2013
Electricity market-based	kg CO_2/kWh	0.230	Supplier: Eletricidade de Moçambique. Source: Master Plan Mozambique Power System Development, November 2018
	BNU Macau		
Asia	kg CO_2/MWh	0.610	International Energy Agency (2019), CO2 Emissions from Fuel Combustion 2019 Highlights
Electricity market-based	kg CO_2/MWh	0.883	Supplier: Companhia de Eletricidade de Macau. Source: Sustainability Report 2018 (pg. 3)
	Timor Branch		
Asia	kg CO_2/MWh	0.610	International Energy Agency (2019), CO2 Emissions from Fuel Combustion 2019 Highlights

For the purpose of accounting the total of emissions, in 2019, the location-based method was used for the calculation of the overall emissions from each Bank, as it is the only method available for all entities reported within the group.

305-3

Indirect emissions of scope 3 consider the following activities: Business trips in third-party vehicles. The following table shows the emission factors used.

Emission factors	CGD, S.A, BI Cape Verde, BCA Cape Verde, BCI Mozambique and BNU Macau		
	Unit	Amount	Source
Aeroplane – Domestic flights (<463 km)	kg CO_2/pkm	0.133	2019 *Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting*
	CH_4 kg CO_2e/pkm	0.00012	
	N_2O kg CO_2e/pkm	0.00126	
Aeroplane - Short Haul *(> 463 km and < 3700 km)*	kg CO_2/pkm	0.083	
	CH_4 kg CO_2e/pkm	0.00001	
	N_2O kg CO_2e/pkm	0.00078	
Aeroplane - Long Haul *(≥ 3700 km)*	kg CO_2/pkm	0.102	
	CH_4 kg CO_2e/pkm	0.00001	
	N_2O kg CO_2e/pkm	0.00097	
Train	kg CO_2/pkm	0.026	Comboios de Portugal (Portuguese Rail Company) - RS 2018 (p. 67)
Taxi	kg CO_2/vkm	0.149	2019 *Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting*
	CH_4 kg CO_2e/vkm	0.00000	
	N_2O kg CO_2e/vkm	0.00132	
Car (fuel unknown)	kg CO_2/km	0.176	2019 *Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting*
	CH_4 kg CO_2e/km	0.00016	
	N_2O kg CO_2e/km	0.00111	
Boat	kg CO_2/km	0.018	
	CH^4 kg CO_2e/km	0.00001	
	N_2O kg CO_2e/km	0.00025	

For work-related trips, emissions associated with transport by air, train, boat and individual transport are considered. However, due to the activity and existence of information, not all activities are applicable to all banks.

Key: Applicable (x) Not available / Not applicable (-)	CGD, S.A	BI	BCA	BCI	BNU Macau
Aeroplane	X	X	X	X	X
Train	X	-	-	-	-
Boat	-	-	X	-	-
Private transportation	X	-	-	-	-

305-7

The calculation of the atmospheric emissions of SOx and NOx, considered the consumption reported in indicator 302-1 for CGD, S.A.'s commercial network, emergency generators and vehicle fleet. It is considered that this indicator is not relevant for international structures, considering the consumption figures reported in indicator 302-1. The following table shows the emission factors used.

Emission factors	CGD, S.A		
	Unit	Amount	Source
Diesel	kg NOx/GJ	0.8	IPCC 2006
	kg CO_2/GJ	0.21	
Petrol	kg NOx/GJ	0.6	
	kg CO_2/GJ	0.075	

306-2
The quantities of waste generated refer to the waste generated in the Head Office Building, which is covered by MIRR, and to the waste generated in other facilities that are subject to collection through the Waste Monitoring Guide (WMG), Avenida dos Aliados Building (Porto), Praça da Liberdade (Porto) and Sacavém Warehouse. The waste generated by the activities of the Social Services Clinical Centres and the Schindler service provider is also reported.

By 2018, MIRR was submitted for two Central Buildings: Avenida de França (Porto) and Pinta Building (Lisbon), however both have ceased activity. With the change of deadline to submit MIRR and the organisational changes that occurred during 2019, it would not be possible to gather the necessary information to report the waste generated by Culturgest (Lisbon and Porto), Siemens, Canon, CGI and Gertal (food oils), and therefore are not reported in this report.

Affiliated Banks do not compile the information regarding waste production.

Highlight "CGD,S.A. - Leasing of hybrid and electric vehicles"

The calculation of the emissions reduction combined with the choice of hybrid and electric vehicles was made under the following assumptions:

- the lifespan of a vehicle in kilometres, 15,000 kilometres.

  Source: https://iopscience.iop.org/article/10.1088/1748-9326/11/5/054010

	Unit	Amount	Source
Car (fuel unknown)	kg CO_2e/km	0.176	2019 *Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting*
Car (hybrid)	kg CO_2e/km	0.12568	2018 *Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting*
Car (hybrid plug in)	kg CO_2e/km	0.04531	
Car (electric)	kg CO_2e/km	0.05993	

401-1

The formulas used to calculate turnover rates and new hires for CGD and Affiliated Banks were the following:

- Turnover rate = (No. of employees leaving during the reporting period / total No. of employees at the end of the reporting period) x 100, by age group and gender
- Rate of new hires = (No. of new hires / total no. of workers) x 100, by age group and gender

As far as CGD,S.A. is concerned, the figures given refer only to new hires and exits recorded in Portugal.

401-3

The formulas used to calculate the return and retention rates for CGD and Affiliated Banks were the following:

- Rate of return to work = (Total number of employees returning to work following maternity or paternity leave / Total number of employees benefiting from maternity or paternity leave) * 100, by gender
- Retention rate = (Total number of employees retained 12 months after returning to work following maternity or paternity leave / Total number of employees returning from maternity or paternity leave during the preceding reporting period) *100, by gender.

403-2

The rates associated with this indicator were calculated for CGD and for Affiliated Banks using the following formulas:

Unit	Amount
Rate of occurrence of work accidents	(Number of work accidents entailing a sick leave/AAP)*1,000,000
Degree of seriousness	(Days lost due to work accidents or occupational disease/AAP)*1,000,000
Rate of occurrence of occupational diseases	(No. of occupational diseases/AAP)*1,000,000
Absenteeism rate	(Total No. of hours lost/AAP)*100
AAP	Total number of employees in the reporting year * No. of daily hours of work * [No. of business days in the year - 25 vacation days]
Number of work-related deaths	No. of deaths

When calculating the absentee rate, absences related to maternity/paternity leave, studies, vacations, weddings and bereavement were not considered.
The data reported refer to active employees, and no data is considered concerning self-employed workers.
Absences due to work accidents are recorded starting on the very day of such accident or on the day after its occurrence, depending on the time of day on which it occurred. For instance, if an employee suffers a work accident on his/her way back home, absence is recorded as starting on the following day. CGD considers that a 'work accident' is that which requires sick leave. Lost days only consider business days.

403-3

This indicator is applicable to staff and employees whose work or place of work is controlled by the Organisation.

404-1

The data on training includes both internal training and external training. For reporting purposes, only the training given/received by employees as of 31/12/2019 was considered.

This indicator was calculated using the following formula for CGD and for Affiliated Banks:

- Average number of hours of training by professional category = Total number of hours of training by professional category/ Total number of employees in each category.
- Average number of hours of training by gender = Total number of hours of training by gender/ Total number of employees of each gender.

404-3

The Performance Management System considers all staff in its employ during the assessment year, except the members of its Governing Bodies. Regulations outlined in the SGD set forth a minimum of 90 days of service; this not being the case, some employees may be ruled out.

405-1

For the purposes of calculating this indicator, 1 Director was considered, as he has an individual labour agreement with CGD, S.A. The remaining directors were not considered for such purpose, as they have been appointed.

405-2

The average base salary, by gender and professional category, was calculated, considering the base salaries of employees. The ratio was obtained by dividing the average base salary of women in each professional category by the average base salary of men in the corresponding professional categories.

The difference between the average base salary and the average remuneration is that the latter considers the base salary plus employee benefits.

417-2

Non-compliances with regulations and voluntary codes related to information and labelling of products/services included non-compliances that resulted in warnings or fines imposed by supervisory bodies or judicial authorities, relating to the provision of mandatory pre-contractual and contractual information in the marketing of products and services, relating to mandatory information on special arrangements and related to the information made available to the public in the price list.

417-3

Non-compliances with voluntary codes and regulations related to marketing communications, including advertising, promotion and sponsorship, included non-compliances that resulted in warnings or fines imposed by supervisory bodies or judicial authorities, relating to information duties in advertising and marketing communications, as set out in legislation, in regulations issued by supervisory bodies, internal regulations, CGD's Code of Conduct and other voluntary codes of conduct, including those issued by the Portuguese Association of Advertisers and the Civil Institute of Self-Discipline in Commercial Communications.

Annex D – Letter showing verification by an independent auditor

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da República, 90-6º
1600-206 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

(Free translation from the Original Independent Limited Assurance Report in Portuguese dated April 30, 2020. In case of any discrepancy, the Portuguese version always prevails.)

Independent Limited Assurance Report of the Sustainability Information Disclosed in the Annual Report 2019

To the Board of Directors of CGD, S.A.

Introduction

1. We were contracted by the Board of Directors of Caixa Geral de Depósitos, SA to proceed with the independent review of the Sustainability Information disclosed (hereinafter the "2019 Sustainability Information") included in the "Annual Report 2019", relating to the sustainability activities carried out from 1 January to 31 December 2019.

Responsibilities

2. The Board of Directors is responsible for preparing the "2019 Sustainability Information", and to maintain an appropriate internal control system that allows the information presented to be free of material misstatements due to fraud or error.

3. It is our responsibility to issue a limited assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

Scope

4. Our review procedures have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE 3000, Revised) – "Assurance engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board, for a limited level of assurance.

5. The procedures performed in a limited assurance engagement vary in timing and nature from, and are less in extent than for, a reasonable assurance engagement. Therefore, the assurance provided by these procedures is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:

   - Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
   - Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the year 2019;
   - Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;
   - Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
   - Verification of the conformity of the information included in the "2019 Sustainability Information" with the results of our work.

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
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6. Regarding sustainability reporting standards of the Global Reporting Initiative – GRI Standards and their Financial Services Sector Supplement, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards and conformity with Article 508-G of the Portuguese Companies Act (Código das Sociedades Comerciais) and 245-A, paragraph r) of the Securities Market Code (Código do Mercado dos Valores Mobiliários) with respect to non-financial and diversity disclosures.

Quality and independence

7. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the Code of Ethics of the Order of Chartered Accountants (OROC).

Conclusion

8. Based on our work, nothing has come to our attention that causes us to believe that the systems and procedures for the collection, consolidation, validation and reporting of the "2019 Sustainability Information" are not operating appropriately and the information disclosed is not free from relevant material misstatements. Additionally, nothing has come to our attention that causes us to believe that the "Annual Report 2019" do not include all the required data and information for a Core option as defined by the GRI Standards and Article 508-G of the Portuguese Companies Act and paragraph r) of the article 245-A of the Securities Market Code.

Lisboa, April 30, 2020

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (nº 178)
Represented by:

(signed)

Manuel Ladeiro de Carvalho Coelho da Mota - ROC nº 1410
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20 19 ANNUAL REPORT

Caixa Geral de Depósitos, S.A.
Head Office: Av. João XXI, 63 – 1000-300 Lisboa
Share Capital: EUR 3.844.143.735
Commercial Registry and Tax no. 500 960 046